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COURT FILE NUMBER **25-2958981 / 25-2958977**

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 OGEN HOLDINGS LTD. AND OGEN LTD.**

DOCUMENT **FIRST REPORT OF THE PROPOSAL TRUSTEE
JULY 12, 2023**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **PROPOSAL TRUSTEE
KSV Restructuring Inc.
220 Bay Street, Suite 1300, Box 20
Toronto, Ontario
M5J 2W4**

Attention: Jason Knight
 Telephone: (587) 287-2605
 Facsimile: (416) 932-6266
 Email: jknight@ksvadvisory.com

PROPOSAL TRUSTEE’S COUNSEL

MLT Aikins LLP
 2100 Livingston Place, 222 3rd Ave SW
 Calgary, AB
 T2P 0B4

Attention: Jonathan J. Bouchier / Catrina Webster
 Telephone: (403) 693-4310
 Facsimile: (403) 693-4347
 E-Mail: jbourchier@mltaikins.com /
 cwebster@mltaikins.com

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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 a Notice of Intention to Make a Proposal (“**NOI**”) filed on June 26, 2023 (the “**Filing Date**”) by OGEN Ltd. (“**OL**”) and OGEN Holdings Ltd. (“**OHL**”) (collectively, the “**Companies**” or “**OGEN**”) 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 attached hereto as **Appendix “A”**.
2. The principal purpose of the NOI proceedings (these “**Proceedings**”) is to: (i) allow the Companies an opportunity to restructure their balance sheet as they are currently unable to meet their obligations as they become due; (b) provide a formal process for OGEN’s creditors and stakeholders to obtain information on the Companies and evaluate the alternatives available; and (c) allow the Companies to file a proposal to its creditors, with the intent to allow the Companies to continue as going concerns.

1.1 Purposes of this First Report

1. The purposes of this First Report are to provide information on:
 - a) the background on the Companies, their financial position, and the reasons for the NOI filing;
 - b) the activities of the Proposal Trustee and the Companies since the Filing Date; and
 - c) OGEN’s application for an Order (the “**First Extension Order**”):
 - i. extending the period in which OGEN can make a proposal to its creditors and the stay of proceedings up to and including September 5, 2023 (the “**Stay Extension**”);
 - ii. consolidating the Proceedings for both procedural and substantive purposes (the “**Proposed Consolidation**”);

- iii. expanding the scope of the stay of proceedings in the Proceedings as it relates to the terms of supply and service to the Companies on a basis consistent with the provisions of the model Initial Order in a proceeding under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**");
- iv. granting a super-priority charge in the amount of \$250,000 (the "**Administration Charge**") on all of OGEN's current and future assets, undertakings and properties of every nature and kind whatsoever (including all real and personal property), and wherever situate, including all proceeds thereof (collectively, the "**Property**") for the fees and disbursements of the Proposal Trustee, the Proposal Trustee's counsel, MLT Aikins LLP ("**MLT**"), and the Companies' counsel, Bennett Jones LLP ("**Bennett Jones**").
- v. granting a super-priority charge in the amount of \$50,000 on the Property in favour of the Companies' directors and officers (collectively, the "**Directors and Officers**") (the "**D&O Charge**"); and
- vi. authorizing the Companies to enter into an interim credit facility in the maximum amount of \$500,000 (the "**Interim Loan**") and approving a super-priority charge on the Property in respect of amounts borrowed from the Interim Lenders (as defined herein) under the Interim Loan (the "**Interim Lenders' 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 Forecast (as defined herein) 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 Cash Flow Forecast will be achieved.
4. This First Report should be read in conjunction with the materials filed by the Companies, including the Affidavit of Darren Brisebois, the President of OL and OHL, sworn July 10, 2023 (the "**Brisebois Affidavit**"), in support of the Companies' application returnable July 21, 2023. Capitalized terms not defined in this First Report have the meanings ascribed to them in the Brisebois 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/ogen (the "**Case Website**").

2.0 Background

1. OL was incorporated pursuant to the laws of Alberta as "**Bloom Cultivation Ltd.**" on April 26, 2013. On June 9, 2020, OL changed its name from Bloom Cultivation Ltd. to OGEN Ltd.
2. OHL was incorporated pursuant to the laws of Alberta as "**Bloom Cultivation Holdings Ltd.**" on January 12, 2017. On January 24, 2020, OHL changed its name from Bloom Cultivation Holdings Ltd. to OGEN Holdings Ltd.
3. OHL is the sole shareholder of OL. OHL has approximately 15 shareholders. Its two largest shareholders are G. Edwards Holdings Ltd. and Hawksworth Holdings Ltd. who respectively hold 40.67% and 46.31% of the voting common shares of OHL.

4. OGEN cultivates, processes, and sells cannabis flower products under the OGEN brand in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, and New Brunswick. The Companies also sell bulk flower to other cannabis producers. OGEN operates a purpose-built indoor production facility located in Calgary, Alberta (the “**OGEN Facility**”). The OGEN Facility is 57,387 sq. ft. and the total site is 2.32 acres. OHL owns the OGEN Facility and related production equipment, which it leases to OL. OHL does not conduct any active business operations nor have any employees.
5. As of the filing date, OL had approximately 78 employees.
6. Additional background information on the Companies is included in the Brisebois Affidavit.

2.1 Financial Difficulties

1. OGEN has incurred losses for several consecutive years. Competition, over supply, regulatory complexity, inflation, a strong black market, and high levels of excise tax have contributed to industry-wide struggles. Insolvencies in the cannabis sector are widespread. OGEN has been unable to achieve profitability after almost five (5) years of legalization, although it believes it can become cash flow positive in the future. As a result, the Companies have incurred an unsustainable amount of liabilities that they can no longer service.
2. A summary of the Companies’ combined financial results for their fiscal years ended December 31, 2021 and 2022, and the 5 months ended May 31, 2023, is presented in the table below:

(\$)	5 months ended May 31, 2023 (unaudited)	Fiscal 2022 (unaudited)	Fiscal 2021 (unaudited)
Net revenue	3,506,415	7,274,395	11,772,103
Cost of sales	(2,493,596)	(4,091,046)	(10,273,760)
Gross margin	1,012,819	3,183,349	1,498,343
Expenses	(2,024,072)	(5,185,158)	(2,962,254)
Net Loss	(1,011,253)	(2,001,809)	(1,463,911)

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

- The Companies are facing a liquidity crisis. Absent the commencement of these proceedings, the Companies will soon not have funding available to continue to operate in the normal course. Connect First Credit Union Ltd. (“CFCU”), the Companies’ operating lender, has agreed to continue to fund the Companies’ business and operations in accordance with the terms of the CFCU Commitment Letters (as defined below).

2.2 Assets

- Based on the Companies’ most recent internal financial statements, a summary of the Companies’ assets as at May 31, 2023 is provided below:

Description	Book Value (\$000s)
Accounts receivable	1,185
Inventory	8,288
Prepaid expenses and other current assets	668
Property and equipment, net of depreciation	28,183
Total	38,324

- Accounts receivable: comprised of amounts owing from customers, which include provincial cannabis purchasing authorities and wholesale customers.
- Inventory: comprised of unfinished and finished product. The book value represented above is obtained from the unaudited books and records of the Companies; however, the Companies are anticipating a significant write down of inventory values once their year end audit is complete.
- Prepaid expenses and other assets: comprised of deposits and prepaid expenses related to operations, including an excise tax deposit paid to the Canada Revenue Agency (the “CRA”).
- Property and equipment, net of depreciation: comprised of the OGEN Facility owned by OHL and cannabis production equipment. A recent appraisal on the OGEN Facility provided an appraised value much lower than the book value.

2.3 Liabilities

1. As at the Filing Date, the Companies have liabilities in excess of \$28.35 million that include, among other things:
 - a) secured obligations of approximately \$22,115,502 owing to CFCU under the CFCU Credit Facilities (as defined below);
 - b) unsecured obligations totaling \$6,238,290 owing to the CRA, Health Canada, and various trade creditors.

Connect First Credit Union Ltd.

2. CFCU is the Companies' primary secured lender. As at the Filing Date, OGEN owed CFCU approximately \$22,115,502, comprised of:
 - a) \$21,411,380 in mortgage loans advanced by CFCU to OHL secured against all of OHL's present and after-acquired real and personal property (including the OGEN Facility) (the "**OHL Mortgage Loans**"); and
 - b) \$704,122 by way of a margined overdraft account made available by CFCU to OL and secured against all of OL's present and after-acquired personal property (the "**Margined Overdraft Account**")(collectively the "**CFCU Credit Facilities**").
3. The CFCU Credit Facilities are governed by:
 - a) the commitment letters dated July 2, 2019 and December 18, 2020, as amended (the "**OHL Commitment Letters**"), between:
 - i. OHL – as borrower;
 - ii. OL, Morrison Homes (Calgary) Ltd., and Edwards Concrete Inc. – as guarantors; and
 - iii. CFCU – as lender; and

- b) the commitment letter dated August 13, 2021 (the “**OL Commitment Letter**”, together with the OHL Commitment Letters, the “**CFCU Commitment Letters**”) between:
 - i. OL – as borrower;
 - ii. OHL, Morrison Homes (Calgary) Ltd., and Edwards Concrete Inc. – as guarantors; and
 - iii. CFCU – as lender.
4. The OHL Mortgage Loans and the Margined Overdraft Account are cross-guaranteed and cross-collateralized. OL has provided an unlimited guarantee of the OHL Mortgage Loans, secured against all its property, and OHL has provided an unlimited guarantee of the Margined Overdraft Account, secured against all its property. As a result, CFCU has a first charge over all of the property of OHL and OL, to secure the entire amount of approximately \$22,115,502 that is owed to it by OHL and OL.

Unsecured Creditors

5. As at the Filing Date, per the Companies’ books and records, the Companies’ unsecured liabilities totaled approximately \$6,238,290, consisting of:
 - a) excise tax and sales tax obligations owing to the CRA of approximately \$4,749,165 and \$209,993, respectively;
 - b) approximately \$493,611 owing to Health Canada for outstanding licensing fees and costs; and
 - c) amounts owing to suppliers and service providers (excluding off-balance sheet obligations, such as employee and landlord claims) totaling approximately \$785,521.
6. The Companies’ preliminary list of creditors was filed with its NOI statutory documents and is 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) on-going meetings with management and shareholders to discuss options available, implications of each option, and process and implications to the business;
 - 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 OGEN;
 - e) monitoring the affairs of the business including reviewing financial information;
 - f) assisting the Companies in preparing the Cash Flow Statement;
 - g) corresponding and holding numerous discussions with management and OGEN's restructuring counsel, Bennett Jones;
 - h) engaging MLT as legal counsel to the Proposal Trustee;
 - i) corresponding and holding numerous discussions with various stakeholders, and/or respective legal counsel to stakeholders;
 - j) responding to calls and emails from creditors, suppliers, customers, and other stakeholders;
 - k) maintaining the Case Website for these Proceedings; and
 - l) preparing this First Report.

3.2 Activities of the Companies

1. The key activities of the Companies since filing the NOI include:
 - a) continuing their efforts to improve the operations of the business including exploring new international markets for product sales;
 - b) communicating with various stakeholders and creditors regarding the Proceedings, in consultation with the Proposal Trustee;
 - c) with the assistance of the Proposal Trustee, distributing notices and frequently asked questions to employees and vendors;
 - d) corresponding with the Companies' legal counsel, Bennett Jones, and the Proposal Trustee;
 - e) ongoing communications with certain creditors and/or their advisors;
 - f) reporting to the Proposal Trustee on a weekly basis in respect of the Companies' receipts and disbursements;
 - g) negotiating the Interim Loan with the Interim Lenders, as discussed in further detail herein;
 - h) continuing to satisfy the reporting requirements of CFCU;
 - i) working with the Proposal Trustee in preparing the Cash Flow Statement; and
 - j) working with their legal counsel and Proposal Trustee to prepare materials for the First Extension Order.

4.0 Cash Flow Forecast

1. Pursuant to the BIA, the Companies are required to prepare a cash flow forecast for the stay extension period. The cash flow forecast for the period ending September 24, 2023 (the "**Period**") (the "**Cash Flow Forecast**"), together with Management's Report on the Cash-Flow Statement as required by subsection 50.4(2)(c) of the BIA, is collectively attached hereto as **Appendix "B"**.

2. The Cash Flow Forecast was prepared by the Companies with the assistance of the Proposal Trustee. The Companies' receipts during the Period are comprised of accounts receivable collections. Projected disbursements are primarily for payroll and benefits, utilities, and other operating expenses and professional fees.
3. The Cash Flow Forecast reflects that the Companies are projected to remain in compliance with the margin limits currently in place with CFCU.
4. Based on the Proposal Trustee's review of the Cash Flow Forecast, there are no material assumptions which seem unreasonable. The Proposal Trustee's Report on the Company's Cash Flow Statement as required by subsection 50.4(2)(b) of the BIA is attached as **Appendix "C"**.
5. As the Cash Flow Forecast provides actual results for week 1 (i.e., the week ending July 2, 2023), a comparison of forecast amounts to actual has not been provided.

5.0 Stay of Proceedings

1. In order to provide the Companies with the greatest opportunity to successfully complete a restructuring, the Companies need to operate without disruption during these proceedings. The orderly operation of the business will be facilitated by incorporating into the requested order the enhanced stay provisions from the model Initial Order issued in a CCAA proceeding as they relate to requiring suppliers and service providers to continue to provide goods and services without disruption, provided they are not required to do so on credit. The stay of proceedings under a CCAA Initial Order is significantly broader than the statutory stay of proceedings in proposal/NOI processes under the BIA.
2. The relief sought is in the spirit of stabilizing the Companies' operations and allowing them the greatest opportunity to preserve normal course operations during the NOI proceedings. Any supply disruptions would impair the Companies' ability to continue to operate in the normal course. Accordingly, the Proposal Trustee believes that expanding the scope of the stay of proceedings is appropriate as the continued operation of the Companies will assist them to achieve their objectives in these proceedings.

6.0 Consolidation

1. The Companies are seeking a consolidation of the Proceedings for both procedural and substantive purposes to allow a joint proposal to be voted on by creditors of the Companies at a single First Meeting of Creditors. The Proposal Trustee is in support of the Proposed Consolidation for the following reasons:
 - a) OL and OHL are jointly responsible for the debt outstanding under the CFCU Credit Facilities;
 - b) OHL does not carry on any active operations and does not have any employees;
 - c) aside from the Mortgage Loans totaling \$21,411,380, OHL's liabilities total \$49,237 from seven parties; and
 - d) the Proposal Trustee does not believe any creditor would be prejudiced by the Proposed Consolidation.

7.0 Court Ordered Charges

7.1 Administration Charge

1. OGEN is seeking an Administration Charge of \$250,000 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. The Proposal Trustee understands that CFCU has not expressed any opposition to the amount or priority of the Administration Charge. All other registered secured creditors, as well as Canada Revenue Agency, will be 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.

7.2 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 assets of the Companies, to the maximum amount of \$50,000. 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 OGEN.
2. The Companies do not have an insurance policy in place to provide protection to Directors and Officers. The D&O Charge would secure the Companies' indemnification obligation in favour of Directors and Officers for possible liabilities that may be incurred by them after the Filing Date, which charge would rank in second priority behind the Administration Charge.
3. The D&O Charge is proposed to rank in priority to every other claim, lien and security interest against the Companies, other than the Administration Charge.

7.3 Interim Lender Priority 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 Cash Flow Forecast indicates that no additional financing would be required outside of the amounts available from CFCU on normal lending terms, the Companies view it as a prudent step to have interim funding available in the event it is required.
2. Effective July 7, 2023, Hawksworth Holdings Ltd. and G. Edwards Holdings Ltd. (together, the "**Interim Lenders**" and individually, an "**Interim Lender**") provided the Companies with a term sheet (the "**Interim Financing Term Sheet**") that provided for a new senior secured, debtor-in-possession, non revolving Interim Loan in the amount of \$500,000. A copy of the Interim Financing Term Sheet is included as Exhibit "6" to the Brisebois Affidavit. The Interim Financing Term Sheet will be executed by the Companies upon the Court's approval of the Interim Loan and the Interim Lenders' Charge.

3. The key terms of the Interim Financing Term Sheet¹, if approved, are as follows:
 - a) **Principal:** \$500,000;
 - b) **Interest:** the Companies will pay interest at 15% per annum, due on the Maturity Date;
 - c) **Term:** the earlier of: (i) the occurrence of any Event of Default which is continuing and has not been cured; (ii) the implementation of a proposal to the Companies' creditors which has been approved by the requisite majorities of the Companies' creditors and sanctioned by an order of the Court; (iii) conversion of the NOI Proceedings into a liquidation or receivership proceeding under the BIA; (iv) the sale of all or substantially all of the Collateral; and (v) December 31, 2023;
 - d) **Security:** the Interim Loan shall be secured by the Interim Lenders' Charge, over all assets of the Companies, to the extent they are subject to valid lien claims, and having priority over all secured and unsecured creditors and all security, interests, trusts, liens, claims and encumbrances, statutory or otherwise, subject only to the Administration Charge and D&O Charge.
4. The Interim Financing Term Sheet also contains certain affirmative covenants, negative covenants, and events of default and conditions that in the Proposal Trustee's view, are reasonable and customary for this type of financing.
5. The Proposal Trustee recommends that the Court approve the Interim Financing Term Sheet and the Interim Lenders' Charge. In arriving at this recommendation, the Proposal Trustee considered the factors enumerated in section 50.6(5) of the BIA, including:
 - a) the facts and circumstances of the Companies;
 - b) the financial terms of the Interim Financing Term Sheet, including the fee and interest rate to be charged, relative to comparable facilities in similar restructuring proceedings;
 - c) the stability and flexibility the Interim Loan will provide to the Companies to ensure there is sufficient liquidity to facilitate the Proceedings; and,

¹ All capitalized terms not defined herein have the meanings ascribed to them in the Interim Financing Term Sheet.

- d) the interests of the Companies' stakeholders. In particular, the Proposal Trustee is of the view that no creditor will be materially prejudiced as a result of the Interim Lenders' Charge.

7.4 Priority of Charges

1. OGEN proposes that the charges have the following priority (with amounts in brackets):
 - a) first, the Administration Charge (\$250,000);
 - b) second, the D&O Charge (\$50,000); and
 - c) third, the Interim Lenders' Priority Charge (\$500,000);
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.

8.0 Companies' Request for an Extension

1. The Companies are seeking an extension of the time required to file a proposal from July 26, 2023 to September 5, 2023. 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 enhance the likelihood of the Companies being able 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 supplies in the amounts contemplated by the 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.

9.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court make an order granting the relief being 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
OGEN Ltd. and OGEN Holdings Ltd.,
and not in its personal capacity**

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. 25-2958981
Estate No. 25-2958981

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

OGEN Ltd.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

June 26, 2023

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: June 26, 2023, 13:47

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. 25-2958977
Estate No. 25-2958977

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

OGEN Holdings Ltd.

Insolvent Person

KSV RESTRUCTURING INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

June 26, 2023

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: June 26, 2023, 13:43

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”

OGEN Ltd. and OGEN Holdings Ltd.
Cash Flow Forecast
June 26, 2023 to September 24, 2023

	Notes	Actual Week 1 02-Jul-23	Forecast Week 2 09-Jul-23	Forecast Week 3 16-Jul-23	Forecast Week 4 23-Jul-23	Forecast Week 5 30-Jul-23	Forecast Week 6 06-Aug-23	Forecast Week 7 13-Aug-23	Forecast Week 8 20-Aug-23	Forecast Week 9 27-Aug-23	Forecast Week 10 03-Sep-23	Forecast Week 11 10-Sep-23	Forecast Week 12 17-Sep-23	Forecast Week 13 24-Sep-23	Total
For the week ending,															
In CAD															
Opening cash (operating line) balance	1	(690,403)	(621,239)	(576,361)	(623,000)	(625,301)	(724,239)	(511,978)	(590,425)	(410,210)	(550,768)	(719,965)	(707,465)	(629,965)	(690,403)
Cash Receipts															
Collection of outstanding receivables	2	268,398	222,619	260,861	109,199	65,507	337,697	4,053	187,715	16,942	-	-	-	-	1,472,992
Collection of new revenue	2	-	-	-	50,000	100,000	70,000	220,000	95,000	245,000	195,000	245,000	195,000	245,000	1,660,000
		268,398	222,619	260,861	159,199	165,507	407,697	224,053	282,715	261,942	195,000	245,000	195,000	245,000	3,132,992
Cash Disbursements															
Operating Expenses															
Wages, salaries, and benefits	3	186,945	12,000	180,000	-	186,945	12,000	180,000	-	180,000	18,945	180,000	-	180,000	1,316,836
Utilities	4	7,286	82,253	-	104,000	-	-	-	-	170,000	8,000	-	-	-	371,539
Other operating expenses	5	-	47,000	55,000	55,000	75,000	92,000	55,000	100,000	50,000	97,000	50,000	50,000	50,000	776,000
Property taxes	6	-	33,988	-	-	-	33,988	-	-	-	33,988	-	-	-	101,964
		194,231	175,241	235,000	159,000	261,945	137,988	235,000	100,000	400,000	157,933	230,000	50,000	230,000	2,566,339
Other Disbursements															
Excise tax	7	-	-	-	-	-	50,000	-	-	-	200,000	-	-	-	250,000
Anticipated capital expenditures		-	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	30,000
		-	2,500	2,500	2,500	2,500	52,500	2,500	2,500	2,500	202,500	2,500	2,500	2,500	280,000
Debt Repayment															
Interest & principal	1	5,003	-	-	-	-	4,949	-	-	-	3,764	-	-	-	13,715
		199,234	177,741	237,500	161,500	264,445	195,437	237,500	102,500	402,500	364,197	232,500	52,500	232,500	2,860,054
Total operating disbursements															
		199,234	177,741	237,500	161,500	264,445	195,437	237,500	102,500	402,500	364,197	232,500	52,500	232,500	2,860,054
Professional Costs	8														
Company counsel legal fees		-	-	25,000	-	-	-	25,000	-	-	-	-	25,000	-	75,000
Trustee fees		-	-	30,000	-	-	-	30,000	-	-	-	-	25,000	-	85,000
Trustee's counsel fees		-	-	15,000	-	-	-	10,000	-	-	-	-	15,000	-	40,000
Total Professional Costs		-	-	70,000	-	-	-	65,000	-	-	-	-	65,000	-	200,000
Net cash flow		69,164	44,878	(46,639)	(2,301)	(98,938)	212,260	(78,447)	180,215	(140,558)	(169,197)	12,500	77,500	12,500	72,938
Interim financing															
Interim financing advances / (repayments)	9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing cash (operating line) balance		(621,239)	(576,361)	(623,000)	(625,301)	(724,239)	(511,978)	(590,425)	(410,210)	(550,768)	(719,965)	(707,465)	(629,965)	(617,465)	(617,465)

Management of OGEN Ltd. and OGEN Holdings Ltd. (collectively, "OGEN" or the "Companies") has prepared this forecasted cash-flow statement (the "Cash Flow Forecast") based on probable and hypothetical assumptions detailed in Notes 1 to 9. The Cash Flow Forecast has been prepared on a consolidated basis, as the Companies will be seeking a consolidation order at the first extension hearing. The Cash Flow Forecast has been prepared solely for the purpose of supporting the Notice of Intention to Make a Proposal ("NOI") filed by each of the Companies on June 26, 2023. As such, readers are cautioned that it may not be appropriate for their purposes. The Cash Flow Forecast of the Companies 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 4th day of July 2023.

OGEN Ltd. and OGEN Holdings Ltd.

Per: _____

Darren Brubaker
 Darren Brubaker
 President

KSV Restructuring Inc.

Per: 
 Jason Knight CPA, CA, CJRP, LIT
 Managing Director

**OGEN Ltd. and OGEN Holdings Ltd.
Notes to the Cash Flow Forecast
June 26, 2023 to September 24, 2023**

Note 1

OGEN has a revolving line of credit (the "Operating Facility") and term debt (the "Term Debt") owing to Connect First Credit Union Ltd. ("CFCU"). As at June 26, 2023, the Operating Facility and Term Debt had balances of \$690,403 and approximately \$21.5 million, respectively. The Operating Facility has a limit of the lesser of: (i) the calculated borrowing base, based on the Companies' accounts receivable less certain reserves; and (ii) \$1.5 million. The Cash Flow Forecast is based on the assumption that CFCU will allow continued access to the Operating Facility. With respect to the Term Debt, in late 2022, the Companies were temporarily allowed to defer all interest and principal payments on the Term Debt. The Cash Flow Forecast assumes that this arrangement will remain in place during the forecasted period.

Note 2

The Companies' customers consist of certain provincial cannabis purchasing divisions and wholesale customers. Revenue and collection projections are based on historical results and stated collection terms.

Note 3

Wages, salaries, and benefits have been estimated based on the Companies' current staffing levels.

Note 4

Utilities are projected based on historical results.

Note 5

Other expenses include, among other things: insurance, repairs and maintenance, freight, marketing, administration, quality assurance, and IT. The amounts projected in this Cash Flow Forecast are based on recent financial results of the Companies.

Note 6

The Companies' pay property tax on the City of Calgary Tax Installment Payment Plan (TIPP) program. Payments are up to date.

Note 7

Excise tax is an estimate based on forecasted revenue generated during the Cash Flow Forecast period.

Note 8

The Companies intend to make an application to the Court for the creation of a charge over the Companies' assets as security for the professional costs of the NOI process.

Note 9

The Companies are currently finalizing a term sheet with certain of its shareholders for an interim credit facility in the maximum amount of \$500,000 (the "Interim Loan"). The Companies intend to make an application to the Court for the creation of a charge over the Companies' assets as security for the advances under the Interim Loan.

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2958981
Estate No. 25-2958981

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

In the Matter of the Notice of Intention to file a Proposal of
OGEN Ltd.
of the City of Calgary, in the Province of Alberta

The Company of OGEN Ltd., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 4th day of July 2023, consisting of a signed pdf copy of a weekly cash flow statement for the period ending September 24, 2023.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

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 the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 4th day of July 2023.

DocuSigned by:

Darren Brisebois

EC210CA54F10473...

OGEN Ltd.
Debtor

Darren Brisebois, President

Name and title of signing officer

Name and title of signing officer

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2958981
Estate No. 25-2958981

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

In the Matter of the Notice of Intention to file a Proposal of
OGEN 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 24, 2023.

Projection Notes:

A signed pdf copy of a weekly cash flow statement for the period ending September 24, 2023.

Assumptions:

A signed pdf copy of a weekly cash flow statement for the period ending September 24, 2023.

Dated at the City of Calgary in the Province of Alberta, this 4th day of July 2023.

DocuSigned by:

Darren Brisebois

EC210CA34F10475...

OGEN Ltd.

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2958977
Estate No. 25-2958977

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

In the Matter of the Notice of Intention to file a Proposal of
OGEN Ltd.
of the City of Calgary, in the Province of Alberta

The Company of OGEN Holdings Ltd., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 4th day of July 2023, consisting of a signed pdf copy of a weekly cash flow statement for the period ending September 24, 2023.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

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 the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 4th day of July 2023.

DocuSigned by:

Darren Brisebois

EC210CA54E10473

OGEN Holdings Ltd.
Debtor

Darren Brisebois, President

Name and title of signing officer

Name and title of signing officer

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2958977
Estate No. 25-2958977

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

In the Matter of the Notice of Intention to file a Proposal of
OGEN 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 24, 2023.

Projection Notes:

A signed pdf copy of a weekly cash flow statement for the period ending September 24, 2023.

Assumptions:

A signed pdf copy of a weekly cash flow statement for the period ending September 24, 2023.

Dated at the City of Calgary in the Province of Alberta, this 4th day of July 2023.

DocuSigned by:

Darren Brisebois

EC210CA54E10473

OGEN Holdings Ltd.

Appendix “C”

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2958981
Estate No. 25-2958981

_ 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 file a Proposal of
OGEN Ltd.
of the City of Calgary, in the Province of Alberta

The attached statement of projected cash flow of OGEN Ltd., as of the 4th day of July 2023, consisting of a signed pdf copy of a weekly cash flow statement for the period ending September 24, 2023, 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 4th day of July 2023.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Jason Knight Licensed Insolvency Trustee

220 Bay St. Suite 1300, PO Box 20

Toronto ON M5J 2W4

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

District of: Alberta
Division No. 02 - Calgary
Court No. 25-2958981
Estate No. 25-2958981

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 file a Proposal of
OGEN 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 24, 2023.

Projection Notes:

A signed pdf copy of a weekly cash flow statement for the period ending September 24, 2023.

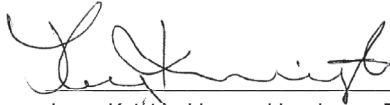
Assumptions:

A signed pdf copy of a weekly cash flow statement for the period ending September 24, 2023.

Dated at the City of Calgary in the Province of Alberta, this 4th day of July 2023.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Jason Knight - Licensed Insolvency Trustee

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District of: Alberta
Division No. 02 - Calgary
Court No. 25-2958977
Estate No. 25-2958977

_ 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 file a Proposal of
OGEN Ltd.
of the City of Calgary, in the Province of Alberta

The attached statement of projected cash flow of OGEN Holdings Ltd., as of the 4th day of July 2023, consisting of a signed pdf copy of a weekly cash flow statement for the period ending September 24, 2023, 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.

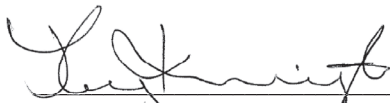
Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

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 4th day of July 2023.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



Jason Knight - Licensed Insolvency Trustee

220 Bay St. Suite 1300, PO Box 20

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District of: Alberta
Division No. 02 - Calgary
Court No. 25-2958977
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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 file a Proposal of
OGEN 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 24, 2023.

Projection Notes:

A signed pdf copy of a weekly cash flow statement for the period ending September 24, 2023.

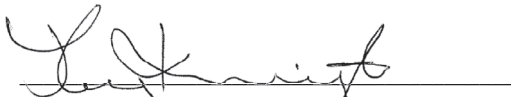
Assumptions:

A signed pdf copy of a weekly cash flow statement for the period ending September 24, 2023.

Dated at the City of Calgary in the Province of Alberta, this 4th day of July 2023.

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