

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.**

**PRE-FILING REPORT OF THE PROPOSED MONITOR  
ALVAREZ & MARSAL CANADA INC.**

**JANUARY 29, 2026**

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## 1.0 INTRODUCTION

- 1.1 Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Proposed Monitor**”) understands that Ayurcann Holdings Corp. and Ayurcann Inc. (collectively, the “**Applicants**”) intend to make an application to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), among other things: (i) declaring that the Applicants are debtor companies to which the CCAA applies; (ii) granting a stay of proceedings in favour of the Applicants; (iii) extending the benefit of the stay of proceedings to Ayurcann Holding Corp. and Can Ayurcann Merger Sub Inc. (collectively, the “**Non-Applicant Stay Parties**” and together with the Applicants, “**Ayurcann**” or the “**Company**”); and (iv) appointing A&M as Monitor of the Applicants (in such capacity, the “**Monitor**”). The proceedings to be commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
- 1.2 Ayurcann, through Ayurcann Inc., is a licensed cannabis producer and manufacturer serving recreational markets across Canada and has approximately 37,315 product listings across Ontario, New Brunswick, Manitoba, Saskatchewan, Alberta, British Columbia, Newfoundland and Labrador, and Yukon. Ayurcann operates from a leased facility in Pickering, Ontario, comprised of manufacturing, processing and storage facilities, together with its head office.
- 1.3 Ayurcann Holdings Corp. is a reporting issuer in the provinces of Ontario, British Columbia and Alberta, and is publicly listed on the Canadian Securities Exchange (CSE: AYUR) and the Frankfurt Stock Exchange (FSE: 3ZQ0).

- 1.4 Ayurcann generates substantial revenue from its market leading brands and products. However, severe working capital and liquidity issues have prevented it from being able to pay its obligations in the ordinary course. As a result, the Company has accrued significant arrears owing to creditors, including a material amount owed to the Canada Revenue Agency (the “**CRA**”) for excise taxes.
- 1.5 The principal purpose of these CCAA Proceedings is to stabilize and maintain Ayurcann’s business, which urgently requires a stay of proceedings and related relief under the CCAA. During the CCAA Proceedings, Ayurcann intends to operate its business in the ordinary course, while developing and implementing a sale process (the “**Sale Process**”).
- 1.6 This pre-filing report (the “**Report**”) should be read in conjunction with the affidavit of Igal Sudman, Chief Executive Officer of Ayurcann Holdings Corp., sworn January 29, 2026, and filed in support of the Company’s application for relief under the CCAA (the “**Sudman Affidavit**”). The Sudman Affidavit, among other things, provides a detailed summary of Ayurcann’s background, including the events leading up to, and reasons for, the commencement of these CCAA Proceedings. Capitalized terms used and not defined in this Report have the meanings given to them in the Sudman Affidavit.

## **2.0 PURPOSE OF THE PRE-FILING REPORT**

- 2.1 The purpose of this Report is to provide the Court with information, and, where applicable, the Proposed Monitor’s views on:
- (i) A&M’s qualifications to act as Monitor (if appointed);
  - (ii) certain background information with respect to Ayurcann;

- (iii) Ayurcann’s cash flow forecast for the initial 10-day period ending February 9, 2026 (the “**Cash Flow Forecast**”);
- (iv) the relief sought by the Applicants as part of the proposed Initial Order, including, among other things:
  - (a) extending the stay of proceedings under the proposed Initial Order to the Non-Applicant Stay Parties;
  - (b) authorizing the Applicants to continue to utilize their Cash Management System (as defined below); and
  - (c) granting the proposed Administration Charge and Directors’ Charge (each as defined below and together, the “**Charges**”) in the initial amounts set out in the proposed Initial Order over the Applicants’ current and future assets, property and undertakings (collectively, the “**Property**”);
- (v) the intended next steps in these CCAA Proceedings; and
- (vi) the Proposed Monitor’s conclusions and recommendations in connection with the foregoing, as applicable.

2.2 If the Initial Order is granted, the Applicants intend to return to Court on or around February 9, 2026 for a hearing (the “**Comeback Hearing**”) to seek the Court’s approval of:

- (i) an Amended and Restated Initial Order (the “**ARIO**”) which, among other things, would: (i) extend the stay of proceedings; (ii) approve a debtor-in-possession

financing facility (the “**DIP Facility**”) and grant a related super-priority charge; (iii) increase the amount of the proposed Administration Charge and Directors’ Charge; (iv) authorize the Applicants to pay, with the consent of the Monitor, certain critical amounts owing for goods and services supplied prior to the CCAA Proceedings; (iv) approve a key employee retention plan (the “**KERP**”) and grant a related super-priority charge; and

(ii) the contemplated Sale Process, together with a stalking horse purchase agreement, which will serve as a “stalking horse bid” in the Sale Process.

### **3.0 TERMS OF REFERENCE AND DISCLAIMER**

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

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

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

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

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

#### **4.0 A&M'S QUALIFICATIONS TO ACT AS MONITOR**

4.1 Alvarez & Marsal Canada ULC, an affiliated company of A&M, was engaged to act as financial consultant to Ayurcann on January 12, 2026, to, among other things, assist Ayurcann in reviewing and considering their financial position and assessing strategic and restructuring alternatives. The Proposed Monitor is familiar with the business and operations of Ayurcann, their personnel and the key issues and stakeholders in the proposed CCAA Proceedings.

4.2 A&M is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada) and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. The senior A&M professional personnel with carriage of this matter include experienced insolvency and restructuring practitioners who are Chartered Professional Accountants (Chartered Accountants), Chartered

Insolvency and Restructuring Professionals, and Licensed Trustees in Bankruptcy, and who have acted in CCAA matters of similar nature.

4.3 The Monitor has retained Reconstruct LLP to act as its independent legal counsel.

4.4 A&M has consented to act as Monitor should the Initial Order be granted by the Court. A copy of A&M's consent to act as Monitor is attached hereto as **Appendix "A"**.

## **5.0 BACKGROUND INFORMATION**

5.1 The background of Ayurcann's business and operations is set out in the Sudman Affidavit. Certain key points are summarized below.

5.2 The Company, through Ayurcann Inc, is a licensed cannabis producer and extraction company specializing in the formulation, packaging, distribution, and product development of cannabis products in the Canadian recreational market. The Company focuses on the development and commercialization of its proprietary cannabis brands, with an emphasis on vapes, pre-rolls and extracts.

5.3 The Company is vertically integrated, with in-house cannabis brands (including Fuego, Xplor, and Happy & Stoned), manufacturing and processing operations, and distribution networks. The Company offers approximately 146 unique SKUs, with its products sold through approximately 2,598 retail stores across Canada, with approximately 70% of total sales generated in Ontario.

5.4 Each of the Applicants is based in Ontario, and the Company's operations are primarily conducted out of a leased, licenced cannabis facility in Pickering, Ontario. In support of its day-to-day operations, the Company employs 56 employees and has arrangements with

another 63 contractors. The Company maintains distribution and/or supply arrangements across eight provinces and territories.

### Financial Summary

- 5.5 As detailed in the Sudman Affidavit, until recently, the Company has generated strong revenues and stable cash flow, while managing its working capital position. Similar to many cannabis companies in Canada, the Company has accumulated material excise tax arrears payable to the CRA, which liabilities were historically addressed through monthly “catch-up” payments pursuant to an informal payment arrangement with the CRA. The payment plan enabled the Company to gradually reduce its outstanding excise tax balance while maintaining sufficient liquidity to meet its other obligations in the ordinary course.
- 5.6 Notwithstanding the Company’s compliance with the informal payment arrangement, on December 5, 2025, the CRA unilaterally imposed a revised payment plan requiring monthly excise “catch-up” payments of approximately \$1.056 million (as compared to approximately \$165,000 under the prior arrangement), in addition to the Applicants’ ongoing excise remittance obligations, such that required monthly excise payments would total approximately \$3 million in aggregate. The Applicants lack sufficient liquidity to comply with the revised CRA-mandated payment plan and, as a result, are unable to meet their obligations as they become due.
- 5.7 The following table provides a summary of Ayurcann’s balance sheet, as at December 31, 2025:

<b>\$000's</b>	<b>December 31, 2025</b>
Cash	\$2,706
Trade and Other Receivables	2,905
Inventory	2,940
Prepaid Expenses	92
<b>Current Assets</b>	<b>\$8,643</b>
Property and Equipment	664
Other Assets	1,734
<b>Non-Current Assets</b>	<b>\$2,398</b>
<b>Total Assets</b>	<b>\$11,042</b>
Trade and Other Payables	\$14,664
Other Current Liabilities	167
<b>Current Liabilities</b>	<b>\$14,832</b>
Lease Liability	574
Long Term Debt	75
<b>Non-Current Liabilities</b>	<b>\$648</b>
<b>Total Liabilities</b>	<b>\$15,480</b>

5.8 The Proposed Monitor notes the following:

- (i) as at December 31, 2025, the Company had total consolidated assets with a book value of approximately \$11.0 million, consisting primarily of cash, accounts receivable and inventory;
- (ii) as at December 31, 2025, the Company had total consolidated liabilities with a book value of approximately \$15.5 million, consisting primarily of accounts payable and excise tax liabilities. Other than financing arrangements for two vehicles and Alterna's (as defined below) security interests registered against the Company's operating bank account, the Company does not have any material secured liabilities; and

- (iii) as explained further below, the Company's largest creditor is the CRA in respect of accrued excise tax obligations. As at January 26, 2026, Ayurcann owed the CRA approximately \$10.6 million, comprised of unpaid excise taxes, statutory remittances, interest and penalties.

### Employees

- 5.9 Ayurcann employs 56 individuals, comprised of 38 salaried and 18 hourly employees. None of the Company's employees are represented by a union or are parties to a collective bargaining agreement. In support of its day-to-day operations, the Company also utilizes approximately 63 contractors who are employed by third-party agencies which invoice the Company directly on a monthly basis.
- 5.10 The Proposed Monitor understands that at this time, no head-count reductions are planned or anticipated. Ayurcann is current on all of its obligations associated with employee and contractor costs, and during the CCAA Proceedings, intends to continue funding ongoing employee and contractor related costs and benefits in the ordinary course. Notwithstanding this, the Proposed Monitor understands that an amount of approximately \$30,000 relating to the source deductions for the 2024 taxation year is currently under dispute with the CRA.

### Unsecured Obligations

- 5.11 Based on Ayurcann's books and records, as at January 23, 2026, amounts payable to unsecured creditors totalled approximately \$12.7 million, comprised of:
  - (i) approximately \$1.6 million, owing to various vendors and suppliers;

- (ii) approximately \$10.6 million owing to the CRA in accrued excise taxes arrears, including amounts that have accumulated since December 31, 2025; and
- (iii) approximately \$600,000 owing to other unsecured creditors, including Health Canada and other accrued amounts.

5.12 Amounts payable to unsecured creditors do not include potential litigation and other contingent liabilities.

## **6.0 NON-APPLICANT STAY PARTIES**

6.1 The Applicants seek an extension of the stay of proceedings granted under the Initial Order to the Non-Applicant Stay Parties. These entities are direct, wholly owned subsidiaries of Ayurcann Holdings Corp., share the same directors and officers of Ayurcann Inc. and their registered offices are located at the Pickering Facility.

6.2 The Non-Applicant Stay Parties are integrated members of the Ayurcann corporate group. The Proposed Monitor is of the view that the relief sought in the Initial Order should be extended to the Non-Applicant Stay Parties in order to minimize distraction to the Applicants' restructuring efforts and to facilitate the Applicants' ability to market and sell their interests in the Non-Applicant Stay Parties.

## **7.0 CASH FLOW FORECAST**

7.1 The Applicants have prepared the Cash Flow Forecast for the 10-day period ending February 9, 2026 (the "**Initial Period**"). A copy of the Cash Flow Forecast, together with a summary of assumptions (the "**Cash Flow Assumptions**") and management's report on

the cash-flow statement required by section 10(2)(b) of the CCAA are attached hereto as **Appendices “B” and “C”**, respectively.

7.2 The following table provides a summary of the Cash Flow Forecast:

<b>Cash Flow Forecast</b>		<b>\$000's</b>
		<u><b>Initial Period</b></u>
<b>Receipts</b>		\$265
<b>Disbursements</b>		
Payroll & Benefits		(-)
Sales and Marketing		(-)
Excise Taxes		(-)
Sales Taxes		(-)
Office and General		(114)
Restructuring Professional Fees		(-)
<b>Total Disbursements</b>		(114)
<b>Net Cash Flow</b>		<b>151</b>
Opening Cash Balance		343
Net Cash Flow		151
<b>Ending Cash Balance</b>		<b>\$494</b>

7.3 The Proposed Monitor notes that only limited receipts and disbursements are forecast during the Initial Period. Receipts include the collection of existing accounts receivable anticipated to be collected during the Initial Period. Vendor payments include only post-filing obligations.

7.4 During the Initial Period, net cash flows are projected to be positive \$151,000. No additional interim financing is required during the Initial Period. However, to the extent that the cash flows filed by the Applicants after the Initial Period demonstrate that they require additional liquidity, the Applicants intend to seek approval of the DIP Facility at the Comeback Hearing.

- 7.5 Based on the Proposed Monitor’s review, nothing has come to its attention that causes it to believe, in all material respects, that: (i) the Cash Flow Assumptions are not consistent with the purpose of the Cash Flow Forecast; (ii) as at the date of this Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of Ayurcann or do not provide a reasonable basis for the Cash Flow Forecast, given the Cash Flow Assumptions; or (iii) the Cash Flow Forecast does not reflect the Cash Flow Assumptions.
- 7.6 The Cash Flow Forecast has been prepared solely for the purpose described above and readers are cautioned that it may not be appropriate for other purposes.

## **8.0 CASH MANAGEMENT SYSTEM**

- 8.1 As described in the Sudman Affidavit, cash disbursements and collections are managed on a day-to-day basis by treasury and finance personnel directly through the Company’s primary operating banking account (the “**Cash Management System**”).
- 8.2 Ayurcann maintains and administers one bank account (the “**Bank Account**”) with Alterna Savings & Credit Union Limited (“**Alterna**”), which holds the Company’s operating and corporate funds. In addition, the Company maintains a corporate American Express credit card used for day-to-day operational expenses, and an account with Corpay, a payment platform that allows the Applicants to effect payments in multiple currencies.
- 8.3 Pursuant to the proposed Initial Order, the Applicants seek approval of their continued use of the Cash Management System in substantially the same manner as before the commencement of these CCAA Proceedings. Given the scale and nature of Ayurcann’s operations, the Proposed Monitor is of the view that the continued use of the existing Cash Management System is required and appropriate during these CCAA Proceedings.

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

- (i) review receipts and disbursements processed through the Cash Management System;
- (ii) review weekly receipts and disbursements summaries, compare the summaries to the corresponding cash flow forecasts and review variances with management; and
- (iii) review disbursements, as reasonably appropriate, for compliance with provisions of the proposed Initial Order.

## **9.0 COURT ORDERED CHARGES SOUGHT IN THE INITIAL ORDER**

9.1 The proposed Initial Order seeks the granting of the:

- (i) Administration Charge in the initial amount of \$250,000; and
- (ii) Directors' Charge in the initial amount of \$625,000.

9.2 The Initial Order provides that the Charges are to rank in priority to all other security interests, trusts, liens, charges, encumbrances, and 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 parties that have not been served with notice of the Applicants' application under the CCAA. The Proposed Monitor understands the Applicants will seek full priming of the Charges at the Comeback Hearing.

### Administration Charge

- 9.3 The proposed Initial Order provides for a first ranking charge in an amount not to exceed \$250,000 on the Property to secure the fees of the Monitor, counsel to the Monitor and counsel to the Applicants (the “**Administration Charge**”). The Proposed Monitor understands that the Applicants intend to seek an increase in the amount of the Administration Charge to \$800,000 at the Comeback Hearing.
- 9.4 The Proposed Monitor assisted Ayurcann in the calculation of the Administration Charge and is of the view that the amount of the charge for the initial 10-day period is reasonable and appropriate in the circumstances, having regard to the nature of the proceedings and the size of charges approved in similar proceedings.

### Directors’ Charge

- 9.5 The proposed Initial Order provides that the Applicants will indemnify their current and future directors and officers against obligations and liabilities that they may incur in their capacity as directors and officers of the Applicants from the commencement of the CCAA Proceedings, except to the extent that any obligation or liability was incurred as a result of gross negligence or wilful misconduct, and provides for a second ranking charge on the Property subordinate to the Administration Charge in the amount of \$625,000 as security for any such obligations or liabilities arising after the commencement of these CCAA Proceedings (the “**Directors’ Charge**”).
- 9.6 As described in the Sudman Affidavit, Ayurcann maintains directors’ and officers’ liability insurance (the “**D&O Insurance**”). However, it is uncertain whether all claims for which

the directors and officers may be personally liable will be covered by the D&O Insurance given exclusions under the policy. It is also uncertain whether the coverage provided by the D&O Insurance will be sufficient to adequately protect the directors and officers from liability and to incentivize the directors and officers to continue their service to Ayurcann.

9.7 The Proposed Monitor assisted Ayurcann in sizing the Directors' Charge, taking into consideration the amount of Ayurcann's payroll, vacation pay, federal and provincial sales tax and excise tax liabilities during the proposed initial 10-day stay period. The Applicants' directors and officers will only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any D&O Insurance, or to the extent that such coverage is insufficient to pay the amounts indemnified.

9.8 The components that comprise the proposed Directors' Charge are estimated as follows:

<b>Proposed Director's Charge</b>	
Provision for employee wages and source deductions	\$200,000
Provision for accrued vacation, employee benefits, and other amounts	40,000
Provision for sales taxes (HST, GST)	55,000
Provision for excise taxes	330,000
<b>Total</b>	<b>\$625,000</b>

9.9 The Proposed Monitor understands that the directors and officers of the Applicants have advised that they are not willing to continue in their current roles absent the protection afforded to them under the Directors' Charge. In the circumstances, the Proposed Monitor is of the view that the Directors' Charge is required and reasonable.

## **10.0 INTENDED NEXT STEPS IN THESE CCAA PROCEEDINGS**

10.1 The Proposed Monitor understands that, subject to obtaining the proposed Initial Order, Ayurcann intends to:

- (i) continue to operate its business in the ordinary course, including focusing efforts on production and sales;
- (ii) continue discussions with the potential stalking horse bidder in connection with the stalking horse bid and providing financing under the DIP Facility;
- (iii) develop a KERP, pursuant to which the Company proposes to make retention payments to a limited number of the Applicants' employees;
- (iv) return to Court at the Comeback Hearing to seek the ARIO; and
- (v) develop and seek approval of a Sale Process, to be implemented by the Monitor.

## **11.0 STAY OF PROCEEDINGS**

11.1 The proposed Initial Order contemplates the granting of an initial 10-day stay of proceedings in respect of Ayurcann, its business and the Property, as well as Ayurcann's directors and officers.

11.2 The proposed stay of proceedings will provide Ayurcann with stability for its business and enable it to operate in the normal course while it works to develop and implement the Sale Process or other restructuring solution to maximize value for stakeholders.

## **12.0 MONITOR'S RECOMMENDATION**

12.1 For the reasons set out in this Report, the Proposed Monitor is of the view that the relief sought by the Applicants in the proposed Initial Order is reasonable, appropriate and necessary, having regard to the current circumstances of the Company.

12.2 The Proposed Monitor supports the Applicants' application for CCAA protection and respectfully recommends that the Court grant the Initial Order containing the relief requested by the Applicants.

All of which is respectfully submitted to this Court this 29<sup>th</sup> day of January, 2026.

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

Per:   
\_\_\_\_\_  
Josh Nevsky  
Senior Vice President

**APPENDIX A**  
**CONSENT TO ACT AS MONITOR**

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

**CONSENT OF THE PROPOSED MONITOR**

**ALVAREZ & MARSAL CANADA INC.** hereby consents to act as Court-appointed monitor of Ayurcann Holdings Corp. and Ayurcann Inc. (the "**Applicants**"), in respect of these proceedings, subject to the granting of an initial order under the *Companies' Creditors Arrangement Act* (Canada) in the form included in the Applicants' application record.

Dated as of January 29, 2026

**ALVAREZ & MARSAL CANADA INC.**  
solely in its capacity as Proposed Monitor  
of Ayurcann Holdings Corp. et al. and not  
in its personal capacity

Per: \_\_\_\_\_

Name: Joshua Nevsky

Title: Senior Vice President

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

Court File No.: \_\_\_\_\_

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

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

Proceedings Commenced in Toronto

**CONSENT OF THE PROPOSED MONITOR**

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Lawyers for Alvarez & Marsal Canada Inc. in its  
capacity as Proposed Monitor of Ayurcann  
Holdings Corp. et al.

**APPENDIX B**  
**CASH FLOW FORECAST FOR THE**  
**10-DAY PERIOD ENDING FEBRUARY 9, 2026**

**Disclaimer**

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

<b>Ayurcann (Consolidated)</b>			
<b>Cash Flow Forecast</b>	<i>Week 1</i>	<i>Week 2</i>	<i>Initial 10-</i>
<b>(CAD \$000's)</b>	<b>2-6-26</b>	<b>2-9-26</b>	<b>day Period</b>
<b>Total Receipts</b>	<b>265</b>	-	<b>265</b>
<b>Disbursements:</b>			
Payroll & Benefits	-	-	-
Sales and Marketing	-	-	-
Excise Taxes	-	-	-
Sales Taxes	-	-	-
Office and General	(99)	(15)	(114)
Restructuring Professional Fees	-	-	-
<b>Tota Disbursements</b>	<b>(99)</b>	<b>(15)</b>	<b>(114)</b>
<b>Net Cash Flow</b>	<b>166</b>	<b>(15)</b>	<b>151</b>
Opening Cash Balance	343	509	343
Net Cash Flow	166	(15)	151
<b>Ending Cash Balance</b>	<b>509</b>	<b>494</b>	<b>494</b>

**Assumptions**

- 
- 1) The initial 10-day period includes projected cash flows from Friday January 30, 2026, to Monday February 9, 2026, inclusive
  - 2) Receipts include sales of cannabis based products and are forecast based on anticipated collection dates
  - 3) Sales & Marketing includes cost of supplies and materials related to product sales along with other selling related costs
  - 4) Excise Tax amounts relate to the sale of cannabis product. No excise taxes will be paid during the initial 10-day period
  - 5) Sales tax relates to the forecast goods and sales tax, net of input tax credits. No sales taxes will be paid during initial 10-day period
  - 6) Office and General relate to non-merchandise vendors payments based on historical run-rates and includes rent, insurance, other

**APPENDIX C**  
**MANAGEMENT'S REPRESENTATION LETTER**  
**REGARDING THE CASH FLOW FORECAST**



AYURCANN

Alvarez & Marsal Canada Inc.

200 Bay Street, Suite 3501

Toronto ON M5J 2J1

Attention: Mr. Joshua. Nevsky

January 29, 2026

Dear Sirs:

Re: Ayurcann Holdings Corp., and Ayurcann Inc. (together, "Ayurcann" or the "Applicants") – CCAA section 10(2) Prescribed Representations with Respect to Cash Flow Forecast

In connection with the application by Ayurcann for the commencement of proceedings under the Companies' Creditors Arrangement Act, the management of Ayurcann have prepared the cash flow forecast for the period January 30, 2026, to February 9, 2026 (the "Cash Flow Forecast") and the list of assumptions on which the Cash Flow Forecast is based. The purpose of the Cash Flow Forecast is to determine the liquidity requirements of the Applicants during the CCAA proceedings.

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

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

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

Yours truly,

Per: Igal Sudman, CEO

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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.: \_\_\_\_\_

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

Applicants

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

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**PRE-FILING REPORT OF THE  
PROPOSED MONITOR**

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