ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL SLIP/ENDORSEMENT

COURT FILE NO.: CL-00000122-0000 **DATE:** March 24, 2026

NO. ON LIST: 2

TITLE OF PROCEEDING: **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 THE CANNABIST COMPANY HOLDINGS INC. AND THE CANNABIST COMPANY HOLDINGS (CANADA) INC.

BEFORE JUSTICE: **JUSTICE J. DIETRICH**

PARTICIPANT INFORMATION

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ENDORSEMENT OF JUSTICE J. DIETRICH:

Introduction

[1] The Cannabist Company Holdings Inc. (the "**Parent Company**"), and The Cannabist Company Holdings (Canada) Inc. ("**Cannabist Canada Company**" together with the Parent Company, the"**Applicants**"), seek an initial order (the "**Initial Order**") and related relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

[2] FTI Consulting Canada Inc. ("**FTI**") as proposed monitor has filed a pre-filing report dated March 24, 2026, supporting the relief requested by the Applicants.

[3] Defined Terms not otherwise defined herein have the meaning provided for in the factum of the Applicants for use on this initial hearing.

[4] The Initial Order sought by the Applicants includes:

a. the appointment of FTI as monitor (the "**Monitor**") of the Applicant;

b. a stay of proceedings for an initial 10-day period (the "**Initial Stay Period**") for the Applicants and the non-applicant Subsidiaries;

c. authorization for the Applicants to pay certain pre-filing amounts owing to critical suppliers, subject to Monitor approval;

d. approval of a support agreement entered into between the Applicants and certain members of the Ad Hoc Group of Senior Noteholders dated March 23, 2026

e. the granting of the Administration Charge in the maximum amount of $1,300,000;

f. the granting of the Directors' Charge in the maximum amount of $9 million;

g. a limited sealing order in respect of Confidential Exhibits described below; and

h. authorization for the Parent Company to act as foreign representative of the Applicants.

[5] No opposition was raised with respect to the relief sought by the Applicant.

Background

The Applicants and the Subsidiaries

[6] The Parent Company is the direct and indirect owner of the Subsidiaries, which operate a fully integrated cannabis business across ten markets in the United States where medical or adult-use cannabis is permitted by law. In aggregate, the Subsidiaries own or manage intellectual property assets and procure and distribute inventory to customers. The Applicants and the Subsidiaries together are referred to herein as the CC Group.

[7] The Parent Company is a public company that is incorporated under the *Business Corporations Act* (British Columbia). The common shares of the Parent Company are listed on the Cboe Canada Inc. exchange ("**CBOE**"), a Canadian stock exchange based in Toronto, Ontario. Cannabist Canada Company is incorporated under the *Business Corporations Act* (Ontario), having its registered head office located in Toronto, Ontario.

[8] The CC Group's operations are primarily through the Subsidiaries, which consist of: (a) holding companies or management companies that hold equity interests in the other Subsidiaries which do not hold licenses from state authorities for handling cannabis and do not handle cannabis products; (b) cannabis operating companies that hold licenses from the relevant state authorities and handle cannabis in their day-to-day operations in accordance with such licenses; and (c) non-cannabis operating companies within the CC Group, whose functions include employing employees, owning and licensing intellectual property, and leasing or owning real property used in conducting the CC Group's business. The Applicants themselves do not hold any licenses for handling cannabis and do not handle cannabis.

[9] As of February 11, 2026, the CC Group employed approximately 1,278 people. Certain of the CC Group's employees in its New Jersey and New York markets are subject to Collective Bargaining Agreements.

[10] The CC Group's evidence is that it is current in its obligations to contribute to the 401(k) Plan and is also current in the payment of wages to its employees. Accrued vacation pay as at December 31, 2025 was approximately $2.14 million.

Primary Indebtedness

[11] The CC Group has approximately $219,415,607 in secured debt owing primarily to: (a) the Senior Noteholders in the approximate amount of $178,993,000; and (b) East West Bank pursuant to three

separate loan agreements secured by mortgages over real property owned by the Company, in the approximate amount of $40,422,607.

[12] The Senior Notes are co-issued by each of the Applicants and guaranteed by a number of Subsidiaries.

[13] The CC Group has liabilities of approximately $112,381,831 in connection with its operating and financing leases, as of December 31, 2025.

[14] The IRS has asserted tax liabilities against the Parent Company of $89,336,921 as of December 31, 2025, which the Applicants dispute.

Recent Events

[15] The CC Group has undertaken efforts to address its challenging operational environment and ongoing liquidity constraints. These efforts have included a series of operational restructuring initiatives, such as the divestitures of underperforming assets, the streamlining and reorganization of various business lines, reductions in overall headcount, implementation of cost-containment measures, and improvements to operational efficiencies.

[16] This included a restructuring transaction under the *Canada Business Corporations Act* (the "***CBCA***") which was completed in May of 20205. The CBCA Restructuring Transaction was intended to address the upcoming maturity on the then existing notes. Under the CBCA Restructuring Transaction, the original notes were exchanged for the current Senior Secured Notes which are due in 2028 to provide the Company with additional runway to implement its business plan.

[17] The CBCA Restructuring Transaction provided the CC Group with the necessary runway to implement operational changes and improve its business. However, it did not result in a deleveraging of the CC Group or injection of new capital. Accordingly, the CC Group undertook a refreshed Strategic Review in June 2025 following the CBCA Restructuring Transaction to ensure it continued to explore available options to maximize value for the CC Group and its stakeholders. The refreshed Strategic Review involved a dual-track process – the Sales Process conducted by Moelis to explore either the sale of the CC Group or strategic market divestitures, and a review, with the assistance of Moelis, of a stand-alone restructuring of the CC Group's business and capital structure.

[18] Upon consideration of the bids received in connection with the Sales Process, the Special Committee determined that pursuing sale transactions for select markets would maximize value of the CC Group for the benefit of stakeholders.

[19] The CC Group, with the assistance of Moelis, pursued the various Sale Transactions in stages given potential overlap of certain bids and interconnected negotiations, resulting in four (4) separate groups of transactions:

a. Virginia Transaction: A sale of the CC Group's Virginia business to Parma Holdco LLC ("**Parma**"), an indirect affiliate of Millstreet Capital Management, LLC, for $130 million in cash, subject to adjustments (the "**Virginia Transaction**"). The Virginia Transaction closed on February 5, 2026. Shortly thereafter, a portion of the proceeds was paid out to the Senior Notes and the remaining balance was retained by the CC Group to fund ongoing operations. Additionally, in connection with the Virginia Transaction, the parties entered into a transition services agreement (the "**Virginia TSA**"), an employee leasing agreement (the "**Virginia ELA**") and a side letter (the "**Virginia Side Letter**") to facilitate an efficient and orderly post-closing transition.

Under the Virginia TSA, the sellers agreed to provide post-closing administrative and operational services. Under the Virginia ELA, the Applicants agreed to not terminate certain key employees for a limited period following closing. Finally, under the Virginia Side Letter, the Parent Company agreed to seek certain relief during this CCAA Proceeding to ensure amounts funded by the purchaser's affiliate would be solely used for the intended purposes set forth in the Virginia ELA.

b. Ohio Transaction: A sale of the CC Group's Ohio business to Holistic Industries, Inc. for anticipated aggregate consideration of $47 million, consisting of $34.5 million in cash, $12.5 million in the form of a promissory note and the payment of a deposit in connection with certain premises (the "**Ohio Transaction**"). An equity purchase agreement for the Ohio Transaction was executed on March 23, 2026.

c. Delaware Transaction: A sale of the CC Group's Delaware business to Parma for anticipated aggregate consideration of $16.5 million in cash, subject to adjustments (the "**Delaware Transaction**"). An asset purchase agreement for the Delaware Transaction was executed on March 23, 2026.

d. Remaining States Transaction: A sale of the CC Group's Colorado, Maryland, New Jersey, Illinois, West Virginia and Massachusetts markets to multiple third-party buyers (the "**Remaining States Transaction**"). The CC Group entered into a non-binding memorandum of understanding dated January 30, 2026, and the parties are current negotiating binding agreements.

[20] As well, the CC Group is in the process of an orderly wind-down of its operations in New York and Pennsylvania to preserve liquidity and permit the Company to focus its resources on completing the Sale Transactions.

[21] On December 31, 2025, the CC Group elected not to make the interest payment on the Senior Notes in an effort to preserve liquidity. The failure to make an interest payment was subject to a 30-day Grace Period and became an event of default on January 30, 2026. A Forbearance Agreement was entered into by the relevant parties which was subsequently extended on five occasions and the current forbearance period terminates on March 25, 2026.

Purpose of the CCAA Proceedings

[22] The Applicants are now filing for CCAA protection, with the support of their major secured creditors, with the intention of completing the Sale Transactions and facilitating a Court-supervised, orderly wind-down of the CC Group's operations in certain markets that are not subject to the Sale Transactions.

[23] Specifically, the Applicants advise that they intend to seek approval of the Ohio Transaction, the Delaware Transaction and the Remaining States Transaction in the CCAA proceedings. Presently, no further sale and investment solicitation process is contemplated by the Applicants. Approval of sale transactions is, however, for another day.

[24] The Applicants also advise they intend to commence Chapter 15 Proceedings in the United States Bankruptcy Court of the District of Delaware to recognize the CCAA Proceedings as foreign proceedings pursuant to the U.S. Bankruptcy Code, recognize and enforce the Initial Order, and seek appropriate relief under the U.S. Bankruptcy Code.

Issues

[25] The issues to be determined today are whether the Court should:

a. grant the Applicants protection under the CCAA;

b. grant the requested Stay of Proceedings in respect of the Applicants and the Subsidiaries

c. appoint FTI as Monitor;

d. authorize the Applicants to pay certain pre-filing arrears, subject to approval of the Monitor;

e. approve and ratify the Support Agreement;

f. approve the Administration Charge;

g. approve the Directors' Charge;

h. grant the limited sealing order requested; and

i. authorize the Parent Company to act as Foreign Representative.

Analysis

[26] The CCAA applies to a ”debtor company” or affiliated debtor companies where the total of claims against the debtor or its affiliates exceeds five million dollars. Both of the Applicants are incorporated in Canada and it is clear the total claims against the Applicants exceed $5 million.

[27] A ”debtor company” includes a company that is insolvent. I am satisfied that the Applicants are currently insolvent as defined under the CCAA by reference to the definition of insolvent person under the *Bankruptcy and Insolvency Act* (the "**BIA**"). As noted above, due to liquidity constraints, on December 31, 2025, the Applicants elected not to make the interest payment on the Senior Notes in an effort to preserve liquidity while the Sales Process was ongoing and became an event of default under the A&R Indenture on January 30, 2026. The Forbearance Agreement expires tomorrow and the Applicants do not have sufficient liquidity to make such interest payment while preserving sufficient cash to continue operations as a going concern.

[28] Section 9(1) of the CCAA provides that an application for a stay of proceedings may be made to the court that has jurisdiction in the province in which the head office or chief place of business of the company in Canada is situated, or, if the company has no place of business in Canada, in any province within which any assets of the company of the company are situated. The registered head office of Cannabist Canada Company is located in Toronto, Ontario, The Parent Company’s primary business has been completing various financings to fund the operations conducted through the Subsidiaries, which have been completed through CBOE, a Canadian stock exchange based in Toronto, Ontario. Accordingly, I am satisfied that each of the Applicants is entitled to protection under the CCAA.

[29] Section 11.02(1) of the CCAA permits the Court to grant an initial stay of up to 10 days on an application for an initial order, provided such a stay is appropriate and the applicant has acted with due diligence and in good faith. Under s. 11.001, other relief granted pursuant to this Court’s powers under s. 11 of the CCAA at the same time as an order under s. 11.02(1) must be limited ”to relief that

is reasonably necessary for the continued operation of the debtor company in the ordinary course of business during that period." Whether particular relief is necessary to stabilize a debtor company's operations during the Initial Stay Period is an inherently factual determination, based on all of the circumstances of the particular debtor: see *Lydian International Limited (Re),* 2019 ONSC 7473, at para. 26 and 30.

[30] I am satisfied that the requested Stay of Proceedings for an initial 10 day period is appropriate in the circumstances. The terms of the Initial Order have been modified during today's hearing to those which are reasonably necessary for the continued operation of the Applicants' business in the ordinary course during the initial 10 day period. Certain provisions that were removed from the order sought today, may be sought at the Comeback hearing. This includes approval of the Support Agreement. The evidence before me is the support of the Senior Noteholders is very important in moving this process forward, and I appreciate that the Proposed Monitor supports the terms of the Support Agreement. However, in my view, approval of the Support Agreement is more properly left to the comeback hearing. The Applicants' however have indicated that it is their intention to continue to operate within the Support Agreement for the next 10 days and the Senior Noteholders who are parties to the Support Agreement retain their rights to terminate the support agreement and return to Court to seek relief if the Applicants do not. Further, counsel to the Ad Hoc Group of Senior Noteholders has advised that deferring the approval of the Support Agreement to the comeback hearing will not be used by that group to trigger a default under the Support Agreement.

[31] The Applicants further request that the benefit of the stay of proceedings and certain other protections of the proposed Initial Order be extended to the Subsidiaries. The authority of the court to extend a stay to non-filing affiliates is derived from the broad jurisdiction allotted to the court under s. 11 and 11.02(1) of the CCAA, and is commonly granted as part of CCAA proceedings, including to foreign non-applicant affiliates: see *Chalice Brands Ltd (Re).*, 2023 ONSC 3174, at para 35 [***Chalice Brands***].

[32] As set out in ***Chalice Brands*** at para 39, with reference to *Re JTI-Macdonald Corp.,* 2019 ONSC 1625 at para. 15, the factors to consider in deciding whether an extension of the stay to non-applicant affiliates include (i) the business and operations of the third party was significantly intertwined and integrated with those of the debtor company; (ii) extending the stay to the third party would help maintain stability and value during the CCAA process; (iii) failure of the restructuring would be more detrimental than extending the stay to the third party; (iv) the third parties will run out of liquidity before this proceeding can be completed; (v) the balance of convenience favours extending the stay to the third party; and (vi) the position of the proposed monitor.

[33] Here, I am satisfied that the Stay of Proceedings should be extended to the Subsidiaries as the Applicants and Subsidiaries have an integrated cash management system, the operation of the Subsidiaries is dependent on management by the Applicants' Board and management team, and the insolvency of and commencement of the CCAA Proceedings by the Applicants my constitute defaults under certain contracts of the Subsidiaries. As well, protection of the Subsidiaries is critical to the success of the Applicants' restructuring efforts and these CCAA Proceedings. None of the Applicants are operating companies – all of the Company's cannabis operating companies are Subsidiaries and to preserve the value-maximizing Sale Transactions, the Subsidiaries need the protection of the Stay to operate in the ordinary course. Further, extending the Stay to the Subsidiaries will also mitigate against the risk of uncoordinated enforcement attempts in different jurisdictions, all of which would be counterproductive to the maximization and protection of value for the Company and its stakeholders.

[34] Pursuant to s.11.7 of the CCAA, a court is required to appoint a person to monitor the business and financial affairs of the company when an order is made on the initial application. The person appointed must be a trustee within the meaning of s. 2(1) of the BIA.

[35] The Applicants propose to have FTI appointed as the Monitor. FTI is a "trustee" within the meaning of s. 2(1) of the BIA, is established and qualified, and has consented to act as Monitor. FTI is not subject to any of the restrictions set out in s. 11.7(2) of the CCAA. Accordingly, I am satisfied that FTI should be appointed as Monitor in these proceedings.

[36] The Applicants seek authorization, with the consent of the Monitor, to make payments of pre-filing amounts to pay certain pre-filing obligations of the Applicant, up to a total of $4 million, where the Applicants believe such payments are necessary to keep its business operating without interruption, provided that: (i) no payment may be made without the Monitor's prior written consent.

[37] The court in In Re Hudson's Bay Company, 2025 ONSC 1530 at para 114 outlined the factors that courts have considered in determining whether to grant such authorization, including (a) whether the goods and services are integral to the business of the applicant; (b) the applicant's dependency on the uninterrupted supply of the goods or services; (c) the fact that no payments will be made without the consent of the Monitor (which is a requirement under the proposed Initial Order); and (d) the effect on the debtors' operations and ability to restructure if it could not make such payments.

[38] In considering these factors, and the requirement for Monitor consent, I am satisfied that the request to make certain pre-filing payments is appropriate in these circumstances, especially considering the contemplated transactions and regulatory environment in which the CC Group operates.

[39] The Applicants seek an Administration Charge in favour of the Proposed Monitor, its counsel and counsel to the Applicants as security for their respective fees and disbursements up to a maximum of $1,300,000 (the "**Administration Charge**"). Although the Applicants' intention is to include certain fees of Sierra and Moelis within the Administration Charge, if those engagements are not approved at the comeback hearing, such fees should not be subject to the Administration Charge.

[40] Section 11.52 of the CCAA gives this Court jurisdiction to grant a priority charge for the fees and expenses of financial, legal and other advisors or experts. Courts have considered the following non-exhaustive factors in determining whether an administration charge is appropriate: (a) the size and complexity of the business being restructured; (b) the proposed role of the beneficiaries of the charge; (c) whether there is an unwarranted duplication of roles; (d) whether the quantum of the proposed charge appears to be fair and reasonable; (e) the position of the secured creditors likely to be affected by the charge, and (f) the position of the Monitor See CanWest Publishing Inc., 2010 ONSC 222 at para. 54.

[41] The Administration Charge was developed in consultation with the Proposed Monitor and I am satisfied that the requested amount is fair and reasonable, and appropriate to the size and complexity of the businesses being restructured and tailored to the needs within the initial Stay Period.

[42] The Applicants also seek a directors and officers charge in the amount of $9 million (the "**Directors' Charge**") for the directors of both the Applicants and the Subsidiaries (of which there is substantial overlap).

[43] Section 11.51 of the CCAA provides the Court jurisdiction to grant a directors' charge provided notice is given to the secured creditors who are likely to be affected by it. Such a charge may not be made if "the company could obtain adequate indemnification insurance for the director or officer at a reasonable cost" and the court shall declare that the charge does not apply in respect of a specific obligation or liability incurred by a director or officer "if, in its opinion, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct": CCAA, s 11.51. Also see *Jaguar Mining Inc. (Re),* 2014 ONSC 494 at para. 45.

[44] The Directors' Charge will apply only to the extent that the directors' and officers' respective insurance is insufficient or ineffective, and only in respect of obligations and liabilities incurred after the commencement of the CCAA Proceedings excluding wilful misconduct or gross negligence.

[45] The Proposed Monitor supports the Applicants' request for the Directors' Charge and I am satisfied that the proposed amount is reasonable in the circumstances, and limited to the potential exposure during the initial 10 day period, in this respect, I note that counsel advised the amounts set out in paragraph 57 of the Proposed Monitor's Report are those for the initial 10 day period and not the full proceeding. Accordingly, the Directors' Charge is approved.

[46] The Applicants seek a limited sealing order in respect of the following:

a. Confidential Exhibit "I" to the Initial Kroll Affidavit, which contains a confidential copy of the Support Agreement and Confidential Exhibit "D" to the Kassel Affidavit which contains a confidential copy of the Ohio sale agreement. Both of which are proposed to be sealed until the earlier of (a) May 24, 2026; (b) the filing of a motion by the Applicants seeking approval of the Remaining States Transaction; or (c) further Order of the Court.

b. Confidential Exhibit "F" of the Kassel Affidavit, which contains bid information from the Sales Process be sealed until the earlier of (a) the return hearing for the Delaware and Ohio Sale Approval Motion; or (b) further Order of the Court; and (c) Confidential Exhibit "J" of the Kroll Affidavit, which contains the KERP summary, to be sealed until the earlier of (i) the comeback motion and (b) further Order of the Court.

[47] The redactions to the Support Agreement include, among other things, acceptable economic terms relating to certain sale transactions that remain subject to ongoing negotiation and disclosure of such terms could prejudice the Applicants as they attempt to finalize definitive documentation. Similarly, the redacted portions of the Ohio sale agreement contain certain sensitive economic terms. The sealing of the bids from the Sales Process is also appropriate until the hearing to approve the proposed Sale Transaction given disclosure could prejudice a future sales process if such transactions are not approved or fail to close. The sealing in all cases will be time limited.

[48] I am satisfied that the limited sealing order being sought is necessary to preserve the Applicant's ability to maximize the value of its property and meets the test in *Sherman Estate v. Donovan* 2021 SCC 25 at para 38. The Applicants are directed to follow the applicable guidelines for the filing of sealed material with the court, and to eventually apply, at the appropriate time, for an unsealing order, if necessary.

[49] The Applicants intend to seek recognition of the CCAA proceedings in the United States pursuant to Chapter 15 of the U.S. Bankruptcy Code. Accordingly, the Applicants seek authorization for Parent Company to act as the foreign representatives with respect to the CCAA proceedings. Section 56 of the CCAA grants the Court authority to appoint "any person or body" to act as a representative for

the purpose of having CCAA proceedings recognized in any jurisdiction outside of Canada, including the U.S. In the circumstances the appointment of Parent Company as Foreign Representative is appropriate and is approved.

Disposition

[50] Initial Order to go in the form signed by me today.

[51] The Comeback hearing is scheduled for April 2, 2026 at 11:00 am 2 hours (virtual).

Justice J. Dietrich

Date: March 24, 2026