

THE KING'S BENCH
WINNIPEG CENTRE

**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 WAREHOUSE ONE CLOTHING LTD.**

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

MAY 4, 2026

PROPOSED MONITOR

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1.0 INTRODUCTION

- 1.1 Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Proposed Monitor**”) understands that Warehouse One Clothing Ltd. (the “**Applicant**”) intends to make an application to the Court of King’s Bench of Manitoba (the “**Court**”) for an initial order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) granting, among other things, a stay of proceedings in respect of the Applicant and appointing A&M as Monitor of the Applicant (in such capacity, the “**Monitor**”). The proceedings to be commenced by the Applicant under the CCAA are referred to herein as the “**CCAA Proceedings**”.
- 1.2 The Applicant operates a network of apparel retail stores across Canada under two banners, Warehouse One and Bootlegger, each supported by an e-commerce platform and served by a centralized distribution network. The Applicant operates 128 retail stores across eight provinces and territories.
- 1.3 The Applicant is incorporated federally under the *Canada Business Corporations Act* and has its registered head office in Vancouver. The Applicant’s corporate head office is in Winnipeg.
- 1.4 The Applicant is 75% owned by WHO Industries Inc. (“**WHO Industries**”) and 25% owned by 4565038 Manitoba Ltd. (“**456 Manitoba**” and, together with WHO Industries, the “**Shareholders**”).
- 1.5 The Applicant has experienced a number of financial and operational challenges in recent years which have negatively impacted profitability and severely strained liquidity, primarily including: (i) a general decline in foot traffic and sales arising from increased

competition from a combination of low-cost or ‘fast-fashion’ retailers and online competitors, resulting in lower overall profitability and losses at a subset of stores; and (ii) certain operational challenges and losses arising following the 2025 acquisition of Bootlegger.

- 1.6 The Applicant has suffered declining financial performance as a result of these challenges. For its fiscal year ended February 28, 2026, the Applicant recorded a net loss of approximately \$15.0 million. The Applicant’s net loss for the prior fiscal year was approximately \$6.5 million.
- 1.7 Negative cash flow and working capital issues have caused a significant strain on the Applicant’s liquidity and ability to operate within the terms of its senior credit facility (the “**Senior Credit Facility**”). Until recently, the lender under the Senior Credit Facility (the “**Senior Lender**”) was the Canadian Imperial Bank of Commerce (“**CIBC**”). As described below, on April 28, 2026, Highgate Capital Ltd. (“**Highgate Capital**”), an entity affiliated with the Applicant through common ownership, acquired CIBC’s rights and interests under the Senior Credit Facility. The acquisition of the Senior Credit Facility was completed at 100-cent dollars and provided a full recovery for CIBC.
- 1.8 To provide the Applicant with financial support to operate its business, the Shareholders and other indirect shareholders or affiliates of the Applicant, including Highgate Capital (collectively, the “**Affiliate Lenders**”), have provided the Applicant with secured loans (the “**Affiliate Secured Loans**”) in the principal amount of approximately \$31.5 million since 2020, including approximately \$20.5 million advanced since January 2025.

- 1.9 Despite this financial support from the Affiliate Lenders, the Applicant has been unable to overcome industry headwinds and generate sufficient cash flow in the operation of its business. The Applicant is facing an acute liquidity crisis and is unable to satisfy its near-term obligations as they become due.
- 1.10 The Applicant is commencing these CCAA Proceedings to obtain a stay of proceedings during the initial 10-day stay period under the CCAA (the “**Initial Stay Period**”). The Proposed Monitor understands that the Applicant intends to pursue an orderly liquidation and closure of its retail store locations during the CCAA Proceedings, and that the Applicant will seek authorization to commence the liquidation at the comeback hearing in these CCAA Proceedings to be held prior to the expiry of the Initial Stay Period (the “**Comeback Hearing**”). The Proposed Monitor understands that the Applicant also intends to use the breathing room afforded by the CCAA Proceedings to evaluate potential opportunities to maximize the value of the Applicant’s ancillary assets, including one owned property, intellectual property assets and corporate attributes.
- 1.11 This pre-filing report (the “**Pre-Filing Report**”) should be read in conjunction the affidavit of Shamsh Kassam, a director of the Applicant, sworn May 1, 2026 in support of the Applicant’s application for the Initial Order (the “**First Kassam Affidavit**”). The First Kassam Affidavit, among other things, provides a detailed summary of the Applicant’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 Pre-Filing Report have the meanings given to them in the First Kassam Affidavit.

2.0 PURPOSE OF THE PRE-FILING REPORT

2.1 The purpose of this Pre-Filing 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 the Applicant;
- (iii) the Applicant's cash flow forecast for the two-week period ending May 15, 2026 (the "**Cash Flow Forecast**");
- (iv) the relief sought by the Applicant as part of the proposed Initial Order, including, among other things:
 - (a) authorizing the Applicant to continue to utilize its cash management system (the "**Cash Management System**");
 - (b) authorizing the Applicant to borrow up to \$1.0 million during the Initial Stay Period under an interim financing facility (the "**DIP Facility**") made available by Highgate Capital (in such capacity, the "**DIP Lender**"); and
 - (c) granting the proposed Administration Charge, DIP Lender's Charge and Directors' Charge (each as defined below) over the Applicant's current and future assets, property and undertakings (collectively, the "**Property**") in the initial amounts set out in the proposed Initial Order;
- (v) the Applicant's intended next steps in these CCAA Proceedings; and

- (vi) the Proposed Monitor's conclusions and recommendations in connection with the foregoing, as applicable.

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this Pre-Filing 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 the Applicant, and has held discussions with management and legal counsel of the Applicant and management and legal counsel of the Shareholders and their affiliates (collectively, the "**Information**"). Except as otherwise described in this Pre-Filing Report in respect of the Applicant'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. 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 ("**CAS**") 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 CAS in respect of the Information; and
- (ii) some of the Information referred to in this Pre-Filing 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 herein was prepared based on the estimates and assumptions of the Applicant. 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. 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 Inc. was engaged by the Applicant to act as a consultant on April 14, 2026 and, since that time, has worked with the Applicant's management and legal advisors to become familiar with the Applicant's business and financial affairs. A&M is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 and is not subject to any of the restrictions on who may be appointed as monitor set out in subsection 11.7(2) of the CCAA.
- 4.2 The senior A&M professional personnel with carriage of this matter include experienced insolvency and restructuring practitioners who are Chartered Professional Accountants (Chartered Accountants), Chartered Insolvency and Restructuring Professionals, and Licensed Insolvency Trustees, and who have previously acted in CCAA matters of a similar nature and complexity in Canada. A&M has previously acted as monitor in a significant number of CCAA proceedings involving retailers with cross-Canada operations, including Toys "R" Us Canada, The Body Shop Canada, Mastermind Toys, Comark Group, Express Fashion Apparel Canada, Ted Baker, Brooks Brothers Canada, Nordstrom Canada and Hudson's Bay Company.
- 4.3 A&M has consented to act as Monitor of the Applicant should the Court grant the proposed Initial Order. A&M's consent to act was filed with the Court on May 1, 2026 and a copy

is attached hereto as **Appendix “A”**. The Proposed Monitor has retained Goodmans LLP to act as its independent legal counsel.

5.0 BACKGROUND INFORMATION

5.1 This Pre-Filing Report summarizes certain background information in relation to the Applicant as it relates to its application for the commencement of these CCAA Proceedings. Readers are advised to review in full the First Kassam Affidavit, which provides an overview of the business, operations and financial circumstances of the Applicant.

Store Locations

5.2 The Applicant operates 128 stores across eight provinces and one territory. Each store location is operated under the Warehouse One or Bootlegger brand, with a limited number of stores operating a combined brand concept. The Applicant also operates an e-commerce platform for each banner across Canada.

5.3 The Applicant acquired the Bootlegger brand and business, including certain inventory, leasehold interests, intellectual property and other assets, in April 2025 following a restructuring of Bootlegger Clothing Inc. and certain of its affiliates under the CCAA. Bootlegger was previously operated as a subsidiary of Comark Holdings Inc., a larger retail platform previously owned by an affiliate of the Applicant’s majority shareholder.

5.4 The following table sets out the Applicant’s retail stores by jurisdiction:

Stores by Province				
	Warehouse One	Bootlegger	Combination Stores	Total
Alberta	30	9	2	41
British Columbia	21	5	1	27
Saskatchewan	11	2	3	16
Manitoba	14	2	-	16
Ontario	8	4	2	14
Newfoundland	5	2	-	7
Nova Scotia	4	-	-	4
New Brunswick	1	1	-	2
Yukon	1	-	-	1
Total	95	25	8	128

5.5 The Applicant’s retail stores are primarily located in malls, shopping centres and power centres. The Applicant owns a building in Kenora, Ontario from which it operates a Warehouse One store. All of its other retail store premises are leased from third-party landlords.

5.6 The Applicant leases office space and warehouse space in Winnipeg from Parian Logistics Inc., an affiliate of the Applicant’s majority shareholder, from which it operates its corporate headquarters and centralized warehouse and distribution centre.

Employees

5.7 As of April 28, 2026, the Applicant had approximately 982 employees, comprised of 403 full time and 579 part time employees, all of which are non-unionized. The following table sets out the Applicant’s employee headcount by jurisdiction:

Employees by Province (Part time and full time)	
Alberta	281
Manitoba (incl. head office)	232
British Columbia	177
Ontario	101
Saskatchewan	94
Newfoundland	49
Nova Scotia	22
New Brunswick	17
Yukon	6
Prince Edward Island	3
Total	982

Inventory and Distribution

- 5.8 The Applicant sells a combination of private label and branded merchandise. A material portion of the merchandise is sourced from foreign manufacturers, located primarily in China and Bangladesh, with the remainder sourced from a variety of suppliers in Canada and the United States. Branded merchandise is purchased from a variety of domestic and international suppliers. The Applicant is exposed to substantial foreign exchange risk given that a large portion of its product purchases are made in U.S. dollars, while sales are received in Canadian dollars.
- 5.9 The inventory purchased by the Applicant is shipped to the Applicant's distribution centre in Winnipeg and subsequently transported to retail locations or used to fulfil e-commerce orders. The Applicant contracts with third-party shipping providers to deliver products to retail locations and directly to customers.
- 5.10 The First Kassam Affidavit provides further detail regarding the operational and financial challenges experienced by the Applicant in recent years, which have culminated in the commencement of these CCAA Proceedings.

Unsecured Creditor Profile

5.11 Based on the Applicant's books and records, as at April 28, 2026, amounts payable to unsecured creditors were approximately \$7.0 million, comprised of:

- (i) \$3.5 million owing to domestic merchandise vendors;
- (ii) \$2.2 million owing to foreign merchandise vendors; and
- (iii) \$1.3 million owing to service providers and other non-trade vendors, including approximately \$100,000 owing to certain landlords.

5.12 In addition to the amounts noted above, the Applicant also has approximately \$900,000 in outstanding gift card obligations, net of a provision for estimated breakage. In the proposed Initial Order, the Applicant is seeking the authority to honour gift cards until and including May 13, 2026. The Applicant will stop selling new gift cards at the commencement of the CCAA Proceedings.

6.0 SENIOR CREDIT FACILITY AND AFFILIATE SECURED LOANS

6.1 As of April 28, 2026, the Applicant's primary secured debt obligations consist of approximately \$7,127,000 owing under the Senior Credit Facility and approximately \$33,057,000 owing under the Affiliate Secured Loans. The Senior Credit Facility and Affiliate Secured Loans are described in additional detail below.

Senior Credit Facility

6.2 The Senior Credit Facility is governed pursuant to a credit facility letter agreement dated April 16, 2010 (as amended and restated from time to time, the "**Senior Credit**

Agreement”). Under the Senior Credit Agreement, CIBC made available to the Applicant the following three credit facilities:

- (i) a demand revolving operating line of credit (the “**Revolving Facility**”) in the principal amount of up to \$10 million, subject to a borrowing base calculation and certain exclusions;
- (ii) a demand credit facility to support the issuance of documentary letters of credit (the “**LC Facility**”) in the maximum amount of \$3.25 million; and
- (iii) a demand credit facility to support the entry into forward foreign exchange contracts (the “**FX Facility**”) in the maximum amount of US\$100,000.

6.3 The Revolving Facility is used to fund working capital and other general corporate expenses. The Revolving Facility bears interest at: (i) under Canadian dollar loans, the applicable prime rate plus 0.375% per annum; (ii) under term CORRA loans, the applicable term CORRA rate for the applicable CORRA interest period plus 2.17% per annum; and (iii) under U.S. dollar loans, the applicable U.S. base rate plus 0.375% per annum.

6.4 The maximum amount available for borrowing under the Revolving Facility is subject to a borrowing base formula set out in the Senior Credit Agreement, which is calculated by reference to the value of certain of the Applicant’s inventory, less certain priority payables (including accrued and unpaid payroll, source deductions and sales taxes). Accordingly, borrowing availability under the Revolving Facility fluctuates from month to month.

6.5 On April 28, 2026, CIBC and Highgate Capital entered into an agreement pursuant to which Highgate Capital purchased and assumed from CIBC all right, title and interest of

CIBC in and to the Revolving Facility and the FX Facility and all related security interests and registrations (the “**Senior Credit Facility Assignment**”).

- 6.6 In connection with the Senior Credit Facility Assignment, the LC Facility was terminated and 6879900 Canada Inc. (“**687 Canada**”) assumed all obligations of the Applicant with respect to the outstanding letters of credit that had been issued under the LC Facility (the “**Outstanding LCs**”). On the date of the assignment, there were 12 Outstanding LCs with a total face value (in Canadian dollar equivalent) of \$2,592,000. The Outstanding LCs are fully cash collateralized. Concurrently with the assignment, the cash collateral for the Outstanding LCs, which had been maintained by the Applicant in a bank account pledged to CIBC, was transferred to a bank account of 687 Canada pledged to CIBC. The 12 Outstanding LCs under the LC Facility at the date of the assignment remain outstanding, for the benefit of the holders of such letters of credit, under a new letter of credit facility made available to 687 Canada by CIBC.
- 6.7 In summary, as of April 28, 2026 approximately \$7,127,000 in principal and accrued interest is owing under the Revolving Facility by the Applicant to Highgate Capital, in its capacity as Senior Lender. There are no outstanding obligations under the FX Facility and the LC Facility has been terminated.
- 6.8 To secure the obligations under the Senior Credit Agreement, the Applicant has granted the Senior Lender, among other security, a security interest in all of its present and after-acquired undertaking and personal property pursuant to a security agreement.

Affiliate Secured Loans

6.9 The Applicant is indebted to the Affiliate Lenders under four separate Affiliate Secured Loans, as follows:

- (i) a grid promissory note dated October 15, 2020 evidencing a loan from WHO Industries to the Applicant in the principal amount of \$8,250,000 (the “**WHO Industries Loan**”);
- (ii) a grid promissory note dated October 15, 2020 evidencing a loan from 456 Manitoba to the Applicant in the principal amount of \$2,750,000 (the “**456 Manitoba Loan**”);
- (iii) a loan agreement dated May 20, 2025 between Highgate Capital and the Applicant under which advances in the aggregate principal amount of \$14,012,862 are outstanding (the “**Highgate Capital Loan**”); and
- (iv) a loan agreement dated May 20, 2025 between R.I.S. Media Ltd. (“**R.I.S. Media**”) and the Applicant under which advances in the aggregate principal amount of \$6,443,871 are outstanding (the “**R.I.S. Media Loan**”).

6.10 The WHO Industries Loan and the 456 Manitoba Loan do not bear interest. The Highgate Capital Loan and the R.I.S. Media Loan bear interest at a rate of 10% per annum, payable quarterly on the last day of each fiscal quarter of the Applicant. The applicable loan agreements provide that the Applicant and the applicable lender can agree that interest payments will not be paid in cash and will instead be accrued and capitalized. Interest on the Highgate Capital Loan and the R.I.S. Media Loan has been capitalized (and not paid in

cash) for each of the last four fiscal quarters. As of April 28, 2026, approximately \$1,600,083 of accrued interest has been capitalized under the Highgate Capital Loan and R.I.S. Media Loan.

6.11 The following table sets forth the outstanding obligations (including principal and accrued interest obligations) on the Affiliate Secured Loans as of April 28, 2026:

Affiliate Secured Loan	Outstanding Obligations
WHO Industries Loan	\$8,250,000
456 Manitoba Loan	\$2,750,000
Highgate Capital Loan	\$14,012,862
R.I.S. Media Loan	\$6,443,871
Accrued Interest	\$1,600,083
Total	\$33,056,816

6.12 To secure the obligations under the Affiliate Secured Loans, the Applicant has granted to WHO Industries, 456 Manitoba and Highgate (as collateral agent for itself and R.I.S. Media) a security interest in substantially all of its present and after-acquired undertaking and property pursuant to two general security agreements dated October 15, 2020 (in the case of WHO Industries and 456 Manitoba) and a general security agreement dated May 20, 2025 (in the case of Highgate Capital).

Intercreditor Agreements

6.13 Each of WHO Industries and 456 Manitoba has entered into a priority agreement with the Senior Lender pursuant to which such Affiliated Lender agreed that the Senior Lender's security interests in the Applicant's collateral have priority over the security interests of such Affiliated Lender in the Applicant's collateral.

6.14 In addition, the Affiliate Lenders (or certain of them) have entered into the following intercreditor agreements governing their respective rights and priorities in the collateral granted by the Applicant to secure the Affiliate Secured Loans:

- (i) an intercreditor agreement dated October 15, 2020 among WHO Industries, 456 Manitoba and the Applicant;
- (ii) an intercreditor agreement dated May 20, 2025 among the Affiliate Lenders and the Applicant; and
- (iii) an intercreditor and agency agreement dated May 20, 2025 among Highgate Capital, R.I.S. Media and the Applicant.

6.15 While the Proposed Monitor is not expressing a legal opinion on the priority and intercreditor agreements, the Proposed Monitor understands that the agreements provide for the following priorities as amongst the Senior Lender and the Affiliate Lenders with respect to their security interests in the collateral of the Applicant:

- (i) the security interests securing the Senior Credit Facility rank in priority to the security interests securing the Affiliate Secured Loans;
- (ii) the security interests securing the Highgate Capital Loan and the R.I.S. Media Loan rank *pari passu* and in priority to the security interests securing the WHO Industries Loan and the 456 Manitoba Loan; and
- (iii) the security interests securing the WHO Industries Loan and the 456 Manitoba Loan rank *pari passu*.

6.16 The Proposed Monitor has arranged for the preparation of legal opinions with respect to the security interests granted by the Applicant under the laws of Manitoba and British Columbia (as the Senior Credit Agreement and the loan agreements governing the Affiliate Secured Loans are governed by the laws of British Columbia). If the Initial Order is granted, the Proposed Monitor intends to report on the conclusions reached in those security opinions in its report to the Court issued in connection with the Comeback Hearing.

7.0 CASH MANAGEMENT SYSTEM

7.1 The Applicant maintains a centralized cash management system to deal with cash collections, disbursements and transfers (the “**Cash Management System**”). The Cash Management System is described in the First Kassam Affidavit.

7.2 CIBC is the Applicant’s main operating bank. The Applicant has nine bank accounts across three banks, eight of which are Canadian dollar bank accounts and one of which is a U.S. dollar account. As described in the First Kassam Affidavit, activity in the bank accounts is reviewed and reconciled by the Applicant.

7.3 As part of the proposed Initial Order, the Applicant is seeking the authority to continue to use the Cash Management System during the CCAA Proceedings. The Cash Management System enables the Applicant to efficiently collect, manage and disburse cash in the normal course. The Proposed Monitor has familiarized itself with the Cash Management System and is of the view that appropriate processes, controls and reporting are in place to enable the Applicant, with the oversight of the Monitor, to continue to use the Cash Management System during the CCAA Proceedings.

7.4 As part of its monitoring procedures, the Monitor (if appointed) 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, for compliance with provisions of the proposed Initial Order and the DIP Agreement (as defined below).

8.0 CASH FLOW FORECAST

8.1 The Applicant has prepared the Cash Flow Forecast for the two-week period ending May 15, 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.

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

Cash Flow Forecast	
	<u>Initial Period</u>
Sales Receipts	2,904
Disbursements	
Occupancy	(1,018)
Payroll & Benefits	(1,129)
Merchandise	(300)
Logistics & Operating	(995)
Sales Tax Remittances	(58)
Professional Fees	(300)
Total Disbursements	(3,800)
Net Cash Flow	(896)
Opening Cash	450
Net Cash Flow	(896)
DIP Draw / (Repayment)	1,000
Closing Cash	554

8.3 The Proposed Monitor notes the following with respect to the Cash Flow Forecast:

- (i) receipts include forecast sales from retail stores and e-commerce;
- (ii) occupancy includes rent at each of the Applicant's retail store locations for the period from the date of the Initial Order to May 14, 2026, and for the period from May 15, 2026 to May 31, 2026;
- (iii) payroll and benefits to be paid in the normal course;
- (iv) merchandise includes payment for in-transit shipments for which title has not yet passed; and
- (v) professional fees include those accrued by the Applicant's legal counsel, the Monitor, and the Monitor's legal counsel.

8.4 During the Initial Period, net cash flow is projected to be negative \$896,000. This negative cash flow is forecast to be funded by cash on hand and, as required, advances under the proposed DIP Facility.

8.5 Based on the Proposed Monitor's review,¹ 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 Pre-Filing Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of the Applicant 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.

9.0 DIP FINANCING

9.1 The Cash Flow Forecast indicates that the Applicant may require interim financing during the Initial Stay Period to fund its business operations, including the payment of rent and payroll obligations. Depending on sales performance, the timing of certain payments and other contingencies, the Applicant may require interim funding of up to \$1.0 million during the Initial Stay Period.

¹ The Proposed Monitor has reviewed the Cash Flow Forecast to the standard required of a court-appointed monitor under subsection 23(1)(b) of the CCAA. Subsection 23(1)(b) of the CCAA requires a monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the court on the monitor's findings. Pursuant to this standard, the Proposed Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by certain key members of management. The Proposed Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow Assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast.

- 9.2 To avoid an abrupt shutdown of the business, Highgate Capital, in its capacity as DIP Lender, is prepared to provide additional financing to the Applicant under the proposed DIP Facility. On May 1, 2026, the Applicant entered into a DIP Financing Term Sheet (the “**DIP Agreement**”) with the DIP Lender setting forth the terms of the proposed DIP Facility.
- 9.3 The DIP Facility is a secured, revolving credit facility in the maximum principal amount of \$3.0 million, with \$1.0 million available during the Initial Stay Period. Availability under the DIP Facility is subject to certain conditions, including the Court granting a priority charge over the Applicants’ Property to secure the Applicant’s obligations under the DIP Facility (the “**DIP Lender’s Charge**”).
- 9.4 In the proposed Initial Order, the Applicant is seeking approval of the DIP Agreement and the DIP Lender’s Charge and authorization to borrow up to \$1.0 million under the DIP Facility during the Initial Stay Period.
- 9.5 A summary of certain key terms of the DIP Facility is set out below. Reference should be made to the full terms and conditions of the DIP Agreement, a copy of which is attached as an exhibit to the First Kassam Affidavit.

DIP Facility <i>(capitalized terms have the meaning ascribed thereto in this Pre-Filing Report or in the DIP Agreement)</i>	
Parties	<ul style="list-style-type: none">• Borrower: The Applicant (Warehouse One Clothing Ltd.)• DIP Lender: Highgate Capital Ltd.
Facility Size	<ul style="list-style-type: none">• Maximum availability under the DIP Facility is \$3.0 million, provided that availability during the Initial Stay Period is limited to \$1.0 million.• Funding will be made available under DIP Advances advanced to the Borrower from time to time, in a minimum amount of \$100,000, subject to satisfy the applicable conditions to each DIP Advance.

DIP Facility <i>(capitalized terms have the meaning ascribed thereto in this Pre-Filing Report or in the DIP Agreement)</i>	
Interest	<ul style="list-style-type: none">• Interest: 10% per annum• No commitment or draw fees
DIP Budget and Reporting	<ul style="list-style-type: none">• The Borrower must use the DIP Advances in accordance with a DIP Budget acceptable to the DIP Lender.• On a weekly basis, the Borrower, with the assistance of the Monitor, shall prepare and provide to the DIP Lender a Variance Report comparing actual receipts and disbursements to the amounts set forth in the DIP Budget.• An Event of Default occurs if any Variance Report delivered following the granting of the Amended and Restated Initial Order shows a negative variance of the net cash flows of more than 15% compared to the DIP Budget on a cumulative basis since the Filing Date, provided that disbursements subject to the Administration Charge and the Lender Expenses are excluded from the calculation.
Maturity Date	<ul style="list-style-type: none">• The Maturity Date of the DIP Facility is the earliest of: (i) the occurrence of any Event of Default; (ii) the implementation of a CCAA Plan; (iii) the date on which the Borrower has completed the Liquidation Process and vacated all of its retail store locations; (iv) closing of one or more sales or transactions in respect of all or substantially all of the Property outside the ordinary course of business or the Liquidation Process; and (v) an Outside Date of August 31, 2026.
DIP Financing Charge	<ul style="list-style-type: none">• Pursuant to the DIP Agreement, availability of the DIP Facility is conditional on the granting of the DIP Lender's Charge over all Property of the Borrower in priority to all Liens, subject to the limited exceptions set forth in the DIP Agreement.
Prepayment	<ul style="list-style-type: none">• The DIP Facility is a revolving facility. The Borrower may prepay the DIP Facility, in whole or in part, at any time prior to the Maturity Date. Subject to compliance with the DIP Agreement, any amount repaid may be reborrowed on a revolving basis up to the maximum amount of the DIP Facility.

Proposed Monitor's View on the DIP Facility

9.6 The Proposed Monitor respectfully recommends that the Court approve the DIP Facility for the following reasons:

- (i) the Applicant has no other immediate financing alternative and, in the absence of the DIP Facility being approved, there is a material risk that the Applicant will have insufficient liquidity to fund its operations or these CCAA Proceedings;

- (ii) Highgate Capital is the Applicant's Senior Lender, the lender of the Highgate Capital Loan, and an affiliate of the Applicant. Highgate Capital is familiar with the Applicant's business and financial situation and, in light of its existing position in the Applicant's capital structure, is a natural and appropriate interim lender in these circumstances;
- (iii) the Proposed Monitor has overseen the negotiation of the DIP Facility and is of the view that the terms of the DIP Agreement are reasonable in the circumstances and do not unduly restrict the Applicant's ability to implement its objectives in these CCAA Proceedings;
- (iv) the Proposed Monitor has reviewed comparable interim financing facilities and is of the view that the economic terms of the DIP Facility, including the interest rate charged, are reasonable and within market parameters. Attached as **Appendix "D"** is a summary of select interim financing facilities that have recently been approved in similar recent CCAA proceedings, including certain related-party interim financing facilities. The Monitor notes that these comparable interim financing facilities: (a) range in size from \$1.0 million to \$40.0 million; and (b) have interest rates in the range of 4.2% to 18%, with an average rate of 11.9%. In comparison, the proposed DIP Facility contemplates an interest rate of 10% and no fees or other economics for the DIP Lender;
- (v) the \$1.0 million of maximum availability during the Initial Stay Period is projected to provide the Applicant with sufficient liquidity to allow the Applicant to stabilize its business and operations until the Comeback Hearing; and

- (vi) while the amount that the Applicant is ultimately required to draw on the DIP Facility will depend on a number of factors, including sales performance, the timing of payments and the cadence of the liquidation process, the Monitor believes that approval of the DIP Facility is important to ensure that the Applicant can address any urgent liquidity needs and to demonstrate to stakeholders that the Applicant will have the necessary funding to complete an orderly liquidation in these CCAA Proceedings.

10.0 STAY OF PROCEEDINGS

10.1 The proposed Initial Order grants a stay of proceedings in respect of the Applicant and its business and Property during the Initial Stay Period.

10.2 In the circumstances, the Proposed Monitor is of the view that the stay of proceedings is appropriate and is in the best interests of the Applicant and its stakeholders given that:

- (i) the proposed stay of proceedings will provide the breathing room required by the Applicant to maintain the stability of its business operations;
- (ii) the commencement of enforcement steps against the Applicant could impact its ability to continue normal course operations and diminish the value of the Applicant's business and Property; and
- (iii) the CCAA Proceedings will provide an appropriate forum to enable the Applicant to proceed with an orderly liquidation and closure of its retail locations and pursue opportunities to maximize the value of the Applicant's ancillary assets.

11.0 COURT-ORDERED CHARGES SOUGHT IN THE INITIAL ORDER

11.1 In addition to the DIP Lender’s Charge, the proposed Initial Order seeks the granting of an Administration Charge and a Directors’ Charge (collectively with the DIP Lender’s Charge, the “**Charges**”) over the Property of the Applicant, as described below.

11.2 The proposed Initial Order contemplates that the Charges will rank in priority to all other Encumbrances (as defined in the Initial Order) of any secured creditor of the Applicant that received notice of the CCAA proceedings. At the Comeback Hearing, the Applicant may seek priority of the Charges ahead of any Encumbrance over which the Charges may not have obtained priority pursuant to the Initial Order.

11.3 The proposed quantum and priority of the Charges is as follows:

Proposed Charges & Priorities	Amount of Charge
1. Administration Charge	\$500,000
2. DIP Lender’s Charge	\$1,000,000
3. Directors’ Charge	\$1,675,000

Administration Charge

11.4 The proposed Initial Order provides for a charge over the Applicant’s Property in favour of the Monitor, counsel to the Monitor and counsel to the Applicant (the “**Administration Charge**”), in the maximum amount of \$500,000, to secure the payment of the fees and disbursements of those professionals. The Proposed Monitor understands that the Applicant intends to seek an increase of the Administration Charge to \$750,000 at the Comeback Hearing.

11.5 The Proposed Monitor assisted the Applicant with the calculation of the Administration Charge and is of the view that the amount of the Administration Charge for the Initial Stay Period is reasonable and appropriate in the circumstances, having regard to the nature of the CCAA Proceedings, the anticipated professional costs to be incurred during the Initial Stay Period, and the size of charges approved in similar CCAA proceedings.

DIP Lender's Charge

11.6 As described above, the proposed Initial Order provides for the granting of the DIP Lender's Charge over the Applicant's Property to secure the obligations of the Applicant under the DIP Facility. The DIP Lender's Charge will rank behind the Administration Charge.

11.7 It is a condition of the DIP Facility that the DIP Lender's Charge be granted by the Court. The Proposed Monitor's observations with respect to the DIP Facility are set out in Section 9.0 above. The Proposed Monitor is of the view that the DIP Lender's Charge is appropriate in the circumstances and is necessary to ensure that the Applicant has access to the DIP Facility.

Directors' Charge

11.8 The proposed Initial Order provides that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors and officers of the Applicant after the commencement of the CCAA Proceedings, 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 gross negligence or wilful misconduct. The proposed Initial Order

grants a charge over the Applicant's Property in the amount of \$1,675,000 in favour of the Applicant's directors and officers as security for that indemnity.

11.9 The Proposed Monitor understands that the Applicant does not have a liability insurance policy that provides coverage for the Applicant's directors and officers.

11.10 The Proposed Monitor assisted the Applicant in the calculation of the initial quantum of the Directors' Charge, taking into consideration the amount of the Applicant's potential employment-related obligations (including payroll and vacation pay) and federal and provincial sales tax liabilities during the Initial Stay Period. The components of the calculation of the proposed Directors' Charge are as follows:

Proposed Directors' Charge	
Provision for sales taxes (HST, GST, PST)	\$250,000
Provision for employee wages and source deductions	\$500,000
Provision for accrued vacation outstanding as of the Filing Date	\$750,000
Provision for employee benefits, EHT and other similar amounts	\$25,000
Provision for employee termination pay (Saskatchewan only)	\$150,000
Total	\$1,675,000

11.11 The Proposed Monitor understands that the sole director and officer of the Applicant has advised that he is not prepared to continue in his current roles absent the protection afforded to him by the Directors' Charge. In the circumstances, the Proposed Monitor is of the view that the Directors' Charge is necessary and that the quantum of the charge in the proposed Initial Order is reasonable.

12.0 INTENDED NEXT STEPS IN THE CCAA PROCEEDINGS

12.1 The Proposed Monitor understands that, subject to obtaining the proposed Initial Order, the Applicant intends to use the Initial Stay Period to stabilize business operations, provide notice of the CCAA Proceedings to stakeholders through a communications plan developed with the assistance of the Proposed Monitor, and prepare for an orderly liquidation and closure of its retail store locations during the CCAA Proceedings. The Proposed Monitor understands that the Applicant will seek authorization to commence the liquidation at the Comeback Hearing. The Applicant also intends to use the breathing room afforded by the CCAA Proceedings to evaluate potential opportunities to maximize the value of the Applicant's ancillary assets.

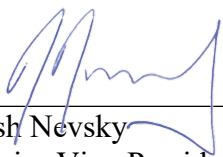
13.0 CONCLUSIONS AND RECOMMENDATIONS

13.1 For the reasons set out in this Pre-Filing Report, the Proposed Monitor is of the view that the relief requested by the Applicant in the proposed Initial Order is reasonable and appropriate having regard to the Applicant's current circumstances and is necessary for the continued operations of the debtor company in the ordinary course of business during the Initial Stay Period. As such, the Proposed Monitor respectfully recommends that the Court grant the Initial Order containing the relief requested by the Applicant.

All of which is respectfully submitted to the Court this 4th day of May, 2026.

**Alvarez & Marsal Canada Inc.,
in its capacity as Proposed Monitor of
Warehouse One Clothing Ltd.**

Per: _____


Josh Nevsky
Senior Vice-President

APPENDIX A
CONSENT TO ACT AS MONITOR

See attached.

THE KING'S BENCH
WINNIPEG CENTRE

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 WAREHOUSE ONE CLOTHING LTD.

(the "**Applicant**")

APPLICATION UNDER: *THE COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C., c. C-36, AS AMENDED

CONSENT OF ALVAREZ & MARSAL CANADA INC.

ALVAREZ & MARSAL CANADA INC. hereby consents to act as the Court appointed monitor of the Applicant, Warehouse One Clothing Ltd., in respect of this proceeding, subject to the granting of an Initial Order under the *Companies' Creditors Arrangement Act (Canada)* substantially in the form attached as Schedule "A" to the Notice of Application filed on behalf of the Applicant, Warehouse One Clothing Ltd.

DATED at the City of Toronto, Ontario, this 30th day of April, 2026.

ALVAREZ & MARSAL CANADA INC.

Per: _____


Josh Nevsky, CPA, CA, CIRP, CAIRP
Senior Vice-President

**APPENDIX B
CASH FLOW FORECAST**

See attached.

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 impact of filing under the Companies' Creditors Arrangement Act ("CCAA"). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved 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 Canadian dollars.

	<i>Week 1</i> 8-May	<i>Week 2</i> 15-May	Initial Period
Sales Receipts	1,388	1,516	2,904
Disbursements			
Occupancy	352	666	1,018
Payroll & Benefits	19	1,110	1,129
Merchandise	150	150	300
Logistics & Operating	394	601	995
Sales Tax Remittances	58	–	58
Professional Fees	150	150	300
Total Disbursements	1,124	2,676	3,800
Net Cash Flow	264	(1,160)	(896)
Opening Cash Balance	450	714	450
Net Cash Flow	264	(1,160)	(896)
DIP Draw / (Repayment)	–	1,000	1,000
Closing Cash Balance	714	554	554

Notes

1. Sales Receipts include forecast sales from retail stores and e-commerce.
2. Occupancy includes rent at each of the Applicant's retail store locations for the period from the Filing Date to May 14 (Week 1), and May 15 to May 31 (Week 2).
3. Payroll & Benefits to be paid in the normal course.
4. Merchandise includes payment for in-transit shipments for which title has not yet passed.
5. Professional fees include those accrued by the Applicant's legal counsel, the Monitor, and the Monitor's legal counsel.

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

See attached.

Alvarez & Marsal Canada Inc.
200 Bay Street, Suite 3501
Toronto ON M5J 2J1

Attention: Mr. Joshua Nevsky

May 1, 2026

Dear Sir:

Re: Warehouse One Clothing Ltd. (“Warehouse One” or the “Applicant”) – CCAA section 10(2) Prescribed Representations with Respect to Cash Flow Forecast

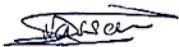
In connection with the application by Warehouse One for the commencement of proceedings under the *Companies’ Creditors Arrangement Act*, the management of Warehouse One have prepared the cash flow forecast for the period May 6, 2026 to May 15, 2026 (the “**Cash Flow Forecast**”) and the list of assumptions on which the Cash Flow Forecast is based. The purpose of the Cash Flow Forecast is to determine the liquidity requirements of the Applicant during the CCAA proceedings.

Warehouse One 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 Applicant 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: Name: Shamsh Kassam
Title: Vice President

APPENDIX D
SUMMARY OF RECENT COMPARABLE INTERIM FINANCING FACILITIES

See attached.

Warehouse One Clothing Ltd.
Comparable DIP Facility Analysis

Related Party DIP Facilities

Debtor	DIP Lender	Filing Date	Industry	Jurisdiction	DIP Loan (C\$) ¹	Fees as a % of Loan ²	Interest Rate ³
Toys "R" Us (Canada) Ltd.	2625229 Ontario Inc.	Feb-26	Retail	ON	20,000,000	3.0%	13.0%
B+H Architects Corp.	Surbana Jurong Holdings (Canada) Ltd.	Oct-25	Construction	ON	6,000,000	0.0%	4.2%
Attalah Group Inc (SSENSE)	Attalah Family and BMO	Sep-25	Retail	QC	40,000,000	1.5%	12.8%
QM GP Inc.	WeShall Investments Inc.	Jul-25	Construction	ON	14,000,000	1.0%	14.0%
Oak and Fort Corp et al.	Klaus Lam, Bo Ra Kam, Min-Seon Scott Park, Bear and Otter	Jun-25	Retail	BC	2,500,000	4.0%	15.0%
Li-Cycle Holdings Corp. et al.	Glencore International AG	May-25	Cleantech	ON	14,595,000	0.0%	11.3%
Enerkem Inc.	Repsol Quimica S.A.	May-25	Cleantech	QC	12,500,000	0.0%	15.0%
Earth Alive Clean Technologies Inc.	Nikolaus Sofronis	Oct-24	Cleantech	QC	1,720,000	0.0%	18.0%
Humble & Fume Inc.	1000760498 Ontario Inc.	Jan-24	Cannabis	ON	3,475,000	0.0%	12.0%
Myra Falls Mine Ltd.	Trafigura US Inc.	Dec-23	Mining	BC	21,000,000	1.0%	11.0%
Athabasca Minerals Inc.	JMAC Energy Services LLC	Nov-23	Mining	AB	2,850,000	0.0%	18.0%
Datafax Business Services Limited	2872802 Ontario Inc.	Aug-23	Professional Services	AB	2,500,000	0.0%	12.0%
Fire & Flower Inc. et al.	2707031 Ontario Inc.	Jun-23	Cannabis	ON	9,800,000	4.1%	12.0%
Forex Inc. et al.	Les Placements Al-Vi Inc.	Feb-23	Manufacturing	QC	10,630,000	0.0%	10.0%
Max					40,000,000	4.1%	18.0%
Average					11,540,000	1.0%	12.7%
Min					1,720,000	0.0%	4.2%

Other Comparable DIP Facilities

Debtor	DIP Lender	Filing Date	Industry	Jurisdiction	DIP Loan (C\$) ¹	Fees as a % of Loan ²	Interest Rate ³
Mansfield Phillips Square	BMO	Jan-26	Real Estate	QC	5,500,000	0.0%	6.0%
Duchesne et Fils Ltée	BDC and RBC	Jan-26	Construction	QC	5,000,000	1.9%	13.0%
Groupe Colabor	La Banque Toronto-Dominion, à titre d'agent	Jan-26	Food Manufacturing	QC	9,000,000	3.0%	12.0%
Recyclage Carbone Varennes	IQ Financing and Canadian Infrastructure Bank	Mar-25	Oil & Gas	QC	18,000,000	1.0%	12.5%
AMCO Farms Inc.	RBC	Aug-25	Agriculture	ON	4,100,000	3.0%	13.0%
Coast Automotive Group et al.	BMO	Jul-25	Automotive	AB	2,500,000	0.0%	9.5%
Sinobec Group Inc.	Syndicate of lenders including BMO, Laurentian Bank, BDC	May-25	Distribution	QC	5,700,000	2.6%	5.0%
STS Renewables Ltd. et al.	BNS	May-25	Professional Services	ON	2,900,000	3.5%	10.0%
Shaw-Almex Industries Limited and	RBC	May-25	Technology	ON	1,000,000	2.0%	12.0%
Asbestos Corporation Limited	Certain Underwriters At Lloyd'S et al.	May-25	Mining	QC	27,800,000	0.0%	6.0%
Earth Boring Co. Limited, Yarbridge	BMO	Apr-25	Construction	ON	5,500,000	1.8%	9.5%
Synaptive Medical Inc.	Export Development Canada	Mar-25	Technology	ON	7,000,000	5.0%	15.0%
Hudson's Bay Company ULC	Restore Capital	Mar-25	Retail	ON	16,000,000	3.0%	14.3%
Pelican International Inc. et al.	NBC, BMO, Desjardins, TD Bank	Mar-25	Manufacturing	QC	6,800,000	1.2%	12.0%
Joriki Inc.	BNS and TD Bank	Jan-25	Food Manufacturing	ON	1,200,000	2.5%	12.5%
Comark Holdings Inc.	CIBC	Jan-25	Retail	ON	18,000,000	1.5%	10.0%
KMC Mining	ATB Financial	Jan-25	Mining	AB	6,000,000	5.7%	10.5%
The Lion Electric Company	NBC, BMO, Desjardins	Dec-24	Manufacturing	QC	10,000,000	2.4%	12.5%
Delta 9 Cannabis Inc. et al.	FIKA Herbal Goods	Jul-24	Cannabis	SK	16,000,000	0.0%	10.0%
Taiga Motors Corporation et al.	EDC	Jul-24	Manufacturing	QC	4,400,000	2.4%	14.0%
Quality Sterling Group	Ironbridge Equity Partners	Aug-23	Other	ON	7,000,000	0.0%	12.0%
Gesco Industries Inc. et al.	BNS	May-23	Manufacturing	ON	8,600,000	0.6%	12.7%
BlackRock Metals Inc. et al.	OMF Fund II H Ltd. and Investissement Québec	Dec-21	Mining	QC	2,000,000	0.0%	12.0%
Urthecast Corp. ⁴	HCP-FVL, LLC	Sep-20	Technology	BC	6,950,000	11.0%	18.0%
Max					27,800,000	11.0%	18.0%
Average					8,210,000	2.3%	11.4%
Min					1,000,000	0.0%	5.0%

Source: Insolvency Insider and Government of Canada Public CCAA Records

1. US dollar denominated loans are translated at 1.39 USD/CAD. Certain DIP Loans are presented as the maximum draw reported in the latest court materials.
2. Excludes amounts for "reasonable fees and expenses of the DIP Lender" if these are not specifically defined.
3. Interest rates that are determined by a benchmark rate (i.e. prime rate, SOFR) were calculated as of the respective filing date.
4. The figures listed herein represent the maximum terms of the second DIP loan provided to the Urthecast Corp. (the "Debtor").