

COURT FILE NUMBER	2201-11655	Clerk's Stamp:
COURT	COURT OF KING'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
MATTER	IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, RSC 1985, c. C-36, AS AMENDED, AND IN THE MATTER OF SUGARBUD CRAFT GROWER CORP., TRICHOME HOLDINGS CORP. and 1800905 ALBERTA LTD.	
APPLICANTS:	SUGARBUD CRAFT GROWER CORP., TRICHOME HOLDINGS CORP. and 1800905 ALBERTA LTD.	
DOCUMENT:	SUPPLEMENTAL AFFIDAVIT OF DANIEL T. WILSON	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT:	MLT AIKINS LLP 2100 Livingston Place 222 - 3rd Avenue S.W. Calgary, AB T2P 0B4 Solicitor : Ryan Zahara/Chris Nyberg Phone Number: 403-693-5420/2636 Email: rzahara@mltaikins.com/cnyberg@mltaikins.com File No.: 0158011/00003	

**Counsel for the Applicants, Sugarbud Craft Grower Corp.,
Trichome Holdings Corp., and 1800905 Alberta Ltd.**

**SUPPLEMENTAL AFFIDAVIT OF DANIEL T. WILSON
Sworn on January 16, 2023**

I, Daniel T. Wilson, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY THAT:**

1. I am the President and Chief Executive Officer, interim Vice President of Finance and Chief Financial Officer, and a Director and Chairman of the Board of Sugarbud Craft Grower Corp. ("**SCGC**"), President and Chief Executive Officer, Vice President and Chief Financial Officer and Director of Trichome Holdings Corp. ("**THC**") and 1800905 Alberta Ltd. ("**OpCo**" together with SCGC and THC, the "**Applicants**" or "**Sugarbud**") and I am authorized to swear this affidavit (the "**Affidavit**") on behalf of the Applicants.
2. I have personal knowledge of the matters and facts herein deposed, except where based on information and belief, in which case I believe the same to be true.

3. All capitalized terms not otherwise defined herein shall have the same meaning as within my Affidavit sworn on October 7, 2022 (the "**October 7 Affidavit**") or my Second Affidavit sworn on November 28, 2022 (the "**Second Wilson Affidavit**").

AMENDED KERP TERMS

4. Sugarbud has amended the terms of the KERP to account for a transaction that gets completed out side of the SISP. The original KERP terms had the second payment milestone tied to a transaction that was completed under the SISP. A clean and blackline of the amended KERP terms are attached hereto as Exhibit "A".
5. The Applicants understand that the Interim Lender and the Monitor are supportive of the amended KERP Terms.
6. This Affidavit is sworn in support of Sugarbud's Application for an extension of the Stay Period until March 24, 2023 and increase of \$200,000 (to a maximum amount of \$2,200,000.00) to the Interim Financing Charge.

SWORN before me at the City of Calgary, in)
the Province of Alberta, this 16th day of)
January, 2023)



A Commissioner for Oaths in and for the
Province of Alberta

RYAN ZAHARA
Barrister & Solicitor



DANIEL T. WILSON

THIS IS EXHIBIT "A" TO THE
AFFIDAVIT OF DANIEL T. WILSON
SWORN BEFORE ME AT CALGARY, ALBERTA,
This 16th day of January, 2023



A Commissioner for Oaths in and for the Province of Alberta

RYAN ZAHARA
Barrister & Solicitor

AMENDED KEY EMPLOYEE RETENTION PLAN

January 13, 2023

Overview

1. On September 23, 2022, Sugarbud Craft Grower Corp., Trichome Holdings Corp., and 1800905 Alberta Ltd (collectively, the "**Sugarbud Group**" or the "**Debtors**") filed a Notice of Intention to Make a Proposal pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**NOI Proceedings**").
2. Alvarez & Marsal Canada Inc. was appointed proposal trustee ("**Trustee**") of the Sugarbud Group in the NOI Proceedings.
3. The Sugarbud Group has brought an application in the NOI Proceedings to, among other things (a) approve this key employee retention plan (the "**KERP**"), and (b) secure the amounts payable under this KERP with a charge (the "**KERP Charge**") on all of the property of the Sugarbud Group on the terms and with the priority proposed in the Affidavit of Dan T. Wilson sworn September 23, 2022 and the first report of the Trustee dated September 27, 2022.
4. On October 18, 2022 the Debtors were granted an initial order and an amended and restated initial order (collectively, the "**Initial Order**") by the Court continuing the NOI Proceedings into proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**") and the Trustee was appointed as the monitor (the "**Monitor**") of the Debtors in the CCAA proceedings.
5. On December 9, 2022, the stay of proceedings in the Initial Order was extended by Justice E.J. Sidnell until January 20, 2023.
6. The eligible participants in this KERP (each, an "**Eligible Participant**") will initially be comprised of the key employees of the Sugarbud Group set out on Schedule A (each a "**Key Sugarbud Employee**"). Eligible Participants may be added or removed in accordance with the terms of this KERP.

Eligibility Criteria

7. The Sugarbud Group and the Monitor have determined that each of the Key Sugarbud Employees is essential to ensure the stability of the Sugarbud Group's business, enhances the effectiveness of the proposed sales and investment solicitation process (the "**SISP**") to be commenced by, or in respect of, the Sugarbud Group or its assets, is necessary to facilitate an efficient SISP and eventually, depending on the outcome of the SISP, submit a proposal to the creditors of the Sugarbud Group, and should be deemed to be an Eligible Participant as of the date hereof.
8. The Sugarbud Group, with the approval of the Monitor, may designate additional employees of the Sugarbud Group (each an "**Additional Sugarbud Employee**") as Eligible Participants for the purposes of participating in this KERP if the qualifications of Section 5 are met in respect of such Additional Sugarbud Employees (who then shall be Eligible Participants for the purposes of this KERP), provided that the total amount of KERP Payments (as defined below) allocated and/or paid to all Eligible Participants does not exceed the KERP Cap (as defined below), unless Court approval is obtained to increase such KERP Cap.

Allocation

9. The total aggregate amount authorized to be paid to all Eligible Participants under the KERP is \$140,000 (the "**KERP Cap**"). The current allocation (the "**KERP Allocation**") of retention payments ("**KERP Payments**") as between the initial Eligible Participants is set out in Schedule A. Notwithstanding the foregoing, the Sugarbud Group may, with the approval of the Monitor, amend the KERP Allocation from time to time in accordance with the terms hereof; provided that the total amount of KERP Payments allocated and/or paid to all Eligible Participants does not exceed the KERP Cap, unless Court approval is obtained to increase such KERP Cap.
10. Without limiting the Sugarbud Group's rights under the other provisions of this KERP (including where subject to approval of the Monitor), in the event that any Eligible Participant resigns. Is furloughed, or is terminated with cause prior to a Completion Event (as defined below), and the Sugarbud Group is required to (a) hire a new employee; (b) designate an Additional Sugarbud Employee as a Eligible Participant; or (c) reassign the resigning Eligible Participant's work to another Eligible Participant (as applicable, the "**Replacement**"), the Sugarbud Group may, with the approval of the Monitor, revoke the resigning Eligible Participant's right to participate in this KERP and reallocate to the Replacement the unearned portion of the applicable KERP Payments originally allocated to the resigning Eligible Participant; provided that the total amount of KERP Payments allocated and/or paid to all Eligible Participants does not exceed the KERP Cap, unless Court approval is obtained to increase such KERP Cap.

Vesting Criteria

11. The KERP Payments will vest in those Eligible Participants entitled to such payments in two tranches. The first shall vest on November 4, 2022 (the "**Bid Event**"), being the Phase 1 Bid Deadline (as defined in the SISP Process) in the SISP conducted in respect of the Sugarbud Group. The second payment shall vest on completion of any realization process or transaction resulting from the SISP or from any other process, offer, sale or transaction involving all or substantially all of the Sugarbud Group's business or assets, including for greater certainty a sale of the cannabis facility located in Stavely, AB (a "**Sale Completion Event**" and together with the Bid Event, a "**Completion Event**").
12. In addition to any other conditions set out herein, and those which may be established or imposed by the Sugarbud Group with the approval of the Monitor from time to time, Eligible Participants will only be eligible for their applicable KERP Payments if they are: (a) actively employed with the Sugarbud Group when such KERP Payment(s) are earned, (b) performing their duties and responsibilities, including any reasonable additional or transitional duties, through to the applicable payment date, or (c) terminated without cause before the applicable KERP Payment is due and payable hereunder (and such Eligible Participant has otherwise met all other requirements for payment). An Eligible Participant will lose its entitlements under this KERP if they are terminated for cause, if they resign before the applicable Completion Event or payment event, as applicable, or otherwise do not otherwise meet the conditions for earning such KERP Payment.

Payment Criteria

13. Subject to the terms hereof, the applicable KERP Payments shall be payable to the Eligible Participants within 5 days following the applicable Completion Event.

SCHEDULE "A"

~~IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED.~~

~~AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF SUGARBUD CRAFT GROWER CORP.~~

~~AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF TRICHOME HOLDINGS CORP.~~

~~AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF 1800905 ALBERTA LTD.~~

AMENDED KEY EMPLOYEE RETENTION PLAN

September 27, 2022

January 13, 2023

Overview

1. On September 23, 2022, Sugarbud Craft Grower Corp., Trichome Holdings Corp., and 1800905 Alberta Ltd (collectively, the "**Sugarbud Group**" or the "**Debtors**") filed a Notice of Intention to Make a Proposal pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**NOI Proceedings**").
2. Alvarez & Marsal Canada Inc. was appointed proposal trustee ("**Trustee**") of the Sugarbud Group in the NOI Proceedings.
3. The Sugarbud Group has brought an application in the NOI Proceedings to, among other things (a) approve this key employee retention plan (the "**KERP**"), and (b) secure the amounts payable under this KERP with a charge (the "**KERP Charge**") on all of the property of the Sugarbud Group on the terms and with the priority proposed in the Affidavit of Dan T. Wilson sworn September 23, 2022 and the first report of the Trustee dated September 27, 2022.
4. On October 18, 2022 the Debtors were granted an initial order and an amended and restated initial order (collectively, the "**Initial Order**") by the Court continuing the NOI Proceedings into proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**") and the Trustee was appointed as the monitor (the "**Monitor**") of the Debtors in the CCAA proceedings.
5. On December 9, 2022, the stay of proceedings in the Initial Order was extended by Justice E.J. Sidnell until January 20, 2023.

4.6. The eligible participants in this KERP (each, an "**Eligible Participant**") will initially be comprised of the key employees of the Sugarbud Group set out on Schedule A (each a "**Key Sugarbud Employee**"). Eligible Participants may be added or removed in accordance with the terms of this KERP.

Eligibility Criteria

5.7. The Sugarbud Group and the ~~Trustee~~ Monitor have determined that each of the Key Sugarbud Employees is essential to ensure the stability of the Sugarbud Group's business, enhances the effectiveness of the proposed sales and investment solicitation process (the "**SISP**") to be commenced by, or in respect of, the Sugarbud Group or its assets, is necessary to facilitate an efficient SISP and eventually, depending on the outcome of the SISP, submit a proposal to the creditors of the Sugarbud Group, and should be deemed to be an Eligible Participant as of the date hereof.

6.8. The Sugarbud Group, with the approval of the ~~Trustee~~ Monitor, may designate additional employees of the Sugarbud Group (each an "**Additional Sugarbud Employee**") as Eligible Participants for the purposes of participating in this KERP if the qualifications of Section 5 are met in respect of such Additional Sugarbud Employees (who then shall be Eligible Participants for the purposes of this KERP), provided that the total amount of KERP Payments (as defined below) allocated and/or paid to all Eligible Participants does not exceed the KERP Cap (as defined below), unless Court approval is obtained to increase such KERP Cap.

Allocation

7.9. The total aggregate amount authorized to be paid to all Eligible Participants under the KERP is \$140,000 (the "**KERP Cap**"). The current allocation (the "**KERP Allocation**") of retention payments ("**KERP Payments**") as between the initial Eligible Participants is set out in Schedule A. Notwithstanding the foregoing, the Sugarbud Group may, with the approval of the ~~Trustee~~ Monitor, amend the KERP Allocation from time to time in accordance with the terms hereof; provided that the total amount of KERP Payments allocated and/or paid to all Eligible Participants does not exceed the KERP Cap, unless Court approval is obtained to increase such KERP Cap.

8.10. Without limiting the Sugarbud Group's rights under the other provisions of this KERP (including where subject to approval of the ~~Trustee~~ Monitor), in the event that any Eligible Participant resigns . Is furloughed. or is terminated with cause prior to a Completion Event (as defined below), and the Sugarbud Group is required to (a) hire a new employee; (b) designate an Additional Sugarbud Employee as a Eligible Participant; or (c) reassign the resigning Eligible Participant's work to another Eligible Participant (as applicable, the "**Replacement**"), the Sugarbud Group may, with the approval of the ~~Trustee~~ Monitor, revoke the resigning Eligible Participant's right to participate in this KERP and reallocate to the Replacement the unearned portion of the applicable KERP Payments originally allocated to the resigning Eligible Participant; provided that the total amount of KERP Payments allocated and/or paid to all Eligible Participants does not exceed the KERP Cap, unless Court approval is obtained to increase such KERP Cap.

Vesting Criteria

9.11. The KERP Payments will vest in those Eligible Participants entitled to such payments in two tranches. The first shall vest on November 4, 2022 (the "**Bid Event**"), being the Phase 1 Bid Deadline (as defined in the SISP Process) in the SISP conducted in respect of the Sugarbud Group. The second payment shall vest on completion of any realization process or transaction resulting from the SISP or from any other process, offer, sale or transaction involving all or substantially ~~all~~

~~or~~ all of the Sugarbud Group's business or assets, including for greater certainty a sale of the cannabis facility located in Stavely, AB (a "Sale Completion Event" and together with the Bid Event, a "Completion Event").

~~10.12.~~ In addition to any other conditions set out herein, and those which may be established or imposed by the Sugarbud Group with the approval of the ~~Trustee~~ Monitor from time to time, Eligible Participants will only be eligible for their applicable KERP Payments if they are: (a) actively employed with the Sugarbud Group when such KERP Payment(s) are earned, (b) performing their duties and responsibilities, including any reasonable additional or transitional duties, through to the applicable payment date, or (c) terminated without cause before the applicable KERP Payment is due and payable hereunder (and such Eligible Participant has otherwise met all other requirements for payment). An Eligible Participant will lose its entitlements under this KERP if they are terminated for cause, if they resign before the applicable Completion Event or payment event, as applicable, or otherwise do not otherwise meet the conditions for earning such KERP Payment.

Payment Criteria

~~11.13.~~ Subject to the terms hereof, the applicable KERP Payments shall be payable to the Eligible Participants within 5 days following the applicable Completion Event.

SCHEDULE "A"

Summary Report	
Title	compareDocs Comparison Results
Date & Time	1/16/2023 11:50:58 AM
Comparison Time	1.54 seconds
compareDocs version	v5.1.300.3

Sources	
Original Document	[#30201424] [v3] Sugarbud - KERP.docx
Modified Document	[#30201424] [v4] Sugarbud - KERP.docx

Comparison Statistics	
Insertions	11
Deletions	5
Changes	9
Moves	0
Font Changes	0
Paragraph Style Changes	0
Character Style Changes	0
TOTAL CHANGES	25

Word Rendering Set Markup Options	
Name	Standard
<u>Insertions</u>	
Deletions	
<u>Moves / Moves</u>	
Font Changes	
Paragraph Style Changes	
Character Style Changes	
Inserted cells	
Deleted cells	
Merged cells	
Changed lines	Mark left border.

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after saving	General	Always
Report Type	Word	TrackChanges
Character Level	Word	False
Include Comments	Word	False
Include Field Codes	Word	True
Flatten Field Codes	Word	False
Include Footnotes / Endnotes	Word	True
Include Headers / Footers	Word	True
Image compare mode	Word	Insert/Delete
Include List Numbers	Word	True
Include Quotation Marks	Word	False
Show Moves	Word	False
Include Tables	Word	True
Include Text Boxes	Word	True
Show Reviewing Pane	Word	True
Summary Report	Word	End
Detail Report	Word	Separate (View Only)
Document View	Word	Print