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COURT **COURT OF KING’S BENCH OF ALBERTA**

JUDICIAL CENTRE **CALGARY**

PROCEEDING **IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE
A PROPOSAL OF 420 INVESTMENTS LTD., 420 PREMIUM
MARKETS LTD. AND GREEN ROCK CANNABIS (EC 1)
LIMITED**

DOCUMENT **FIRST REPORT OF THE PROPOSAL TRUSTEE
JUNE 24, 2024**

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Contents	Page
1.0 Introduction	1
2.0 Background	4
3.0 Activities of the Companies and Proposal Trustee.....	9
4.0 Cash Flow Statement	15
5.0 Consolidation.....	17
6.0 Court Ordered Charges	17
7.0 Companies' Request for an Extension.....	20
8.0 Sealing Order	20
9.0 Conclusion and Recommendation	20

Appendix	Tab
Certificates of Filing dated May 29, 2024	A
Cash Flow Forecast and Management's and the Proposal Trustee's Report thereon	B
Second Cash Flow Statement for the period June 10, 2024 to September 8, 2024 with the Companies' and Trustee's Reports on the Second Cash Flow Statement dated June 21, 2024	C

1.0 Introduction

1. This first report (this “**First Report**”) is filed by KSV Restructuring Inc. (“**KSV**”), in its capacity as proposal trustee (in such capacity, the “**Proposal Trustee**”) in connection with Notices of Intention to Make a Proposal (“**NOIs**”) filed on May 29, 2024 (the “**Filing Date**”) by 420 Investments Ltd., 420 Premium Markets Ltd., and Green Rock Cannabis (EC 1) Limited (collectively, the “**Companies**” or “**FOUR20**”) pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). Copies of the certificates of filing issued by the Office of the Superintendent of Bankruptcy are collectively attached hereto as **Appendix “A”**.
2. The principal purpose of the NOI proceedings (these “**Proceedings**”) is to: (i) provide for a stay of proceedings to allow the Companies an opportunity to complete a court-supervised sale and investment solicitation process to maximize value of the Companies’ assets for the benefit of its stakeholders; (ii) to develop one or more proposals to the Companies’ creditors; and (iii) provide a formal process for FOUR20’s creditors and stakeholders to obtain information about the Companies.

1.1 Purposes of this First Report

1. The purpose of this First Report is to provide the Court of King’s Bench of Alberta (the “**Court**”) with further information related to the relief sought by the Companies on their application scheduled for June 27, 2024. This First Report specifically provides information regarding:
 - a) the background on the Companies, their financial position, and the reasons for the NOI filings;
 - b) the Proposal Trustee’s activities since the Filing Date;
 - c) the Companies’ activities since the Filing Date;
 - d) the Proposal Trustee’s comments and report on the Companies’ cash flow statement for the period commencing on May 29, 2024 and ending September 1, 2024 (the “**Cash Flow Statement**”) filed in the Proceedings pursuant to section 50.4(2)(a) of the BIA;

- e) the Proposal Trustee’s comments and report on the Companies’ cash flow statement for the period commencing on June 10, 2024 and ending September 8, 2024 (the “**Second Cash Flow Statement**”);
- f) the Companies’ actual performance to date versus the Cash Flow Statement; and
- g) FOUR20’s application for an Order (the “**First Extension Order**”) which includes, amongst other matters, relief for the following:
 - i. extending the period in which FOUR20 can make a proposal to its creditors and the stay of proceedings up to and including August 12, 2024 (the “**Stay Extension**”);
 - ii. if an agreement is reached, authorizing FOUR20 to obtain and borrow under an interim facility loan agreement (the “**Interim Facility Agreement**”) entered into with a supportive lending partner (in its capacity as lender under the Interim Facility Agreement, the “**Interim Lender**”);
 - iii. consolidating the Proceedings for procedural purposes (the “**Proposed Consolidation**”);
 - iv. sealing the confidential document described herein;
 - v. granting the following charges against FOUR20’s current and future assets, undertakings and properties of every nature and kind whatsoever (including all real and personal property), and wherever situated, including all proceeds thereof (collectively the “**Property**”) in the following relative priorities:
 - i. First – a charge to not exceed \$300,000 as security for the fees and disbursements of the Proposal Trustee, the Proposal Trustee’s counsel, Bennett Jones LLP (“**BJ**”), and the Companies’ counsel, Stikeman Elliott LLP (“**Stikeman**”) (the “**Administration Charge**”);
 - ii. Second – a charge in respect of amounts borrowed under the Interim Facility Agreement, if such an agreement is reached (the “**Interim Lender’s Charge**”);

- iii. Third – a charge in favour of the Companies’ directors and officers (collectively, the “**Directors and Officers**”) to a maximum amount of \$721,000 (the “**D&O Charge**”); and
- iv. Fourth – a charge in favour of the Key Employee Retention Plan (the “**KERP**”) for amounts payable to certain key employees up to a maximum amount of \$373,928.17 (the “**KERP Charge**”).

1.2 Scope and Terms of Reference

1. In preparing this First Report, the Proposal Trustee has relied upon the Companies’ unaudited financial information, books and records, information available in the public domain and discussions with the Companies’ management and legal counsel.
2. The Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this First Report in a manner that complies with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own due diligence.
3. An examination of the Cash Flow Statement and Second Cash Flow Statement as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future-oriented financial information relied upon in this First Report is based upon the Companies’ assumptions regarding future events; actual results achieved may vary from this information, and these variations may be material. The Proposal Trustee expresses no opinion or other form of assurance on whether the Second Cash Flow Statement will be achieved.
4. This First Report should be read in conjunction with the materials filed by the Companies, including the Affidavit of Scott Morrow, the Chief Executive Officer of the Companies, sworn June 19, 2024 (the “**Morrow Affidavit**”), and any supplemental affidavit filed by the Companies in advance of the June 27, 2024 hearing. Capitalized terms not defined in this First Report have the meanings ascribed to them in the Morrow Affidavit.

1.3 Currency

1. Unless otherwise noted, all currency references in this First Report are in Canadian dollars.

1.4 Court Materials

1. Court materials filed in these Proceedings are available on the Proposal Trustee's website at: www.ksvadvisory.com/experience/case/420 (the "**Case Website**").

2.0 Background

1. FOUR20 is a group of companies incorporated under the laws of the Province of Alberta and is in the business of selling recreational cannabis products on its website and through various stores located in Alberta and Ontario.
2. FOUR20's corporate office is located in Calgary, Alberta. 420 Investments Ltd. ("**420 Parent**") is the parent company atop the group subsidiaries, which includes 420 Premium Markets Ltd. ("**420 Premium**") and Green Rock Cannabis (EC 1) Limited ("**GRC**"). 420 Premium is the main operating entity under the "FOUR20" brand and, prior to the Filing Date, operated 33 licensed cannabis retail stores in Alberta. GRC operates one licensed cannabis retail store in Ontario, also under the brand name "FOUR20".
3. 420 Premium and GRC currently holds all required permits and licenses to properly operate and sell recreational cannabis in Alberta and Ontario.
4. As of the Filing Date, FOUR20 had 175 active employees. 127 worked on hourly wages, with the remaining 48 on full-time salaries. The majority of FOUR20's employees work in retail operations. As of May 29, 2024, approximately 168 employees were located in Alberta and 7 employees in Ontario.
5. The Morrow Affidavit includes additional background information on the Companies, including a copy of FOUR20's condensed corporate organizational structure.

2.1 Ongoing Litigation

1. On August 28, 2019, 420 Parent entered into an arrangement agreement (the "**Arrangement Agreement**") with High Park Shops Inc. ("**High Park**") and Tilray Inc. ("**Tilray**") pursuant to which High Park and Tilray would purchase the outstanding shares of 420 Parent (the "**Tilray Transaction**").

- On February 26, 2020, the Arrangement Agreement was terminated by High Park and Tilray (the “**Termination**”). In FOUR20’s view, the Termination resulted in damages in excess of \$130 million. As a result, on February 21, 2020, 420 Parent commenced litigation against Tilray and High Park in the Alberta Court of King’s Bench (the “**420 Claim**”). As of the date of this First Report, the 420 Claim has not been determined.

2.2 Financial Difficulties

- FOUR20’s financial difficulties have continued since its inception, driven mainly by an increasingly competitive environment, distribution licensing challenges, legal costs associated with the Tilray Proceeding (defined below), and uneconomical leases.
- Over the course of the last few years, FOUR20 has worked to resolve its working capital issues through various restructuring initiatives, such as negotiating out of certain leases by paying high settlement amounts. Despite these initiatives, FOUR20 continues to recognize depressed revenues and faces persistent liquidity issues, generating operating losses of approximately \$3.7 million, \$4.4 million, and \$5.6 million in fiscal years 2023, 2022, and 2021, respectively.
- FOUR20 has been unprofitable since its beginning. A summary of the Companies’ consolidated financial results for their fiscal years ended December 31, 2023, 2022, and 2021, is presented in the table below:

(\$000s)	Fiscal 2023 (unaudited)	Fiscal 2022 (audited)	Fiscal 2021 (audited)
Net revenue	34,026	29,038	23,500
Cost of sales	(21,699)	(17,978)	(14,978)
Gross profit	12,327	11,173	8,522
Operating expenses	(16,047)	(15,565)	(14,198)
Operating Loss	(3,720)	(4,392)	(5,676)
Non-operating income/(expenses)	(401)	(2,055)	(26)
Net Loss	(4,121)	(6,447)	(5,702)

- As reflected above, the Companies have incurred significant and recurring operating losses.

- The Tilray Proceeding, the operating losses described above, and the Companies' challenged working capital outlined below, have resulted in the Companies' liquidity issues and in conjunction with the HP Judgement (defined below) have necessitated these Proceedings.

2.3 Assets

- Based on the Companies' most recent available consolidated financial statements, a summary of the Companies' assets as at December 31, 2023 is provided below:

Description	Book Value (\$000s)
Cash	1,378
Trade and other receivables	515
Inventory	2,167
Prepaid expenses and deposits	984
Property plant and equipment	6,514
Right of use assets	17,207
Goodwill (inc. intangibles)	3,684
Total	32,449

- Cash: comprised of cash on deposit with financial institutions and held at retail locations;
- Trade and other receivable: comprised of amounts owing for customer data revenues and subleases, less amounts for doubtful accounts;
- Inventory: reflects the cost basis of retail cannabis and merchandise held for sale at the retail locations;
- Prepaid expenses and deposits: comprised of deposits and prepaid expenses related to operations;
- Property plant and equipment: reflects the value of leasehold improvements, retail equipment, computers, furniture and fixtures at the various leased retail locations;
- Right of use assets: recorded as a future right of use relating to the Companies' property leases; and

- Goodwill and intangible assets: comprised of amounts capitalized related to previous acquisitions, licenses and other intangibles.

2.4 Liabilities

1. As at December 31, 2023, the Companies had consolidated liabilities in the approximate amount of \$30.7 million, summarized as follows:

Description	Book Value (\$000s)
Accounts payable and accrued liabilities	2,411
Debentures and loans	8,452
Other current liabilities	82
Lease liabilities	19,775
Total	30,720

- Accounts payable and accrued liabilities: are comprised of amounts owed to FOUR20's suppliers and vendors;
 - Debentures and loans: include secured obligations of \$7 million plus accrued interest pursuant to the HP Loan Agreement (defined below), unsecured obligations of approximately \$1 million of promissory notes due to certain shareholders, and a secured line of credit in the amount of \$297,000; and
 - Lease liabilities: a non-current liability reflecting future amounts owed on the Companies' various leases.
2. FOUR20's secured and unsecured creditors are more fully described below and organized based on their relative priorities. The Proposal Trustee will update this Court when a review of the validity and priority of the security is completed.

Nomos Litigation Funding Agreement

1. On September 24, 2020, 420 Parent entered into a litigation funding agreement with Nomos Capital I-A LP ("**Nomos**") to fund the costs associated with advancing the Tilray Proceeding (the "**Funding Agreement**").

2. Under the Funding Agreement, Nomos agreed to provide 420 Parent up to an agreed-upon amount to fund legal fees and disbursements associated with the Tilray Proceeding. To secure payment of any amounts owing to Nomos pursuant to the Funding Agreement, the following security was granted:
 - a) a first priority security interest in, and a fixed and floating charge on, 420 Parent's rights, title and interest, both present and future, in the litigation proceeds and the Proceedings; and
 - b) a first priority security interest in, and a fixed floating charge on, all of the Collateral subordinate only in priority and ranking to indebtedness to any Canadian chartered bank or credit union in the aggregate amount not exceeding \$2,000,000 or such other higher amount as Nomos may approve in writing.
3. The Proposal Trustee is advised by the Companies that prior to the Filing Date, and after 420 Parent and Nomos waived applicable notice periods, Nomos terminated certain provisions of the Funding Agreement and elected to crystalize an amount as a secured debt of 420 Parent. The parties confirmed these events in writing on the Filing Date and provided the Proposal Trustee with the written confirmation.
4. Nomos is owed approximately \$1,062,660.57 under the Funding Agreement as of the Filing Date.

HP Loan

1. In connection with the Tilray Transaction, 420 Parent entered into a loan agreement (the "**HP Loan Agreement**") with High Park, to advance \$7 million to 420 Parent. In accordance with the terms of the HP Loan Agreement, the full \$7 million was advanced to 420 Parent by the end of November 2019 (the "**HP Loan**").
2. 420 Parent's obligations under the HP Loan Agreement are secured by a general security agreement, which granted High Park a charge on all of 420 Parent's property, which pursuant to registrations in the Alberta Personal Property Registry Search reviewed by the Proposal Trustee, is subordinate only to the funds advanced under the Funding Agreement. On March 11, 2020, and subsequent to the termination of the Arrangement Agreement, High Park demanded full repayment of the HP Loan Agreement. As a result of payment not being made, High Park filed a counterclaim in relation to the HP Loan Agreement (the "**HP**

Claim”, and together with the 420 Claim, the “**Tilray Proceeding**”) and sought a summary judgment on March 2, 2023. On February 7, 2024, the Alberta Court of King’s Bench granted High Park summary judgment in the amount of approximately \$9.8 million (the “**HP Judgement**”). On the Filing Date, High Park filed a writ of enforcement and the Proposal Trustee understands that a garnishee summons was issued to garnish 420 Parent’s bank account under the *Civil Enforcement Act*, an action which is described in more detail below (the “**Garnishee Summons**”).

3. 420 Parent has appealed the HP Judgement which is scheduled to be heard on December 5, 2024.

Stoke Canada Finance Corp.

1. On June 26, 2023, 420 Premium was provided a \$500,000 revolving line of credit after entering into a loan agreement with Stoke Canada Finance Corp. (“**Stoke**”) (the “**Stoke Line of Credit**”). The Stoke Line of Credit is secured by a general security agreement on 420 Premium’s assets.
2. As at the Filing Date, \$300,497.48 was owing under the Stoke Line of Credit.

Unsecured Creditors

1. As at the Filing Date, per the Companies’ books and records, the Companies’ consolidated unsecured liabilities totaled approximately \$2.3 million.
2. The Companies’ preliminary list of creditors was filed with its NOI statutory documents and details a summary of the amounts owed to each of the unsecured creditors (the “**Creditor Lists**”). The Creditor Lists are available on the Case Website.

3.0 Activities of the Companies and Proposal Trustee

3.1 Activities of the Proposal Trustee

1. Since its appointment, the Proposal Trustee has performed the following key activities:
 - a) attending ongoing meetings with management to discuss the proposal process and the sale process;

- b) assisting the Companies with their communications to both internal and external stakeholders;
- c) filing the necessary prescribed forms required pursuant to the BIA for the NOI;
- d) issuing the required notice pursuant to section 50.4(6) of the BIA to all known creditors of the Companies;
- e) monitoring the affairs of the Companies' business including reviewing financial information with management;
- f) assisting the Companies in preparing the Cash Flow Statement and Second Cash Flow Statement;
- g) corresponding and holding numerous discussions with management and FOUR20's restructuring counsel, Stikeman, with respect to general filing matters and specific matters related to the Uneconomical Leases (defined below);
- h) reviewing the disclaimers delivered to the landlords of the Uneconomical Leases;
- i) supporting the Companies' requests for the return of the Garnished Funds (defined below);
- j) reviewing and providing comments on the KERP;
- k) attending calls with the Companies with potential interim financing lenders to obtain interim financing on acceptable terms;
- l) attending calls with Moneris Solutions Corporation in an attempt to resolve the issues as described in the Morrow Affidavit;
- m) engaging BJ as legal counsel to the Proposal Trustee;
- n) corresponding and holding numerous discussions with various stakeholders, and/or respective legal counsel to stakeholders;
- o) responding to calls and emails from creditors, suppliers, customers, and other stakeholders;

- p) maintaining the Case Website for these Proceedings; and
- q) preparing this First Report.

3.2 Activities of the Companies

1. The Proposal Trustee has observed certain key activities of the Companies since filing the NOI as follows:
 - a) continuing their efforts to improve the operations of the business and managing day-to-day operations;
 - b) communicating with various stakeholders and creditors regarding the Proceedings, in consultation with the Proposal Trustee;
 - c) negotiating with multiple parties to obtain interim financing and negotiating the most favourable terms;
 - d) with the assistance of its legal counsel, preparing and delivering lease disclaimers to the landlords of the Uneconomical Leases;
 - e) with the assistance of its legal counsel and in consultation with the Proposal Trustee, developing the proposed KERP;
 - f) with the assistance of the Proposal Trustee, responding to various questions by vendors;
 - g) corresponding with the Companies' legal counsel, Stikeman, and the Proposal Trustee;
 - h) repeatedly requesting the return of the Garnished Funds;
 - i) communicating on an ongoing basis with certain creditors and/or their advisors;
 - j) terminating certain employees whose contributions to the Companies are no longer needed;
 - k) reporting to the Proposal Trustee on a weekly basis in respect of the Companies' receipts and disbursements;

- l) negotiating a possible Interim Facility Agreement with potential lending partners, as discussed below;
- m) working with the Proposal Trustee in preparing the Cash Flow Statement and the Second Cash Flow Statement and providing variance reporting; and
- n) working with their legal counsel and Proposal Trustee to prepare materials for the First Extension Order.

3.3 Disclaimed leases

1. As at the Filing Date, the Companies were party to 44 leases serving as operating retail locations, undeveloped retail locations, and office space (the “**Leased Locations**”). Four of the Leased Locations were subleased at the time of the Filing Date. A chart summarizing the Leased Locations is included as Exhibit “C” to the Morrow Affidavit.
2. While most of the Lease Locations continue to serve as operating retail locations, several of the Lease Locations were either never developed by FOUR20 or were previously closed due to, *inter alia*: (i) an inability to obtain the necessary licensing; and (ii) poor operating results and profitability. As a result, FOUR20 was a party to several uneconomical leases at the time of the Filing Date.
3. In consultation with the Proposal Trustee, and following the completion of a thorough analysis of the various Leased Locations, the Companies determined that 16 Leased Locations were uneconomical leases (the “**Uneconomical Leases**”). The Uneconomical Leases included 7 operating retail locations, 8 non-operating retail locations, and FOUR20’s head office. As a result, the Companies concluded they could only viably restructure by disclaiming the Uneconomical Leases. The closure of the operating locations alone will result in an estimated net improvement in profitability of approximately \$850,000 annually.
4. On May 30, 2024, the Companies, with support from its legal counsel, Stikeman, delivered disclaimer letters to the landlord contacts associated with the Uneconomical Leases pursuant to section 65.2(1) of the BIA. On expiry of the statutory 30 days’ notice, the Uneconomical Leases will be disclaimed effective June 29, 2024, unless parties obtain an order that section 65.2 (1) of the BIA does not apply in respect of the lease. The Companies have not paid rent for certain disclaimed Uneconomical Leases with respect to June 2024 rent payments and intends to rely on pre-paid rent/security deposits for amounts owed.

5. Since the disclaimer letters were delivered, the Proposal Trustee was made aware there were two applications filed by parties seeking to declare section 65.2(1) of the BIA does not apply in respect of certain disclaimed properties (both of which are summarized below):
 - a) on June 14, 2024, Meadowlands Development Corporation (“**Meadowlands**”) filed an application with this Court seeking a declaration that section 65.2(1) of the BIA does not apply in respect of the disclaimed leased location, Bay 2 – 44 Carry Drive SE, Medicine Hat, Alberta (the “**Medicine Hat Location**”). The Proposal Trustee understands Meadowlands’ application is based on the principle grounds that: (i) FOUR20 has not yet filed a proposal during these NOI Proceedings; and (ii) FOUR20 has not provided any information to Meadowlands that would prove a viable proposal is not possible without disclaiming the Medicine Hat Location; and
 - b) further on June 14, 2024, Strathcona Building Inc. (“**Strathcona**”) filed an application with this Court seeking a declaration that section 65.2(1) of the BIA does not apply in respect of the disclaimed leased location, 10414 82 Avenue, Edmonton, Alberta (the “**Strathcona Location**”). The Proposal Trustee understands Strathcona’s application is based on the principle grounds that FOUR20 has not provided key substantive evidence regarding the potential for a proposal or that it can make a viable proposal with disclaiming the Strathcona Location.

6. After reviewing the Companies’ rationale supporting the disclaimers and the applications made by Meadowlands and Strathcona, the Proposal Trustee is supportive of the Companies disclaiming all the Uneconomical Leases as:
 - a) the Companies’ lease obligations make up the majority of FOUR20’s liabilities and have continued to impact its cash flow prior to the Filing Date;
 - b) the Uneconomical Leases were identified as clearly cash flow negative and not value accretive for the Companies or their stakeholders;
 - c) the Companies’ Cash Flow Statement shows a positive cash flow position after disclaiming the Uneconomical Leases, a copy of which has been made publicly available to the Companies’ stakeholders;

- d) the Companies believe that disclaiming the Uneconomical Leases will increase the viability of a proposal and will further increase the value generated by a potential sale of the Companies' business; and
- e) a lending partner under the Interim Lending Agreement would likely not be supportive of providing funding to support the Uneconomical Leases.

3.4 Garnishee Summons

1. As mentioned above, in connection with the HP Judgement, High Park served the Bank of Montreal ("**BMO**") with a Garnishee Summons. As a result, BMO took action to seize approximately \$15,500 from 420 Parent's bank account (the "**Garnished Funds**"), and to the Proposal Trustee's recent understanding, these funds have been remitted to the Court.
2. The Companies are seeking to obtain an order directing the release of the funds from the Clerk of the Court and the Proposal Trustee is supportive of this relief because these funds are required for ongoing working capital supporting FOUR20's operations during this restructuring.

3.5 Moneris

1. Moneris Solutions Corporation ("**Moneris**") is a platform provider that the Companies use to facilitate its credit and debit card transactions. The services performed by Moneris are critical to the cash management system used by FOUR20 during these Proceedings.
2. Following the Filing Date, the Proposal Trustee notified all known creditors of the NOI Proceeding, pursuant to section 50.4(6) of the BIA, which included Moneris. On June 10, 2024, 13 days after FOUR20 filed the NOIs, the Companies received notice from Moneris that there was a perceived increase in the financial risk of working with FOUR20. As a result, Moneris would begin allocating 25% of the value of transactions it processed to a reserve until the reserve reached \$100,000 ("**Reserve**"). A copy of the notice received by Moneris is attached to the Morrow Affidavit as Exhibit "N". The Proposal trustee understands Moneris temporarily reduced the percentage of the value of transactions allocated to the reserve, but has since commenced with withholding the funds. The Proposal Trustee understands that the full \$100,000 has now been withheld by Moneris. To date, Moneris has not provided to the Companies or the Proposal Trustee any written justification as to how it specifically calculated the \$100,000 reserve and the Proposal Trustee currently believes this amount is in excess of any risk faced by Moneris.

3. The creation of the Reserve has removed significant working capital from FOUR20. The Reserve significantly reduces the cash flow available to the Companies during these NOI Proceedings, and as a result, may impact operations and FOUR20's ability to restructure. The Companies, with support of the Proposal Trustee, will continue to work on recovering or reducing the Reserve.

4.0 Cash Flow Statement

1. Pursuant to the BIA, the Companies prepared the Cash Flow Statement for the initial stay period. The Cash Flow Statement for the period ending September 1, 2024 (the "**Period**"), together with management's Report on the Cash-Flow Statement as required by subsection 50.4(2)(c) of the BIA and the Proposal Trustee's Report as required by subsection 50.4(2)(b), are collectively attached hereto as **Appendix "B"**.
2. The Cash Flow Statement was prepared by the Companies with the assistance of the Proposal Trustee. The Companies' receipts during the Period are comprised largely of collection of sales of retail cannabis and customer data. Projected disbursements are primarily for replenishing retail cannabis inventory, funding FOUR20's operations, payroll and benefits, rent, insurance, utilities, and other operating expenses and professional fees.
3. Based on the Proposal Trustee's review of the Cash Flow Statement, there are no material assumptions which seem unreasonable.

4.1 Performance Against the Cash Flow Statement

1. In accordance with section 50.4(7)(b)(ii) of the BIA, the Proposal Trustee has continued to review and evaluate the state of the Companies' business and financial affairs since the Filing Date.
2. The Proposal Trustee understands that the Companies have remained current in respect of its obligations that have arisen since the Filing Date.
3. A review process has been established with the Companies to review weekly cash variances. A comparison of FOUR20's receipts and disbursements to the Cash Flow Statement for the period from the Filing Date to June 9, 2024 (the "**Post-Filing Reporting Period**") is summarized below:

Post Filing Reporting Period (\$CAD)	Actual	Cash Flow Statement	Favourable / (Unfavourable) Variance
Opening Cash balance	130,147	130,147	-
Receipts	1,015,999	1,163,469	(147,469)
Operating Disbursements	(866,143)	(1,028,314)	162,171
Net Cash Flow from Operations	149,857	135,155	14,702
Non-operating disbursements	(61,306)	(114,034)	52,728
Net Cash Flow	88,551	21,121	
Interim Financing Advances	-	-	-
Closing cash balance	218,698	151,268	

Proposal Trustee's Comments

- For the Post-Filing Reporting Period, total cash receipts were \$147,469 lower than forecasted in the Cash Flow Statement as a result of lower sales from stores that are currently closing as a result of the Companies disclaiming the Uneconomical Leases.
- For the Post-Filing Reporting Period, operating disbursements were \$162,171 less than forecasted in the Cash Flow Statement, primarily due to lower inventory purchases as a result of lower sales. Non-operating disbursements were \$52,728 less than forecasted in the Cash Flow Statement as a result of the timing of professional fees. The Proposal Trustee has reviewed the variances with the Companies and the variances are largely attributable to slightly lower sales as a result of store closures and general timing differences.

4.2 The Second Cash Flow Statement

- The Companies prepared the Second Cash Flow Statement, on a weekly basis, for the second cash flow period from June 10, 2024 to September 8, 2024 (the "Second Cash Flow Period"). The Second Cash Flow Statement has been prepared by the Companies using probable and hypothetical assumptions set out therein. The Second Cash Flow Statement along with management's and the Trustee's Report in accordance with section 50.4(2)(b) and 50.4(2)(c) of the BIA is attached to this Report as **Appendix "C"**.
- The Second Cash Flow Statement is largely consistent with the Cash Flow Statement except for the time period covered and revisions on the timing of certain payments.

5.0 Consolidation

1. The Companies are seeking to consolidate the Proceedings for procedural purposes. The Proposal Trustee supports the Proposed Consolidation for the following reasons:
 - a) the Companies' operations are integrated with the same management team responsible for operations;
 - b) a court-supervised sale process would result in a sale of all of the Companies and/or their assets;
 - c) it will create procedural efficiencies thereby reducing professional fees and restructuring costs generally; and
 - d) the Proposal Trustee does not believe any creditor would be prejudiced by the Proposed Consolidation and will result in a more efficient and economical Proceeding.

6.0 Court Ordered Charges

6.1 Administration Charge

1. The Companies are seeking an Administration Charge in an amount not to exceed \$300,000 to secure the professional fees and disbursements of the Proposal Trustee, the Proposal Trustee's legal counsel and the Applicant's legal counsel, whether incurred before or after the Filing Date, in priority to all other charges and encumbrances in respect of the fees and disbursements of the Proposal Trustee, its counsel, and the Companies' counsel. An Administration Charge is a standard feature of restructuring proceedings and the quantum requested is appropriate, in the Proposal Trustee's view, given its previous history and experience with restructurings of similar size and complexity.
2. All other registered secured creditors, as well as the Canada Revenue Agency, have been given notice of the application for this charge and those mentioned below.
3. The Proposal Trustee supports the request for the Administration Charge, pursuant to section 64.2(1) of the BIA, on the basis that it provides payment certainty for the professionals involved and allows them to effectively participate in the Proceedings.

6.2 Interim Lender's Charge

1. Prior to and after the Filing Date, the Proposal Trustee worked with the Companies to develop the Cash Flow Statement to determine the financing needs of the Companies during the Proceedings. While the Companies' Cash Flow Statement does not require near-term financing, retaining the availability of interim financing will ensure the Companies have contingency funding to support its operations during the Proceedings and pursue restructuring efforts.
2. Since the Filing Date, the Companies have continued to negotiate with a supportive lending partner, acting as the proposed Interim Lender, to agree on terms outlined in the Terms and Conditions for Debtor-in-Possession Financing.
3. If such an agreement is reached prior to June 27, 2024, the Proposal Trustee understands the Companies will submit a supplement affidavit to this Court detailing the terms reached between the parties. It is expected the Interim Lender's Charge will rank in second priority.

6.3 D&O Charge

1. Pursuant to section 64.1 of the BIA, the Companies are seeking Court approval of the indemnification of the Directors and Officers of the Companies and the creation of the D&O Charge, secured as against the Property of the Companies, to the maximum amount of \$721,000. The D&O Charge is intended to protect such individuals from all post-filing obligations and liabilities that they may incur as directors and officers of the Companies. The D&O charge is comprised of the amounts that if unpaid may result in liability to the directors and officers that is calculated by including amounts for one month's wages including source deductions (\$576,000), outstanding vacation pay and projected termination pay (\$105,000), and average monthly excise tax payments (\$40,000).
2. The Companies do have an insurance policy in place to provide protection to the Directors and Officers; however, the Companies have advised the Proposal Trustee that certain exclusions and limitations apply and it is possible the Directors and Officers would not be indemnified by the policy. The D&O Charge would apply only to the extent the existing insurance policies do not provide sufficient coverage.
3. The Proposal Trustee is supportive of the D&O Charge and views it as reasonable in the circumstances to support the continued involvement of the Directors and Officers who will play an important role in the restructuring of the Companies.

6.4 KERP Charge

1. The Companies have developed the KERP in order to retain key employees over the Proceedings to assist in a successful restructuring and/or the successful completion of a plan of restructuring, reorganization, compromise or arrangement, or a divestiture of all or substantially all of the Companies' assets and operations. A copy of the KERP is attached as a Confidential Exhibit "Q" to the Morrow Affidavit. A summary of the key terms of the KERP is as follows:
 - a) the KERP participants include certain eligible employees of the Companies;
 - b) the payments under the KERP ("**Retention Payments**") will be made in two installments following certain milestone dates, which are summarized as follows:
 - i. 25% of the Retention Payments will be made at the end of Week 7 of these Proceedings; and
 - ii. the remaining 75% of the Retention Payments will be made on the date of the emergence of FOUR20 from the Proceedings.
2. The Proposal Trustee has reviewed the KERP and views the amounts payable as reasonable in the circumstances and in accordance with amounts typically paid with respect to a KERP in insolvency proceedings.

6.5 Priority of Charges

1. The Companies propose that the charges have the following priority (with maximum amounts in brackets):
 - a) first, the Administration Charge (\$300,000);
 - b) second, the Interim Lender's Charge (amount borrowed under the Interim Facility Agreement, should an Interim Facility Agreement be executed);
 - c) third, D&O Charge (\$721,000); and
 - d) fourth, the KERP Charge (\$373,928.17).
2. The Proposal Trustee is of the view that the priority of the above charges is appropriate and in the interest of facilitating these proceedings.

7.0 Companies' Request for an Extension

1. The Companies are seeking an extension of the time required to file a proposal from June 29, 2024 to August 12, 2024. The Proposal Trustee supports the extension request for the following reasons:
 - a) the Companies are acting in good faith and with due diligence;
 - b) the extension will provide additional time to administer a court-approved sale process which will be for the benefit of the Companies' stakeholders and allow the Companies to make a viable proposal to its creditors;
 - c) the extension should not adversely affect or prejudice any group of creditors as the Companies are projected to have funding to pay post-filing services and suppliers in the amounts contemplated by the Second Cash Flow Forecast; and
 - d) it will provide the Companies the additional time they require to further advance their restructuring, which is in the interest of all stakeholders.

8.0 Sealing Order

1. The Companies are requesting a sealing Order in respect of the confidential exhibit to the KERP (the "**Confidential Exhibit**"). The Proposal Trustee believes it is appropriate to seal the Confidential Exhibit until further order of the Court. The Confidential Exhibit contains sensitive and personal information. Sealing this type of information is consistent with the approach taken in other proceedings for sensitive information of this nature, protects the privacy of the Companies' employees involved in the KERP, and will help to avoid any unnecessary disruption or distraction to the Companies' ongoing operations and a Court-approved sale process. The Proposal Trustee does not believe that any stakeholder will be prejudiced if the information in the Confidential Exhibit is sealed.

9.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court grant the relief sought by the Companies.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
in its capacity as trustee in the proposal of
420 Investments Ltd., 420 Premium Markets Ltd. and
Green Rock Cannabis (EC 1) Limited**

Appendix “A”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-3086318
Estate No. 25-3086318

In the Matter of the Notice of Intention to make a proposal of:

420 Investments Ltd.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

May 29, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: May 30, 2024, 11:31

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-3086304
Estate No. 25-3086304

In the Matter of the Notice of Intention to make a proposal of:

420 Premium Markets Ltd.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

May 29, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: May 30, 2024, 11:26

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Alberta
Division No. 02 - Calgary
Court No. 25-3086302
Estate No. 25-3086302

In the Matter of the Notice of Intention to make a proposal of:

Green Rock Cannabis (EC1) Ltd.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

May 29, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: May 30, 2024, 11:17

E-File/Dépôt Electronique

Official Receiver

Harry Hays Building, 220 - 4th Ave SE, Suite 478, Calgary, Alberta, Canada, T2G4X3, (877)376-9902

Canada

Appendix “B”

420 Investments Ltd., 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd.
Cash Flow Forecast
May 29, 2024 to September 1, 2024

		Actuals	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
For the week ending, in CAD	Notes	May 29 - June 2	9-Jun-24	16-Jun-24	23-Jun-24	30-Jun-24	7-Jul-24	14-Jul-24	21-Jul-24	28-Jul-24	4-Aug-24	11-Aug-24	18-Aug-24	25-Aug-24	1-Sep-24		
Opening cash balance	1	130,147	192,558	151,268	182,788	353,858	297,948	182,121	182,006	422,853	292,157	289,172	102,411	287,918	243,132	130,147	
Cash Receipts																	
Retail and Data revenue	2	529,197	634,272	634,272	601,635	551,583	584,585	584,585	584,585	584,585	561,795	561,795	561,741	561,741	550,379	8,086,748	
		529,197	634,272	634,272	601,635	551,583	584,585	584,585	584,585	584,585	561,795	561,795	561,741	561,741	550,379	8,086,748	
Cash Disbursements																	
Operating Expenses																	
Inventory purchases	3	(203,870)	(390,000)	(325,000)	(392,165)	(300,143)	(321,326)	(321,326)	(321,326)	(365,798)	(351,170)	(351,170)	(351,135)	(365,960)	(358,666)	(4,719,053)	
Payroll and KERP	4	(257,250)	-	(244,443)	-	(240,961)	-	(240,961)	-	(297,629)	-	(204,129)	-	(196,768)	-	(1,682,141)	
Rent	5	-	(136,858)	-	-	-	(179,366)	-	-	-	(179,366)	-	-	-	-	(495,590)	
Other operating expenses	6	(1,236)	(39,100)	(39,100)	(39,100)	(39,100)	(26,500)	(26,500)	(26,500)	(26,500)	(26,500)	(26,500)	(26,500)	(26,500)	(26,500)	(396,136)	
		(462,356)	(565,958)	(608,543)	(431,265)	(580,204)	(527,192)	(588,787)	(347,826)	(689,927)	(557,036)	(581,799)	(377,635)	(589,228)	(385,166)	(7,292,921)	
Other Disbursements																	
General and administrative expense		(2,215)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(101,015)	
GST collections, payments and remittances		(2,215)	(2,004)	13,391	8,301	(19,689)	(5,621)	11,687	11,687	(17,754)	(145)	843	9,002	(9,700)	8,038	5,823	
Total disbursements before professional fees		(466,786)	(575,562)	(602,752)	(430,564)	(607,493)	(540,412)	(584,700)	(343,738)	(715,280)	(564,781)	(588,556)	(376,234)	(606,527)	(384,728)	(7,388,113)	
Professional Fees	7																
Company counsel legal fees		-	(50,000)	-	-	-	(50,000)	-	-	-	-	(50,000)	-	-	-	(150,000)	
Company litigation counsel legal fees		-	-	-	-	-	(10,000)	-	-	-	-	(10,000)	-	-	-	(20,000)	
Trustee fees		-	(50,000)	-	-	-	(75,000)	-	-	-	-	(75,000)	-	-	-	(200,000)	
Trustee's counsel fees		-	-	-	-	-	(25,000)	-	-	-	-	(25,000)	-	-	-	(50,000)	
Total Professional Fees		-	(100,000)	-	-	-	(160,000)	-	-	-	-	(160,000)	-	-	-	(420,000)	
Net cash flow		62,411	(41,290)	31,520	171,070	(55,910)	(115,827)	(115)	240,847	(130,695)	(2,986)	(186,761)	185,508	(44,786)	165,651	278,636	
Interim financing																	
Interim financing advances / (repayments)	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Closing cash balance		192,558	151,268	182,788	353,858	297,948	182,121	182,006	422,853	292,157	289,172	102,411	287,918	243,132	408,783	408,783	

Management of 420 Investments Ltd., 420 Investments Ltd., and Green Rock Cannabis (EC1) Ltd. ("420" or the "Company") has prepared this forecasted cash-flow statement (the "Cash Flow Forecast") based on probable and hypothetical assumptions detailed in Notes 1 to 8. The Company has prepared the Cash Flow Forecast on a consolidated basis as the Company intends to obtain a consolidation order from the Court. The Cash Flow Forecast has been prepared solely for the purpose of supporting the Notice of the Intention to Make a Proposal ("NOI") filed by the Company on May 29, 2024. As such, readers are cautioned that it may not be appropriate for their purposes. The Cash Flow Forecast of the Company is prepared in accordance with the provisions of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on the Cash-flow Statement.

Dated at the City of Calgary in the Province of Alberta, this 6th day of June 2024.

420 Investments Ltd., 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd.
Per:

scott morrow

Scott Morrow
Chief Executive Officer

KSV Restructuring Inc.
Per:



Andrew Basi, CPA, CA, CIRP, LIT
Managing Director

420 Investments Ltd., 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd.
Notes to the Cash Flow Forecast
May 29, 2024 to September 1, 2024

Note 1: Bank balance as of May 29, 2024.

Note 2: Cash collections include funds received from sales of cannabis related product at various retail store locations and data program revenues. Step downs in cash receipts beginning at the end of June reflect closure of certain retail locations.

Note 3: Represents inventory stock purchases for retail locations.

Note 4: Reflects payroll costs of employees and proposed KERP payments.

Note 5: Represents occupancy costs for the various retail locations.

Note 6: Reflects other operating expenses including marketing costs at the retail store locations.

Note 7: Includes the estimated payments to the Company's legal counsel, the Company's litigation legal counsel, the Proposal Trustee, and the Proposal Trustee's legal counsel.

Note 8: The Company is currently negotiating an Interim Financing term sheet and will draw on the any balances available if necessary to fund operations, the restructuring process or litigations costs.

FORM 30
Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA

In the Matter of the Notice of Intention to Make a Proposal of 420 Investments Ltd, 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd. of the City of Calgary, in the Province of Alberta.

The management of 420 Investments Ltd, 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd. (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow of the Company for the period ending September 1, 2024

The hypothetical and probable assumptions are suitably supported and consistent with the purpose of the projection and the plans of the Company and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 1 to 8.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in Notes 1 to 8. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Calgary, this 6th day of June, 2024.

Scott Morrow, CEO

scott morrow

Per:

_ FORM 29 _
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
420 Investments Ltd, 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd.
of the City of Calgary, in the Province of Alberta

The attached statement of projected cash flow of 420 Investments Ltd, 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd. as of the 6th day of June, 2024, consisting of a signed pdf copy of a weekly cash flow statement for the period ending September 1, 2024, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: the management and employees of the insolvent person or the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: management or the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 6th day of June 2024.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Andrew Basi - Licensed Insolvency Trustee

1165, 324-8th Avenue S.W.

Calgary AB T2P 2Z2

Phone: (416) 932-6262 Fax: (416) 932-6266

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal
420 Investments Ltd, 420 Premium Markets Ltd. and Green
Rock Cannabis (EC1) Ltd.
of the City of Calgary, in the Province of Alberta

Purpose:

a signed pdf copy of a weekly cash flow statement for the period ending September 1, 2024

Projection Notes:

a signed pdf copy of a weekly cash flow statement for the period ending September 1, 2024

Assumptions:

a signed pdf copy of a weekly cash flow statement for the period ending September 1, 2024

Dated at the City of Calgary in the Province of Alberta, this 6th day of June 2024.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Andrew Basi - Licensed Insolvency Trustee
1165, 324-8th Avenue S.W.
Calgary AB T2P 2Z2
Phone: (416) 932-6262 Fax: (416) 932-6266

Appendix “C”

420 Investments Ltd., 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd.

Cash Flow Forecast

June 10, 2024 to September 8, 2024

		Forecast Week 1	Forecast Week 2	Forecast Week 3	Forecast Week 4	Forecast Week 5	Forecast Week 6	Forecast Week 7	Forecast Week 8	Forecast Week 9	Forecast Week 10	Forecast Week 11	Forecast Week 12	Forecast Week 13	Total
For the week ending, in CAD	Notes	16-Jun-24	23-Jun-24	30-Jun-24	07-Jul-24	14-Jul-24	21-Jul-24	28-Jul-24	04-Aug-24	11-Aug-24	18-Aug-24	25-Aug-24	01-Sep-24	08-Sep-24	
Opening cash balance	1	218,698	166,246	282,552	231,586	115,759	115,644	356,491	225,796	222,810	36,049	221,557	176,770	342,421	218,698
Cash Receipts															
Retail and Data revenue	2	585,875	601,635	551,583	584,585	584,585	584,585	584,585	561,795	561,795	561,741	561,741	550,379	550,379	7,425,262
		585,875	601,635	551,583	584,585	584,585	584,585	584,585	561,795	561,795	561,741	561,741	550,379	550,379	7,425,262
Cash Disbursements															
<u>Operating Expenses</u>															
Inventory purchases	3	(325,000)	(430,000)	(300,143)	(321,326)	(321,326)	(321,326)	(365,798)	(351,170)	(351,170)	(351,135)	(365,960)	(358,666)	(358,666)	(4,521,684)
Payroll and KERP	4	(225,000)	(15,000)	(240,961)	-	(240,961)	-	(297,629)	-	(204,129)	-	(196,768)	-	(196,768)	(1,617,217)
Rent	5	-	-	-	(179,366)	-	-	-	(179,366)	-	-	-	-	(179,592)	(538,324)
Other operating expenses	6	(39,100)	(39,100)	(39,100)	(26,500)	(26,500)	(26,500)	(26,500)	(26,500)	(26,500)	(26,500)	(26,500)	(26,500)	(26,500)	(382,300)
		(589,100)	(484,100)	(580,204)	(527,192)	(588,787)	(347,826)	(689,927)	(557,036)	(581,799)	(377,635)	(589,228)	(385,166)	(761,526)	(7,059,525)
<u>Other Disbursements</u>															
General and administrative expense		(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(7,600)	(98,800)
GST collections, payments and remittances		8,373	6,372	(14,745)	(5,621)	11,687	11,687	(17,754)	(145)	843	9,002	(9,700)	8,038	(1,121)	6,917
Total disbursements before professional fees		(588,327)	(485,328)	(602,548)	(540,412)	(584,700)	(343,738)	(715,280)	(564,781)	(588,556)	(376,234)	(606,527)	(384,728)	(770,247)	(7,151,408)
Professional Fees	7														
Company counsel legal fees		(50,000)	-	-	(50,000)	-	-	-	-	(50,000)	-	-	-	-	(150,000)
Company litigation counsel legal fees		-	-	-	(10,000)	-	-	-	-	(10,000)	-	-	-	-	(20,000)
Trustee fees		-	-	-	(75,000)	-	-	-	-	(75,000)	-	-	-	-	(150,000)
Trustee's counsel fees		-	-	-	(25,000)	-	-	-	-	(25,000)	-	-	-	-	(50,000)
Total Professional Fees		(50,000)	-	-	(160,000)	-	-	-	-	(160,000)	-	-	-	-	(370,000)
Net cash flow		(52,452)	116,306	(50,966)	(115,827)	(115)	240,847	(130,695)	(2,986)	(186,761)	185,508	(44,786)	165,651	(219,869)	(96,146)
Interim financing															
Interim financing advances / (repayments)	8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing cash balance		166,246	282,552	231,586	115,759	115,644	356,491	225,796	222,810	36,049	221,557	176,770	342,421	122,552	122,552

Management of 420 Investments Ltd., 420 Investments Ltd., and Green Rock Cannabis (EC1) Ltd. ("**420**" or the "**Company**") has prepared this forecasted cash-flow statement (the "**Cash Flow Forecast**") based on probable and hypothetical assumptions detailed in Notes 1 to 8. The Company has prepared the Cash Flow Forecast on a consolidated basis as the Company intends to obtain a consolidation order from the Court. The Cash Flow Forecast has been prepared solely for the purpose of supporting the Notice of the Intention to Make a Proposal ("**NOI**") filed by the Company on May 29, 2024. As such, readers are cautioned that it may not be appropriate for their purposes. The Cash Flow Forecast of the Company is prepared in accordance with the provisions of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on the Cash-flow Statement.

Dated at the City of Calgary in the Province of Alberta, this 19th day of June 2024.

420 Investments Ltd., 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd.

Per:

Ryan Pernal

Ryan Pernal
Chief Financial Officer

KSV Restructuring Inc.

Per:

Andrew Basi
Andrew Basi, CPA, CA, CIRP, LIT
Managing Director

420 Investments Ltd., 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd.
Notes to the Cash Flow Forecast
June 10, 2024 to September 8, 2024

Note 1: Bank balance as of June 9, 2024.

Note 2: Cash collections include funds received from sales of cannabis-related products at various retail store locations and data program revenues. Step downs in cash receipts beginning at the end of June reflect closure of certain retail locations. Moneris Solutions Corporation, 420's platform used for credit and debit card purchases, is implementing a \$100,000 holdback reserve due to a perceived increased financial risk associated with 420 during these proceedings (the "Reserve"). The Reserve is not reflected in this cash flow as the Company is currently taking steps to recover or reduce it.

Note 3: Represents inventory stock purchases for retail locations.

Note 4: Reflects payroll costs of employees and proposed KERP payments.

Note 5: Represents occupancy costs for the various retail locations.

Note 6: Reflects other operating expenses including marketing costs at the retail store locations.

Note 7: Includes the estimated payments to the Company's legal counsel, the Company's litigation legal counsel, the Proposal Trustee, and the Proposal Trustee's legal counsel.

Note 8: The Company is currently negotiating an Interim Financing term sheet and will draw on the any balances available if necessary to fund operations, the restructuring process or litigations costs.

FORM 30
Report on Cash Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the BIA)

In the Matter of the Notice of Intention to Make a Proposal of 420 Investments Ltd, 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd. of the City of Calgary, in the Province of Alberta.

The management of 420 Investments Ltd, 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd. (the "Company") has developed the assumptions and prepared the attached statement of projected cash flow of the Company for the period ending September 8, 2024

The hypothetical and probable assumptions are suitably supported and consistent with the purpose of the projection and the plans of the Company and provide a reasonable basis for the projection. All such assumptions are disclosed in Notes 1 to 8.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in Notes 1 to 8. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Calgary, this 21st day of June, 2024.

Ryan Pernal

Per: Ryan Pernal, CFO

_ FORM 29 _
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
420 Investments Ltd, 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd.
of the City of Calgary, in the Province of Alberta

The attached statement of projected cash flow of 420 Investments Ltd, 420 Premium Markets Ltd. and Green Rock Cannabis (EC1) Ltd. as of the 21st day of June, 2024, consisting of a signed pdf copy of a weekly cash flow statement for the period ending September 8, 2024, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: the management and employees of the insolvent person or the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: management or the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 21st day of June 2024.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Andrew Basi - Licensed Insolvency Trustee

1165, 324-8th Avenue S.W.

Calgary AB T2P 2Z2

Phone: (416) 932-6262 Fax: (416) 932-6266

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal
420 Investments Ltd, 420 Premium Markets Ltd. and Green
Rock Cannabis (EC1) Ltd.
of the City of Calgary, in the Province of Alberta

Purpose:

a signed pdf copy of a weekly cash flow statement for the period ending September 8, 2024

Projection Notes:

a signed pdf copy of a weekly cash flow statement for the period ending September 8, 2024

Assumptions:

a signed pdf copy of a weekly cash flow statement for the period ending September 8, 2024

Dated at the City of Calgary in the Province of Alberta, this 21st day of June 2024.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Andrew Basi - Licensed Insolvency Trustee

1165, 324-8th Avenue S.W.

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