



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 11, 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.

Jessica  
Kimmel

Digitally signed by  
Jessica Kimmel  
Date: 2026.02.13  
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**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](http://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
<b>1. If no Qualified Bids are received other than the Stalking Horse Bid</b>	
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
<b>2. If Qualified Bids are selected other than the Stalking Horse Bid</b>	
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 “ <b>Outside Date</b> ”)	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;<sup>1</sup>
    - (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

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<sup>1</sup> 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.

### **The Sale and Auction Process**

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.

### **Highest Versus Best Offer**

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.

### **Acceptance of Qualified Bids and Deposits**

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**

**The Monitor:**

**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](mailto:jnevsky@alvarezandmarsal.com) & [sglustein@alvarezandmarsal.com](mailto: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](mailto:cfell@reconllp.com) & [nrambaran@reconllp.com](mailto:nrambaran@reconllp.com)

**The Applicants:**

**Ayurcann Holdings Inc. & Ayurcann Inc.**

1080 Brock Road, Unit 6  
Pickering, Ontario L1W 3H3

Attention: Igal Sudman & Roman Buzaker

Email: [igal@ayurcann.com](mailto:igal@ayurcann.com) & [roman@ayurcann.com](mailto:roman@ayurcann.com)

with copies to:

**Bennett Jones LLP**

100 King St W, Suite 3400  
Toronto, ON M5X 1A4

Attention: Sean Zweig & Jesse Mighton

Email: [zweigs@bennettjones.com](mailto:zweigs@bennettjones.com) & [mightonj@bennettjones.com](mailto:mightonj@bennettjones.com)

## SCHEDULE “B” AUCTION PROCEDURES

1. Auction. 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. Participation at the Auction. 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. No Collusion. 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. Bidding at the Auction. 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. Monitor Shall Conduct the Auction. 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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