



SUPERIOR COURT OF JUSTICE

COUNSEL SLIP

COURT FILE NO.: _____ DATE: **7 November 2022**

NO. ON LIST: 2

TITLE OF PROCEEDING: **TRICHOME FINANCIAL CORP et al.**

BEFORE JUSTICE: **MADAM JUSTICE CONWAY**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
Sean Zweig	Applicants	zweigs@bennettjones.com
Joshua Foster	Applicants	fosterj@bennettjones.com

For Other:

Name of Person Appearing	Name of Party	Contact Info
Jane Dietrich	Proposed Monitor	jdietrich@cassels.com
Mark Freake	DIP Lender	mark.freake@dentons.com
John Salmas	DIP Lender	John.salmas@dentons.com

ENDORSEMENT OF JUSTICE CONWAY:

All defined terms used in this Endorsement shall, unless otherwise defined, have the meanings ascribed to them in the Factum of the Applicants dated November 7, 2022.

The Applicants operate in the cannabis industry. They seek an initial order pursuant to the CCAA. They are facing a severe liquidity crisis. In particular, funding is insufficient to meet payroll (due tomorrow) for their 226 employees and 12 consultants. They seek to create a stabilized environment in which to continue operations while they develop a SISP and explore other value maximizing restructuring transactions. The relief sought is recommended by the proposed Monitor, as outlined in its Pre-Filing Report.

I am satisfied that each of the Applicants is a debtor company to which the CCAA applies and that Ontario is the appropriate venue for these proceedings.

The stay of proceedings for 10 days is warranted to provide the required breathing room for the Applicants to explore their restructuring options while permitting operations to continue without interruption during that period. It is in the best interests of the stakeholders for the stay to be granted.

With respect to the DIP Facility, I have determined that the amounts to be advanced, while not insignificant, are limited to what is reasonably necessary for the continued operations of the Applicants in the ordinary course of business during the Initial Stay Period, as required by s. 11.001 of the CCAA. This is borne out by the Cash Flow Forecast, which shows that funding of just over \$1.8 million will be required to continue operations pending the comeback motion next week. The DIP Facility meets the criteria of s. 11.2(1) and (4) of the CCAA. I note that the order provides that the DIP Lender's Charge will not rank in priority to any Encumbrances in favour of any person that has not received notice of the application. Further, the charge will not secure any obligations incurred prior to the date of these proceedings.

The order provides that the Applicants may make certain pre-filing payments, with restrictions that require the consent of both the Monitor and DIP Lender. The Monitor is required to consider, among other things, whether the supplier is essential to the Canadian Business. The Monitor has advised that it will engage with the Applicants to ensure that payments to suppliers for pre-filing liabilities are limited to the extent reasonably possible. I am satisfied that the order should be granted pursuant to s. 11 of the CCAA. Since this is an initial application, I am further satisfied that the terms of the order will be restricted to what is reasonably necessary for the continued operations of the Applicants in the ordinary course of business during the Initial Stay Period, as required by s. 11.001 of the CCAA.

The Directors' Charge has been calculated to cover the exposure of the directors and officers for liabilities of the Applicants during the Initial Stay Period. I am granting the charge pursuant to s. 11.51 of the CCAA.

The Administration Charge is approved pursuant to s. 11.51 of the CCAA. In particular, I note that the professionals in question do not have retainers and have accrued significant fees already.

The comeback hearing will be before me on **November 17, 2022**. Counsel have confirmed that they will issue the Application forthwith after the hearing today. I direct that all materials be uploaded to CaseLines forthwith.

I required that paragraph 10(a) of the Draft Initial Order be deleted as it is not appropriate for the Initial Stay Period. Counsel has now revised the order accordingly.

Initial order to go as signed by me and attached to this Endorsement. This order is effective from today's date and is enforceable without the need for entry and filing.

A handwritten signature in blue ink, appearing to read "Conway J.", is located at the bottom left of the page.