



SUPERIOR COURT OF JUSTICE

COUNSEL SLIP

COURT FILE NO.: CV-22-638056-00CL DATE: 4 July 2022

NO. ON LIST: 02

TITLE OF PROCEEDING: SPROUTLY INC v TORONTO HERBAL REMEDIES INC

BEFORE JUSTICE: PENNY

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
Leanna Williams	Applicant	lwilliams@tgf.ca
Adrienne Ho	Applicant	aho@tgf.ca

For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info
Kyle Peterson	BDO	kpeterson@agmlawyers.com
Sarah White	DIP Lender	swhite@loonix.com
Graham Phoenix	DIP Lender	gphoenix@loonix.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info

ENDORSEMENT OF JUSTICE PENNY:

The Applicants move for an amended and restated initial order, which amends and restates the initial order issued in this matter on June 24, to provide certain additional relief including:

The extension of the stay period until October 3, 2022;

Authorizing the Applicants to file with the Court a plan of compromise or arrangement;

Increasing the DIP lenders' charge to \$750,000;

Permitting the Applicants to pursue restructuring options, including the termination of employees; and

An order for the following relief:

- (i) approving a sales and investment solicitation process in connection with the marketing and sale in respect of all or part of the assets, property and undertakings of the Applicants;
- (ii) approving the activities described in the First Report of the Monitor; and
- (iii) sealing the confidential appendices of the First Report of the Monitor.

There is no opposition to any of the relief sought.

The extension of the stay was contemplated at the time of the initial order and is supported by the requirements of the proposed processes under the CCAA and by the forecast cash flows. The Monitor supports this relief. I am satisfied it is appropriate and the relief is granted.

Similarly, the increase in the DIP financing was contemplated, is supported by the evidence and is recommended by the Monitor. The increase in the DIP lender's charge is increased to \$750,000.

The cannabis business is highly specialized. Based on their experience with the prior marketing efforts, the Applicants wish to pursue a two-pronged SISF in which bids for both the real estate assets and the business as a whole are encouraged. Thus, the Applicants propose to hire real estate brokers and a cannabis business specialist, Mr. Hyde to assist with implementing the SISF.

This is all with the intention of maximizing value for all stakeholders. There is a somewhat unique compensation arrangement for Mr. Hyde involving a form of "break fee" but the DIP Lender is content with it in the circumstances, and it is supported by the Monitor as appropriate and necessary in the circumstances. I am satisfied that the proposed SISF is appropriate and it is approved.

The sealing order is necessary in order to preserve the Applicants' and the Monitor's ability to maximize value throughout the SISF process. It meets the test in *Sherman Estate*.

I accept the Monitor's report and activities to date on this file.

Order to issue in the form signed by me this day.

A handwritten signature in blue ink, appearing to read "Penny J.", with a stylized flourish at the end.

Penny J.