

Court File No. CV-23-00700581-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
FIRE & FLOWER HOLDINGS CORP., FIRE & FLOWER INC., 13318184 CANADA INC.,
11180703 CANADA INC., 10926671 CANADA LTD., FRIENDLY STRANGER HOLDINGS
CORP., PINEAPPLE EXPRESS DELIVERY INC., and HIFYRE INC.**

Applicants

**SUPPLEMENTARY AFFIDAVIT OF STEPHANE TRUDEL
(Sworn August 28, 2023)**

I, Stephane Trudel, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY:

1. I am the Chief Executive Officer ("**CEO**") of Fire & Flower Holdings Corp. ("**FFHC**" or the "**Company**"), Fire & Flower Inc. ("**FFI**"), 13318184 Canada Inc., ("**133 Canada**"), 11180703 Canada Inc. ("**Hi-Line Ventures**"), 10926671 Canada Ltd. ("**Open Fields Distribution**"), Friendly Stranger Holdings Corp. ("**Friendly Stranger**"), Pineapple Express Delivery Inc. ("**Pineapple Express Delivery**"), Hifyre Inc. ("**Hifyre**", and collectively, the "**Applicants**"), Hifyre US, Inc., ("**Hifyre US**"), and PGED Corp. ("**PotGuide**", and together with Hifyre US and the Applicants, the "**Companies**") and a member of its board of directors. I have been a member of the board of directors of FFHC since June 8, 2020 and have been the CEO of the Companies and a member of the boards of directors of the Companies, other than FFHC, since June 1, 2022.

2. I am responsible for overseeing the operations of the Companies, their liquidity management and, ultimately, for assisting in their restructuring process. Because of my involvement with the Companies, I have knowledge of the matters to which I hereinafter depose, except where otherwise stated. I have also reviewed the records, press releases, and public filings of the Companies and have spoken with certain of the directors, officers and/or employees of the Companies, as necessary. Where I have relied upon such information, I do verily believe such information to be true.

3. I swear this affidavit as a supplement to my affidavit sworn on August 23, 2023 (the “**Third Trudel Affidavit**”)¹ in support of the Applicants’ motion for the issuance of the Approval and Reverse Vesting Order and the Claims Procedure Order, substantially in the forms found at Tabs 3 and 4 of the Applicants’ Motion Record, respectively.

4. All references to monetary amounts in this affidavit are in Canadian dollars unless otherwise indicated.

I. APPROVAL OF BACK-UP SUBSCRIPTION AGREEMENT

5. As noted in the Third Trudel Affidavit, the Applicants are seeking approval of the Back-Up Subscription Agreement and the Back-Up Transactions contemplated therein, and authorization for FFHC to take such additional steps and execute such additional documents as necessary or desirable for the completion of the Back-Up Transactions, only to the extent that the Subscription Agreement and the Transactions contemplated therein do not close for any reason.

6. At the time that the Third Trudel Affidavit was sworn, I noted that FFHC and ACT Investor were actively negotiating the terms of the Back-Up Subscription Agreement and that the Applicants would serve a supplementary affidavit containing the executed Back-Up Subscription Agreement.

7. On August 28, 2023, FFHC and ACT Investor entered into the Back-Up Subscription Agreement, a copy of which is attached as **Exhibit “A”**.

8. For the same reasons set out in the Third Trudel Affidavit with respect to why the Subscription Agreement and the Transactions contemplated therein should be approved, this Court should approve the Back-Up Subscription Agreement and the Back-Up Transactions contemplated therein. As previously set out, the Back-Up Subscription Agreement and Back-Up Transactions also result in the Applicants continuing operations as a going concern, with all of the Applicants’ secured liabilities being satisfied and millions of dollars for recovery to the Applicants’ unsecured creditors.

¹ All capitalized terms used herein and not otherwise defined herein have the meanings given to them in the Third Trudel Affidavit.

9. However, the Back-Up Subscription Agreement provides for less consideration than the Subscription Agreement. The outside date to close the Back-Up Transactions is October 23, 2023.

SWORN remotely via videoconference, by Stephane Trudel, stated as being located in the City of Toronto, in the Province of Ontario, before me at the City of Toronto, in Province of Ontario, this day of August 28, 2023, in accordance with O. Reg 431/20, *Administering Oath or Declaration Remotely*.

DocuSigned by:

36124C4218DD47C

Commissioner for Taking Affidavits, etc.
PHILIP YANG

DocuSigned by:

36008CD003F014E6...

STEPHANE TRUDEL

EXHIBIT "A"

referred to in the Affidavit of

STEPHANE TRUDEL

Sworn August 28, 2023

DocuSigned by:


3612464216DD47C...

Commissioner for Taking Affidavits
Philip Yang

SUBSCRIPTION AGREEMENT

FIRE & FLOWER HOLDINGS CORP.

as Company

-and-

2707031 ONTARIO INC.

as Purchaser

TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION	1
1.1 Definitions	1
1.2 Statutes	10
1.3 Headings, Table of Contents, etc.	10
1.4 Gender and Number	10
1.5 Currency.....	10
1.6 Certain Phrases	10
1.7 Invalidity of Provisions	10
1.8 Knowledge	11
1.9 Entire Agreement.....	11
1.10 Waiver, Amendment.....	11
1.11 Governing Law; Jurisdiction and Venue.....	11
1.12 Incorporation of Schedules and Exhibits.....	11
1.13 Accounting Terms.....	12
1.14 Non-Business Days	12
1.15 Computation of Time Periods	12
ARTICLE 2 PURCHASE AND SALE	12
2.1 Agreement to Purchase and Sell Purchased Shares	12
2.2 Excluded Assets	12
2.3 Retained Liabilities	13
2.4 Excluded Liabilities.....	14
2.5 Transfer of Excluded Liabilities to Residual Co.....	15
2.6 Transfer of Excluded Assets to Residual Co.	15
2.7 Pre-Closing and Closing Reorganization.....	15
ARTICLE 3 PURCHASE PRICE AND RELATED MATTERS	16
3.1 Purchase Price.....	16
3.2 Payment of Purchase Price	16
ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF COMPANY	16
4.1 Due Authorization and Enforceability of Obligations.....	16
4.2 Existence and Good Standing.....	17
4.3 Sophisticated Parties	17
4.4 Absence of Conflicts	17
4.5 Approvals and Consents	17
4.6 No Actions	17
4.7 Subsidiaries	17
ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF PURCHASER.....	18
5.1 Due Authorization and Enforceability of Obligations.....	18
5.2 Existence and Good Standing.....	18
5.3 Sophisticated Party	18
5.4 Absence of Conflicts	18
5.5 Approvals and Consents	18

5.6	No Actions	19
5.7	Accredited Investor.....	19
5.8	Credit Bid; Availability of Funds	19
5.9	Residence.....	19
ARTICLE 6 AS IS, WHERE IS.....		19
ARTICLE 7 CONDITIONS		20
7.1	Conditions for the Benefit of Purchaser and Company.....	20
7.2	Conditions for the Benefit of Purchaser	21
7.3	Conditions for the Benefit of Company	22
ARTICLE 8 ADDITIONAL AGREEMENTS OF THE PARTIES.....		22
8.1	Break Fee	22
8.2	Access to Information	23
8.3	Approvals and Consents	23
8.4	Covenants Relating to this Agreement	24
8.5	Tax Matters.....	26
8.6	Employee Matters.....	27
8.7	Administrative Expense Amount.....	27
8.8	Release by Purchaser	28
8.9	Release by Company.....	28
ARTICLE 9 INSOLVENCY PROVISIONS		29
9.1	Court Orders and Related Matters.....	29
ARTICLE 10 TERMINATION		30
10.1	Termination	30
10.2	Effect of Termination	31
ARTICLE 11 CLOSING.....		31
11.1	Location and Time of the Closing.....	31
11.2	Company's Deliveries at Closing.....	31
11.3	Purchaser's Deliveries at Closing	32
11.4	Monitor	32
11.5	Simultaneous Transactions	32
11.6	Further Assurances	33
ARTICLE 12 GENERAL MATTERS.....		33
12.1	Confidentiality	33
12.2	Public Notices.....	33
12.3	Injunctive Relief	34
12.4	Survival.....	35
12.5	Non-Recourse	35
12.6	Assignment; Binding Effect	35
12.7	Notices.....	35
12.8	Counterparts; Electronic Signatures.....	37

AMENDED AND RESTATED SUBSCRIPTION AGREEMENT

THIS AMENDED AND RESTATED SUBSCRIPTION AGREEMENT is made as of August 27, 2023

BETWEEN:

Fire & Flower Holdings Corp. ("**F&F Holdings**" or "**Company**")

-and-

2707031 Ontario Inc. ("**Purchaser**")

RECITALS:

- A. F&F Holdings, through its wholly-owned subsidiaries, is an independent cannabis retail chain, operating in accordance with the *Cannabis Act* (Canada) and applicable provincial, territorial and municipal legislation in the provinces of Alberta, British Columbia, Manitoba, Saskatchewan and Ontario, as well as the Yukon Territory (collectively, the "**Business**").
- B. On June 5, 2023, the F&F Group (as hereinafter defined) commenced proceedings under the CCAA before the Ontario Superior Court of Justice (Commercial List) (the "**CCAA Court**") to, among other things, seek creditor protection for, and certain relief in respect of, certain of the members of the F&F Group.
- C. On June 19, 2023, the CCAA Court issued an order (the "**SISP Order**"), among other things, approving a sale and investment solicitation process in respect of the property of the F&F Group, in the form appended to the SISP Order as Schedule "A" (the "**SISP**").
- D. Pursuant to the SISP, Purchaser was selected as the stalking horse bidder and as such Purchaser agreed to buy and Company agreed to sell the Purchased Shares on and pursuant to the terms set forth in a subscription agreement dated June 21, 2021 (the "**Original Agreement**") if Purchaser became the Successful Bidder pursuant to the SISP.
- E. Company entered into a subscription agreement dated as of August 17, 2023 with 2759054 Ontario Inc., operating as FIKA Cannabis, as Successful Bidder, for a purchase price of \$36,000,000 and otherwise on substantially the same terms and conditions as this Agreement (the "**FIKA Agreement**") and Purchaser has become the Back-Up Bidder pursuant to the SISP.
- F. The Parties have entered into this Agreement to amend and restate the Original Agreement in its entirety.

NOW THEREFORE, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement,

"10926671" means 10926671 Canada Ltd., a corporation duly constituted under the federal laws of Canada.

"11180703" means 11180703 Canada Inc., a corporation duly constituted under the federal laws of Canada.

"13318184" means 13318184 Canada Inc., a corporation duly constituted under the federal laws of Canada.

"Administration Charge" has the meaning given to it in the Initial Order.

"Administrative Expense Amount" means cash in an amount of the Administrative Expense Costs and CCAA Charge Amount and shall be paid by the members of the F&F Group to the Monitor on the Closing Date out of the cash and cash equivalents of the members of the F&F Group as at the Closing Date and held in trust by the Monitor for the benefit of Persons entitled to be paid the Administrative Expense Costs and CCAA Charge Amount, subject to the terms hereof;

"Administrative Expense Costs" means the reasonable and documented fees and costs of the Monitor and its professional advisors and professional advisors of the members of the F&F Group and Residual Co. in each case for services performed prior to and, other than in respect of the members of the F&F Group, after the Closing Date, in each case, relating directly or indirectly to the CCAA Proceedings, and this Agreement and including without limitation: (i) costs required to wind down and/or dissolve and/or bankrupt Residual Co.; and (ii) costs and expenses required to administer the Excluded Assets, Excluded Liabilities and Residual Co.

"Affiliate" means, with respect to any specified Person, any other Person which, directly or indirectly, through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person (for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise). For greater certainty, an Affiliate of a Person shall include such Person's investment funds and managed accounts and any funds managed or directed by the same investment advisor. Notwithstanding the above, Purchaser and its Affiliates on one hand, and the F&F Group and Residual Co. on the other hand, shall not be considered Affiliates of each other for the purposes of this Agreement.

"Agreement" means this subscription agreement and all attachments and Exhibits, in each case as the same may be supplemented, amended, restated or replaced from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this transaction agreement and all attached Exhibits, and unless otherwise indicated, references to Articles, Sections, and Exhibits are to Articles, Sections, and Exhibits in this transaction agreement.

"Applicable Law" means any transnational, domestic or foreign, federal, provincial, territorial, state, local or municipal (or any subdivision of any of them) law (including common law and civil law), statute, ordinance, rule, regulation, restriction, limit, by-law (zoning or otherwise), judgment, order, direction or any consent, exemption, Transaction Regulatory Approval, or any other legal requirements of, or agreements with, any Governmental Authority, that applies in

whole or in part to the transactions contemplated by this Agreement, the members of the F&F Group, Purchaser, the Business, or any of the Purchased Shares or the Retained Liabilities.

“Applicants” means the F&F Group and the Residual Co. (at the time the Residual Co. become Applicants).

“Articles of Amendment” means articles of amendment in respect of Company’s authorized and issued capital to: (i) create a new class of shares of the Company, being the Class “A” Common shares; and (ii) provide for the redemption or cancellation by the Company of the common shares and other equity interests thereof other than the Purchased Shares for no consideration on Closing; such articles of amendment to be in form and substance satisfactory to Purchaser, acting reasonably.

“Back-up Bid” has the meaning given to such term in the SISP.

“Back-up Bid Outside Date” means October 23, 2023, or such later date as may be determined by the Parties in writing.

“Break Fee” has the meaning given to such term in Section 8.1.

“Bridge Loan Agreement” means that certain loan agreement dated as of October 18, 2022 between Company, as borrower, and Purchaser, as lender, providing for a credit facility in the aggregate principal amount of \$11,000,000, pursuant to which the Company increased the aggregate principal amount owing thereunder to \$11,151,000 on December 31, 2022 and March 31, 2022 in lieu of paying accrued interest owing pursuant thereto on the dates thereof.

“Business Day” means any day, other than a Saturday or Sunday, on which the principal commercial banks in Toronto, Ontario are open for commercial banking business during normal banking hours.

“Business” has the meaning given to such term in Recital A.

“Causes of Action” means any action, claim, cross claim, third party claim, damage, judgment, cause of action, controversy, demand, right, action, suit, obligation, liability, debt, account, defense, offset, power, privilege, license, lien, indemnity, interest, guaranty, or franchise of any kind or character whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, contingent or non-contingent, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, matured or unmatured, suspected or unsuspected, in contract or in tort, at law or in equity, or pursuant to any other theory of law or otherwise, of the members of the F&F Group against any Person, in each case based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place on or prior to the Closing Time (which Causes of Action for the avoidance of doubt shall be retained by the applicable member of the F&F Group on Closing).

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

“CCAA Charge Amount” means cash in an amount sufficient to satisfy the amounts owing in respect of obligations secured by the CCAA Charges (without duplication to amounts satisfied as Administrative Expense Costs, Employee Priority Claims or Priority Payments).

“CCAA Charges” means the Administration Charge, Directors’ Charge and KERP Charge.

“CCAA Court” has the meaning given to such term in Recital B.

“CCAA Order” means the order of the CCAA Court pursuant to the CCAA commencing the CCAA Proceedings, as amended, restated, supplemented and/or modified from time to time.

“CCAA Proceedings” means the proceedings commenced under the CCAA by the Applicants pursuant to the Initial Order.

“Claims” means any and all demands, claims, liabilities, actions, causes of action, counterclaims, expenses, costs, damages, losses, suits, debts, sums of money, refunds, accounts, indebtedness, rights of recovery, rights of set-off, rights of recoupment and liens of whatever nature (whether direct or indirect, absolute or contingent, asserted or unasserted, secured or unsecured, matured or not yet matured due or to become due, accrued or unaccrued or liquidated or unliquidated) and including all costs, fees and expenses relating thereto.

“Closing” means the completion of the purchase of the Purchased Shares and the transactions in accordance with the provisions of this Agreement.

“Closing Date” means a date no later than five (5) Business Days after the conditions set forth in Article 7 have been satisfied or waived, other than the conditions set forth in Article 7 that by their terms are to be satisfied or waived at the Closing (or such other date agreed to by the Parties in writing); provided that, if there is to be a Closing hereunder, then the Closing Date shall be no later than the Back-Up Bid Outside Date.

“Closing Documents” means all contracts, agreements, certificates and instruments required by this Agreement to be delivered at or before the Closing.

“Closing Time” means 10:00 a.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place.

“Company” has the meaning given to such term in the preamble to this Agreement.

“Confidential Information” means non-public, confidential, personal or proprietary information which is furnished to Purchaser or any of its Affiliates by Company or any of the members of the F&F Group’ representatives, including information about identifiable individuals, any information relating to the members of the F&F Group, or any customer or supplier of the members of the F&F Group, but does not include information that is or becomes generally available to the public other than as a result of disclosure by Purchaser or its representatives in breach of this Agreement or that is received by Purchaser from an independent third party that, to the knowledge of Purchaser, obtained it lawfully and was under no duty of confidentiality (except to the extent that applicable privacy laws do not exclude such information from the definition of personal information) or that is independently developed by Purchaser or its representatives without reference to any Confidential Information.

“Credit Bid Consideration” has the meaning given to such term in Section 3.2(a).

“DIP Facility” means the credit facility in the maximum principal amount of \$9,800,000 made available by the Purchaser to F&F Holdings pursuant to the DIP Facility Term Sheet.

“DIP Facility Term Sheet” means the DIP Facility Term Sheet dated as of June 5, 2023 among F&F Holdings, (as borrower) F&F, 13318184, 11180703, 10926671, Friendly Stranger,

Pineapple Express, and Hifyre (as guarantors), the Purchaser (as lender), as such agreement may be amended, restated, supplemented and/or otherwise modified from time to time in accordance with the terms thereof.

“Directors Charge” has the meaning given to it in the Initial Order.

“Employee Priority Claims” means any Claim for: (i) accrued and unpaid wages and vacation pay owing to an employee of any of the members of the F&F Group whose employment was terminated between the Filing Date and the Closing Date, including the Terminated Employees; and (ii) unpaid amounts provided for in Section 6(5)(a) of the CCAA.

“Encumbrance” means any security interest (whether contractual, statutory or otherwise), lien, prior claim, charge, hypothec, reservation of ownership, pledge, encumbrance, mortgage, trust (including any statutory, deemed or constructive trust), option or adverse claim or encumbrance of any nature or kind.

“Equity Interests” means any capital share, capital stock, partnership, membership, joint venture or other ownership or equity interest, participation or securities (whether voting or nonvoting, whether preferred, common or otherwise, and including share appreciation, contingent interest or similar rights) of a Person.

“ETA” means the *Excise Tax Act* (Canada).

“Excluded Assets” has the meaning given to such term in Section 2.2.

“Excluded Contracts” means contracts of the members of the F&F Group as specified on Schedule 2.2(c).

“Excluded Leases” means those leases of the members of the F&F Group as specified in Schedule 2.2(c).

“Excluded Liabilities” has the meaning given to such term in Section 2.4.

“F&F Group” means F&F Holdings, F&F, 13318184, 11180703, 10926671, Friendly Stranger, Hifyre, and Pineapple Express.

“F&F” means Fire & Flower Inc., a corporation duly constituted under the federal laws of Canada.

“FIKA Agreement” has the meaning given to such term in Recital E.

“Filing Date” means June 5, 2023.

“Final Order” means with respect to any order or judgment of the CCAA Court, or any other court of competent jurisdiction, with respect to the subject matter addressed in the CCAA Proceedings or the docket of any court of competent jurisdiction, that such order or judgment has not been vacated, set aside, reversed, stayed, modified or amended, and as to which the applicable periods to appeal, or seek certiorari or move for a new trial, reargument, or rehearing has expired and no appeal, leave to appeal, or petition for certiorari or other proceedings for a new trial, reargument, or rehearing has been timely taken or filed, or as to which any appeal has been taken or any petition for certiorari or leave to appeal that has been timely filed has been

withdrawn or resolved in a manner acceptable to Company and Purchaser, each acting reasonably, by the highest court to which the order or judgment was appealed or from which leave to appeal or certiorari was sought or the new trial, reargument, or rehearing shall have been denied, resulted in no modification of such order or has otherwise been dismissed with prejudice.

“Friendly Stranger” means Friendly Stranger Holdings Corp., a corporation duly constituted under the laws of the province of Ontario.

“Fundamental Representations and Warranties of Company” means the representations and warranties of Company included in Sections 4.1 [Due Authorization and Enforceability of Obligations], 4.2 [Existence and Good Standing] and 4.4 [Absence of Conflicts].

“Governmental Authority” means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal or dispute settlement panel or other law, rule or regulation-making organization or entity (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them, or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

“GST/HST” means all goods and services tax and harmonized sales tax imposed under Part IX of the ETA or any other statute in any jurisdiction of Canada.

“Hifyre” means Hifyre Inc. a corporation duly constituted under the laws of the province of Ontario.

“IFRS” means the International Financial Reporting Standards, at the relevant time, applied on a consistent basis.

“Implementation Steps” has the meaning given to such term in Section 2.7(b).

“Initial Order” means the Amended and Restated Initial Order dated June 5, 2023 granted by the CCAA Court pursuant to the CCAA as may be further amended and restated from time to time.

“Intercompany Claim” means any claim that may be asserted against any of the members of the F&F Group by or on behalf of any of the members of the F&F Group or any of their affiliated companies, partnerships, or other corporate entities.

“KERP Charge” has the meaning given to it in the Initial Order.

“Material Adverse Effect” means any change, effect, event, occurrence, state of facts or development that has had a material adverse effect on: (i) the business, assets, liabilities, financial conditions or results of operations of the members of the F&F Group, taken as a whole; or (ii) prevents the ability of any of the members of the F&F Group to perform its obligations under, or to consummate the transactions contemplated by, this Agreement, but excluding any such change, effect, event, occurrence, state of facts or development attributable to or arising from: (A) general economic or business conditions; (B) Canada, the U.S. or foreign economies, or financial, banking or securities markets in general, or other general business, banking, financial or economic conditions (including: (I) any disruption in any of the foregoing markets; (II)

any change in the currency exchange rates; or (III) any decline or rise in the price of any security, commodity, contract or index); (C) acts of God or other calamities, pandemics (including COVID-19 and any Governmental Authorities response thereto), national or international political or social conditions, including the engagement and/or escalation by the U.S. or Canada in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the U.S. or Canada or any of their territories, possessions or diplomatic or consular offices or upon any military installation, equipment or personnel of the U.S. or Canada; (D) the identity of Purchaser or its Affiliates; (E) conditions affecting generally the industry in which the members of the F&F Group participates; (F) the public announcement of, entry into or pendency of, actions required or contemplated by or performance of obligations under, this Agreement or the transactions contemplated by this Agreement, or the identity of the Parties; (G) changes in Applicable Laws or the interpretation thereof; (H) any change in IFRS or other accounting requirements or principles; (I) national or international political, labor or social conditions; (J) the failure of the members of the F&F Group to meet or achieve the results set forth in any internal projections (but not the underlying facts giving rise to such failure unless such facts are otherwise excluded pursuant to the clauses contained in this definition); or (K) any change resulting from compliance with the terms of, or any actions taken (or not taken) by any Party pursuant to or in accordance with, this Agreement; provided that the exceptions set forth in clauses (A), (B), (C), (E), (G), (H) or (I) shall not apply to the extent that such event is disproportionately adverse to the members of the F&F Group, taken as a whole, as compared to other companies in the industries in which the members of the F&F Group operate.

“Monitor” means FTI Consulting Canada Inc., as Court-appointed monitor of the members of the F&F Group in the CCAA Proceeding and not in its personal or corporate capacity.

“Monitor’s Certificate” means the certificate delivered to Purchaser and filed with the CCAA Court by the Monitor certifying that the Monitor has received written confirmation in form and substance satisfactory to the Monitor from Company and Purchaser that all conditions to Closing have been satisfied or waived by the applicable Parties and the transactions contemplated by this Agreement have been completed.

“Order” means any order of the Court made in the CCAA Proceedings, or any order, directive, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority.

“Parties” means Company and Purchaser collectively, and **“Party”** means either Company or Purchaser, as the context requires.

“Permitted Encumbrances” means the Encumbrances listed in Schedule 1.1(a).

“Person” includes an individual, partnership, firm, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, entity, corporation, unincorporated association, or organization, syndicate, committee, court appointed representative, the government of a country or any political subdivision thereof, or any agency, board, tribunal, commission, bureau, instrumentality, or department of such government or political subdivision, or any other entity, howsoever designated or constituted, including any Taxing Authority, and the trustees, executors, administrators, or other legal representatives of an individual, and for greater certainty includes any Governmental Authority.

“Pineapple Express” means Pineapple Express Delivery Inc.

“Post-Closing Straddle Tax Period” has the meaning given to such term in Section 8.5(c).

“Post-Filing Claim” or **“Post-Filing Claims”** means any or all indebtedness, liability, or obligation of the members of the F&F Group of any kind that arises during and in respect of the period commencing on the Filing Date and ending on the day immediately preceding the Closing Date in respect of services rendered or supplies provided to the members of the F&F Group during such period; provided that, for certainty, such amounts are not a Restructuring Period Claim or a Restructuring Period D&O Claim.

“Priority Payments” means those priority payments prescribed under subsections 6(3), 6(5) and 6(6) of the CCAA, and the amounts owing under the Employee Priority Claims, and including those amounts identified in the Implementation Steps.

“Purchase Price” has the meaning given to such term in Section 3.1.

“Purchased Shares” has the meaning given to such term in Section 2.1(a).

“Purchaser” has the meaning given to such term in the preamble to this Agreement.

“Released Claims” means all claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including “claims” as defined in the CCAA and including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing.

“Residual Co.” means a company to be formed by Company, such entity in form satisfactory to Purchaser, acting reasonably, prior to the Closing; provided, that no such entity shall be a flow through entity for Canadian purposes unless approved by Purchaser.

“Restructuring Period Claim” means any Claim owed by any member of the F&F Group arising out of the restructuring, disclaimer, resiliation, termination or breach by such member of the F&F Group on or after the Filing Date of any contract, lease or other agreement, whether written or oral.

“Restructuring Period D&O Claim” means any Claim against one or more of the directors and/or officers of a member of the F&F Group arising after the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any assessments and any right or ability of any Person to advance a claim for contribution, indemnity or otherwise against any of such directors and/or officers with respect to any matter, action, cause or chose in action, whether existing at present or arising or commenced in the future, for which any such director or officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a director or officer.

“Retained Liabilities” has the meaning given to such term in Section 2.3.

“**SISP**” has the meaning given to such term in Recital C.

“**SISP Order**” has the meaning given to such term in Recital C.

“**Stalking Horse Bid**” has the meaning given to such term in the SISP.

“**Successful Bid(s)**” has the meaning given to such term in the SISP.

“**Successful Bidder(s)**” has the meaning given to such term in the SISP.

“**Tax**” and “**Taxes**” means taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever (including withholding on amounts paid to or by any Person) imposed by any Taxing Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Taxing Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, escheat, property, development, occupancy, employer health, payroll, employment, health, disability, severance, unemployment, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all license, franchise and registration fees and all employment insurance, health insurance and Canada, Ontario and other government pension plan premiums or contributions.

“**Tax Act**” means the *Income Tax Act* (Canada) and shall also include a reference to any applicable and corresponding provisions under the income tax laws of a province or territory of Canada, as applicable.

“**Tax Return**” means any return, declaration, report, statement, information statement, form, election, amendment, claim for refund, schedule or attachment thereto or other document filed or required to be filed with a Taxing Authority with respect to Taxes.

“**Taxing Authority**” means His Majesty the King in right of Canada, His Majesty the King in right of any province or territory of Canada, the Canada Revenue Agency, any similar revenue or taxing authority of Canada and each and every province or territory of Canada and any political subdivision thereof, the United States Internal Revenue Service, any similar revenue or taxing authority of the U.S. and each and every state and locality of the U.S., and any Canadian, U.S. or other Governmental Authority exercising taxing authority or power, and “Taxing Authority” means any one of the Taxing Authorities.

“**Terminated Employees**” means those individuals employed by a member of the F&F Group whose employment has or shall be terminated by the applicable member of the F&F Group prior to Closing, being those individuals deemed to be Terminated Employees pursuant to Section 8.6(c).

“**Transaction Regulatory Approvals**” means any material licenses, permits or approvals required from any Governmental Authority or under any Applicable Laws relating to the business and operations of the members of the F&F Group that would be required to be obtained in order to permit the members of the F&F Group and Purchaser to complete the transactions contemplated by this Agreement.

“Vesting Order” means an order of the CCAA Court in a form to be mutually agreed upon by the Purchaser and Company, each acting reasonably.

1.2 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended, re-enacted or replaced.

1.3 Headings, Table of Contents, etc.

The provision of a table of contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect the interpretation of this Agreement. The recitals to this Agreement are an integral part of this Agreement.

1.4 Gender and Number

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.5 Currency

Except where otherwise expressly provided, all amounts in this Agreement are stated and shall be paid in Canadian dollars. References to “\$” are to Canadian dollars. References to USD\$ are to United States Dollars.

1.6 Certain Phrases

In this Agreement (i) the words “including”, “includes” and “include” and any derivatives of such words mean “including (or includes or include) without limitation” and (ii) the words “the aggregate of”, “the total of”, “the sum of”, or a phrase of similar meaning means “the aggregate (or total or sum), without duplication, of”. The expression “Article”, “Section” and other subdivision followed by a number, mean and refer to the specified Article, Section or other subdivision of this Agreement.

1.7 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon (i) such a determination of invalidity or unenforceability or (ii) any change in Applicable Law or other action by any Governmental Authority which materially detracts from the legal or economic rights or benefits, or materially increases the obligations, of any Party or any of its Affiliates under this Agreement, the Parties shall negotiate to modify this Agreement in good faith so as to effect the original intent of the Parties as closely as possible in an acceptable manner so that the transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible.

1.8 Knowledge

Any reference to the knowledge of (i) Company or the members of the F&F Group, means the actual knowledge, after reasonable inquiry of Stephane Trudel, and (ii) Purchaser, means the actual knowledge, after reasonable inquiry, of Filipe Da Silva.

1.9 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement among the Parties, and set out all the covenants, promises, warranties, representations, conditions and agreements among the Parties in connection with the subject matter of this Agreement, and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, pre-contractual or otherwise. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, whether oral or written, pre-contractual or otherwise, express, implied or collateral among the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

1.10 Waiver, Amendment

Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by all Parties hereto, and provided that such amendment is consented to by the Monitor. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

1.11 Governing Law; Jurisdiction and Venue

This Agreement, the rights and obligations of the Parties under this Agreement, and any Claim or controversy directly or indirectly based upon or arising out of this Agreement or the transactions contemplated by this Agreement (whether based on contract, tort or any other theory), including all matters of construction, validity and performance, shall in all respects be governed by, and interpreted, construed and determined in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to the conflicts of law principles thereof. The Parties consent to the jurisdiction and venue of the CCAA Court for the resolution of any such disputes arising under this Agreement. Each Party agrees that service of process on such Party as provided in Section 12.7 shall be deemed effective service of process on such Party.

1.12 Incorporation of Schedules and Exhibits

Any schedule or exhibit attached thereto, and any schedule or exhibit attached to this Agreement, is an integral part of this Agreement.

1.13 Accounting Terms

All accounting terms used in this Agreement are to be interpreted in accordance with IFRS unless otherwise specified.

1.14 Non-Business Days

Whenever payments are to be made or an action is to be taken on a day which is not a Business Day, such payment will be made or such action will be taken on or not later than the next succeeding Business Day.

1.15 Computation of Time Periods

If any action may be taken within, or any right or obligation is to expire at the end of, a period of days under this Agreement, then the first day of the period is not counted, but the day of its expiry is counted.

ARTICLE 2 PURCHASE AND SALE

2.1 Agreement to Purchase and Sell Purchased Shares

- (a) Upon and subject to the terms and conditions of this Agreement, at the Closing and effective as of the Closing Time, and subject to the completion of the Implementation Steps required to be completed prior to the Closing Time, Company shall issue to Purchaser, and Purchaser shall purchase from Company, free and clear of all Encumbrances (other than Permitted Encumbrances), 1,000,000,000 common shares in the share capital of Company from treasury (the "**Purchased Shares**").
- (b) Pursuant to the Vesting Order, in accordance with the Implementation Steps, all Equity Interests of Company outstanding prior to the issuance of the Purchased Shares other than the Purchased Shares shall be cancelled, without consideration, and the Purchased Shares shall represent 100% of the outstanding Equity Interests in Company after such cancellation and issuance.
- (c) For the avoidance of doubt, upon the Closing and after the completion of the Implementation Steps, Company and each and every direct and indirect subsidiary of Company shall be wholly owned, directly or indirectly, by Purchaser.

2.2 Excluded Assets

Notwithstanding any provision of this Agreement to the contrary, as of the Closing, the assets of the members of the F&F Group shall not include any of the following assets, together with any other assets as set forth on Schedule (collectively, the "**Excluded Assets**"):

- (a) the Tax records and returns, and books and records pertaining thereto and other documents, in each case, that primarily or solely relate to any of the Excluded Liabilities, provided that the applicable member of the F&F Group may take copies of all Tax records and books and records pertaining to such records (as

redacted, if applicable) to the extent necessary or useful for the carrying on of the Business after Closing, including the filing of any Tax Return, provided, however that Residual Co. shall retain the original copies of any of the records required to be provided to the applicable member of the F&F Group hereunder (and provide the applicable member of the F&F Group with a copy thereof) to the extent Residual Co. is required to do so under Applicable Law;

- (b) the Administrative Expense Amount;
- (c) the Excluded Contracts;
- (d) the Excluded Leases;
- (e) all communications, information or records, written or oral, that are in any way related to (i) the transactions contemplated by this Agreement, (ii) the sale of the Purchased Shares, (iii) any Excluded Asset or (iv) any Excluded Liability;
- (f) any rights which accrue to Residual Co. under the transaction documents; and
- (g) any other asset, including contracts and leases, identified by Purchaser to Company in writing as an Excluded Asset no later than two (2) Business Days before the Closing Date.

2.3 Retained Liabilities

Pursuant to this Agreement and the Vesting Order, as of the Closing Time the only obligations and liabilities of the F&F Group shall consist of only the items specifically set forth below, as applicable (collectively, the “**Retained Liabilities**”); provided, for the avoidance of doubt the Retained Liabilities of any member of the F&F Group pursuant to this Section 2.3 shall continue to be liabilities of the applicable member of the F&F Group (and, except as applied to Section 2.3(c) no other Person) as of the Closing; provided, further, however, that each of the members of the F&F Group shall take such steps as are necessary to ensure that any claim that could give rise to responsible person liability is satisfied if the applicable member of the F&F Group is, for any reason, unable to satisfy such claim:

- (a) all Post-Filing Claims;
- (b) all liabilities of the members of the F&F Group arising from and after Closing;
- (c) (A) Tax liabilities of the members of the F&F Group for any tax period or the portion thereof beginning on or after the Filing Date, and (B) any other Taxes, including sales or use taxes, payable to a Taxing Authority for any period whereby the nonpayment of which by any member of the F&F Group could result in a responsible person (including for greater certainty, employees, officers or directors) associated with a member of the F&F Group being held personally liable for such nonpayment, excluding from (A), for the avoidance of doubt (x) all income tax or similar liabilities of any member of the F&F Group for any tax period ending prior to the Filing Date, other than Taxes with respect to which any current or former employee, officer, director or other individual may be held liable under any applicable statute imposing responsible person liability for unpaid taxes, and (y) any Tax or similar liability directly and solely related to the

Excluded Assets, other than Taxes with respect to which any current or former employee, officer, director or other individual may be held liable under any applicable statute imposing responsible person liability for unpaid taxes (excluding, for the avoidance of doubt, any such person serving in such capacity at Residual Co.);

- (d) Intercompany Claims between members of the F&F Group;
- (e) any and all indemnification obligations of the members of the F&F Group to current and former directors, officers and or other person employed or previously employed by the members of the F&F Group (excluding, for the avoidance of doubt, Residual Co.), provided that such indemnification both: (i) arises under the corporate by-laws of the applicable member of the F&F Group; and (ii) is covered under the director and officer insurance policies of such member of the F&F Group, and only to the extent covered by such director and officer insurance policy;
- (f) an amount sufficient to satisfy the amounts owing in respect of the obligations secured by the Directors Charge and KERP Charge not otherwise paid by the F&F Group on or before the Closing Date including pursuant to the Implementation Steps;
- (g) Priority Payments not otherwise paid by the F&F Group on or before the Closing Date including pursuant to the Implementation Steps;
- (h) an amount sufficient to satisfy the amounts owing in respect of the obligations secured by the Administration Charge as of the Closing Date and not otherwise paid by the F&F Group on or before the Closing Date at the condition that each professional firms benefitting from the Administration Charge has invoiced the F&F Group on a weekly basis as of June 18, 2023 and until the Closing Date;
- (i) an amount sufficient to satisfy the Administration Expense Costs owing secured by the Administration Charge not otherwise paid by the F&F Group on or before the Closing Date and not to exceed \$100,000 in the aggregate or such greater amount approved by Purchaser in writing in its sole discretion; and
- (j) those specific Retained Liabilities set forth in Schedule 2.3.

2.4 Excluded Liabilities

Except as expressly retained pursuant to or specifically contemplated by Section 2.3, all Claims and all debts, obligations, and liabilities of the members of the F&F Group or any predecessors of the members of the F&F Group, of any kind or nature, shall be assigned and become the sole obligation of the Residual Co. pursuant to the terms of the Vesting Order and this Agreement, and, as of the Closing, the members of the F&F Group shall not have any obligation, duty, or liability of any kind whatsoever, except as expressly retained pursuant to Section 2.3, whether accrued, contingent, known or unknown, express or implied, primary or secondary, direct or indirect, liquidated, unliquidated, absolute, accrued, contingent or otherwise, and whether due or to become due, and such liabilities or obligations shall be the sole responsibility of Residual Co., including inter alia, the non-exhaustive list of those certain Liabilities set forth in Schedule 2.4, and any and all liability relating to any change of control provision that may arise in connection

with the change of control contemplated by the transactions hereunder and to which the members of the F&F Group may be bound as at Closing, all liabilities relating to or under the Excluded Contracts, the Excluded Leases and Excluded Assets, liabilities for employees whose employment with Company or its Affiliates is terminated on or before Closing, including the Terminated Employees, the Restructuring Period Claims, and the Restructuring Period D&O Claims (collectively, the “**Excluded Liabilities**”). For avoidance of doubt, Excluded Liabilities shall not include any debts, obligations, liabilities or Encumbrances that are or are deemed to be an interest in land and, to the extent that any of the Excluded Liabilities listed in Schedule 2.4 hereof is determined by the Court to be an interest in land, and any interest in land shall be deemed to be Retained Liabilities hereunder. Purchaser may, with the consent of Company, which consent shall not be unreasonably withheld, amend the clarifying items listed in Schedule 2.4 as specifically enumerated Excluded Liabilities no later than five (5) Business Days before the Closing Date.

2.5 Transfer of Excluded Liabilities to Residual Co.

On the Closing Date, pursuant to the terms of the Vesting Order, the members of the F&F Group shall assign and transfer the Excluded Liabilities to Residual Co., and Residual Co. shall assume the applicable Excluded Liabilities. All of the Excluded Liabilities shall be discharged from the members of the F&F Group as of the Closing, pursuant to the Vesting Order.

2.6 Transfer of Excluded Assets to Residual Co.

On the Closing Date, pursuant to the terms of the Vesting Order and, where applicable, in consideration for Residual Co. assuming the Excluded Liabilities pursuant to Section 2.5 from a member of the F&F Group, the members of the F&F Group shall assign and transfer the Excluded Assets to Residual Co. and the Excluded Assets shall be vested in Residual Co. pursuant to the Vesting Order.

2.7 Pre-Closing and Closing Reorganization

- (a) The specific mechanism for implementing the Closing, payment of the Credit Bid Consideration, and the structure of the transactions contemplated by this Agreement shall be structured in a tax efficient manner mutually agreed upon by the Parties, each acting reasonably.
- (b) If Purchaser becomes the Successful Bidder, the members of the F&F Group shall effect on or prior to the Closing Date all transactions reasonably requested by Purchaser to settle all or part of the Intercompany Claims.
- (c) On or prior to the Closing Date, the members of the F&F Group shall effect the transaction steps and pre-closing reorganization (collectively, the “**Implementation Steps**”) of the members of the F&F Group as set forth on a schedule to be agreed upon by Company and Purchaser, each acting reasonably, at least seven (7) days prior to the hearing of the members of the F&F Group’s motion to the CCAA Court seeking the Vesting Order; provided that in no event will the Implementation Steps described in Schedule 2.7(d) be materially prejudicial to the interests of Purchaser under the other sections of this Agreement. The Implementation Steps may include, without limitation, the formation of new entities required to implement the transactions contemplated by this Agreement in a tax efficient manner, consistent with Section 2.7(a).

- (d) The Implementation Steps shall occur, and be deemed to have occurred in the order and manner to be set out in Schedule 2.7(d).
- (e) The steps to be taken and the compromises and releases to be effective on the Closing Date are deemed to occur and be effected in the steps and sequential order set forth in Schedule 2.7(d), beginning on or before the Closing Date at such time as is specified therein.
- (f) If Purchaser becomes the Successful Bidder, the timing and/or sequence of the Implementation Steps and the Closing on the Closing Date may be altered at the request of Purchaser acting reasonably.

ARTICLE 3 PURCHASE PRICE AND RELATED MATTERS

3.1 Purchase Price

The aggregate purchase price payable by Purchaser for the Purchased Shares shall be \$35,000,000 (the "**Purchase Price**").

3.2 Payment of Purchase Price

The Purchase Price shall be paid and satisfied as follows on the Closing Date:

- (a) by Purchaser releasing the applicable members of the F&F Group from repayment of all amounts outstanding and obligations payable by Company as of the Closing Date to Purchaser pursuant to the Bridge Loan Agreement which amount as of June 12, 2023 was \$11,779,041.10, and the DIP Term Sheet, including the principal amount of such claims and interest accrued as of the Closing Date, plus all accrued and unpaid interest thereon through to and including the Closing Date, plus any fees and expenses associated therewith (such aggregate amount, the "**Credit Bid Consideration**"); and
- (b) by Purchaser paying an amount equal to the Purchase Price less the Credit Bid Consideration to the Monitor by wire transfer of immediately available funds to an account to be specified by the Monitor in writing.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF COMPANY

Company represents and warrants, on behalf of itself and all other members of the F&F Group, to Purchaser as follows, and acknowledges that Purchaser is relying upon the following representations and warranties in connection with its purchase of the Purchased Shares:

4.1 Due Authorization and Enforceability of Obligations

Subject to the granting of the Vesting Order, this Agreement has been duly authorized, executed and delivered by it, and constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

4.2 Existence and Good Standing

Each of the members of the F&F Group is validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and (i) has all requisite power and authority to execute and deliver this Agreement and (ii) has taken all requisite corporate or other action necessary for it to execute and deliver this Agreement and to perform its obligations hereunder and consummate the transaction contemplated hereunder.

4.3 Sophisticated Parties

Each of the members of the F&F Group (i) is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement, (ii) has conducted its own analysis and made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deemed appropriate, and (iii) has not relied on such analysis or decision of any Person other than its own independent advisors.

4.4 Absence of Conflicts

The execution and delivery of this Agreement by Company and the completion by Company of its obligations hereunder and the consummation of the transactions contemplated herein do not and will not violate or conflict with any Applicable Law, (subject to the receipt of any Transaction Regulatory Approvals and the granting of the Vesting Order) and will not result (with due notice or the passage of time or both) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under the certificate of incorporation, articles, by-laws or other constituent documents of any member of the F&F Group. Subject to the granting of the Vesting Order, the execution, delivery and performance by Company does not and will not violate any Order.

4.5 Approvals and Consents

The execution and delivery of this Agreement by Company, the completion by Company of its obligations hereunder and the consummation by Company of the transactions contemplated herein, do not and will not require any consent or approval or other action, with or by, any Governmental Authority, other than as contemplated by the Transaction Regulatory Approvals and the entry of the Vesting Order by the CCAA Court.

4.6 No Actions

Except for as previously disclosed in writing to the Purchaser, there is not, as of the date hereof, pending or, to Company's knowledge, threatened against any member of the F&F Group or any of its properties, nor has any member of the F&F Group received any written notice in respect of, any claim, potential claim, litigation, action, suit, arbitration, investigation or other proceeding before any Governmental Authority or legislative body, other than the CCAA Court, that, would prevent Company from executing and delivering this Agreement, performing its obligations hereunder and consummating the transactions and agreements contemplated by this Agreement.

4.7 Subsidiaries

Schedule 4.7 sets forth a complete and correct list of the name and jurisdiction of organization of each member of the F&F Group.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Company as follows, and acknowledges that Company is relying upon the following representations and warranties in connection with the sale of the Purchased Shares:

5.1 Due Authorization and Enforceability of Obligations

This Agreement has been duly authorized, executed and delivered by Purchaser, and, assuming the due authorization, execution and delivery by it, this Agreement constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

5.2 Existence and Good Standing

Purchaser is validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has all requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and consummate the transactions contemplated by this Agreement.

5.3 Sophisticated Party

Purchaser (i) is a sophisticated party with sufficient knowledge and experience to evaluate properly the terms and conditions of this Agreement, (ii) has conducted its own analysis and made its own decision to enter into this Agreement and has obtained such independent advice in this regard as it deemed appropriate, and (iii) has not relied on such analysis or decision of any Person other than its own independent advisors.

5.4 Absence of Conflicts

The execution and delivery of this Agreement by Purchaser and the completion by Purchaser of its obligations hereunder and the consummation of the transactions contemplated herein do not and will not violate or conflict with any Applicable Law, or any of its properties or assets, (subject to the receipt of any Transaction Regulatory Approvals) and will not result (with due notice or the passage of time or both) in a violation, conflict or breach of, or constitute a default under, or require any consent to be obtained under its certificate of incorporation, articles, by-laws or other constituent documents.

5.5 Approvals and Consents

The execution and delivery of this Agreement by Purchaser, the completion by Purchaser of its obligations hereunder and the consummation by Purchaser of the transactions contemplated herein, do not and will not require any consent or approval or other action, with or by, any Governmental Authority, other than as contemplated by the Transaction Regulatory Approvals and the granting of the Vesting Order by the CCAA Court.

5.6 No Actions

There is not, as of the date hereof, pending or, to Purchaser's knowledge, threatened against it or any of its properties, nor has Purchaser received notice in respect of, any claim, potential claim, litigation, action, suit, arbitration, investigation or other proceeding before any Governmental Authority or legislative body, other than the CCAA Court, that, would prevent it from executing and delivering this Agreement, performing its obligations hereunder and consummating the transactions and agreements contemplated by this Agreement.

5.7 Accredited Investor

Purchaser is an "accredited investor", as such term is defined in NI 45-106 and in Rule 501 of Regulation D under the United States Securities Act of 1933 (the "**Securities Act**") and it was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106 and acknowledges that the Purchased Shares may be subject to resale restrictions under applicable securities laws. The Purchased Shares are being acquired by Purchaser for its own account, and not with a view to, or for the offer or sale in connection with, any public distribution or sale of the Purchased Shares or any interest in them.

5.8 Credit Bid; Availability of Funds

- (a) Purchaser has executed, on or prior to the date hereof, the requisite instruction letters to fully authorize Purchaser, and Purchaser is duly authorized, to, among other things, deliver the Credit Bid Consideration in connection with the consummation of the Closing hereunder.
- (b) Purchaser has sufficient unrestricted funds and financial capacity to consummate the transactions contemplated by this Agreement, including payment of the Priority Payments.

5.9 Residence

Purchaser is not a non-resident of Canada within the meaning of the Tax Act.

ARTICLE 6 AS IS, WHERE IS

Purchaser acknowledges and agrees that it has conducted to its satisfaction an independent investigation and verification of the Business, the Purchased Shares, the Retained Liabilities and all related operations of the members of the F&F Group, and, based solely thereon and the advice of its financial, legal and other advisors, has determined to proceed with the transactions contemplated by this Agreement. The Purchaser has relied solely on the results of its own independent investigation and verification and, except for the representations and warranties of the Company expressly set forth in Article 4, the Purchaser understands, acknowledges and agrees that all other representations, warranties, conditions and statements of any kind or nature, expressed or implied (including any relating to the future or historical financial condition, results of operations, prospects, assets or liabilities of the members of the F&F Group or the Business, or the quality, quantity or condition of the Purchased Shares) are specifically disclaimed by the Company, the other members of F&F Group, their respective financial and legal advisors and the Monitor and its legal counsel. THE PURCHASER SPECIFICALLY

ACKNOWLEDGES AND AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY EXPRESSLY AND SPECIFICALLY SET FORTH IN Article 4: (A) THE PURCHASER IS ACQUIRING THE PURCHASED SHARES ON AN "AS IS, WHERE IS" BASIS; AND (B) NONE OF THE COMPANY, THE OTHER MEMBERS OF THE F&F GROUP, THE MONITOR OR ANY OTHER PERSON (INCLUDING ANY REPRESENTATIVE OF THE COMPANY, THE OTHER MEMBERS OF THE F&F GROUP OR THE MONITOR WHETHER IN ANY INDIVIDUAL, CORPORATE OR ANY OTHER CAPACITY) IS MAKING, AND THE PURCHASER IS NOT RELYING ON, ANY REPRESENTATIONS, WARRANTIES, CONDITIONS OR OTHER STATEMENTS OF ANY KIND WHATSOEVER, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, AS TO ANY MATTER CONCERNING THE MEMBERS OF THE F&F GROUP, THE BUSINESS, THE PURCHASED SHARES, THE RETAINED LIABILITIES, THE EXCLUDED ASSETS, THE EXCLUDED LIABILITIES, THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THE AGREEMENT, OR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION PROVIDED TO (OR OTHERWISE ACQUIRED BY) THE PURCHASER OR ANY OF ITS RESPECTIVE REPRESENTATIVES, INCLUDING WITH RESPECT TO MERCHANTABILITY, PHYSICAL OR FINANCIAL CONDITION, DESCRIPTION, FITNESS FOR A PARTICULAR PURPOSE, OR IN RESPECT OF ANY OTHER MATTER OR THING WHATSOEVER, INCLUDING ANY AND ALL CONDITIONS, WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, PURSUANT TO ANY APPLICABLE LAWS IN ANY JURISDICTION, WHICH THE PURCHASER CONFIRMS DO NOT APPLY TO THIS AGREEMENT, AND ARE HEREBY WAIVED IN THEIR ENTIRETY BY THE PURCHASER.

ARTICLE 7 CONDITIONS

7.1 Conditions for the Benefit of Purchaser and Company

The respective obligations of Purchaser and Company to consummate the transactions contemplated by this Agreement are subject to the satisfaction of, or compliance with, at or prior to the Closing Time, each of the following conditions:

- (a) *No Law* – no provision of any Applicable Law and no Order preventing or otherwise frustrating the consummation of the purchase of the Purchased Shares or any of the other transactions pursuant to this Agreement, including, for the avoidance of doubt, a cease trade or similar order issued by a Governmental Authority in respect of any member of the F&F Group, shall be in effect;
- (b) *Final Order* – the Vesting Order shall have been issued and entered and shall be a Final Order;
- (c) *Transaction Regulatory Approvals* – the members of the F&F Group shall have received the required Transaction Regulatory Approvals set forth in Schedule 7.1(c), and all such Transaction Regulatory Approvals shall be in full force and effect, except for Transaction Regulatory Approvals that need not be in full force and effect prior to Closing; and
- (d) *Successful Bid* – notice shall have been delivered by the Monitor to the Purchaser of the F&F Group's election to seek to complete the transactions contemplated by this agreement (in accordance with the SISP).

The Parties acknowledge that the foregoing conditions are for the mutual benefit of Company and Purchaser. Any condition in this Section 7.1 may be waived by Company and by Purchaser, in whole or in part, without prejudice to any of their respective rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver will be binding on Company or Purchaser, as applicable, only if made in writing.

7.2 Conditions for the Benefit of Purchaser

The obligation of Purchaser to consummate the transactions contemplated by this Agreement is subject to the satisfaction of, or compliance with, or waiver by Purchaser of, at or prior to the Closing Time, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of Purchaser):

- (a) *Performance of Covenants* – the covenants contained in this Agreement to be performed or complied with by Company at or prior to the Closing Time shall have been performed or complied with in all material respects as at the Closing Time;
- (b) *Truth of Representations and Warranties* – (i) the Fundamental Representations and Warranties of Company shall be true and correct in all respects as of the Closing Date, as if made at and as of such date (except for *de minimus* inaccuracies) and (ii) all other representations and warranties of Company contained in Article 4 shall be true and correct in all respects as of the Closing Date, as if made at and as of such date (except for representations and warranties made as of specified date, the accuracy of which shall be determined as of such specified date) except where the failure to be so true and correct would not, in the aggregate, have a Material Adverse Effect (and, for this purpose, any reference to “**material**”, “**Material Adverse Effect**” or other concepts of materiality in such representation and warranties shall be ignored);
- (c) *Officer’s Certificates* – Purchaser shall have received a certificate confirming the satisfaction of the conditions contained in Sections 7.2(a) (*Performance of Covenants*) and 7.2(b) (*Truth of Representations and Warranties*), signed for and on behalf of Company without personal liability by an executive officer of Company or other Persons acceptable to Purchaser, in each case in form and substance reasonably satisfactory to Purchaser;
- (d) *No Material Adverse Effect* – since the date hereof, no change effect, event, occurrence, state of facts or development shall have occurred that resulted in, or would reasonably be expected to result in, a Material Adverse Effect;
- (e) *Company’s Deliverables* – Company shall have delivered to Purchaser all of the deliverables contained in Section 11.2 in form and substance reasonably satisfactory to Purchaser;
- (f) *Implementation Steps* – the members of the F&F Group shall have completed the Implementation Steps that are required to be completed prior to Closing, in form and substance reasonably acceptable to Purchaser, acting reasonably;
- (g) *Terminated Employees* - the applicable member of the F&F Group shall have terminated the employment of the Terminated Employees, and all liabilities owing

to any such Terminated Employees in respect of such terminations, including all amounts owing on account of or damages in lieu of, statutory notice, termination payments, severance, benefits, bonuses or other compensation or entitlements, shall be Excluded Liabilities which, pursuant the Vesting Order, shall be assigned and transferred as against the applicable member of the F&F Group to and assumed by Residual Co.

7.3 Conditions for the Benefit of Company

The obligation of Company to consummate the transactions contemplated by this Agreement is subject to the satisfaction of, or compliance with, or waiver where applicable by Company of, at or prior to the Closing Time, each of the following conditions (each of which is acknowledged to be for the exclusive benefit of Company):

- (a) *Truth of Representations and Warranties* – the representations and warranties of Purchaser contained in Article 5 will be true and correct in all respects on and as of the date of this Agreement and on and as of the Closing Date as if made on and as of such date (except for representations and warranties made as of specified date, the accuracy of which shall be determined as of such specified date) except where the failure to be so true and correct would not reasonably be expected to have a material and adverse effect on Purchaser's ability to consummate the transactions contemplated by this Agreement;
- (b) *Performance of Covenants* – the covenants contained in this Agreement to be performed by Purchaser at or prior to the Closing Time shall have been performed in all material respects as at the Closing Time;
- (c) *Officer's Certificate* – Company shall have received a certificate confirming the satisfaction of the conditions contained in Sections 7.3(a) and 7.3(b) signed for and on behalf of Purchaser without personal liability by an executive officer of Purchaser or other Persons acceptable to Company, acting in a commercially reasonable manner, in each case, in form and substance satisfactory to Company, acting in a commercially reasonable manner; and
- (d) *Purchaser Deliverables* – Purchaser shall have delivered to Company all of the deliverables contained in Section 11.3 in form and substance satisfactory to Company, acting in a commercially reasonable manner.

ARTICLE 8 ADDITIONAL AGREEMENTS OF THE PARTIES

8.1 Break Fee

In consideration for Purchaser's expenditure of time and money (including professional fees) in connection with its agreement to act as the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, Purchaser shall be entitled to a break fee equal to \$550,000 (the "**Break Fee**"). The Break Fee has been approved in the SISP Order and shall be payable to Purchaser out of the sale proceeds derived from, and upon completion of, a Successful Bid other than the Stalking Horse Bid. Each of the F&F Group and Purchaser acknowledges and agrees that the Break Fee (i) represents a fair and reasonable estimate of the costs and damages that will be incurred by Purchaser as a result of

non-completion of this Agreement, and (ii) is not intended to be punitive in nature nor to discourage competitive bidding with respect to the SISP. The Break Fee shall be paid by Company to Purchaser without deduction or withholding for taxes (“**Tax Deduction**”) unless required by Applicable Law.

8.2 Access to Information

- (a) Until the Closing Time, Company shall give to Purchaser’s personnel engaged in the transactions contemplated by this Agreement and their accountants, legal advisers, consultants, financial advisors and representatives during normal business hours reasonable access to its premises and to all of the books, records, and other information relating to the Business, the members of the F&F Group, the Retained Liabilities and the employees, and shall furnish them with all such information relating to the Business, the members of the F&F Group, the Retained Liabilities and the employees as Purchaser may reasonably request in connection with the transactions contemplated by this Agreement; provided that such access shall be conducted at Purchaser’s expense, in accordance with Applicable Law and under supervision of Company’s personnel and in such a manner as to maintain confidentiality, and Company will not be required to provide access to or copies of any such books and records if: (i) the provision thereof would cause Company to be in contravention of any Applicable Law; or (ii) making such information available would: (1) result in the loss of any lawyer-client or other legal privilege; or (2) cause Company to be found in contravention of any Applicable Law, or contravene any fiduciary duty or agreement (including any confidentiality agreement to which Company or any of its Affiliates are a party). Notwithstanding anything in this Section 8.1 to the contrary, any such investigation shall be conducted upon reasonable advance notice and in such manner as does not materially disrupt the conduct of the Business or the possible sale thereof to any other Person.
- (b) Following the Closing, the members of the F&F Group shall make all books and records of the members of the F&F Group reasonably available to the Monitor and any trustee in bankruptcy of any of the members of the F&F Group upon at least five (5) Business Days prior notice, for a period of seven (7) years after Closing, and shall, at such party’s expense, permit any of the foregoing Persons to take copies thereof as they may determine to be necessary or useful to accomplish their respective roles; provided that Purchaser shall not be obligated to make such books and records available to the extent that doing so would: (i) violate Applicable Law; (ii) jeopardize the protection of a solicitor-client privilege; or (iii) unreasonably interfere with the ongoing business and operations of the members of the F&F Group and their Affiliates, as determined by the members of the F&F Group, acting reasonably.

8.3 Approvals and Consents

- (a) The Parties shall use commercially reasonable efforts to apply for and obtain any Transaction Regulatory Approvals as soon as reasonably practicable and no later than the time limits imposed by Applicable Laws, in accordance with Section 8.3(b), in each case at the sole cost and expense of Company.

- (b) The Parties shall use commercially reasonable efforts to apply for and obtain the Transaction Regulatory Approvals and shall co-operate with one another in connection with obtaining such approvals. Without limiting the generality of the foregoing, the Parties shall: (i) give each other reasonable advance notice of all meetings or other oral communications with any Governmental Authority relating to the Transaction Regulatory Approvals, as applicable, and provide as soon as practicable but in any case, if any, within the required time, any additional submissions, information and/or documents requested by any Governmental Authority necessary, proper or advisable to obtain the Transaction Regulatory Approvals; (ii) not participate independently in any such meeting or other oral communication without first giving the other Party (or their outside counsel) an opportunity to attend and participate in such meeting or other oral communication, unless otherwise required or requested by such Governmental Authority; (iii) if any Governmental Authority initiates an oral communication regarding the Transaction Regulatory Approvals, promptly notify the other Party of the substance of such communication; (iv) subject to Applicable Laws relating to the exchange of information, provide each other with a reasonable advance opportunity to review and comment upon and consider in good faith the views of the other in connection with all written communications (including any filings, notifications, submissions, analyses, presentations, memoranda, briefs, arguments, opinions and proposals) made or submitted by or on behalf of a Party with a Governmental Authority regarding the Transaction Regulatory Approvals as applicable; and (v) promptly provide each other with copies of all written communications to or from any Governmental Authority relating to the Transaction Regulatory Approvals as applicable.
- (c) Each of the Parties may, as advisable and necessary, reasonably designate any competitively or commercially sensitive material provided to the other under this Section 8.3 as "Outside Counsel Only Material", provided that the disclosing Party also provides a redacted version to the receiving Party. Such materials and the information contained therein shall be given only to the outside legal counsel of the recipient and, subject to any additional agreements between the Parties, will not be disclosed by such outside legal counsel to employees, officers or directors of the recipient unless express written permission is obtained in advance from the source of the materials or its legal counsel.
- (d) The obligations of either Party to use its commercially reasonable efforts to obtain the Transaction Regulatory Approvals does not require either Party (or any Affiliate thereof) to undertake any divestiture of any business or business segment of such Party, to agree to any material operating restrictions related thereto or to incur any material expenditure(s) related therewith, unless agreed to by the Parties. In connection with obtaining the Transaction Regulatory Approvals, no member of the F&F Group shall agree to any of the foregoing items without the prior written consent of Purchaser.

8.4 Covenants Relating to this Agreement

- (a) Each of the Parties shall perform all obligations required to be performed by the applicable Party under this Agreement, co-operate with the other Parties in connection therewith and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably

practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, from the date hereof until the Closing Date, each Party shall and, where appropriate, shall cause each of its Affiliates to:

- (i) negotiate in good faith and use its commercially reasonable efforts to take or cause to be taken all actions and to do, or cause to be done, all things necessary, proper or advisable to satisfy the conditions precedent to the obligations of such Party hereunder (including, where applicable, negotiating in good faith with the applicable Governmental Authorities and/or third Persons in connection therewith), and to cause the fulfillment at the earliest practicable date of all of the conditions precedent to the other Party's obligations to consummate the transactions contemplated hereby; and
 - (ii) not take any action, or refrain from taking any action, or permit any action to be taken or not taken, which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the transactions contemplated by this Agreement.
- (b) From the date hereof until the Closing Date, Purchaser hereby agrees, and hereby agrees to cause its representatives to, keep Company informed on a reasonably current basis, and no less frequently than on a weekly basis through teleconference or other meeting, and as reasonably requested by Company or the Monitor, as to Purchaser's progress in terms of the satisfaction of the conditions precedent contained herein.
- (c) From the date hereof until the Closing Date, Company hereby agrees, and hereby agrees to cause its representatives to, keep Purchaser informed on a reasonably current basis, and no less frequently than on a weekly basis through teleconference or other meeting, and as reasonably requested by Purchaser or the Monitor, as to Company's progress in terms of the satisfaction of the conditions precedent contained herein.
- (d) Company and Purchaser agree to execute and deliver such other documents, certificates, agreements and other writings, reasonably necessary for the consummation of the transactions contemplated by this Agreement, and to take such other actions to consummate or implement as soon as reasonably practicable, the transactions contemplated by this Agreement.
- (e) From the date hereof until the Closing Date, Company hereby agrees, and hereby agrees to cause its representatives to, promptly notify Purchaser of (i) any event, condition, or development that has resulted in the inaccuracy in a material respect or material breach of any representation or warranty, covenant or agreement contained in this Agreement, or (ii) any Material Adverse Effect occurring from and after the date hereof prior to the Closing Date.
- (f) Company and Purchaser agree to use commercially reasonable efforts to timely prepare and file all documentation and pursue all steps reasonably necessary to obtain any material third-party consents and approvals as may be required in connection with the transaction contemplated by this Agreement.

- (g) The Company and the Purchaser shall cooperate and use commercially reasonable efforts to have Company to cease to be a reporting issuer (or equivalent thereof) in the applicable jurisdictions of Canada as soon as reasonably practicable after the Closing Date.
- (h) If Purchaser becomes the Successful Bidder, at the request of Purchaser, Company shall proceed with the liquidation, winding-up, dissolution and/or amalgamation of any of the members of the F&F Group designated by Purchaser on or prior to the Closing Date.

8.5 Tax Matters

- (a) Purchaser and Company agree to furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the Purchased Shares and the Retained Liabilities as is reasonably necessary for the preparation and filing of any Tax Return, claim for refund or other required filings relating to Tax matters, for the preparation for and proof of facts during any Tax audit, for the preparation for any Tax protest, for the prosecution of any suit or other proceedings relating to Tax matters and for the answer to any governmental or regulatory inquiry relating to Tax matters. Purchaser and Company also agree to furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the members of the F&F Group, the Purchased Shares and the Retained Liabilities as is reasonably necessary for Purchaser to acquire them in a tax efficient manner for both Company and the members of the F&F Group.
- (b) Purchaser and Company shall each be responsible for the preparation of their own statements required to be filed under the Tax Act, the ETA and the Code and other similar forms and returns in accordance with Applicable Law.
- (c) For all purposes under this Agreement for which it is necessary to apportion taxes in a taxable period which includes (but does not end on) the Closing Date or Filing Date, as applicable (a "**Straddle Period**"), all real property Taxes, personal property Taxes and similar ad valorem obligations shall be apportioned between the taxable period up to and including the Closing Date or Filing Date, as applicable (such portion of such Straddle Period, the "**Pre-Closing Straddle Tax Period**") and the taxable period after the Closing Date or Filing Date, as applicable (such portion of such Straddle Period, the "**Post-Closing Straddle Tax Period**"), on a per diem basis. Except as otherwise provided herein, with respect to the Purchased Shares, Company shall be liable for the proportionate amount of such real property Taxes, personal property Taxes and similar ad valorem obligations that are attributable to the Pre-Closing Straddle Tax Period, and Purchaser shall be liable for the proportionate amount of such real property Taxes, personal property Taxes and similar ad valorem obligations that are attributable to the Post-Closing Straddle Tax Period. For all purposes under this Agreement, in the case of any Tax based upon or related to income, receipts, sales, use, payroll, or withholding, in respect of any Straddle Period, the portion of such Tax allocable to the Pre-Closing Straddle Tax Period shall be deemed to be the amount that would be payable if the relevant Straddle Period ended on and included the Closing Date or Filing Date, as applicable. To the extent such closing of the books method is not incorporated under the law of a jurisdiction for

particular types of entities, allocations of income among the periods shall be made to replicate the closing of the books method to the maximum extent possible.

8.6 Employee Matters

- (a) Purchaser may in as many separate instances as it may require, notify Company that Purchaser wishes to interview any employees or contractors or consultants of the F&F Group, and upon receipt of a request thereof Company will use all commercially reasonable efforts to facilitate such interviews as soon as reasonably practicable. Purchaser may, but is not obligated to, in the name of the applicable member of the F&F Group, make conditional (upon Closing) continued or new (as applicable) offers of employment on such terms as it may determine in its absolute and sole discretion.
- (b) Purchaser shall make commercially reasonable efforts to make such offers in writing on or prior to the date that is ten (10) days prior to the anticipated Closing Date, provided that such offers shall be made no later than five (5) days prior to the anticipated Closing Date, and leave such offers open for acceptance up to and including one (1) day prior to the Closing Date, provided that Purchaser notifies Company, in writing, on or prior to the date that is five (5) days prior to the anticipated Closing Date, of the list of individuals to whom it has made or intends to make offers of employment. Such offers shall recognize the employee's years of service with the Company, except as would result in duplication of benefits and subject to any required consents of any applicable third-party insurer or plan administrator. Notwithstanding any other provision of this Agreement, Purchaser has no obligation to offer employment to any employee, but will make commercially reasonable efforts to make offers of employment to F&F Group employees if the job function will continue to exist after Closing.
- (c) In the event:
 - (i) no conditional offer of employment is made to such employee of the F&F Group; or
 - (ii) an employee who receives an offer of employment rejects such offer in writing or fails to accept such offer of employment up to and including one (1) day prior to the Closing Date,

such employee shall be deemed to be a Terminated Employee.

8.7 Administrative Expense Amount

- (a) On the Closing Date, the F&F Group shall pay to the Monitor the portion of the Administrative Expense Amount which may be satisfied from its cash on hand, which the Monitor shall hold in trust for the benefit of Persons entitled to be paid the Administrative Expense Costs and amounts secured by the CCAA Charges.
- (b) From time to time after the Closing Date, the Monitor may pay from the Administrative Expense Amount the Administrative Expense Costs and amounts

secured by the CCAA Charges at its sole discretion and without further authorization from Company or Purchaser. Any unused portion of the Administrative Expense Amount after payment or reservation for all Administrative Expense Costs, as determined by the Monitor, shall be transferred by the Monitor to Company.

- (c) Notwithstanding the foregoing or anything else contained herein or elsewhere, each of Company and Purchaser acknowledges and agrees that: (i) the Monitor's obligations hereunder are and shall remain limited to those specifically set out in this Section 8.6(a); and (ii) Monitor is acting solely in its capacity as the CCAA Court-appointed Monitor of the Applicants pursuant to the CCAA Order and not in its personal or corporate capacity, and the Monitor has no liability in connection with this Agreement whatsoever, in its personal or corporate capacity or otherwise, save and except for and only to the extent of the Monitor's gross negligence or intentional fault.
- (d) The Parties acknowledge that the Monitor may rely upon the provisions of this Section 8.6(a) notwithstanding that the Monitor is not a party to this Agreement. The provisions of this Section 8.6(a) shall survive the termination or non-completion of the transactions contemplated by this Agreement.

8.8 Release by Purchaser

Except in connection with any obligations of Company or the Monitor contained in this Agreement and any Closing Documents, effective as of the Closing, Purchaser and its Affiliates hereby releases and forever discharges the Company, the Monitor, and their respective Affiliates, and each of their respective successors and assigns, and all present and former officers, directors, partners, members, shareholders, limited partners, employees, agents, financial and legal advisors of each of them, from any and all actual or potential Released Claims which such Person had, has or may have in the future to the extent relating to the Business, the Purchased Shares or the Retained Liabilities, save and except for Released Claims arising out of fraud, bad faith or illegal acts (unless such Person believed in good faith that its conduct was legal).

8.9 Release by Company

Except in connection with any obligations of Purchaser and the Monitor contained in this Agreement and any Closing Documents, effective as of the Closing, Company and its Affiliates hereby release and forever discharges Purchaser, the Monitor and their respective Affiliates, and each of their respective successors and assigns, and all former and present officers, directors, partners, members, shareholders, limited partners, employees, agents, financial and legal advisors of each of them, from any and all actual or potential Released Claims which such Person had, has or may have in the future to the extent relating to (i) the Purchased Shares; (ii) all other Equity Interests of the Company which remain after the application of the Vesting Order, (iii) the Retained Liabilities, (iv) the Excluded Assets or (v) the Excluded Liabilities, save and except for Released Claims arising out of fraud, bad faith or illegal acts (unless such Person believed in good faith that its conduct was legal).

ARTICLE 9 INSOLVENCY PROVISIONS

9.1 Court Orders and Related Matters

- (a) From and after the date of this Agreement and until the Closing Date, Company shall deliver to Purchaser drafts of any and all pleadings, motions, notices, statements, applications, schedules, and other papers to be filed or submitted by any member of the F&F Group in connection with or related to this Agreement, including with respect to the Vesting Order, for Purchaser's prior review at least three (3) days in advance of service and filing of such materials (or where circumstances make it impracticable to allow for three (3) days' review, with as much opportunity for review and comment as is practically possible in the circumstances). Company acknowledges and agrees (i) that any such pleadings, motions, notices, statements, applications, schedules, or other papers shall be in form and substance satisfactory to Purchaser, acting reasonably, and (ii) to consult and cooperate with Purchaser regarding any discovery, examinations and hearing in respect of any of the foregoing, including the submission of any evidence, including witnesses testimony, in connection with such hearing.
- (b) Notice of the motions seeking the issuance of the Vesting Order shall be served or be caused to be served by Company on all Persons required to receive notice under Applicable Law and the requirements of the CCAA, the CCAA Court, and any other Person determined necessary by Company or Purchaser, acting reasonably.
- (c) As soon as practicable if Purchaser is selected or deemed to be the Successful Bidder in accordance with the SISP, F&F Group shall file a motion seeking the issuance of the Vesting Order.
- (d) Notwithstanding any other provision herein, it is expressly acknowledged and agreed that in the event that: (i) the Vesting Order has not been issued and entered by the CCAA Court by the Back-Up Bid Outside Date or such later date agreed to in writing by Purchaser in its sole discretion or such later date agreed to in writing by Purchaser in its sole discretion, Purchaser may terminate this Agreement.
- (e) If the Vesting Order relating to this Agreement is appealed or a motion for leave to appeal, rehearing, reargument or reconsideration is filed with respect thereto, Company agrees (subject to the available liquidity of the Company) to take all action as may be commercially reasonable and appropriate to defend against such appeal, petition or motion.
- (f) Company acknowledges and agrees, that the Vesting Order shall provide that, on the Closing Date and concurrently with the Closing, the Purchased Shares shall be transferred to Purchaser free and clear of all Encumbrances, other than Permitted Encumbrances.

ARTICLE 10 TERMINATION

10.1 Termination

This Agreement may be terminated at any time prior to Closing as follows:

- (a) by mutual written consent of Company and Purchaser;
- (b) by Purchaser or Company, if (i) the transaction contemplated by the FIKA Agreement has closed and (ii) the Break-Fee has been paid to the Purchaser;
- (c) by Purchaser or Company, if Closing has not occurred on or before the Back-Up Bid Outside Date, provided that the terminating Party is not in breach of any representation, warranty, covenant or other agreement in this Agreement which would prevent the satisfaction of the conditions in Article 7 by the Back-Up Bid Outside Date;
- (d) by Purchaser or Company, if at any time after the date hereof any of the conditions in Article 7 is not capable of being satisfied by the applicable dates required in Article 7 of this Agreement or if not otherwise required, by the Back-Up Bid Outside Date;
- (e) by Purchaser, pursuant to Section 9.1(a);
- (f) by Purchaser, upon the appointment of a receiver, trustee in bankruptcy or similar official in respect of any member of the F&F Group or any of the property of any member of the F&F Group, other than with the prior written consent of Purchaser;
- (g) by Purchaser or Company, upon the termination, dismissal or conversion of the CCAA Proceedings;
- (h) by Purchaser or Company, upon dismissal of the motion for the Vesting Order (or if any such order is stayed, vacated or varied without the consent of Purchaser);
- (i) by Purchaser or Company, if a court of competent jurisdiction, including the CCAA Court or other Governmental Authority has issued an Order or taken any other action to restrain, enjoin or otherwise prohibit the consummation of Closing and such Order or action has become a Final Order;
- (j) by Company, if there has been a material violation or breach by Purchaser of any covenant, representation or warranty which would prevent the satisfaction of the conditions set forth in Section 7.1 or Section 7.3, as applicable, by the Back-Up Bid Outside Date and such violation or breach has not been waived by Company or cured within ten (10) Business Days after written notice thereof from Company, unless Company is in material breach of their obligations under this Agreement which would prevent the satisfaction of the conditions set forth in Section 7.1 or Section 7.2, as applicable, by the Back-Up Bid Outside Date; and

- (k) by Purchaser, if there has been a material violation or breach by Company of any covenant, representation or warranty which would prevent the satisfaction of the conditions set forth in Section 7.1 or Section 7.2, as applicable, by the Back-Up Bid Outside Date and such violation or breach has not been waived by Company or cured within ten (10) Business Days after written notice thereof from Purchaser, unless Purchaser is in material breach of its obligations under this Agreement which would prevent the satisfaction of the conditions set forth in Section 7.1 or Section 7.3, as applicable, by the Back-Up Bid Outside Date.

The Party desiring to terminate this Agreement pursuant to this Section 10.1 (other than pursuant to Section 10.1(a)) shall give written notice of such termination to the other Party or Parties, as applicable, specifying in reasonable detail the basis for such Party's exercise of its termination rights.

10.2 Effect of Termination

In the event of termination of this Agreement pursuant to Section 10.1, this Agreement shall become void and of no further force or effect without liability of any Party to any other Party to this Agreement except that: (i), this Section 10.2, Section 12.1, Section 12.3, Section 12.5, Section 12.6, Section 12.77 and Section 11.8 shall survive; and (ii) no termination of this Agreement shall relieve any Party of any liability for any wilful breach by it of this Agreement, or impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement in accordance with Section 12.3.

ARTICLE 11 CLOSING

11.1 Location and Time of the Closing

The Closing shall take place at the Closing Time on the Closing Date at the offices of Stikeman Elliott LLP in Toronto, or at such other location as may be agreed upon by the Parties.

11.2 Company's Deliveries at Closing

At Closing, Company shall deliver to Purchaser the following:

- (a) a true copy of each of the Vesting Order and the SISP Order, each of which shall be final;
- (b) executed copy of the Monitor's Certificate;
- (c) a certificate of a senior officer or director of Company (in such capacity and without personal liability) in form and substance reasonably satisfactory to Purchaser : (i) certifying that the board of directors of Company, has adopted resolutions (in a form attached to such certificate) authorizing the execution, delivery and performance of this Agreement and the transactions contemplated herein, as applicable, which resolutions are in full force and effect and have not been superseded, amended or modified as of the Closing Date; and (ii) certifying as to the incumbency and signatures of the officers and directors of Company;
- (d) the certificates contemplated by Section 7.2(c);

- (e) confirmation of the due incorporation and organization of Residual Co. on the terms set forth herein;
- (f) evidence of the filing of the Articles of Amendment; and
- (g) all other documents as reasonably requested by Purchaser in good faith.

11.3 Purchaser's Deliveries at Closing

At Closing, Purchaser shall deliver to Company:

- (a) immediately available funds in the amount of the Purchase Price, less the Credit Bid Consideration, in accordance with Section 3.2;
- (b) a full and final release of the Company in the amount of the Credit Bid Consideration in accordance with Section 3.2;
- (c) a certificate of a senior officer or director of Purchaser (in such capacity and without personal liability), in form and substance reasonably satisfactory to Company: (i) certifying that the board of directors has adopted resolutions (in a form attached to such certificate) authorizing the execution, delivery and performance of this Agreement and the transactions contemplated herein, as applicable, which resolutions are in full force and effect and have not been superseded, amended or modified as of the Closing Date; and (ii) certifying as to the incumbency and signature of the authorized signatory of Purchaser executing this Agreement and the other transaction documents contemplated herein, as applicable;
- (d) the certificate contemplated by Section 7.3(c); and
- (e) all other documents as reasonably requested by Company in good faith.

11.4 Monitor

When all conditions to Closing set out in Article 7 other than delivery by the Company to the Purchaser of an executed copy of the Monitor's Certificate have been satisfied and/or waived by Company or Purchaser, as applicable, Company and Purchaser, or their respective counsel, shall each deliver to the Monitor written confirmation that all conditions to Closing other than delivery by the Company to the Purchaser of an executed copy of the Monitor's Certificate have been satisfied or waived. Upon receipt of such written confirmation, the Monitor shall: (i) issue forthwith its Monitor's Certificate in accordance with the Vesting Order; and (ii) file as soon as practicable a copy of the Monitor's Certificate with the CCAA Court (and shall provide a true copy of such filed certificate to Company and Purchaser). The Parties hereby acknowledge and agree that the Monitor will be entitled to file the Monitor's Certificate with the CCAA Court without independent investigation upon receiving written confirmation from Company and Purchaser that all conditions to Closing have been satisfied or waived, and the Monitor will have no liability to Company or Purchaser or any other Person as a result of filing the Monitor's Certificate.

11.5 Simultaneous Transactions

All actions taken and transactions consummated at the Closing shall be deemed to have occurred in the manner and sequence set forth in the Implementation Steps and the Vesting Order (subject to the terms of any escrow agreement or arrangement among the Parties relating to the Closing), and no such transaction shall be considered consummated unless all are consummated.

11.6 Further Assurances

As reasonably required by a Party in order to effectuate the transactions contemplated by this Agreement, Purchaser and Company shall execute and deliver at (and after) the Closing such other documents, and shall take such other actions, as are necessary or appropriate, to implement and make effective the transactions contemplated by this Agreement.

ARTICLE 12 GENERAL MATTERS

12.1 Confidentiality

After the Closing Time, Company shall maintain the confidentiality of all confidential information relating to the Business and the members of the F&F Group (but does not include information that is or becomes generally available to the public other than as a result of disclosure by Purchaser or its representatives in breach of this Agreement or that is received by Purchaser from an independent third party that, to the knowledge of Purchaser, obtained it lawfully and was under no duty of confidentiality (except to the extent that applicable privacy laws do not exclude such information from the definition of personal information) or that is independently developed by Purchaser or its representatives without reference to any Confidential Information), including the Confidential Information, except any disclosure of such information and records as may be required by Applicable Law. If Company or any member of the F&F Group, or any of its or their respective representatives, becomes legally compelled by deposition, interrogatory, request for documents, subpoena, civil investigative demand, or similar judicial or administrative process, to disclose any such information, such party shall, or shall cause Company or its representative to, provide Purchaser with reasonably prompt prior oral or written notice of such requirement (including any report, statement, testimony or other submission to such Governmental Authority) to the extent legally permissible and reasonably practicable, and cooperate with Purchaser, at Purchaser's expense, to obtain a protective order or similar remedy to cause such information not to be disclosed; provided that in the event that such protective order or other similar remedy is not obtained, Company shall, or shall cause the applicable member of the F&F Group or representative to, furnish only that portion of such information that has been legally compelled, and shall, or shall cause such Affiliate or representative to, exercise its commercially reasonable efforts to obtain assurance that confidential treatment will be accorded such disclosed information. Company shall instruct each member of the F&F Group and representatives having access to such information of such obligation of confidentiality and shall be responsible for any breach of the terms of this Section 12.1 by any of the members of the F&F Group or representatives.

12.2 Public Notices

No press release or other announcement concerning the transactions contemplated by this Agreement shall be made by Company or Purchaser without the prior consent of the other Party (such consent not to be unreasonably withheld, conditioned or delayed); provided, however, that subject to the last sentence of this Section 12.2, any Party may, without such consent, make

such disclosure if the same is required by Applicable Law (including the CCAA Proceedings) or by any stock exchange on which any of the securities of such Party or any of its Affiliates are listed, or by any insolvency or other court or securities commission, or other similar Governmental Authority having jurisdiction over such Party or any of its Affiliates, and, if such disclosure is required, the Party making such disclosure shall use commercially reasonable efforts to give prior oral or written notice to the other Party to the extent legally permissible and reasonably practicable, and if such prior notice is not legally permissible or reasonably practicable, to give such notice reasonably promptly following the making of such disclosure. Notwithstanding the foregoing: (i) this Agreement may be filed by Company: (A) with the CCAA Court; and (B) on its profile on www.sedar.com; and (ii) the transactions contemplated in this Agreement may be disclosed by Company to the CCAA Court. The Parties further agree that:

- (a) the Monitor may prepare and file reports and other documents with the CCAA Court containing references to the transactions contemplated by this Agreement and the terms of such transactions; and
- (b) Company, Purchaser and their respective professional advisors may prepare and file such motions, affidavits, materials, reports and other documents with the CCAA Court containing references to the transactions contemplated by this Agreement and the terms of such transactions as may reasonably be necessary to complete the transactions contemplated by this Agreement or to comply with their obligations in connection therewith.

Purchaser shall be afforded an opportunity to review and comment on such materials prior to their filing; provided in the case of reports or other documents prepared or to be filed by the Monitor with the CCAA Court the Purchaser shall be entitled to review only factual information contained therein relating to the terms of the transactions contemplated in this Agreement. The Parties may issue a joint press release announcing the execution and delivery of this Agreement, in form and substance mutually agreed to them.

12.3 Injunctive Relief

- (a) The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to seek specific performance, injunctive and other equitable relief to prevent breaches or threatened breaches of this Agreement, and to enforce compliance with the terms of this Agreement, without any requirement for the securing or posting of any bond in connection with the obtaining of any such specific performance, injunctive or other equitable relief, this being in addition to any other remedy to which the Parties may be entitled at law or in equity.
- (b) Each Party hereby agrees not to raise any objections to the availability of the equitable remedies provided for herein and the Parties further agree that by seeking the remedies provided for in this Section 12.3, a Party shall not in any respect waive its right to seek any other form of relief that may be available to a Party under this Agreement.
- (c) Notwithstanding anything herein to the contrary herein, under no circumstances shall a Party be permitted or entitled to receive both monetary damages and

specific performance and election to pursue one shall be deemed to be an irrevocable waiver of the other.

12.4 Survival

None of the representations, warranties, covenants (except the covenants in Article 2, Article 3, Article 12 and Sections 8.2(b), 8.5, 8.8 and 8.9, to the extent they are to be performed after the Closing) of any of the Parties set forth in this Agreement, in any Closing Document to be executed and delivered by any of the Parties (except any covenants included in such Closing Documents, which, by their terms, survive Closing) or in any other agreement, document or certificate delivered pursuant to or in connection with this Agreement or the transactions contemplated hereby shall survive the Closing.

12.5 Non-Recourse

No past, present or future director, officer, employee, incorporator, member, partner, security holder, Affiliate, agent, lawyer or representative of the respective Parties, in such capacity, shall have any liability for any obligations or liabilities of Purchaser or Company, as applicable, under this Agreement, or for any Causes of Action based on, in respect of or by reason of the transactions contemplated hereby.

12.6 Assignment; Binding Effect

No Party may assign its right or benefits under this Agreement without the consent of each of the other Parties, except that without such consent Purchaser may, upon prior notice to Company, assign this Agreement, or any or all of its rights and obligations hereunder, to one or more of its Affiliates; provided that no such assignment or direction shall relieve Purchaser of its obligations hereunder. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and permitted assigns. Although no Parties to this Agreement and the Monitor and their respective Affiliates and advisors shall have the benefits expressed to be conferred upon them in this Agreement including in Article 6 and sections 8.8, 8.9 and 11.4 (in respect of the Monitor) hereof. Subject to the preceding sentence, nothing in this Agreement shall create or be deemed to create any third Person beneficiary rights in any Person not a Party to this Agreement.

12.7 Notices

Any notice, request, demand or other communication required or permitted to be given to a Party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (i) the date of personal delivery; (ii) the date of transmission by email, with confirmed transmission and receipt (if sent during normal business hours of the recipient, if not, then on the next Business Day); (iii) two (2) days after deposit with a nationally-recognized courier or overnight service such as Federal Express; or (iv) five (5) days after mailing via certified mail, return receipt requested. All notices not delivered personally or by email will be sent with postage and other charges prepaid and properly addressed to the Party to be notified at the address set forth for such Party:

(a) If to Purchaser at:

2707031 Ontario Inc.
c/o 4204 Industriel Boulevard

Laval, Québec
H7L 0E3

Attention: Julia Wojciechowska
Email: julia.wojciechowska@couche-tard.com

and to:

Davies Ward Phillips & Vineberg LLP
1501 McGill College Ave
Montreal, QC H3A 3N9

Attention : Sébastien Thériault
Christian Lachance
Natalie Renner

Email: stheriault@dwpv.com
clachance@dwpv.com
nrenner@dwpv.com

(b) If to Company at:

77 King Street West
Suite 400
Toronto, Ontario
M5K 0A1

Attention: Stephane Trudel

Email: strudel@fireandflower.com

and to:

Stikeman Elliott LLP
Commerce Court West
5300, 199 Bay St.
Toronto, ON M5L 1B9

Attention: Maria Konyukhova
Philip Yang

Email: mkonyukhova@stikeman.com
pyang@stikeman.com

and to:

FTI Consulting Canada Inc.

TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104

Toronto ON M5K 1G8

Attention: Jeffrey Rosenberg
Jodi Porepa

Email: jeffrey.rosenberg@fticonsulting.com
Jodi.Porepa@fticonsulting.com

Any Party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to such Party at its changed address.

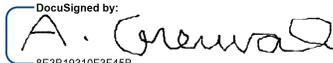
12.8 Counterparts; Electronic Signatures

This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. Execution of this Agreement may be made by electronic signature which, for all purposes, shall be deemed to be an original signature.

[Signature pages to follow]

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

FIRE & FLOWER HOLDINGS CORP.

By: 
Name: Avininder Grewal
Title: Director
I have the authority to bind the corporation.

2707031 ONTARIO INC.

By:  DocuSigned by:
D78C4BA0CD8445A...
Name: Filipe Da Silva Nogueira
Title: Director

Schedule 1.1(a)
Permitted Encumbrances

- Encumbrances securing Retained Liabilities to the extent that such Retained Liabilities are secured by Encumbrances as of the Closing Time;
- Encumbrances given to a public utility or any Governmental Authority when required by such utility or authority in connection with the operations of that person in the ordinary course of the business but only insofar as they relate to any amounts not due as at the Closing Date;
- the reservations, limitations, provisos and conditions (if any) expressed in any original grant from the Crown;
- Encumbrances for Taxes, assessments or governmental charges incurred in the ordinary course that are not yet due and payable or the validity of which is being actively and diligently contested in good faith by the F&F Group and in respect of which the F&F Group has established on its books reserves considered by it and its auditors to be adequate therefor;
- normal and customary rights of setoff or compensation upon deposits in favour of depository institutions, and liens of a collecting bank on cheques and other payment items in the course of collection;
- servitudes, easements, rights of way or similar rights in land granted to or reserved by other persons including minor title defects effecting real property such as reservations and limitations expressed in any original grant from the Crown or as a result of statutory reservations and exceptions to title;
- Encumbrances imposed by Applicable Law which rank in priority to the Encumbrances in respect of the DIP Facility Term Sheet amounts including, but not limited to, Encumbrances of mechanics, labourers, workmen, builders, contractors, suppliers of material or architects or other similar Encumbrances incidental to construction, maintenance or repair operations, provided such Encumbrances secure amounts which are not yet due or delinquent and have not been registered on title to any real property or written notice thereof has not been received by Company or Purchaser;
- Encumbrances associated with, and financing statements evidencing, the rights of equipment lessors under any of the personal property leases;
- undetermined or inchoate liens and charges incidental to construction or repairs or operations which have not at such time been filed pursuant to law against Company or which relate to obligations not due or delinquent; and
- the right reserved to or vested in any municipality or government, or to any statutory or public authority, by the terms of any lease, license, franchise, grant or permit acquired by Company or any statutory provision to terminate any such lease, license, franchise, grant or permit, or to require annual or other periodic payments as a condition to the continuance thereof.

Schedule 2.2
Excluded Assets

Nil.

Schedule 2.2(c)
Excluded Contracts and Excluded Leases

All leases and contracts that will be terminated pursuant to disclaimer notice Section 32 CCAA sent as of June 15, 2023 and any further leases and contracts that may be terminated prior to the Closing Date.

Schedule 2.3
Retained Liabilities

Nil.

Schedule 2.4
Excluded Liabilities

All pre-filing Claims and any liabilities arising from the termination of leases or other contracts.

Schedule 2.7(d)
Implementation Steps

1. At least three (3) Business Days prior to the Closing Date, the Company shall form Residual Co. in accordance with the terms contained herein, in form satisfactory to Purchaser, acting reasonably, and the directors thereof shall not include the directors or related parties of the Purchaser, and no such entity shall be a flow through entity for Canadian or U.S. tax purposes unless approved by Purchaser.
2. On the Closing Date, all employees deemed to be Terminated Employees pursuant to Section 8.6 will be terminated by the Company, and all Employee Priority Claims shall be calculated to include such Terminated Employees and if not paid at the time of such termination by the Company, shall be included in the calculation of the Priority Payments required to be paid by the Company at Closing.
3. At Closing, the following amounts shall be paid and satisfied from the funds on hand of the F&F Group:
 - a. the Priority Payments in accordance with the Vesting Order and Section 3.2 hereof; and
 - b. the Administrative Expense Amount to the Monitor in accordance with the Vesting Order and Section 8.6(a) hereof.

Schedule 4.7
Subsidiaries

	Name	Jurisdiction of Incorporation
1.	Fire & Flower Inc.	Canada
2.	13318184 Canada Inc.	Canada
3.	11180703 Canada Inc.	Canada
4.	10926671 Canada Ltd.	Canada
5.	Friendly Stranger Holdings Corp.	Ontario
6.	Hifyre Inc.	Ontario
7.	Pineapple Express Delivery Inc.	Canada

Schedule 7.1(c)
Transaction Regulatory Approvals

Any consent upon change of control of Company as required under Cannabis Laws. For the purposes hereof “**Cannabis Laws**” shall mean the *Cannabis Licence Act*, 2018, S.O. 2018, c.12, Sched. 2, the Cannabis Act, S.C. 2018, c. 16 (Canada), the Cannabis Control Act, 2017, S.O. 2017, c. 26, Schedule 1 (Ontario), and any other applicable governing legislation and the regulations thereunder, all as may be amended, supplemented or replaced from time to time and those which regulate the sale or distribution of Cannabis (in various forms), cannabinoid product or paraphernalia commonly associated with Cannabis and/or related cannabinoid products.

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 FIRE & FLOWER HOLDINGS CORP., FIRE & FLOWER INC., 13318184 CANADA INC., 11180703 CANADA INC., 10926671 CANADA LTD., FRIENDLY STRANGER HOLDINGS CORP., PINEAPPLE EXPRESS DELIVERY INC., and HIFYRE INC.

Applicants

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

PROCEEDING COMMENCED AT TORONTO

**SUPPLEMENTARY AFFIDAVIT OF
STEPHANE TRUDEL
(SWORN AUGUST 28, 2023)**

STIKEMAN ELLIOTT LLP

Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Maria Konyukhova (LSO #52880V)

Tel: (416) 869-5230
Email: mkonyukhova@stikeman.com

Philip Yang (LSO #82084O)

Tel: (416) 869-5593
Email: pyang@stikeman.com

Lawyers for the Applicants