

Court File No.: CV-22-00678884-00CL

**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 THE COMPROMISE OR ARRANGEMENT OF EVE & CO
INCORPORATED, NATURAL MEDCO LTD., and EVE & CO INTERNATIONAL
HOLDINGS LTD.

Applicants

**MOTION RECORD
(RETURNABLE SEPTEMBER 29, 2022)**

September 28, 2022

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TAB 1

**ONTARIO
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Applicants

**NOTICE OF MOTION
(Returnable September 29, 2022)**

The applicants, Eve & Co Incorporated ("**Eve & Co**"), Natural MedCo Ltd. ("**NMC**") and Eve & Co International Holdings Ltd. ("**Eve International**") collectively, the "**Eve Group**", or the "**Applicants**") will make a motion to the Court on Thursday, September 29, 2022, at 11:30 a.m. or as soon after that time as the motion can be heard.

PROPOSED METHOD OF HEARING: The motion is to be heard by videoconference at the following location:

[Zoom link to be uploaded to Caselines.](#)

THE MOTION IS FOR:

1. An order substantially in the form attached at Tab 3 of the Applicants' Motion Record, among other things:
 - (a) abridging the time for and validating service of this notice of motion and the motion record and dispensing with service on any person other than those served;

- (b) extending the stay of proceedings granted pursuant to the order of the Honourable Madam Justice Conway dated August 26, 2022 up to and including October 14, 2022 (“**Extended Stay Period**”); and
 - (c) scheduling an early hearing date for the return of a motion to be brought by the Applicants for approval of an agreement of purchase and sale of 100% of the issued and outstanding shares of the applicant NMC (“**Sale Approval Motion**”).
2. such further and other relief as this Court may deem just and equitable.

THE GROUNDS FOR THE MOTION ARE:

Background

3. Eve Group is a licenced producer and distributor of cannabis flower, cannabis plants, and cannabis products, located in Strathroy, Ontario.

4. The Eve Group initiated proceedings under the CCAA on account of the financial pressures arising as a result of, among other things: (i) a series of breached sales agreements that resulted in a loss of millions of dollars in expected annual revenue and the attendant spoilage of unsold inventory; (ii) investments in partnerships that did not come to fruition; (iii) the forced eviction of a leaseholder operating from the Eve Group’s greenhouse for non-payment of rent and unacceptable operating practices; (iv) a breached share subscription; and (v) a global pandemic.

5. On March 25, 2022 (the “**Initial Filing Date**”), the Court granted the Initial Order that, among other things, provided protection to the Applicants under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c, C-36, as amended (“**CCAA**”).

Sales Process

6. On April 1, 2022, the Court granted an order (“**Sale Process Approval Order**”) approving, among other things, a sale and investment solicitation process in respect of the Applicants’ business and assets (“**Sale Process**”).

7. The purpose of the Sale Process was to solicit offers for the acquisition of or an investment in the business and assets of the Applicants, and to implement one or a combination of such offers, including a potential sale of the business on a going concern basis.
8. The Monitor, in conjunction with the Applicants, conducted the Sale Process in accordance with the Sale Process Approval Order.
9. The Monitor completed due diligence on the Company, prepared a marketing process and opportunity summary, and undertook a marketing process that broadly canvassed a comprehensive network of cannabis industry participants, greenhouse industry participants, as well as companies focusing on capital markets and investment.
10. The Sale Process was successful in generating buyer interest.

August 26 Stay Extension

11. On August 26, 2022 (the “**Amended and Restated Initial Order**”), immediately following the conclusion of the Sale Process, the Court extended the stay of proceedings in favour of the Applicants to and including September 30, 2022 (“**Current Stay Period**”).
12. The purpose of the stay extension to September 30, 2022 was to afford the Applicants and the Monitor some additional time to conclude negotiations with the offeror (the “**Bidder**”) who submitted the leading bid in the Sales Process.
13. Since the granting of the Amended and Restated Initial Order on August 26, 2022, the Applicants have, among other things:
 - (a) worked closely with the Bidder to fully address its reasonable due diligence requests, including facilitating site visits and satisfying all manner of information and document requests;
 - (b) consulted with key stakeholders regarding timing and terms of the Bidder’s offer; and

- (c) negotiated the terms of a binding agreement with the Bidder for the purchase of 100% of the issued and outstanding shares of NMC (the “**Sale Agreement**”).

14. The Sale Agreement is the result of a comprehensive and professionally-managed sale process that thoroughly canvassed the market over a period of five months.

Sale Agreement and Proposed Transaction

15. The Sale Agreement provides for the purchase of 100% of the issued and outstanding shares of NMC, and contemplates that the sale be effected by way of a reverse vesting transaction in order to facilitate an efficient going concern transfer of the operations of the Applicants’ business.

16. The Applicants anticipate attending before this Court on an early date to be scheduled to seek an approval and vesting order in respect of a finalized Sale Agreement.

17. Prior to the return of the motion for approval of the Sale Agreement and the contemplated transaction, the Applicants will file materials describing in detail the benefits of the Sale Agreement and the transaction contemplated therein for the Applicants’ stakeholders, particularly as compared to other offers received throughout the Sale Process.

Late Service of this Motion

18. The Bidder’s offer that has resulted in a Sale Agreement was delivered to the Applicants and the Monitor on Monday, September 26, 2022. Thereafter, following consideration of the offer and consultation with stakeholders, a decision was made to seek the within stay extension and hearing date for a Sale Approval Motion.

Requested Extension of Stay of Proceedings

19. As indicated, the Current Stay Period expires on September 30, 2022.

20. The Applicants seek an extension of the stay of proceedings to October 14, 2022 (the “**Extended Stay Period**”) to allow time to prepare and serve court materials in respect of the Sale Approval Motion.

21. During the Current Stay Period, the Applicants have acted, and continue to act, in good faith and with due diligence in furtherance of these CCAA proceeding.

22. The cash flow forecast which is appended to the Monitor’s [third report], to be filed, indicates sufficient liquidity to fund the ongoing operating costs of the Applicants, and the costs of this CCAA proceeding during the Extended Stay Period.

23. It is just and convenient and in the interests of the Applicants and their stakeholders that the Current Stay Period be extended to October 14, 2022.

24. The Monitor supports, and no creditor will be prejudiced by, the Extended Stay Period.

General

25. The provisions of the CCAA, including sections 11, 11.02, 11.03, and the statutory, inherent and equitable jurisdiction of this Court.

26. Rules 1.04, 1.05, 2.01, 2.03, 3.02, 16, 37, and 39 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended.

27. Section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended; and

28. Such further and other grounds as counsel may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

(a) The affidavit of Melinda Rombouts, sworn September 28, 2022 and the exhibits attached thereto;

(b) The third report of the Monitor, to be filed; and

- (c) Such further and other evidence as counsel may advise and this Court may permit.

September 28, 2022

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**ONTARIO
SUPERIOR COURT OF JUSTICE -
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**NOTICE OF MOTION
(Returnable September 29, 2022)**

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TAB 2

Court File No.: CV-22-00678884-00CL

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**AFFIDAVIT OF MELINDA ROMBOUTS
(sworn September 28, 2022)**

I, Melinda Rombouts, of the municipality of Lambton Shores, in the County of
Lambton, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

A. Introduction

1. I am the President and Chief Executive Officer ("**CEO**") of Eve & Co Incorporated ("**Eve & Co**"), as well as a member of the board of directors, having served in these positions since I founded the company in 2014.

2. I am also the CEO and a member of the board of directors of each of Eve & Co's two wholly owned subsidiaries, Natural MedCo Ltd. ("**NMC**") and Eve & Co International Holdings Ltd. ("**Eve International**", collectively with NMC and Eve & Co, the "**Applicants**" or the "**Eve Group**").

3. As such, I have personal knowledge of the matters to which I depose in this affidavit, except where I have obtained information from others. Where I have obtained information from others, I have stated the source of my information and, in all such cases, believe such information to be true.

4. I have sworn three affidavits in this CCAA proceeding: my first affidavit was sworn on March 23, 2022 (“**First Rombouts Affidavit**”). My second affidavit was sworn on March 29, 2022 (“**Second Rombouts Affidavit**”). My third affidavit was sworn August 25, 2022 (“**Third Rombouts Affidavit**”).

B. HISTORY OF THIS CCAA PROCEEDING

5. On March 25, 2022 (the “**Initial Filing Date**”), the Honourable Madam Justice Conway granted the initial order (the “**Initial Order**”) that, among other things, provided protection to the Applicants under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c, C-36, as amended (“**CCAA**”).

6. On April 1, 2022, Justice Conway granted:

a. an order (the “**Amended and Restated Initial Order**”):

i. extending the stay of proceedings granted pursuant to the Initial Order to and including August 26, 2022;

ii. authorizing and approving an increase in the amount that the Applicants are entitled to borrow under the Debtor-in-Possession Term Sheet dated March 22, 2022, between the Applicants and Deans Knight Private Credit GP Inc., as General Partner of Deans Knight Private Credit Limited Partnership, and DK Strategic Yield U.S. GP LLC, as General Partner of DK Strategic Yield Master Trust Limited Partnership, from \$1,200,000 to \$2,200,000;

iii. approving increases to the following charges;

1. increasing the Administration Charge to \$500,000; and

2. increasing the DIP Lenders' Charge to \$2,200,000.

- b. an order ("**Sale Process Approval Order**") among other things, approving a sale and investment solicitation process in respect of the Applicants' business and assets ("**Sale Process**").

7. On August 26, 2022, Justice Conway granted an order (the "**August 26th Stay Extension Order**") extending the stay of proceedings to and including September 30, 2022 (the "**Current Stay Period**").

8. A copy of the Amended and Restated Initial Order is attached as **Exhibit "A"**. A copy of the Sales Process Approval Order is attached as **Exhibit "B"**. A copy of the August 26th Stay Extension Order is attached as **Exhibit "C"**.

C. RELIEF SOUGHT ON THIS MOTION

9. This affidavit is sworn in support of a motion by the Applicants for an Order substantially in the form of the draft order at Tab 3 to the Applicants' Motion Record, among other things:

- a. extending the Current Stay Period to and including October 14, 2022;
- b. scheduling an early hearing date for the return of a motion to be brought by the Applicants for approval of an agreement of purchase and sale of 100% of the issued and outstanding shares of the applicant NMC (the "**Sale Approval Motion**"); and
- c. such further and other relief as this Court may deem just.

D. OVERVIEW OF APPLICANTS AND STATUS OF CCAA PROCEEDING

10. The Eve Group is a licenced producer and distributor of cannabis flower, cannabis plants, and cannabis products, located in Strathroy, Ontario. The Applicants applied for urgent relief under the CCAA on March 25, 2022, because they had insufficient funds to sustain operations after that date.

11. The Applicants have continued to operate in the ordinary course since the Initial Order was granted. The Applicants have worked with Monitor oversight to stabilize and maintain operations, while conducting the Sale Process in accordance with the Sale Process Approval Order.

12. As described below, the Sale Process generated buyer interest and was concluded successfully on September 28, 2022. As at the date of this affidavit, the Applicants are finalizing a binding agreement of purchase and sale in respect of 100% of the issued and outstanding shares of NMC. The proposed sale is in respect of substantially all of the Applicants' assets and property.

E. SALE PROCESS

13. The purpose of the Sale Process was to solicit offers for the acquisition of or an investment in the business and assets of the Applicants, and to implement one or a combination of such offers, including a potential sale of the business on a going concern basis.

14. The Monitor, in conjunction with the Applicants, conducted the Sale Process in accordance with the terms of the Sale Process Approval Order.

15. The Monitor conducted due diligence on the Company, prepared a marketing process and opportunity summary, and undertook a marketing process that broadly canvassed a comprehensive network of cannabis industry participants, greenhouse industry participants, as well as companies focusing on capital markets and investment.

16. The Monitor identified and delivered marketing material summarizing the opportunity to approximately 140 targeted potential purchasers. A total of 23 parties executed an NDA and were granted access to the data room.

17. By the phase 1 bid deadline of July 29, 2022, the Monitor received non-binding letters of interest from five parties (the "**Phase 1 Qualified Bidders**"). The Applicants conducted site visits with each of the Phase 1 Qualified Bidders, hosted meetings with management, and otherwise provided the Phase 1 Qualified Bidders with a number of opportunities to meet, conduct due diligence and fully understand the business.

18. By the phase 2 bid deadline of August 17, 2022 (which was extended from the initial deadline of August 10, 2022), the Monitor received binding offers from two bidders (the "**Phase 2 Qualified Bidders**"). The Monitor and the Applicants engaged in extensive negotiations with each of the Phase 2 Qualified Bidders to assess the terms of each offer, with a view to selecting an offer that maximizes value for the Applicants and its stakeholders. It was ultimately determined that a bid received from M4 Group Holdings Inc. ("**M4**") was the preferred bid ("**M4 Bid**").

19. The principal of M4 has extensive experience in the Canadian cannabis industry. The Applicants' cannabis licenses have value to M4 and it wishes to continue the cannabis business as a going concern and Health Canada compliant operation.

20. The Sale Process was accordingly successful in generating buyer interest. Given the breadth, duration, and management of the Sale Process, I believe that all reasonable steps to obtain the best price have been taken, and that the Sale Process was commercially reasonable, professionally run and robust.

F. AUGUST 26, 2022 STAY EXTENSION

21. On August 26, 2022, immediately following the conclusion of the Sale Process, the Court extended the stay of proceedings in favour of the Applicants to and including September 30, 2022.

22. The purpose of the stay extension to September 30, 2022 was to afford the Applicants and the Monitor some additional time to conclude negotiations with M4. The additional time was required because the M4 Bid was made subject to limited further due diligence.

23. In the course of the final phase negotiations, M4 provided a list of its remaining diligence requirements and information requests in respect of the Applicants' business. To provide sufficient time for the Applicants and M4 to satisfy these diligence requests, the diligence period in respect of M4's offer was extended with the consent of the Monitor from September 1, 2022 to September 26, 2022. The diligence and information requests concerned, chiefly:

- a. safety and occupancy permits, including several outstanding work orders from the Ministry of Labour and from the County of Middlesex and the Township of Adelaide Metcalfe;

- b. certain remediation work to be completed at the facility and associated costs;
- c. potential property and other tax liability issues; and
- d. options to preserve the Applicants' cannabis license given regulatory change in ownership and control requirements.

24. Since the issuance of the August 26 Stay Extension Order, the Applicants have, among other things:

- a. worked closely with M4 to fully address its reasonable due diligence requests, including facilitating site visits and inspections, and satisfying all manner of information and document requests;
- b. consulted with key stakeholders regarding timing and terms of M4's Bid; and
- c. advanced negotiations towards an executed binding agreement with M4 for the purchase of 100% of the issued and outstanding shares of NMC (the "**Sale Agreement**").

G. SALE AGREEMENT AND PROPOSED TRANSACTION

25. The Applicants anticipate concluding a final and fully executed Sale Agreement prior to the hearing of this motion.

26. The Sale Agreement provides for the purchase of 100% of the issued and outstanding shares of NMC, and contemplates that the sale be effected by way of a

reverse vesting transaction in order to facilitate an efficient going concern transfer of the operations of the Applicants' business.

27. The Applicants propose to attend before this Honourable Court on an early date to be scheduled to seek an approval and vesting order in respect of the Sale Agreement.

28. Prior to the return of the motion for approval of the Sale Agreement and the contemplated transaction, the Applicants will file materials describing in detail the benefits of the Sale Agreement and the transaction contemplated therein for the Applicants' stakeholders, particularly as compared to the other available offers and restructuring outcomes.

H. REQUESTED EXTENSION OF STAY OF PROCEEDINGS

29. The Current Stay Period expires on September 30, 2022. The Applicants seek an extension of the stay of proceedings to October 14, 2022 (the "**Extended Stay Period**") to allow a short period of additional time to prepare and serve court materials in respect of the Sale Approval Motion.

30. During the Current Stay Period, the Applicants have acted, and continue to act, in good faith and with due diligence in furtherance of these CCAA proceedings.

31. The cash flow forecast which is appended to the Monitor's third report, to be filed, indicates sufficient liquidity to fund the ongoing operating costs of the Applicants during the Extended Stay Period.

32. It is just and convenient and in the interests of the Applicants and their stakeholders that the Current Stay Period be extended to October 14, 2022.

33. The Monitor supports, and no creditor will be prejudiced by, the Extended Stay Period.

34. I swear this Affidavit in support of a motion for an order substantially in the form of the draft order at Tab "3" to this motion record and for no other or improper purpose.

SWORN BEFORE ME via video-conference with the deponent in the municipality of Lambton Shores, in the County of Lambton, and the Commissioner in the City of Mississauga, Ontario this 28th day of September, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely

DocuSigned by:
Monica Faheim

A Commissioner for taking Affidavits (or as may be)

MONICA FAHEIM

DocuSigned by:
Melinda Rembouts
Melinda Rembouts

This is **Exhibit "A"** to the
Affidavit of **MELINDA ROMBOUTS**
Sworn on September 28, 2022

DocuSigned by:

Monica Fakhim

A927328446B742A...

A Commissioner, etc.



Court File No. CV-22-00678884-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Electronically issued : 01-Apr-2022
Délivré par voie électronique : 01-Apr-2022
Toronto

IADAM) FRIDAY, THE 1ST
)
JUSTICE CONWAY) DAY OF APRIL, 2022
)

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 EVE & CO INCORPORATED, NATURAL MEDCO LTD., and EVE & CO INTERNATIONAL HOLDINGS LTD. (collectively, the "Applicants")

AMENDED AND RESTATED INITIAL ORDER

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order amending and restating the initial order ("**Initial Order**"), dated March 25, 2022 ("**Filing Date**") was heard this day by videoconference.

ON READING the affidavit of Melinda Rombouts sworn March 23, 2022 and the Exhibits thereto, the affidavit of Melinda Rombouts sworn March 29, 2022, the pre-filing report of BDO Canada Limited, in its capacity as proposed monitor of the Applicants ("**Monitor**"), dated March 24, 2022, and the First Report of the Monitor, dated March 31, 2022, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for Applicants and counsel for the Monitor, no one appearing for any other party although duly served as appears from the affidavit of service, filed, and on reading the consent of BDO Canada Limited act as the Monitor,

INITIAL ORDER AND INITIAL FILING DATE

1. **THIS COURT ORDERS** that the Initial Order, reflecting the Initial Filing Date, shall be amended and restated as provided for herein.

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

3. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

4. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”).

POSSESSION OF PROPERTY AND OPERATIONS

5. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, licenses, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as the Applicants deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after the Initial Filing Date:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the Initial Filing Date, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges; and
- (c) any taxes, duties, or other payments required under the Cannabis Legislation (as defined below).

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after the Initial Filing Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the Initial Filing Date.

8. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in

respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;

- (b) all goods and services or other applicable sales taxes and all federal excise taxes and duties (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the Initial Filing Date, or where such Sales Taxes were accrued or collected prior to the Initial Filing Date but not required to be remitted until on or after the Initial Filing Date, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including Initial Filing Date, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the Initial Filing Date shall also be paid.

10. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of the Initial Filing Date unless such payments are approved under the DIP Term Sheet, the Forbearance Agreement (as defined below), and/or the Definitive Documents (each as defined below) and consented to by the Monitor; (b) to

grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

11. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as defined below) and the Forbearance Agreement, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations, and to dispose of redundant or non-material assets not exceeding \$50,000 in any one transaction or \$250,000 in the aggregate;
- (b) terminate the employment of such of their employees or temporarily lay off such of its employees as it deems appropriate; and,
- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

12. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending

resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicants' claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including August 26, 2022, or such later date as this Court may order ("**Stay Period**"), no proceeding or enforcement process in or out of any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court. Notwithstanding the foregoing, Royal Bank of Canada ("**Secured Lender**") shall be unaffected by the stay of proceedings and shall be entitled to enforce its rights and remedies in accordance with the terms agreed to in the Forbearance Agreement, and subject to the jurisdiction of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

15. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby

stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

16. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by any of the Applicants, except with the written consent of the applicable Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

17. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, security services, payroll services, insurance, transportation services, utility or other services to the Business or any of the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by any of the Applicants, and that each of the Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Initial Filing Date are paid by the applicable Applicant in accordance with normal payment practices of the applicable Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the applicable Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

18. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, or the Initial Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Initial Filing Date, nor shall any Person be under any obligation on or after the Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order or the Initial Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

19. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the applicable Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the applicable Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

20. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$150,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 39 and 41 herein.

22. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

APPOINTMENT OF MONITOR

23. **THIS COURT ORDERS** that BDO Canada Limited was, as of the Initial Filing Date, appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

24. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;

- (d) advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel as agreed to by the DIP Lender;
- (e) advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the Secured Lender pursuant to the Forbearance Agreement, which information shall be reviewed with the Monitor and delivered to the Secured Lender and its counsel on a weekly basis, or as otherwise agreed to by the Secured Lender;
- (f) advise the Applicants in their development of the Plan and any amendments to the Plan;
- (g) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (h) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order or the Initial Order;
- (i) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order or the Initial Order; and
- (j) perform such other duties as are required by this Order, the Initial Order, or by this Court from time to time.

25. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or be deemed to take possession of the Property, pursuant to any provision of any federal, provincial, or other law respecting, among other things, the manufacturing, possession, processing, and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act*, S.C. 2018, c. 16, the *Controlled Drugs and Substances Act*, S.C.

1996, c. 19, the *Excise Tax Act*, R.S.C. 1985, c. E. 15, the Ontario *Cannabis Control Act, 2017*, S.O. 2017, c. 26, Sched. 1, or other such applicable federal or provincial legislation (collectively, the “**Cannabis Legislation**”) and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof within the meaning of any Cannabis Legislation, or otherwise, and nothing in this Order or the Initial Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

26. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder and any equivalent legislation in other Provinces (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order, the Initial Order, or anything done in pursuance of the Monitor’s duties and powers under this Order or the Initial Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

27. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that

the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

28. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its respective employees or representatives acting in such capacities, shall incur any liability or obligation as a result of the appointment of the Monitor or the carrying out by it of the provisions of this Order or the Initial Order, including under any Cannabis Legislation, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order or the Initial Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

29. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicants shall be paid their reasonable fees and disbursements related to these proceedings, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to, the date of the Initial Order by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a weekly basis.

30. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of the Initial Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 39 and 41 hereof.

DIP FINANCING

32. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility (“**DIP Loan**”) from Deans Knight Private Credit GP Inc., as General Partner of Deans Knight Private Credit Limited Partnership and DK Strategic Yield U.S. GP LLC, as General Partner of DK Strategic Yield Master Trust Limited Partnership (collectively, the “**DIP Lender**”) in order to finance the Applicants’ working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$2,200,000 unless permitted by further Order of this Court.

33. **THIS COURT ORDERS** that such DIP Loan shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Applicants and the DIP Lender dated as of March 22, 2022 (“**DIP Term Sheet**”), filed.

34. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

35. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (“**DIP Lender’s Charge**”) on the Property, which DIP Lender’s Charge shall not secure an obligation that exists before the Initial Order is made. The DIP Lender’s Charge shall have the priority set out in paragraphs 39 and 41 hereof.

36. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;

- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon five business days written notice to the Applicants, the Monitor, the Secured Lender, and Brian Van Engelen and Joann Van Engelen (together, the "**Van Engelens**") and with the leave of this Court to lift the Stay Period, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Term Sheet, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment, and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager, or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

37. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada ("**BIA**"), with respect to any advances made under the Definitive Documents.

FORBEARANCE AGREEMENT

38. **THIS COURT ORDERS AND DECLARES** that the entering into of the forbearance agreement dated as of March 22, 2022 between the Secured Lender and the Applicants, Natural Medco Ltd. and Eve & Co Incorporated ("**Forbearance Agreement**"), providing for, among other things, the continuation and amendment of the loan agreement as between the Secured Lender and Natural Medco Ltd. dated June 11, 2020 (as previously amended from time to time) and the repayment of all indebtedness owing by the

Applicant, Natural Medco Ltd. to the Secured Lender, is hereby approved, ratified and confirmed, as are the terms thereof.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

39. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge, the DIP Lender's Charge, and any and all charges, liens, encumbrances and other security held by the Secured Lender ("**RBC Security**"), and security held by the Van Engelen ("**Van Engelen Security**") as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000);

Second – DIP Lender's Charge (to the maximum amount of \$2,200,000);

Third – the RBC Security;

Fourth – the Van Engelen Security; and,

Fifth – Directors' Charge (to the maximum amount of \$150,000).

40. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

41. **THIS COURT ORDERS** that, subject to the priorities set out in paragraph 39 of this Order, each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

42. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over

any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender, the Secured Lender, the Van Engelens, and the beneficiaries of the Directors' Charge and the Administration Charge, or further Order of this Court.

43. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet, and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants or any one of them, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which any of them are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants, or any one of them, pursuant to this Order, the Initial Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

44. **THIS COURT ORDERS** that any Charge created by this Order or the Initial Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

RELIEF FROM REPORTING OBLIGATIONS

45. **THIS COURT ORDERS** that none of the directors, officers, employees, or other representatives of the Applicants, nor the Monitor (and its directors, officers, employees or representatives) shall have any personal liability for the Applicants failure to file annual information forms, annual and quarterly management discussion and analysis, annual and quarterly financial statements (including related audits, reports, and certifications) for the Stay Period, which period may be extended pursuant to further Order of the Court. Notwithstanding the foregoing, the Applicants shall continue to advise the appropriate regulators of material updates in this proceeding.

SERVICE AND NOTICE

46. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in the Globe & Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the Initial Filing Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against any of the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

47. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure

and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <https://www.bdo.ca/en-ca/extranets/eve-co-incorporated-and-natural-medco-ltd/>.

48. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, the Initial Order, and other materials and orders as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

49. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicants and the Monitor are at liberty to serve or distribute this Order, the Initial Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

50. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under this Order or in the interpretation or application of this Order.

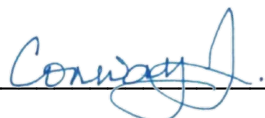
51. **THIS COURT ORDERS** that nothing in this Order or the Initial Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

52. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

53. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

54. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

55. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.



**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 EVE &
CO INCORPORATED, NATURAL MEDCO LTD., and EVE & CO INTERNATIONAL
HOLDINGS LTD.**

Court File No.: CV-2200678884

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at TORONTO

AMENDED AND RESTATED INITIAL OR

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SCOTIA PLAZA
40 KING STREET WEST, SUITE 5800
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Lawyers for the Applicants

DocuSign Envelope ID: 406CB5CD-5779-4A55-BF29-90458E134265
Electronically issued / Délivré par voie électronique : 01-Apr-2022
Toronto Superior Court of Justice / Cour supérieure de justice

Court File No./N° du dossier du greffe: CV-22-00678884-00CL

This is **Exhibit "B"** to the
Affidavit of **MELINDA ROMBOUTS**
Sworn on September 28, 2022

DocuSigned by:

Monica Fabeim

A Commissioner, etc.



Court File No. CV-22-00678884-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Electronically issued : 01-Apr-2022
Délivré par voie électronique : 01-Apr-2022
Toronto

THE HONOURABLE MADAM) FRIDAY, THE 1st
)
JUSTICE CONWAY) DAY OF APRIL, 2022
)

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 EVE & CO INCORPORATED, NATURAL MEDCO LTD., and EVE & CO INTERNATIONAL HOLDINGS LTD. (collectively, the "Applicants")

**ORDER
(Approval of the Sale Process)**

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an order, among other things approving a sale and investment solicitation process for the Applicants' business and property ("**Sale Process**"), was heard this day by videoconference.

ON READING the Notice of Motion of the Applicants, the affidavit of Melinda Rombouts sworn March 23, 2022, and the exhibits thereto ("**First Rombouts Affidavit**"), the affidavit of Melinda Rombouts sworn March 29, 2022, and the exhibits thereto ("**Second Rombouts Affidavit**"), and the First Report of BDO Canada Limited, in its capacity as court appointed monitor of the Applicants ("**Monitor**"), dated March 31, 2022, and on hearing the submissions of counsel for the Applicants, counsel for the Monitor, and counsel for those other parties appearing as indicated by the counsel slip,

no one appearing for any other party although duly served as appears from the affidavit of service, filed,

DEFINED TERMS

1. **THIS COURT ORDERS** that all capitalized terms used in this Order and not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures (as defined below).

SERVICE

2. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

SALE PROCESS

3. **THIS COURT ORDERS** that the bidding procedures, substantially in the form attached as Appendix “A” to this order (“**Bidding Procedures**”) and the sale process described therein (“**Sale Process**”) be and are hereby approved.

4. **THIS COURT ORDERS** that the Monitor, on behalf of the Applicants, be and is hereby authorized and directed to proceed with the Sale Process substantially in accordance with the Bidding Procedures and to take such steps as it considers necessary or desirable to carry out the Sale Process, subject to the terms of the Bidding Procedures.

5. **THIS COURT ORDERS** that the Monitor, the Applicants and their respective assistants, affiliates, partners, directors, employees, advisors, agents and controlling

persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under the Sale Process, except to the extent of such losses, claims, damages or liabilities arising or resulting from the gross negligence or wilful misconduct of the Monitor or the Applicants, as applicable, as determined by this Court.

PIPEDA

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Applicants and the Monitor may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to carry out the Sale Process and to attempt to complete a transaction for some or all of the Property. Each prospective purchaser or bidder (and their respective advisors) to whom any such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information solely to its evaluation of a transaction for some or all of the Property, and if it does not complete such a transaction, shall return all such information to the Applicants, or in the alternative destroy all such information. The purchaser of any of the Property shall be entitled to continue to use the personal information provided to it, and related to such assets, in a manner that is in all material respects identical to the prior use of such information by the Applicants, and shall return all other personal information to the Applicants, or ensure that all other personal information is destroyed.

GENERAL

7. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their powers and duties under this Order or under the Sale Process.

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

9. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.



SCHEDULE "A"
SALE PROCESS

Sale and Investment Solicitation Process

Introduction

On March 25, 2022, Eve & Co Incorporated (“**Eve & Co**”), Natural Medco Ltd. (“**NMC**”), Eve & Co International Holdings Ltd. (collectively, the “**Applicants**”), applied for and were granted an order (the “**Initial Order**”) for protection pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“**CCAA**”) from the Ontario Superior Court of Justice (Commercial List) (“**Court**”) in Court File No. CV-22-00678884-00CL (“**CCAA Proceedings**”). Pursuant to the terms of the Initial Order, BDO Canada Limited was appointed as Monitor of the Applicants (in such capacity, the “**Monitor**”).

On April 1, 2022, the Court issued an amended and restated initial order (“**ARIO**”).

Set forth below are the bidding procedures (“**Bidding Procedures**”) to be employed with respect to the solicitation of any sale of, or investment in, all or part of the assets, shares, or business operations of the Applicants or any one of the Applicants (collectively referred to herein as, the “**Property**”), pursuant to a Court approved sale process in the CCAA Proceedings.

On April 1, 2022, the Court issued an order (“**Sale Process Order**”), among other things, approving these Bidding Procedures, and authorizing and directing the Applicants to proceed with a sale process (“**Sale Process**”) to market and sell the Property in accordance with these Bidding Procedures.

NMC is indebted to its senior secured creditor, Royal Bank of Canada (“**RBC**”), as detailed in the affidavit of Melinda Rombouts sworn March 23, 2022 (“**RBC Indebtedness**”). The RBC Indebtedness is guaranteed by Eve & Co.

Subject to Court availability and the terms hereof, within ten (10) business days following the selection of the Successful Bidder (as defined herein), the Applicants shall bring a motion, with the consent of RBC, (“**Approval and Vesting Order Motion**”) seeking the granting of an order by the Court (“**Approval and Vesting Order**”) authorizing the Applicants to proceed with the sale of the Property to the Qualified Bidder (as defined herein) making the highest or otherwise best bid pursuant to these Bidding Procedures.

Key Dates

April 8, 2022, at 5:00 PM Toronto time – Deadline to publish Notice and Press Release

April 29, 2022, at 5:00 PM Toronto time – Deadline to deliver Teaser Letter and NDA to Known Potential Bidders

May 6, 2022, at 5:00 PM Toronto time – Deadline to deliver Confidential Information Memorandum

May 6, 2022, at 5:00 PM Toronto time – Deadline to establish an electronic data room with all required financial and other information to support the Sale Process

July 29, 2022, at 5:00 PM Toronto time – Phase 1 Bid Deadline

August 10, 2022, at 5:00 PM Toronto time – Phase 2 Bid Deadline

August 12, 2022, at 10:00 AM Toronto time – Auction (if any)

August 24, 2022, at 5:00 PM Toronto time – Approval and Vesting Order Motion hearing (if no Auction) (Depending on Court availability)

August 26, 2022, at 5:00 PM Toronto time – Approval and Vesting Order Motion hearing (if there is an Auction)(Depending on Court availability)

September 15, 2022, at 5:00 PM Toronto time – Closing of any transaction subject to the Approval and Vesting Order

Opportunity/Property for Sale

1. The Sale Process is intended to solicit interest in and opportunities for an investment in, or sale of, all or substantially all of the Applicants' Property ("**Opportunity**"). The Opportunity may include one or more of a restructuring, recapitalization, or other form of reorganization of the business and affairs of one or more of the Applicants as a going concern, or a sale of all, substantially all or one or more components of the Applicants' Property as a going concern or otherwise.
2. The Monitor, in consultation with the Applicants, will be responsible for conducting the Sale Process and, if applicable, an auction ("**Auction**").
3. Any sale of or investment in the Property will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature or description by the Monitor, the Applicants, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title, and interest of the Applicants in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon conditional on and pursuant to Court orders, except as otherwise provided in such Court orders.
4. Except as otherwise provided in the Successful Bidder's ultimate definitive purchase agreement, and subject to any permitted encumbrances therein, all of the Applicants' right, title and interest in and to the Property shall be sold free and clear of all liens and encumbrances conditional on and pursuant to the Approval and Vesting Order.

Solicitation of Interest: Notice of Sale Process

5. As soon as reasonably practicable, but in any event by no later than April 8, 2022:
 - a. the Applicants, in consultation with the Monitor and RBC, will prepare a list of potential bidders, including: (i) parties that have approached the

- Applicants or the Monitor indicating an interest in the Opportunity; and (ii) local and international strategic and financial parties who the Applicants, in consultation with the Monitor, believe may be interested in purchasing all or part of the Property or investing in the Applicants, or any one of the Applicants, pursuant to the Sale Process (collectively, the “**Known Potential Bidders**”);
- b. the Monitor will cause a notice of the Sale Process (and such other relevant information that the Monitor and Applicants consider appropriate) (the “**Notice**”) to be published in The Globe and Mail (National Edition);
 - c. the Applicants will issue a press release setting out the information contained in the Notice and such other relevant information that the Applicants, in consultation with the Monitor, determine is appropriate; and
 - d. the Applicants and the Monitor will prepare: (i) a process summary (“**Teaser Letter**”) describing the Opportunity, outlining the Sale Process, and inviting recipients of the Teaser Letter to express their interest pursuant to the Sale Process; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants and the Monitor (“**NDA**”).
6. The Monitor will send the Teaser Letter and the NDA to all Known Potential Bidders as soon as possible and in any event by no later than April 29, 2022, and to any other party who requests a copy of the Teaser Letter and NDA, or who is identified by or to the Monitor or the Applicants as a potential bidder, as soon as reasonably practicable after such request or identification, as applicable.
7. The Monitor, with the assistance of the Applicants, will prepare a confidential information memorandum (“**CIM**”) describing the opportunity to acquire the Property that will be provided to those Known Potential Bidders who have executed the NDA by May 6, 2022. The CIM will provide a concise summary of the Property that will allow those Known Potential Bidders that have executed the NDA to assess the Property from a financial and operational perspective.

PHASE 1: NON-BINDING LETTERS OF INTEREST

Qualified Bidders

8. Any party who wishes to participate in the Sale Process (a “**Potential Bidder**”) must provide the Monitor with an executed NDA and written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder, and full disclosure of the direct and indirect principals (if any) of the Potential Bidder.
9. A Potential Bidder who has delivered an executed NDA and provided the required written confirmation, contact information and disclosure to the satisfaction of the Applicants and the Monitor will be deemed a “**Phase 1 Qualified Bidder**” unless the Applicants and the Monitor determine such person is unlikely, based on the availability of financing, experience and other

considerations to be able to consummate a sale or investment pursuant to the Sale Process, in their sole and absolute discretion.

10. At any time during the first phase of the Sale Process (“**Phase 1**”), the Applicants, with the consent of the Monitor, may eliminate a Phase 1 Qualified Bidder from the Sale Process, in which case such bidder will be eliminated from the Sale Process and will no longer be a “Phase 1 Qualified Bidder” for the purposes of the Sale Process in their sole and absolute discretion.
11. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property in connection with their participation in the Sale Process and any transaction they enter into with the Applicants.

Due Diligence

12. The Applicants and the Monitor shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Phase 1 Qualified Bidder such access to due diligence materials and information relating to the Property as the Monitor, in consultation with the Applicants, may deem appropriate. Due diligence access may include but not be limited to management presentations, access to electronic data rooms, on-site inspections, and other matters that a Phase 1 Qualified Bidder may reasonably request and as to which the Monitor in consultation with the Applicants, in its reasonable business judgment, may agree. Any new information provided to a Phase 1 Qualified Bidder will be uploaded into the electronic data room so that other Phase 1 Qualified Bidders will have access to the same information. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 1 Qualified Bidders and the manner in which such requests must be communicated. Neither the Applicants nor the Monitor will be obligated to furnish any information relating to the Property to any person other than a Phase 1 Qualified Bidder. Further, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Phase 1 Qualified Bidders if the Applicants in consultation with the Monitor deem such information to represent proprietary or sensitive competitive information.

Phase 1 Bids from Phase 1 Qualified Bidders

13. A Phase 1 Qualified Bidder that wishes to pursue the Opportunity further must deliver a non-binding letter of interest (“**Phase 1 Bid**”) to the Applicants and the Monitor at the addresses specified below (which letter may be delivered by email transmission) so as to be received not later than 5:00 PM (Toronto time) on or before July 29, 2022 (“**Phase 1 Bid Deadline**”): (i) to the Monitor by email at scherniak@bdo.ca (Attention: Stephen Cherniak), with a copy to the Monitor’s counsel at lwilliams@tgf.ca (Attention: Leanne Williams); and (ii) to the Applicants at melinda@evcannabis.ca (Attention: Melinda Rombouts) with a copy to the Applicants’ counsel at lellis@millerthomson.com (Attention: Larry Ellis).

14. Subject to paragraph 15, a Phase 1 Bid will be considered a “**Qualified Phase 1 Bid**” only if it satisfies the following requirements (in each case, in form and substance satisfactory to the Applicants and the Monitor) (collectively, the “**Phase 1 Bid Requirements**”):
- a. it is submitted on or before the Phase 1 Bid Deadline by a Phase 1 Qualified Bidder;
 - b. it contains an indication of whether the Phase 1 Qualified Bidder is offering to:
 - i. acquire all, substantially all, or a portion of the Property (a “**Sale Proposal**”), or
 - ii. make an investment in, restructure, reorganize, or refinance the Applicants (an “**Investment Proposal**”)
 - c. in the case of a Sale Proposal, it identifies or contains the following:
 - i. the purchase price or price range in Canadian dollars, including details of any liabilities to be assumed by the Phase 1 Qualified Bidder and key assumptions supporting the valuation;
 - ii. a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - iii. a description of the Phase 1 Qualified Bidder’s intended use of the Property expected to be subject to the transaction;
 - iv. a description of the Phase 1 Qualified Bidder’s proposed treatment of employees of the Applicants (for example, anticipated employment offers and treatment of post-employment benefits);
 - v. the key terms and provisions to be included in any order of the Court approving the contemplated Sale Proposal;
 - vi. a specific indication of the financial capability of the Phase 1 Qualified Bidder and the expected structure and financing of the transaction (including, but not limited to, the sources of financing to fund the acquisition, preliminary evidence of the availability of such financing or such other form of financial disclosure and credit-quality support or enhancement that will allow the Applicants and the Monitor and each of their respective advisors to make a reasonable business or professional judgment as to the Phase 1 Qualified Bidder’s financial or other capabilities to consummate the transaction and to perform all obligations to be assumed in such transaction, and the steps necessary and associated timing to obtain financing and any related contingencies, as applicable);

- vii. a description of the conditions and approvals required for a final and binding offer, including any anticipated corporate, licensing, security holder, internal, Health Canada, legal or other regulatory approvals required to close the transaction, and an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - viii. an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - ix. an acknowledgement that any Sale Proposal is made on an “as is, where is” basis;
 - x. all conditions to closing that the Phase 1 Qualified Bidder may wish to impose and an outline of the principal terms thereof;
 - xi. a target closing date that, in the opinion of the Applicants and the Monitor, is likely to be achieved; and
 - xii. any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;
- d. in the case of an Investment Proposal, it identifies the following:
- i. a detailed description of how the Phase 1 Qualified Bidder proposes to structure the Investment Proposal;
 - ii. the aggregate amount of the equity and/or debt investment to be made in the Applicants in Canadian dollars;
 - iii. key assumptions supporting the valuation;
 - iv. the key terms and provisions to be included in any order of the Court approving the contemplated Investment Proposal;
 - v. the underlying assumptions regarding the pro forma capital structure (including the form and amount of anticipated equity and/or debt levels, debt service fees, interest, or dividend rates, amortization, voting rights, or other protective provisions (as applicable), redemption, prepayment or repayment attributes and any other material attributes of the investment);
 - vi. a specific indication of the source of capital for the Phase 1 Qualified Bidder and the structure and financing of the transaction (including, but not limited to, the sources of capital to fund the investment, preliminary evidence of the availability of such capital or such other form of financial disclosure and credit-quality support or enhancement that will allow the Applicants and the Monitor and each of their respective advisors to make a reasonable business or professional judgment as to the Phase 1 Qualified Bidder’s financial

or other capabilities to consummate the transaction, steps necessary and associated timing to obtain such capital and any related contingencies, as applicable, and a sources and uses analysis);

- vii. a description of the conditions and approvals required for a final and binding offer, including any anticipated corporate, licensing, security holder, internal, Health Canada, legal or other regulatory approvals required to close the transaction, and an estimate of the anticipated time frame and any anticipated impediments for obtaining such approvals;
 - viii. an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - ix. an acknowledgement that any Investment Proposal is made on an “as is, where is” basis;
 - x. all conditions to closing that the Phase 1 Qualified Bidder may wish to impose and an outline of the principal terms thereof;
 - xi. a target closing date that, in the opinion of the Monitor in consultation with the Applicants, is likely to be achieved; and
 - xii. any other terms or conditions of the Investment Proposal that the Phase 1 Qualified Bidder believes are material to the transaction; and
- e. in the case of either a Sale Proposal or an Investment Proposal:
- i. it contains such other information as reasonably requested by the Applicants or the Monitor; and
 - ii. it confirms that the RBC Indebtedness is paid in full.

15. The Applicants, with the consent of the Monitor, may waive compliance with any one or more of the Phase 1 Bid Requirements¹ and deem such non-compliant Phase 1 Bid to be a Qualified Phase 1 Bid. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.

Preliminary Assessment of Phase 1 Bids and Subsequent Process

16. Following the Phase 1 Bid Deadline, the Applicants, the Monitor and RBC will assess the Phase 1 Bids. If no Phase 1 Bids are received by the Phase 1 Bid Deadline or, in the opinion of the Applicants in consultation with the Monitor and RBC, no Phase 1 Bids constitute Qualified Phase 1 Bids, the Applicants with the

¹ Other than the payment of the RBC Indebtedness.

consent of the Monitor and in consultation with RBC may consider other forms of bids for the Property. At any time following the Phase 1 Bid Deadline, the Applicants with the consent of the Monitor and in consultation with RBC, may determine that a second phase (“**Phase 2**”) is not required and proceed to execute definitive documentation with respect to a transaction contemplated with a Qualified Phase 1 Bid submitted by the Phase 1 Bid Deadline. If Phase 2 is required, the following shall apply:

- a. If it is determined by the Applicants in consultation with the Monitor and RBC that a Phase 1 Qualified Bidder has submitted a Qualified Phase 1 Bid: (i) has a *bona fide* interest in completing a Sale Proposal or an Investment Proposal (as the case may be); and (ii) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided, then such Phase 1 Qualified Bidder will be deemed a “**Phase 2 Qualified Bidder**”, provided that the Applicants with the consent of the Monitor may, in their reasonable business judgment limit the number of Phase 2 Qualified Bidders (and thereby eliminate some bidders from the process) taking into account the factors identified in paragraph 16b below and any material adverse impact on the operations and performance of the Applicants. Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the Sale Process.
- b. As part of the assessment of Qualified Phase 1 Bids, and the determination of the process subsequent thereto, the Monitor in consultation with the Applicants and RBC shall determine the process and timing to be followed in pursuing Qualified Phase 1 Bids based on such factors and circumstances as they consider appropriate in the circumstances including, but not limited to: (i) the number of Qualified Phase 1 Bids received, (ii) the extent to which the Qualified Phase 1 Bids relate to the same Property or involve Investment Proposals predicated on certain Property, and (iii) the scope of the Property to which any Qualified Phase 1 Bids may relate.
- c. Upon the determination of the manner in which the sale process will proceed to Phase 2 of the Sale Process, the Monitor in consultation with the Applicants and RBC will prepare a bid process letter for Phase 2 (the “**Bid Process Letter**”), and the Bid Process Letter will be (i) sent by the Applicants or the Monitor to all Phase 2 Qualified Bidders, and (ii) posted by the Monitor on the website the Monitor maintains in respect of the CCAA Proceedings.

PHASE 2: FORMAL OFFERS AND SELECTION OF SUCCESSFUL BIDDER

17. Phase 2 Qualified Bidders that wish to make a formal offer to purchase the Property or make an investment in the Applicants shall submit a binding offer that complies with all of the following requirements prior to 5:00 PM (Toronto time) on August 10, 2022, or such other date as may be determined by the Monitor in

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consultation with the Applicants and set out in the Bid Process letter (“**Phase 2 Bid Deadline**”):

- a. the bid shall comply with each of the Phase 1 Bid Requirements;
- b. the bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Property on terms and conditions reasonably acceptable to the Applicants in consultation with the Monitor;
- c. the bid includes a letter stating that the Phase 2 Qualified Bidder’s offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Phase 2 Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the earlier of (i) the closing of the transaction with the Successful Bidder, and (ii) 120 days from the Approval and Vesting Order Motion, subject to further extensions as may be agreed to under the applicable transaction agreement(s);
- d. the bid includes duly authorized and executed transaction agreements, including the purchase price, investment amount, and any other key economic terms expressed in Canadian dollars (“**Purchase Price**”), together with all exhibits and schedules thereto, all applicable ancillary agreements with all exhibits and schedules thereto (or term sheets that describe the material terms and provisions of such agreements), and proposed orders to approve the sale by the Court;
- e. the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of the ability to consummate the proposed transaction, that will allow the Applicants in consultation with the Monitor to make a determination as to the Phase 2 Qualified Bidder’s financial and other capabilities to consummate the proposed transaction;
- f. the bid is not conditioned on: (i) the outcome of unperformed due diligence by the Phase 2 Qualified Bidder. (ii) obtaining financing, or (iii) any other condition that, in the business judgment of the Applicants in consultation with the Monitor unduly increases the risk that the proposed transaction will not close on or before the target closing date;
- g. the bid fully discloses the identity of each entity that will be entering into the transaction or the financing (including through the issuance of debt in connection with such bid), or that is participating or benefitting from such bid, and such disclosure shall include, without limitation: (i) in the case of a Phase 2 Qualified Bidder formed for the purposes of entering into the proposed transaction, the identity of each of the actual or proposed director or indirect equity holders of such Phase 2 Qualified Bidder and the terms and participation percentage of such equity holder’s interest in such bid, and (ii) the identity of each entity that has or will receive a benefit from such bid from or through a Phase 2 Qualified Bidder or any of its equity holders and the terms of such benefit;

- h. the bid includes a commitment by the Phase 2 Qualified Bidder to provide a non-refundable cash deposit in the amount of not less than 10% of the Purchase Price offered upon the Phase 2 Qualified Bidder being selected as the Successful Bidder;
 - i. the bid includes acknowledgements and representations of the Phase 2 Qualified Bidder that: (i) it has had an opportunity to conduct any an all due diligence regarding the Property and the Applicants prior to making its offer, (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and the Property in making its bid, (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Property or the Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Applicants;
 - j. the bid includes evidence, in form and substance reasonably satisfactory to the Applicants in consultation with the Monitor, of authorization and approval from the Phase 2 Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction agreement(s) submitted by the Phase 2 Qualified Bidder;
 - k. the bid contains other information required by the Applicants or the Monitor including, without limitation, such additional information as may be required in the event Phase 2 is supplemented in accordance with paragraph 16.b to contemplate that an auction of certain Property be conducted; and
 - l. the bid is received by the Phase 2 Bid Deadline.
18. Following the Phase 2 Bid Deadline, the Applicants and the Monitor will assess the Phase 2 bids received. The Applicants, in consultation with the Monitor and RBC, will then designate the most competitive bids that comply with the foregoing requirements as "**Qualified Bids**". Only Phase 2 Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s).
19. The Applicants in consultation with the Monitor may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified Bid.
20. The Monitor shall notify each Phase 2 Qualified Bidder in writing as to whether its bid constitutes a Qualified Bid within five business days of the expiration of the Phase 2 Bid Deadline, or at such later time as the Monitor deems appropriate.
21. If the Applicants in consultation with the Monitor and RBC are not satisfied with the number or terms of the Qualified Bids, the Applicants in consultation with the

Monitor may extend the Phase 2 Bid Deadline and/or seek Court approval of an amendment to the Sale Process.

22. The Applicants in consultation with the Monitor may aggregate separate bids from unaffiliated Phase 2 Qualified Bidders to create one "Qualified Bid".

Evaluation of Competing Bids

23. A Qualified Bid will be evaluated based upon numerous factors including, without limitation, items such as the Purchase Price and the net value provided by such bid, the claims likely to be created by such bid in relation to other bids, the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transaction, the proposed transaction documents, the effects of the bid on the stakeholders of the Applicants, factors affecting the speed, certainty, and value of the transaction (including any licensing, Health Canada, regulatory or legal approvals, or third party contractual arrangements required to close the transactions) the assets included or excluded from the bid, any related restructuring costs, and the likelihood and timing of consummating such transactions, each as determined by the Applicants in consultation with the Monitor.

Selection of Successful Bid

24. The Applicants in consultation with the Monitor will: (i) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated among the Applicants in consultation with the Monitor and the applicable Phase 2 Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and (ii) identify the highest or otherwise best bid ("**Successful Bid**", and the Phase 2 Qualified Bidder making such Successful Bid, the "**Successful Bidder**") for the Property, in whole or in part. The determination of any Successful Bid by the Applicants in consultation with the Monitor and with the consent of RBC shall be subject to approval by the Court.
25. The Applicants shall have no obligation to enter into a Successful Bid, and the Applicants reserve the right, after consultation with the Monitor, to reject any or all Qualified Bids, subject to the rights of RBC.

Approval and Vesting Order Motion Hearing

26. At the hearing of the motion to approve any transaction with a Successful Bidder (the Approval and Vesting Order Motion Hearing), the Applicants shall seek, among other things, with the consent of RBC, approval from the Court to consummate any Successful Bid. All of the Qualified Bids other than the Successful Bid, if any, shall be deemed rejected by the Applicants on and as of the date of approval of the Successful Bid by the Court.

Confidentiality, Stakeholder/Bidder Communication and Access to Information

27. All discussions regarding a Sale Proposal, Investment Proposal, or a Phase 2 bid should be directed through the Monitor. Under no circumstances should the

Applicants' management or stakeholders be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication could result in exclusion of the interested party from the Sale Process. For greater certainty, nothing herein shall preclude a stakeholder from contacting potential bidders with the agreement of the Monitor to advise that the Applicants have commenced a Sale Process and that they should contact the Monitor if they are interested.

28. If it is determined by the Applicants in consultation with the Monitor that it would be worthwhile to facilitate a discussion between a Phase 1 Qualified Bidder or a Phase 2 Qualified Bidder (as applicable, depending on the stage of the Sale Process) and a stakeholder or other third party as a consequence of a condition to closing or potential closing condition identified by such bidder, the Applicants may provide such bidder with the opportunity to meet with the relevant stakeholder or third party to discuss such condition or potential condition, with a view to enabling such bidder to seek to satisfy the condition or assess whether the condition is not required or can be waived. Any such meetings or other form of communication will take place on terms and conditions considered appropriate by the Applicants in consultation with the Monitor. The Monitor must be provided with the opportunity to be present at all such communications or meetings.

Administration of the Sale Process

29. The Monitor will oversee and conduct, in all respects, the conduct of the Sale Process and, without limitation to that role, the Monitor will participate in the Sale Process in the manner set out herein and in the Sale Process Order and in the ARIO, and is entitled to receive all information in relation to the Sale Process.
30. The Sale Process does not, and will not be interpreted to create any contractual or other legal relationship between the Applicants and any Phase 1 Qualified Bidder, any Phase 2 Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Applicants.
31. Participants in the Sale Process are responsible for all costs, expenses, and liabilities incurred by them in connection with the submission of any bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
32. The Applicants with the consent of the Monitor, and in consultation with RBC, shall have the right to modify the Sale Process (including, without limitation, pursuant to the Bid Process Letter) if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the Sale Process; provided that the service list in these CCAA Proceedings shall be advised of any substantive modification to the procedures set forth herein.
33. The Sale Process and these Bidding Procedures are solely for the benefit of the Applicants and nothing contained in the Sale Process Order or these Bidding Procedures shall create any rights in any other person (including, without

limitation, any bidder in the Sale Process and any rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the Sale Process Order.

34. Except as otherwise provided in an order of the Court, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Sale Process Order, the Sale Process, and the Bidding Procedures.

**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 EVE &
CO INCORPORATED, NATURAL MEDCO LTD., and EVE & CO INTERNATIONAL
HOLDINGS LTD.**

Court File No.: CV-22-00678884-

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at TORONTO

**ORDER
(APPROVAL OF SALE PROCESS)**

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Lawyers for the Applicants

This is **Exhibit "C"** to the
Affidavit of **MELINDA ROMBOUTS**
Sworn on September 28, 2022

DocuSigned by:

Monica Fakhim

A927328446B742A...

A Commissioner, etc.



Court File No. CV-22-00678884-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM) FRIDAY, THE 26th
)
JUSTICE CONWAY) DAY OF AUGUST, 2022
)

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 EVE
& CO INCORPORATED, NATURAL MEDCO LTD., and EVE & CO INTERNATIONAL
HOLDINGS LTD. (collectively, the "Applicants")

ORDER

(Stay Extension, DIP Financing, Administration Charge)

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order amending and restating the amended and restated initial order of Justice Conway dated April 1, 2022 (the "**Initial Order**"), was heard this day by videoconference.

ON READING the affidavit of Melinda Rombouts sworn August 25, 2022, and the Exhibits thereto, the second report of BDO Canada Limited, in its capacity as monitor of the Applicants ("**Monitor**"), dated August 25, 2022, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for Applicants and counsel for the Monitor, no one appearing for any other party although duly served as appears from the affidavit of service, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

AMENDMENTS TO THE AMENDED AND RESTATED INITIAL ORDER

2. **THIS COURT ORDERS** that paragraphs 14, 31-35, and 39 of the Amended and Restated Initial Order are hereby further amended and restated as follows:

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including September 30, 2022, or such later date as this Court may order (“**Stay Period**”), no proceeding or enforcement process in or out of any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court. Notwithstanding the foregoing, Royal Bank of Canada (“**Secured Lender**”) shall be unaffected by the stay of proceedings and shall be entitled to enforce its rights and remedies in accordance with the terms agreed to in the Forbearance Agreement, and subject to the jurisdiction of this Court.

[...]

ADMINISTRATION CHARGE

31. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicants’ counsel shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$700,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and

such counsel, both before and after the making of the Initial Order in respect of these proceedings. The Administration Charge shall have the priority set out in herein.

DIP FINANCING

32. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility (“**DIP Loan**”) from Deans Knight Private Credit GP Inc., as General Partner of Deans Knight Private Credit Limited Partnership and DK Strategic Yield U.S. GP LLC, as General Partner of DK Strategic Yield Master Trust Limited Partnership (collectively, the “**DIP Lender**”) in order to finance the Applicants’ working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$2,800,000 unless permitted by further Order of this Court.

33. THIS COURT ORDERS that such DIP Loan shall be on the terms and subject to the conditions set forth in the DIP Term Sheet between the Applicants and the DIP Lender dated as of August 25, 2022 (“**DIP Term Sheet**”), filed.

34. THIS COURT ORDERS that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

35. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (“**DIP Lender’s Charge**”) on the Property, which

DIP Lender's Charge shall not secure an obligation that exists before the Initial Order is made. The DIP Lender's Charge shall have the priority set out herein.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

39. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge, the DIP Lender's Charge, and any and all charges, liens, encumbrances and other security held by the Secured Lender ("**RBC Security**"), and security held by the Van Engelen ("**Van Engelen Security**") as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$700,000);

Second – DIP Lender's Charge (to the maximum amount of \$2,800,000);

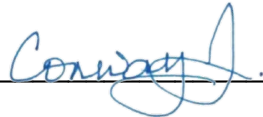
Third – the RBC Security;

Fourth – the Van Engelen Security; and,

Fifth – Directors' Charge (to the maximum amount of \$150,000).

GENERAL

3. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.



**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 EVE &
CO INCORPORATED, NATURAL MEDCO LTD., and EVE & CO INTERNATIONAL
HOLDINGS LTD.**

Court File No.: CV-2200678884

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at TORONTO

**ORDER
(STAY EXTENSION, DIP FINANCING
ADMINISTRATION CHARGE)**

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Lawyers for the Applicants

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

Court File No.: CV-22-00678884-00CL

**AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF EVE & CO
INCORPORATED, NATURAL MEDCO LTD., EVE & CO INTERNATIONAL HOLDINGS
LTD.**

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at TORONTO

**AFFIDAVIT OF MELINDA ROMBOUTS
(SWORN SEPTEMBER 28, 2022)**

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Lawyers for the Applicants

TAB 3

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM)
)
JUSTICE CONWAY)
)

THURSDAY, THE 29th
DAY OF SEPTEMBER, 2022

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 EVE
& CO INCORPORATED, NATURAL MEDCO LTD., and EVE & CO INTERNATIONAL
HOLDINGS LTD. (collectively, the "Applicants")

ORDER

(Stay Extension)

THIS MOTION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), for an order amending and restating the order of Justice Conway dated April 1, 2022, as further amended by the order of Justice Conway dated August 26, 2022 (the "**Amended and Restated Initial Order**"), was heard this day by videoconference.

ON READING the affidavit of Melinda Rombouts sworn September 28, 2022, and the Exhibits thereto, the third report of BDO Canada Limited, in its capacity as monitor of the Applicants ("**Monitor**"), to be filed, and on hearing the submissions of counsel for Applicants, counsel for the Monitor and such other counsel as were present, no one appearing for any other party although duly served as appears from the affidavit of service, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

AMENDMENTS TO THE AMENDED AND RESTATED INITIAL ORDER

2. **THIS COURT ORDERS** that paragraph 14 of the Amended and Restated Initial Order is hereby further amended and restated as follows:

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

14. **THIS COURT ORDERS** that until and including October 14, 2022, or such later date as this Court may order (“**Stay Period**”), no proceeding or enforcement process in or out of any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court. Notwithstanding the foregoing, Royal Bank of Canada (“**Secured Lender**”) shall be unaffected by the stay of proceedings and shall be entitled to enforce its rights and remedies in accordance with the terms agreed to in the Forbearance Agreement, and subject to the jurisdiction of this Court.

GENERAL

3. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order, and this Order is enforceable without the need for entry and filing.

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

Court File No.: CV-2200678884-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF EVE &
CO INCORPORATED, NATURAL MEDCO LTD., and EVE & CO INTERNATIONAL
HOLDINGS LTD.**

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at TORONTO

**ORDER
(STAY EXTENSION)**

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Lawyers for the Applicants

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

Court File No.: CV-22-00678884-00CL

**AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF EVE & CO
INCORPORATED, NATURAL MEDCO LTD., and EVE & CO INTERNATIONAL
HOLDINGS LTD.**

Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at TORONTO

**MOTION RECORD
(RETURNABLE SEPTEMBER 29, 2022)**

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