

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF EVE
& CO INCORPORATED, NATURAL MEDCO LTD., and EVE & CO INTERNATIONAL
HOLDINGS LTD. (collectively, the "Applicants")

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

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

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

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

DEFINED TERMS

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

SERVICE

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

SALE PROCESS

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

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

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

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

PIPEDA

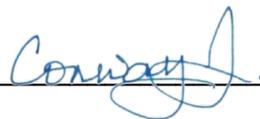
6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Applicants and the Monitor may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and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

GENERAL

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

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

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



SCHEDULE "A"
SALE PROCESS

Sale and Investment Solicitation Process

Introduction

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

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

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

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

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

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

Key Dates

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

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

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

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

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

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

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

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

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

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

Opportunity/Property for Sale

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

Solicitation of Interest: Notice of Sale Process

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

Applicants or the Monitor indicating an interest in the Opportunity; and (ii) local and international strategic and financial parties who the Applicants, in consultation with the Monitor, believe may be interested in purchasing all or part of the Property or investing in the Applicants, or any one of the Applicants, pursuant to the Sale Process (collectively, the “**Known Potential Bidders**”);

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

PHASE 1: NON-BINDING LETTERS OF INTEREST

Qualified Bidders

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

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

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

Due Diligence

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

Phase 1 Bids from Phase 1 Qualified Bidders

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

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

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

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

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

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

Preliminary Assessment of Phase 1 Bids and Subsequent Process

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

¹ Other than the payment of the RBC Indebtedness.

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

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

PHASE 2: FORMAL OFFERS AND SELECTION OF SUCCESSFUL BIDDER

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

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

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

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

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

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

Evaluation of Competing Bids

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

Selection of Successful Bid

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

Approval and Vesting Order Motion Hearing

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

Confidentiality, Stakeholder/Bidder Communication and Access to Information

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

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

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

Administration of the Sale Process

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

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

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

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

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

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

Applicants

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

ORDER
(APPROVAL OF SALE PROCESS)

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