

Court / Estate File Nos: 31-3051650

ORGANIC GARAGE (CANADA) LTD. ET AL

**SECOND REPORT OF KPMG INC.,
IN ITS CAPACITY AS PROPOSAL TRUSTEE**

April 19, 2024

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ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ORGANIC GARAGE (CANADA) LTD, 2412383 ONTARIO INC., 2347018 ONTARIO INC.,
2507158 ONTARIO INC., AND 2581751 ONTARIO INC.**

**SECOND REPORT OF KPMG INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE**

April 19, 2024

I. INTRODUCTION

1. On March 5, 2024 (the “**Filing Date**”), Organic Garage (Canada) Ltd. (“**Organic Garage**”), 2412383 Ontario Inc. (“**Junction LeaseCo**”), 2347018 Ontario Inc. (“**Bathurst LeaseCo**”), 2507158 Ontario Inc. (“**Oakville LeaseCo**”) and 2581751 Ontario Inc. (“**Liberty LeaseCo**” and together with Organic Garage, Junction LeaseCo, Bathurst LeaseCo and Oakville LeaseCo, the “**Debtors**”) each filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) R.S.C. 1985, c. B.-3, as amended (the “**BIA**”). KPMG Inc. (“**KPMG**”) was appointed as proposal trustee (in such capacity, the “**Proposal Trustee**”) in each of the Debtors’ NOI proceedings.
2. On March 14, 2024, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) granted an order (the “**SSP Order**”) approving, among other things:
 - (a) an Asset Purchase Agreement dated March 7, 2024 (the “**Stalking Horse APA**”) between each of Organic Garage, Bathurst LeaseCo, Oakville LeaseCo, and Liberty LeaseCo (collectively, the “**Vendors**”), as vendors, and MAAB Global Ltd. (“**MAAB**” or the “**Stalking Horse Bidder**”) to act as the stalking horse sale agreement (the “**Stalking Horse Bid**”) in the proposed SSP (as defined herein);
 - (b) the proposed sale solicitation process (the “**SSP**”) the Debtors intended to have the Proposal Trustee carry out, including the bidding procedures (the “**Bidding Procedures**”) to be used in connection therewith;
 - (c) procedural consolidation of the proposal proceedings in respect of each of the Debtors to continue under Estate No. 31-3051650; and
 - (d) an extension of the stay of proceedings provided for under section 69 of the BIA, including extending the stay to the Subsidiaries (as defined herein), and an extension of the time for the Debtors to file a proposal pursuant to section 62(1) of the BIA to April 30, 2024 (the “**Stay Period**”).
3. A copy of the SSP Order is attached hereto as **Appendix “A”**.
4. To date, the Proposal Trustee has filed one report in respect of the Debtors’ NOI proceedings dated March 11, 2024 (the “**First Report**”). A copy of the First Report (without appendices), which among

other things, provided background information on the Debtors, the Stalking Horse APA, and the SSP, is attached hereto as **Appendix “B”**.

II. PURPOSE OF REPORT

5. The purpose of the report (the **“Second Report”**) is to provide the Court with information pertaining to:
 - (a) an overview of the activities of the Proposal Trustee since the Filing Date;
 - (b) the Debtors’ actual receipts and disbursements for the period from March 4, 2024 to April 14, 2024, including a comparison of actual to forecast results as compared to the Debtors’ cash flow filed on March 15, 2024;
 - (c) the results of the SSP;
 - (d) the Debtors’ cash flow projection (the **“Revised Cash Flow Forecast”**) for the period from April 15, 2024 to May 17, 2024 (the **“Forecast Period”**) and
 - (e) the Debtors’ request for an extension of the time to file a proposal to May 17, 2024 (the **“Second Extension”**) and the Proposal Trustee’s recommendation that this Court issue an order (the **“Stay Extension Order”**) approving same.

III. TERMS OF REFERENCE

6. In preparing this Second Report, KPMG has relied on information and documents provided by the Debtors and their advisors, including unaudited financial information, the Debtors’ books and records, and discussions with the Debtors’ representatives and their legal counsel (collectively, the **“Information”**). In accordance with industry practice, except as otherwise described in the Second Report, KPMG has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, KPMG has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards (**“GAAS”**) pursuant to the *Chartered Professional Accountant of Canada Handbook* and, as such, KPMG expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

7. Future orientated financial information contained in the Revised Cash Flow Forecast is based on the Debtors' estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether the Revised Cash Flow Forecast will be achieved.
8. Capitalized terms not otherwise defined herein are as defined in the affidavit of Matt Lurie, the chief executive officer and director of each of the Debtors, sworn April 19, 2024 (the "**Second Lurie Affidavit**") and filed in support of the Debtors' motion returnable April 26, 2024. This Second Report should be read in conjunction with the Second Lurie Affidavit, as certain information contained in the Second Lurie Affidavit has not been included herein to avoid unnecessary duplication.
9. Materials filed in these NOI proceedings will be made available by KPMG on its website for this case at: kpmg.com/ca/organicgarage (the "**Case Website**").
10. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

IV. BACKGROUND

Corporate Overview

11. Organic Garage is an independent, Ontario-based natural and organic grocery chain with four (4) retail stores operating in the Greater Toronto Area. Organic Garage was formed under the laws of the Province of Ontario and is a wholly owned subsidiary of Oragin Foods Inc. ("**Oragin**").
12. The leases for each of Organic Garage's stores are held by its wholly owned subsidiaries, four (4) of which are included in these NOI proceedings as follows:
 - (a) Junction LeaseCo – formed under the laws of the Province of Ontario. Junction LeaseCo is the tenant under the lease for the grocery store located at 43 Junction Road, Toronto, Ontario (the "**Junction Store**");
 - (b) Bathurst LeaseCo – formed under the laws of the Province of Ontario. Bathurst LeaseCo is the tenant under the lease for the grocery store located at 8020 Bathurst Street, Vaughan, Ontario (the "**Bathurst Store**");

- (c) Oakville LeaseCo – formed under the laws of the Province of Ontario. Oakville LeaseCo is the tenant under the lease for the grocery store located at 579 Kerr St, Oakville, Ontario (the “**Oakville Store**”); and
- (d) Liberty LeaseCo – formed under the laws of the Province of Ontario. Liberty LeaseCo is the tenant under the lease for the grocery store located at 42 Hanna Avenue, Toronto, Ontario (the “**Liberty Store**”).

Oragin Foods Inc.

- 13. Oragin acquired Organic Garage in 2016 through a plan of arrangement under the British Columbia *Business Corporations Act*. Oragin is a reporting issuer in the Provinces of British Columbia, Alberta, and Ontario, and is listed on the NEX (a subsidiary of the TSX-V), the OTC QX, and the Frankfurt stock exchange. Oragin is subject to a cease trade order and is currently suspended from trading on all three exchanges.
- 14. Oragin’s primary assets include its equity interests in its subsidiaries, including Organic Garage. Oragin also has a subsidiary with operations which was formed during an amalgamation agreement with the Future of Cheese Company Corp. (“**Future of Cheese**”) on February 17, 2021. Other inactive subsidiaries of Oragin include 2664669 Ontario Inc. and 1047023 B.C. Ltd, neither of which hold any material assets or liabilities.
- 15. On application by a creditor of Oragin, the Court issued a Bankruptcy Order against Oragin on March 25, 2024. Zeifman Partners Inc. was appointed trustee of the estate of Oragin (the “**Oragin Trustee**”).
- 16. The Proposal Trustee notes that the Debtors’ internal balance sheet as at January 31, 2024 showed current and long-term loans totaling approximately \$6.7 million owing to “Organic Garage Ltd.”, the predecessor name of both Organic Garage and Oragin (the “**Intercompany Accounts**”). Attached here to as **Appendix “D”** is a copy of the January 31, 2024 balance for Organic Garage. The CEO of the Debtors was not aware of what these entries relate to, as the accounting records were maintained by the former CFO of Oragin (the “**Former CFO**”), who resigned from Oragin in November 2022. As such, the Intercompany Accounts were not included on the Debtors’ creditors listing filed with the NOI.
- 17. On April 17, 2024, the Proposal Trustee received a letter from the Oragin Trustee noting the Former CFO was examined under oath on April 15, 2024 under s.163(1) of the BIA and the Former CFO confirmed that the indebtedness owed by Organic Garage to Oragin was approximately \$6.9 million.

18. To date, the Proposal Trustee has not received any documentation to support this intercompany debt aside from the balance sheet entries, but the Proposal Trustee continues to investigate the Intercompany Accounts to understand the nature of unsecured amounts owing, if any, by the Debtors to Oragin.

Stalking Horse Bid

19. As described in greater detail in the First Report, the Vendors and MAAB entered into the Stalking Horse APA dated March 7, 2024, pursuant to which MAAB agreed to purchase the Purchased Assets (as defined in the Stalking Horse APA), subject to higher or otherwise better offers in the SSP, and approval of the Court.
20. On March 11, 2024, MAAB funded a refundable deposit in the amount of approximately \$101,000 (the “**Deposit**”) to Debtors’ counsel to hold in trust. Upon issuance of the SSP Order, the Deposit was remitted to the Proposal Trustee.
21. One of the primary objectives of these NOI proceedings was to implement the SSP with a view to providing a forum for prospective purchasers to present a bid superior to that contemplated by the Stalking Horse Bid on a timeline to meet the financial and timing exigencies of the circumstances.
22. The Stalking Horse APA contained a condition precedent in favour of the Stalking Horse Bidder relating to the successful negotiation of an assignment of the leases contemplated in the Stalking Horse Bid, on terms satisfactory to the Purchaser, acting reasonably, on or before April 5, 2024 (the “**Lease Condition Date**”). This provided the Stalking Horse Bidder the right to terminate the Stalking Horse APA on or before the Lease Condition Date.
23. On the Lease Condition Date, the Stalking Horse Bidder notified the Proposal Trustee in writing that it was exercising its right to terminate the Stalking Horse APA, with the intention of placing a new bid by the Bid Deadline (as defined herein). The Proposal Trustee delivered notice of same to the service list for the NOI proceedings and all the Potential Bidders (as defined herein), a copy of which is attached hereto as **Appendix ”C”**.

V. ACTIVITIES OF THE PROPOSAL TRUSTEE

24. To date, the Proposal Trustee is of the view that Debtors have provided the Proposal Trustee with its full co-operation and unrestricted access to its books and records. The Proposal Trustee's activities since the Filing Date have included, among other things:
- (a) assisting the Debtors with the preparation of the consolidated cash flow forecast for the period from March 4, 2024 to May 5, 2024 (the "**Filing Cash Flow**") and the Revised Cash Flow Forecast, including the review of the underlying assumptions;
 - (b) implementing procedures for the monitoring of the Debtors' receipts and disbursements and for the ongoing reporting of variances to the Filing Cash Flow;
 - (c) issuing the prescribed notice to Debtors' creditors advising of the filing of the Debtors' NOI, as required under the BIA;
 - (d) preparing the First Report and attending before this Court for the SSP Order;
 - (e) responding to calls and inquiries from the Debtors' creditors regarding the NOI proceedings;
 - (f) drafting of the teaser, non-disclosure agreement and other materials related to the SSP, including populating and maintaining the virtual data room (the "**VDR**");
 - (g) advertising the SSP in the Globe & Mail (National Edition) on March 19, 2024;
 - (h) engaging Danbury Global Limited to prepare a forced liquidation value appraisal of the Debtors' equipment and fixtures located at Liberty Store, the Bathurst Store, the Junction Store and the Oakville Store;
 - (i) contacting prospective interested parties in connection with the SSP, including facilitating due diligence efforts and responding to questions from interested parties and organizing site visits and calls with the Debtors' management, as requested;
 - (j) providing regular updates to the Debtors and their counsel in connection with the SSP;
 - (k) corresponding and communicating with the Royal Bank of Canada ("**RBC**") and its legal counsel in regard to pre-filing amounts owing to RBC under a credit card facility provided to Organic Garage (the "**Credit Card Facility**");

- (l) responding to information requests from counsel to Organic Garage arising from the examination of Mr. Lurie conducted by counsel to Tobias Ihde, a creditor of Oragin;
- (m) responding to questions and information requests from the Oragin Trustee in regard to, among other things, details on KPMG’s historical involvement with Oragin or any of its subsidiaries, the status of the NOI proceedings, details on the status of the SSP, including the selection of the Stalking Horse APA, the Debtors’ actual to forecast cash flows, and the Debtors’ historical financials, including the treatment of Intercompany Accounts;
- (n) attending to administrative matters, including maintaining the Case Website; and
- (o) preparing the Second Report.

VI. RECEIPTS AND DISBURSEMENTS FOR MARCH 4, 2024, TO APRIL 14, 2024

- 25. As noted, the Proposal Trustee has implemented procedures for monitoring the Debtors’ consolidated receipts and disbursements on a weekly basis, including a review of forecast to actual variance analyses as compared to the Filing Cash Flow.
- 26. Set out below is a summary of Debtors’ actual to forecast results for the 6-week period from March 4, 2024 to April 14, 2024 (the “**Reporting Period**”):

Organic Garage (Canada) Ltd. et al (the "Debtors")			
Variance Analysis - 6 weeks ending April 14, 2024			
(in \$CAD)			
	Actual	Forecast	Variance Fav/(Unfav.)
Receipts			
Collections from store sales	2,089,464	1,958,043	131,420
HST and other deposits	158,784	-	158,784
Total Receipts	2,248,248	1,958,043	290,205
Disbursements			
Cost of sales	1,374,038	1,231,216	(142,822)
Payroll and benefits	319,148	327,443	8,295
Rent	257,660	257,235	(425)
Utilities	15,627	44,646	29,019
Merchant fees and bank charges	45,229	42,950	(2,279)
General and administrative	20,970	50,117	29,146
RBC withdrawals	88,698	-	(88,698)
Professional fees	295,976	113,000	(182,976)
Total Disbursements	2,417,346	2,066,605	(350,741)
Net Cash Flow	(169,098)	(108,562)	(60,536)

Bank Balance			
Opening	261,558	434,104	(172,546)
Net Cash Flow	(169,098)	(108,562)	(60,536)
Closing Bank Balance	92,460	325,542	(233,082)
Collections in transit	157,360	-	157,360
Book value of cash	249,820	325,542	(75,722)

27. As shown in the above table, the Debtors reported a net cash outflow of approximately \$169,000 (excluding collections in transit) over the Reporting Period. This resulted in a \$60,000 unfavourable net cash flow variance as compared to forecast.
28. Key variances between actual and forecasted results over the Reporting Period include:
- (a) *Opening balance* – the opening bank balance had an unfavourable variance of approximately \$172,000. The Proposal Trustee understands that there is a delay in the clearing of credit card transactions by at least one business day, causing sales collections from Friday, Saturday, and Sunday to be deposited into the Organic Garage bank accounts the following week. Furthermore, cash at three stores is picked up on a weekly basis and deposited into the Organic Garage bank accounts the following week. Therefore, the unfavourable variance in the opening balance was a result of timing differences in respect of cash in transit and the clearing of credit card transactions.
 - (b) *Collections for store sales* – collections from store sales had a favourable variance of approximately \$131,000. There was approximately an additional \$157,000 of sales in transit to be deposited into the Organic Garage bank account for week ended April 14, 2024. As a result, there was a total favourable variance in collections of approximately \$289,000. This was offset by an increase in cost of sales by approximately \$143,000.
 - (c) *Professional fees* – professional fees were higher than expected by approximately \$183,000, primarily due to the un-forecast opposition to the SSP Order, the subsequent cross examination of Mr. Lurie, and responding to substantial information and document requests from the Oragin Trustee and counsel to Mr. Tobias Idhe, none of which was considered in the preparation of the Filing Cash Flow;
 - (d) *HST refund* – the Debtors received an un-forecast HST refund of approximately \$159,000 relating to pre-filing periods; and

(e) *RBC withdrawals* - On April 3, 2024 and April 4, 2024, RBC debited the Organic Garage bank accounts for approximately \$87,400 and \$1,298, respectively, for a total of \$88,698, representing the pre-filing amount owing under the Credit Card Facility plus legal fees and costs incurred by RBC post-filing. Counsel to RBC advised the Proposal Trustee that RBC was entitled to exercise its right to set-off the amounts owed to RBC against the Debtors' cash balances on deposit with RBC. The Proposal Trustee has received a copy of RBC's security documents but, as at the date of this Second Report, has not requested a legal opinion on the validity and enforceability of the security granted by Organic Garage in favour of RBC. The Proposal Trustee is discussing with its counsel what further actions, if any, the Proposal Trustee should take in this regard.

29. As a result of foregoing, the ending bank balance is lower than forecast by approximately \$233,000, in part due to timing of collections. After considering the collections in transit of \$157,000, the book value of cash is lower than forecast by approximately \$76,000.

VII. RESULTS OF THE SALE SOLICITATION PROCESS

30. As described in greater detail in the First Report, the Stalking Horse Bid established a benchmark for the Debtors' business and/or assets and the SSP provided a forum for prospective purchasers to present a bid superior to that contemplated by the Stalking Horse Bid on a timeline to meet the financial and timing exigencies of the circumstances. Among other things, the SSP included Bidding Procedures that incorporated the Stalking Horse Bid and the ability of the Proposal Trustee, in consultation with the Debtors, to conduct an auction if qualified and competitive bids were received.

31. A summary of the key aspects of the SSP and its results are summarized below:

(a) commencing on March 6, 2024, the Proposal Trustee contacted 118 potential interested parties (collectively, the "**Interested Parties**"), including 35 strategic parties, 72 financial parties, and 11 liquidators, with regards to the transaction opportunity and the SSP. Each of the Interested Parties received an email containing background information on the NOI proceedings, a copy of a process summary and overview of the Debtors and the key dates pursuant to the Bidding Procedures, and information on next steps to explore the opportunity. Any Interested Parties interested in pursuing the opportunity further were then provided with the non-disclosure agreement ("**NDA**");

- (b) Interested Parties looking to obtain additional information regarding the Debtors' opportunity were required to execute the NDA to obtain access to the VDR maintained by the Proposal Trustee. A total of 14 parties executed the NDA (collectively, the "**Potential Bidders**");
- (c) the VDR contained financial, operational, and other pertinent information related to the Debtors, as well as copies of the SSP Order, the Bidding Procedures and an electronic copy of the Stalking Horse APA to be used by Potential Bidders to submit an offer in the SSP;
- (d) over the course of the SSP, the Proposal Trustee followed up with the Interested Parties to confirm their receipt of the email communication with respect to the SSP, and to gauge their potential interest in pursuing the transaction opportunity. The Proposal Trustee also offered to arrange calls with any Potential Bidder to discuss the Bidding Procedures or inquire about any other aspects of the SSP;
- (e) throughout the course of the SSP, the Proposal Trustee kept the Debtors apprised on the status of the SSP and any diligence requests received from Potential Bidders;
- (f) as noted above, the Stalking Horse Bidder terminated the Stalking Horse APA on April 5, 2024 and accordingly, the Proposal Trustee notified all Potential Bidders that there was no longer a minimum bid requirement pursuant to the SSP;
- (g) Potential Bidders were required to submit "Qualified Bids" (as defined in the Bidding Procedures) to the Proposal Trustee on or before 5pm EST on April 10, 2024 (the "**Bid Deadline**");
- (h) four offers (the "**Qualified Bids**") were received by the Proposal Trustee by the Bid Deadline in respect of the Debtors' assets, one of which was a new offer submitted by the Stalking Horse Bidder, summarized as follows:
 - i. two of the Qualified Bids were Partial Sale Proposals (as defined in the Bidding Procedures), each in respect of a single separate store (the "**Separate Store Bids**" and each offeror, a "**Separate Store Bidder**"). For clarity, the Separate Store Bids did not relate to the same store; and
 - ii. two of the Qualified Bids were Sale Proposals in respect of multiple stores (the "**Multiple Store Bids**" and each offeror, a "**Multiple Store Bidder**"), which contained overlapping assets;

- (i) the Proposal Trustee reviewed all Qualified Bids and concluded that the Separate Store Bids were higher in value, on an individual store basis, as compared to the Multiple Store Bids in respect of the same stores;
 - (j) accordingly, on April 11, 2024, the Proposal Trustee contacted the Multiple Store Bidders and requested resubmissions in respect of the Multiple Store Bids, to exclude the Liberty Store. The Proposal Trustee advised the Multiple Store Bidders to resubmit their bid as best and final to the Proposal Trustee by no later than 12pm EST on April 12, 2024 (the “**Bid Resubmission Deadline**”), after which the Proposal Trustee would make its determination based on the Qualified Bids in hand.
32. At the Bid Resubmission Deadline, the Proposal Trustee received only one revised bid from the Multiple Store Bidders (in such capacity, the “**Highest Multiple Store Bidder**”). Accordingly, on April 12, 2024 the Proposal Trustee advised the Separate Store Bidders and the Highest Multiple Store Bidder that their respective bids were declared the “Successful Bids” pursuant to the Bidding Procedures, subject to approval by the Court.
33. The Proposal Trustee intends to bring a motion on May 2, 2024 to seek approval of the Successful Bids and the transactions contemplated thereunder, and will report further to the Court on the details of each of the Successful Bids.

VIII. REVISED CASH FLOW FORECAST

34. The Debtors, in consultation with the Proposal Trustee, have prepared the Revised Cash Flow Forecast for the purpose of projecting their estimated liquidity needs during the Forecast Period. A copy of the Revised Cash Flow Forecast with accompanying notes is attached hereto as **Appendix “E”**.
35. The Revised Cash Flow Forecast assumes that the Liberty Store will close on April 30, 2024 and the Oakville Store, Junction Store and Bathurst Store will each close on May 12, 2024.
36. The Revised Cash Flow Forecast also assumes that no rent will be paid during the Forecast Period and the landlords will draw against the existing rent deposits on hand for each location.
37. The Revised Cash Flow Forecast has been prepared by the Debtors on a conservative basis using probable and hypothetical assumptions set out in the notes to the Revised Cash Flow Forecast. Due to the integrated nature of the Debtors’ operations, the Revised Cash Flow Forecast is presented on a

consolidated basis and includes the receipts and disbursements of the Debtors. The Revised Cash Flow Forecast reflects the Debtors' estimates of receipts and disbursements on a weekly basis over the Forecast Period.

38. The Proposal Trustee's review of the Revised Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Debtors. Since the hypothetical assumptions need not be supported, the Proposal Trustee's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Revised Cash Flow Forecast. The Proposal Trustee also reviewed the support provided by management of the Debtors for the probable and hypothetical assumptions, and the preparation and presentation of the Revised Cash Flow Forecast.
39. Based on the Proposal Trustee's review, nothing has come to its attention that causes it to believe that, in all material respects:
 - (a) the hypothetical assumptions are not consistent with the purpose of the Revised Cash Flow Forecast;
 - (b) as at the date of this Second Report, the probable assumptions developed by the Debtors are not suitably supported and consistent with the restructuring plan of the Debtors or do not provide a reasonable basis for the Revised Cash Flow Forecast, given the hypothetical assumptions; or
 - (c) the Revised Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
40. As at April 14, 2024, the Debtors had \$92,460 of available cash on hand (excluding cash in transit). The Revised Cash Flow Forecast projects that the Debtors will generate cash receipts of approximately \$1.0 million and cash disbursements of approximately \$0.8 million over the Forecast Period. As such, the Debtors are projected to have a cash balance of approximately \$0.2 million at the end of the Forecast Period, excluding any proceeds generated from the closing of any transaction(s) through the SSP.
41. The Proposal Trustee notes that the Revised Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

IX. DEBTORS' REQUEST FOR EXTENSION

42. The current Stay Period expires on April 30, 2024.
43. The Debtors are seeking an extension of the Stay Period to May 17, 2024 to permit the Proposal Trustee time to seek approval from the Court in respect of the Successful Bids and close the transactions thereunder.
44. The Proposal Trustee supports the Debtors' request for the Second Extension for the following reasons:
 - (a) the Debtors are acting in good faith and with due diligence in taking steps to facilitate a sale of their operations;
 - (b) it is the Proposal Trustee's view that an extension will not prejudice or adversely affect any group of creditors;
 - (c) the Revised Cash Flow Forecast indicates that the Debtors are forecast to have sufficient liquidity to continue to fund operations through the period ending May 17, 2024; and
 - (d) the approval motion in respect of the Successful Bids is scheduled to be heard by the Court on May 2, 2024 (the "**Sale Approval Motion**").
45. After the expiry of the Second Extension, if granted by the Court, each of the Debtors will be deemed to have made an assignment into bankruptcy as a consequence of not filing a proposal within the time period granted by the Court. As such, the assessment of claims and distribution of proceeds to creditors will be addressed through the bankruptcy.

X. CONCLUSIONS AND RECOMMENDATIONS

46. For the reasons set out in the Second Report, the Proposal Trustee is of the view that the relief requested by the Debtors is both appropriate and reasonable in the circumstances and the Proposal Trustee recommends that this Court make the Stay Extension Order, among other things, approving the Debtors' request for the Second Extension.

All of which is respectfully submitted on this 19th day of April 2024.

KPMG Inc.
in its capacity as Proposal Trustee of
Organic Garage (Canada) Ltd., 2412383 Ontario Inc., 2347018 Ontario Inc., 2507158 Ontario Inc.
and 2581751 Ontario Inc.
and not in its personal capacity

Per



Pritesh Patel
CIRP, LIT
Senior Vice President



Tahreem Fatima
CPA
Manager

Appendix “A”

District of Ontario
Division No. 9 - Toronto
Court File No.: 31-3051650
Estate File No.: 31-3051650

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE) THURSDAY THE 14th
)
JUSTICE STEELE) DAY OF MARCH, 2024

B E T W E E N:

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF A NOTICE OF INTENTION TO
MAKE A PROPOSAL OF ORGANIC GARAGE (CANADA) LTD., 2412383 ONTARIO INC.,
2347018 ONTARIO INC., 2507158 ONTARIO INC., AND 2581751 ONTARIO INC.

**ORDER
(Sale Process, Procedural Consolidation, Charges, KERP)**

THIS MOTION, made by Organic Garage (Canada) Ltd. (“**Organic Garage**”), 2412383 Ontario Inc., 2347018 Ontario Inc., 2507158 Ontario Inc., and 2581751 Ontario Inc. (collectively the “**Companies**”), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) was heard this day by Zoom video conference.

ON READING the Notice of Motion, the Affidavit of Matthew Lurie sworn March 8, 2024 and the exhibits thereto (the “**Lurie Affidavit**”), and the First Report of KPMG Inc. (“**KPMG**”) dated March 8, 2024 (the “**First Report**”), in its capacity as proposal trustee of the Companies (in such capacity, the “**Proposal Trustee**”), and on being advised that the secured creditors who are likely affected by the charge created herein were given notice, and on hearing

the submissions of counsel for the Companies and counsel for the Proposal Trustee, and those other parties present, no one else appearing although duly served as appears from the Affidavit of Service of Shallon Garrafa, filed,

SERVICE AND INTERPRETATION

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and Motion Record and the First Report is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service hereof.

2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Lurie Affidavit.

PROCEDURAL CONSOLIDATION

3. **THIS COURT ORDERS** that the following proposal proceedings shall be procedurally consolidated into one proceeding and shall continue under Estate No. 31-3051650 (the “**Consolidated Proceeding**”):

- (a) Estate No. 31-3051650 in respect of Organic Garage;
- (b) Estate No. 31-3051654 in respect of 2412383 Ontario Inc.;
- (c) Estate No. 31-3051653 in respect of 2347018 Ontario Inc.;
- (d) Estate No. 31-3051656 in respect of 2507158 Ontario Inc.; and
- (e) Estate No. 31-3051657 in respect of 2581751 Ontario Inc. (together the “**Proposal Proceedings**”).

4. **THIS COURT ORDERS** that the style of cause in the within proceedings is hereby amended and shall be assigned to the Consolidated Proceeding:

Court File No: 31-3051650

Estate File No. 31-3051650

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT, R.S.C., 1985, C. B-3, AS AMENDED***

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ORGANIC GARAGE (CANADA) LTD., 2412383 ONTARIO INC., 2347018 ONTARIO
INC., 2507158 ONTARIO INC., AND 2581751 ONTARIO INC.**

5. **THIS COURT ORDERS** that the procedural consolidation pursuant to this Order shall not:

- (a) affect the separate legal status and corporate structures of any of the Companies;
- (b) cause any of the Companies to be liable to any claim for which it is otherwise not liable, or cause any of the Companies to have an interest in an asset to which it otherwise would not have; or
- (c) affect the Proposal Trustee's or any creditor's right to seek to disallow any claim, including on the basis that such claim is duplicative.

6. **THIS COURT ORDERS** that the Proposal Proceedings are not substantively consolidated, and nothing in this Order shall be construed to that effect.

7. **THIS COURT ORDERS** that the Proposal Trustee is authorized and directed to administer the Proposal Proceedings, on a consolidated basis, for all purposes in carrying out its duties and responsibilities as trustee under the BIA, including, without limitation:

- (a) sending notices to creditors of the Companies pursuant to one consolidated notice;

- (b) calling and conducting any meetings of creditors of the Companies pursuant to one combined advertisement;
- (c) issuing consolidated reports in respect of each of the estates of the Companies;
- (d) preparing, filing, advertising and distributing any and all filings or notices relating to the administration of the estates of the Companies;
- (e) taxing its fees, and those of its counsel; and
- (f) bringing motions to this Court.

8. **THIS COURT ORDERS** that the Companies shall file a copy of this Order in the Court file for each of the Proposal Proceedings but that all other or further materials in the Proposal Proceedings shall be filed with the Court only in the Consolidated Proceeding.

9. **THIS COURT ORDERS** that for avoidance of doubt, any motion, application or action in respect of the Companies shall be brought and filed in the Consolidated Proceeding and if so brought and filed it shall be deemed brought and filed in each of the Proposal Proceedings as appropriate, without prejudice to any rules of court or otherwise that are applicable.

EXTENSION OF THE TIME TO FILE A PROPOSAL

10. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time for filing a proposal with the Official Receiver in respect of each of the Companies, including the stay of proceedings, is extended up to and including April 30, 2024.

RENT

11. **THIS COURT ORDERS** that until any of the Companies' real property leases are disclaimed in accordance with the BIA, the Companies shall pay all amounts constituting rent or payable as rent under the applicable real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable Company and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including to March 5, 2024 (the "**NOI Filing Date**") shall also be paid.

NO INTERFERENCE WITH RIGHTS

12. **THIS COURT ORDERS** that until the expiry of the date by which the Companies must file a proposal pursuant to section 50.4(1) of the BIA (including as such date may be extended pursuant to section 50.4(9) of the BIA, the "**Proposal Outside Date**"), no individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence, permit, lease, purchase order or other arrangement, whether written or oral (each, an "**Agreement**"), in favour of or held by the Companies, except with the written consent of the Companies and the Proposal Trustee, or leave of this Court

CONTINUATION OF SERVICES

13. **THIS COURT ORDERS** that until the expiry of the Proposal Outside Date, all Persons having an Agreement with the Companies or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, merchant and credit card processing services, insurance, transportation services, utility or other services to the Companies, are hereby restrained until further order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Companies, and that the Companies shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Companies in accordance with normal payment practices of the Companies or such other practices as may be agreed upon by the supplier or service provider and the Companies and the Proposal Trustee, or as may be ordered by this Court.

14. **THIS COURT ORDERS** that no Person shall be entitled to set off any amounts that are or may become due from the Companies to such Person in respect of obligations relating to the period prior to the NOI Filing Date, against any amounts that are or may become due from such Person to the Companies in respect of obligations arising on or after the NOI Filing Date, in each case without the consent of the Companies and the Proposal Trustee, or as may be ordered by this Court. For greater certainty and without limiting the generality of the foregoing, no merchant or credit card service provider (a “**Provider**”) shall be entitled to set off any monies that are in its possession or control as of the NOI Filing Date, or that come into its possession and control

subsequent to the NOI Filing Date, against any amounts that may be owing to the Provider, or may become owing to the Provider, in respect of transactions prior to the NOI Filing Date, including in respect of any customer chargebacks relating to sales by the Companies prior to the NOI Filing Date.

DIRECTOR'S CHARGE

15. **THIS COURT ORDERS** that the Companies shall indemnify their directors and officers (“**D&O**”) against obligations and liabilities that they may incur as a directors or officers of the Companies after the NOI Filing Date, except to the extent that the obligation or liability was incurred as a result of the D&O’s gross negligence or wilful misconduct.

16. **THIS COURT ORDERS** that the D&O of the Companies shall be entitled to the benefit of and is hereby granted a charge (the “**Director’s Charge**”) on all of the Companies’ assets, undertakings and properties acquired for, or used in relation to a business carried on by the Companies, including all proceeds thereof (collectively, the “**Property**”), which charge shall not exceed an aggregate amount of \$140,000, as security for the indemnity provided in paragraph 31 of this Order. The Director’s Charge shall have the priority set out in paragraphs 31 and 33 of this Order.

ADMINISTRATION CHARGE

17. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee, and the Companies’ counsel shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property. The Administration Charge shall not exceed an aggregate amount of \$95,000, as security for their professional fees and disbursements incurred at

the standard rates and charges of the Companies' counsel, the Proposal Trustee and its counsel both before and after the making of this Order in respect of these proceedings.

18. **THIS COURT ORDERS** that the Administration Charge shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, except any validly perfected security interest in favour of equipment lessors.

PROPOSAL TRUSTEE

19. **THIS COURT ORDERS** that the Proposal Trustee continues to be and is hereby authorized to take all steps required to fulfill its duties under the BIA or as an officer of the Court including, to perform such duties are required to give effect to the terms of this Order and such Other orders as may be made by this Court from time to time.

20. **THIS COURT ORDERS** that, notwithstanding anything contained in this Order, the Proposal Trustee shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Companies' business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Property, or any part thereof, and nothing in this Order shall be construed as resulting in the Trustee being an employer or a successor employer, within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

21. **THIS COURT ORDERS** that nothing herein contained shall require the Trustee to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Environmental Protection Act* (Canada), the *Environmental Protection Act* (Ontario), the *Water Resources Act* (Ontario), or the *Occupational Health and Safety Act* (Ontario) and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Trustee from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Trustee shall not, as a result of this Order or anything done in pursuance of the Trustee’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

22. **THIS COURT ORDERS** that the Trustee shall provide any creditor of the Companies with the information provided by the Companies in response to reasonable requests for information made in writing by such creditor addressed to the Trustee. The Trustee shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Trustee has been advised by the Companies is confidential, or that the Trustee has determined must be kept confidential so as to facilitate the Sale Process, the Trustee shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Trustee and the Companies may agree.

NO LIABILITY OF PROPOSAL TRUSTEE

23. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Proposal Trustee under the BIA or as an officer of this Court, the Proposal Trustee shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Proposal Trustee under the BIA or any applicable legislation.

KEY EMPLOYEE RETENTION PLAN

24. **THIS COURT ORDERS** that the KERP, an unredacted version of which is attached as **Confidential Exhibit “1”** to the Lurie Affidavit and a redacted version as Exhibit “E” to the Lurie Affidavit is approved.

APPROVAL OF SALE PROCESS

25. **THIS COURT ORDERS** that sale process set out in Schedule “A” to this order in respect of the Companies’ assets and/or business (the “**Sale Process**”) is approved. The Proposal Trustee may take such steps as are necessary or desirable to carry out the Sale Process, provided that any definitive agreement to be executed by the Companies in respect of the sale of all or part of the Companies’ Property shall require further approval of this Court.

26. **THIS COURT ORDERS** that the Companies and the Proposal Trustee are authorized and directed to take such steps as they deem necessary or advisable to carry out and perform their

obligations under the Sale Process and to take such steps and execute such documentation as may be necessary or incidental to the Sale Process.

27. **THIS COURT ORDERS** that any step taken by the Companies or the Proposal Trustee in connection with the Sale Process prior to the date of this Order is approved and ratified.

28. **THIS COURT ORDERS** that the Proposal Trustee, the Companies, and their respective assistants, affiliates, partners, employees, representatives and agents shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any person in connection with or as a result of the Sale Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct in performing their obligations under the Sales Process as determined by this Court.

29. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Proposal Trustee and the Companies are hereby authorized and permitted to disclose and transfer to each potential bidder (the “**Bidders**”) and to their advisors, if requested by such Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in the Companies’ records pertaining to its past and current employees, but only to the extent desirable or required to negotiate or attempt to complete one or more sales of the Property (each, a “**Sale**”). Each Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Proposal Trustee and the Companies, or in the alternative destroy all such information. The Successful Bidder(s) (as defined

in the Sale Process) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the Successful Bid(s) (as defined in the Sale), shall be entitled to use the personal information provided to it that is related to the Property acquired pursuant to the Sale in a manner which is in all material respects identical to the prior use of such information by the Companies, and shall return all other personal information to the Proposal Trustee and the Companies, or ensure that all other personal information is destroyed.

APPROVAL OF STALKING HORSE APA

30. **THIS COURT ORDERS** that the execution, delivery, and entry into by the Companies of the Stalking Horse Purchase Agreement dated as of March 7, 2024 (the “**Stalking Horse APA**”) between the Companies and Maab Global Ltd. (the “**Stalking Horse Purchaser**”), substantially in the form attached as Exhibit “F” to the Lurie Affidavit is confirmed, authorized and approved. For greater certainty, the Stalking Horse APA is approved only as a bid in the Sale Process (as defined herein) and the transaction contemplated therein is subject to prior Court approval.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

31. **THIS COURT ORDERS** that the priorities of the Director’s Charge, the Administration Charge, and the Deposit Charge (as defined herein) (collectively, the “**Charges**”) as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$95,000.00); and

Second – Directors’ Charge (to the maximum amount of \$140,000.00).

32. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

33. **THIS COURT ORDERS** that the Charges (all as constituted and defined herein) shall constitute a charge on the Property and such Charges shall rank in priority to all other Encumbrances in favour of any person.

34. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Companies shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges, unless the Companies also obtain the prior written consent of the Proposal Trustee the beneficiaries of the Charges, or further Order of this Court.

35. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “Chargees”) thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other

agreement (collectively, an “**Agreement**”) which binds the Companies, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any agreements or document to establish the Charges shall create or be deemed to constitute a breach by the Companies of any Agreement to which it is a party;
- (b) that the Stalking Horse Purchaser shall not have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the applicable Companies entering into the Stalking Horse APA or the creation of the Deposit Charge; and
- (c) the payments, if any, made by the Companies pursuant to this Order and the granting of the Deposit Charge do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

36. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Companies’ interests in such real property leases.

SEALING

37. **THIS COURT ORDERS** that the unredacted copy of the KERP attached as Confidential Exhibit “1” to the Lurie Affidavit shall be filed with the Court and be kept confidential and under seal with the Court until further order of the Court.

SERVICE AND NOTICE

38. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in these proceedings, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05 of the Rules of Civil Procedure (the “**Rules**”), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol at the following [URL:https://kpmg.com/ca/en/home/services/advisory/deal-advisory/creditorlinks.html](https://kpmg.com/ca/en/home/services/advisory/deal-advisory/creditorlinks.html).

39. **THIS COURT ORDERS** that the Proposal Trustee and the Companies and their respective counsel be and are hereby authorized but not obligated, to serve or distribute this Order, any other materials, orders, communication, correspondence or other information as may be necessary or desirable in connection with the Sale Process to any Person or interested party that the Proposal Trustee or the Companies consider appropriate. For greater certainty, any such distribution, communication or correspondence shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

40. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Companies and the Proposal Trustee are at liberty to serve

or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Companies' creditors or other interested parties at their respective addresses as last shown on the records of the Companies and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

41. **THIS COURT ORDERS** that the Proposal Trustee shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in these proceedings (the "**Service List**"). The Proposal Trustee shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to these proceedings. Notwithstanding the foregoing, the Proposal Trustee shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

GENERAL

42. **THIS COURT ORDERS** that the Companies or the Proposal Trustee may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

43. **THIS COURT ORDERS** that this Order and its effects shall survive the filing by the Companies of a proposal pursuant to the terms of the BIA, the issuance of an initial order in regard to the Companies pursuant to the terms of the *Companies Creditors' Arrangement Act* or the bankruptcy of the Companies, unless this Court orders otherwise.

44. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order, and this Order is enforceable without the need for entry and filing.



(Signature of judge, officer or registrar)

Court File No.: 31-3051650
Estate File No.: 31-3051650

AND IN THE MATTER ORGANIC GARAGE (CANADA) LTD., 2412383 ONTARIO INC.,
2347018 ONTARIO INC., 2368123 ONTARIO INC., 2507158 ONTARIO INC.,
2557479 ONTARIO INC., AND 2581751 ONTARIO INC.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)

PROCEEDING COMMENCED AT TORONTO

ORDER

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Lawyers for Organic Garage (Canada) Ltd. et al

Appendix “B”

Court / Estate File Nos: 31-3051650
31-3051654
31-3051653
31-3051656
31-3051657

ORGANIC GARAGE (CANADA) LTD. ET AL.

**FIRST REPORT OF KPMG INC.,
IN ITS CAPACITY AS PROPOSAL TRUSTEE**

March 11, 2024

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Court / Estate File Nos: 31-3051650
31-3051654
31-3051653
31-3051656
31-3051657

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ORGANIC GARAGE (CANADA) LTD, 2412383 ONTARIO INC., 2347018 ONTARIO INC.,
2507158 ONTARIO INC., AND 2581751 ONTARIO INC.**

**FIRST REPORT OF KPMG INC.
IN ITS CAPACITY AS PROPOSAL TRUSTEE**

March 11, 2024

I. INTRODUCTION

1. On March 5, 2024 (the “**Filing Date**”), Organic Garage (Canada) Ltd. (“**Organic Garage**”), 2412383 Ontario Inc. (“**Junction LeaseCo**”), 2347018 Ontario Inc. (“**Bathurst LeaseCo**”), 2507158 Ontario Inc. (“**Oakville LeaseCo**”) and 2581751 Ontario Inc. (“**Liberty LeaseCo**” and together with Organic Garage, Junction LeaseCo, Bathurst LeaseCo and Oakville LeaseCo, , the “**Debtors**”) each filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) R.S.C. 1985, c. B.-3, as amended (the “**BIA**”). Attached hereto as **Appendix “A”** are copies of each of the Certificates of Filing of a Notice of Intention to Make a Proposal issued by the Office of the Superintendent of Bankruptcy for each of the Debtors.
2. KPMG Inc. (“**KPMG**” or the “**Proposal Trustee**”) consented to act as proposal trustee in the NOI proceedings of each of the Debtors.
3. KPMG LLP, an affiliate of the Proposal Trustee, was previously retained by ECS Law Professional Corporation, on behalf of Oragin Foods Inc. (“**Oragin**”), the parent company of Organic Garage, pursuant to an engagement letter dated on August 18, 2023, to provide certain financial advisory services to Oragin in respect of its liquidity challenges.
4. The principal purpose of these NOI proceedings is to create a stabilized environment to provide the Debtors the opportunity to carry out a sale process for their business and assets, or to restructure their business, so that they can present a proposal to their creditors.
5. This report (the “**First Report**”) is being filed by the Proposal Trustee in connection with the Debtors’ motion returnable March 14, 2024 for certain relief, including approval of a formal sale solicitation process (the “**SSP**”).

II. PURPOSE OF REPORT

6. The purpose of the First Report is to provide the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) with information pertaining to:
 - (a) additional background information in respect of the Debtors’ operations, creditors and causes of financial difficulties;

- (b) the Debtors' cash flow projections (the "**Cash Flow Forecast**") for the period from March 4, 2024 to and including May 5, 2024 (the "**Forecast Period**");
- (c) the sale transaction contemplated under the Stalking Horse Asset Purchase Agreement dated March 7, 2024 (the "**Stalking Horse APA**") entered into between each of Organic Garage, Bathurst LeaseCo, Oakville LeaseCo and Liberty LeaseCo (collectively, the "**Vendors**"), as vendors, and MAAB Global Ltd. ("**MAAB**" or the "**Stalking Horse Bidder**"), as purchaser, and the salient terms thereof, for the sale of the Purchased Assets (as defined Stalking Horse APA) which, subject to the approval of this Court, is proposed to act as the stalking horse offer (the "**Stalking Horse Bid**") in the proposed SSP;
- (d) the Debtors' proposed post-filing strategy, including an outline of the SSP to be carried out by the Proposal Trustee and a description of the bidding procedures (the "**Bidding Procedures**") to be used in connection therewith;
- (e) the proposed key employee retention plan (the "**KERP**") to be extended by Organic Garage to certain senior management personnel;
- (f) the proposed priority of the Administration Charge and the Director's Charge (each as defined herein);
- (g) an extension of the time for the Debtors to file a proposal to April 30, 2024 (the "**Extension**"); and
- (h) the recommendation by the Proposal Trustee that this Court issue an order (the "**SSP Order**") approving, among other things:
 - i. the Stalking Horse APA solely for the purpose of acting as the Stalking Horse Bid in the SSP;
 - ii. the SSP and the Bidding Procedures, and authorizing and directing the Proposal Trustee, in consultation with the Debtors' and their advisors, to implement same;
 - iii. that the NOI proceedings for the Debtors (collectively, the "**NOI Proceedings**") be administratively consolidated and continued under one title of proceedings, bearing Court/Estate File No. 31-3051650;
 - iv. the KERP and sealing the unredacted copy of the KERP;

- v. each of the Administration Charge and the Director's Charge (each as defined herein), and the proposed priority ranking of such charges; and
- vi. the Debtors' request for the Extension.

III. TERMS OF REFERENCE

7. In preparing this First Report, KPMG has relied on information and documents provided by the Debtors and their advisors, including unaudited financial information, the Debtors' books and records, and discussions with the Debtors' representatives and their legal counsel (collectively, the "**Information**"). In accordance with industry practice, except as otherwise described in the First Report, KPMG has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, KPMG has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the *Chartered Professional Accountant of Canada Handbook* and, as such, KPMG expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
8. Future orientated financial information contained in the Cash Flow Forecast is based on the Debtors' estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether the Cash Flow Forecast will be achieved.
9. Capitalized terms not otherwise defined herein are as defined in the affidavit of Matt Lurie, the chief executive officer and director of each of the Debtors, sworn March 8, 2024 (the "**Lurie Affidavit**") and filed in support of the Debtors' motion returnable March 14, 2024. This First Report should be read in conjunction with the Lurie Affidavit, as certain information contained in the Lurie Affidavit has not been included herein in order to avoid unnecessary duplication.
10. Materials filed in these NOI proceedings will be made available by KPMG on its website for this case at: kpmg.com/ca/organicgarage (the "**Case Website**").
11. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

IV. BACKGROUND

12. Information with respect to the Debtors' business, operations and causes of insolvency are detailed extensively in the Lurie Affidavit. The information contained herein is not intended to be an exhaustive review of all matters relating to the business of the Debtors and accordingly, the Proposal Trustee recommends that readers review the materials filed by the Debtors in respect of its motion.

Corporate Overview

13. Organic Garage is an independent, Ontario-based natural and organic grocery chain with four (4) retail stores operating in the Greater Toronto Area. Organic Garage's focus is to provide its customers with organic products at affordable prices. Organic Garage was formed under the laws of the Province of Ontario and is a wholly owned subsidiary of Oragin. Organic Garage's registered head office is located in Toronto, Ontario.
14. The leases for each of Organic Garage's stores are held by its wholly owned subsidiaries, four (4) of which are included in these NOI Proceedings as follows:
 - (a) Junction LeaseCo – formed under the laws of the Province of Ontario. Junction LeaseCo is the tenant under the lease for the grocery store located at 43 Junction Road, Toronto, Ontario (the “**Junction Store**”);
 - (b) Bathurst LeaseCo – formed under the laws of the Province of Ontario. Bathurst LeaseCo is the tenant under the lease for the grocery store located at 8020 Bathurst Street, Vaughan, Ontario (the “**Bathurst Store**”);
 - (c) Oakville LeaseCo – formed under the laws of the Province of Ontario. Oakville LeaseCo is the tenant under the lease for the grocery store located at 579 Kerr St, Oakville, Ontario (the “**Oakville Store**”); and
 - (d) Liberty LeaseCo – formed under the laws of the Province of Ontario. Liberty LeaseCo is the tenant under the lease for the grocery store located at 42 Hanna Avenue, Toronto, Ontario (the “**Liberty Store**”).
15. Organic Garage's remaining two subsidiaries, 2368123 Ontario Inc. and 2557479 Ontario Inc., are either inactive or contain no material assets, and are not included in these NOI Proceedings.

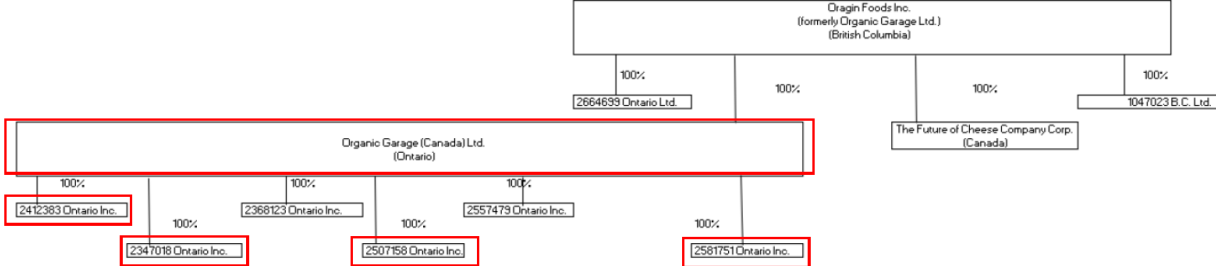
16. As at the date of this First Report, Organic Garage employed approximately 100 employees, comprised of approximately 20 full-time employees who are store managers, assistant managers or in head office functions. The remaining employees are part-time and employed at retail locations. Further, the Proposal Trustee understands that as of the Filing Date, Organic Garage’s workforce was not unionized¹ and Organic Garage does not maintain a pension plan for its employees.

Oragin Foods Inc.

17. Oragin acquired Organic Garage in 2016 through a plan of arrangement under the British Columbia *Business Corporations Act*. Oragin is a reporting issuer in the Provinces of British Columbia, Alberta, and Ontario, and is listed on the NEX (a subsidiary of the TSX-V), the OTC QX, and the Frankfurt stock exchange. Oragin is subject to a cease trade order and is currently suspended from trading on all three exchanges.

18. Oragin’s primary assets include its equity interests in its subsidiaries, including Organic Garage. Oragin also has a subsidiary with operations which was formed during an amalgamation agreement with the Future of Cheese Company Corp. (“**Future of Cheese**”) on February 17, 2021. Other inactive subsidiaries of Oragin include 2664669 Ontario Inc. and 1047023 B.C. Ltd, neither of which hold any material assets or liabilities.

19. An organizational chart for Oragin, with the Debtors in these NOI Proceedings outlined in red, is set forth below:



20. Due to the failure in completing certain required interim filings, on or about January 6, 2023, Oragin was issued a cease trade order (the “CTO”) which remains in effect as at the date of this report.

¹ The employees in respect of the Junction Store recently voted to unionize. As at the Filing Date, no collective bargaining agreement has been negotiated or finalized.

21. None of Oragin, the Future of Cheese, 2368123 Ontario Inc., 2557479 Ontario Inc., 2664669 Ontario Inc. and 1047023 B.C. Ltd are debtors in these NOI Proceedings.

Historical Financial Results

22. The Debtors' unaudited and internal operating results for fiscal 2022 and 2023 are summarized in the table below:

Organic Garage (Canada) Ltd. et al Historical Operating Results Summary - Unaudited (in \$000s CAD)		
	Year ended 31-Jan-23	Year ended 31-Jan-24
Sales	22,358	22,094
Cost of sales	15,589	16,012
Gross profit	6,769	6,082
Total SG&A expenses (excl. interest and depreciation)	6,747	6,595
EBITDA	21	(513)

23. For the year ended January 31, 2023, the Debtors generated minimal earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) of approximately \$21,000. In the year ended January 31, 2024, the Debtors incurred EBITDA losses of approximately \$513,000. The Proposal Trustee understands management implemented a number of cost-saving initiatives over the past 2 years in an effort to reduce the cash burn. Despite these efforts, the Debtors have not been able to return to profitability.
24. The Proposal Trustee understands that the market in which the Debtors operate in has been negatively impacted by the COVID-19 pandemic which has led to, among other things, significant supply chain pressures. In particular, wholesale vendors have significantly decreased the fill rates for grocery orders leading to reduced inventory at the Debtors' stores, which ultimately resulted in revenue losses for the Debtors. Primarily due to these reasons, the Debtors have experienced lower margins and deterioration of profitability over the past couple years.
25. Set out below is an unaudited summary of the Debtors' assets as at January 31, 2024:

Organic Garage (Canada) Ltd. et al	
Summary of Assets as at January 31, 2024 - Unaudited	
(in \$CAD)	
Current Assets	
Cash	133,296
Accounts receivable	42,213
Inventory	1,402,296
Lease receivable	150,520
Prepaid and other current assets	111,050
Total current assets	1,839,374
Fixed Assets	6,861,081
Right of Use Assets	5,703,739
Total Assets	14,404,195

26. As at January 31, 2024, the book value of the Debtors' current assets (which primarily consisted of inventory) and fixed assets (which is comprised of leasehold improvements, store fixtures and refrigeration equipment) was \$1.8 million and \$6.8 million, respectively. The Proposal Trustee notes that the book value is not necessarily representative of the realizable value of these assets, particularly the fixed assets, in a forced liquidation scenario.
27. As noted below, the Debtors estimate that they collectively had unsecured obligations totaling approximately \$2.7 million as at the Filing Date.

Causes of Insolvency

28. As detailed above and in the Lurie Affidavit, the Debtors have incurred significant net losses over the past 12 months due to a number of factors, including the impact of unsustainable supply chain pressures.
29. On October 25, 2019, Oragin issued two unsecured convertible debentures (together, the "**Convertible Debentures**") for total net proceeds of \$2,925,000, and total face value of \$3,000,000, including an original issue discount of \$75,000. The Convertible Debentures matured on October 25, 2022 (the "**Maturity Date**"), upon which date the holders (the "**Holder**s") of the Convertible Debentures issued notices of default to Oragin for failure to repay the debt.
30. The Proposal Trustee understands the Debtors are not borrowers or guarantors of the Convertible Debentures. Accordingly, the Holders are not included on the Debtors' creditor listings.
31. Based on discussions with the management of the Debtors, the Proposal Trustee understands that prior to and following the Maturity Date, Oragin engaged in discussions with the Holders with the

objective of coming to mutually beneficial terms with regard to the repayment of the Convertible Debentures. However, despite these efforts, Oragin and the Holders were unable to conclude on terms that were mutually agreeable.

32. The Proposal Trustee further understands that Oragin made efforts to secure financing and/or a sale of Organic Garage to repay the Holders, in whole or in part, but these efforts did not ultimately result in a transaction. Moreover, Oragin was unable to raise equity capital due to the CTO.
33. As a result of financial losses, coupled with an inability to raise additional equity capital, the Debtors exhausted their liquidity and elected to each file an NOI to restructure the business.
34. In November 2023, one of the Holders filed an application (the “**Oragin Bankruptcy Application**”) for a bankruptcy order in respect of Oragin. The Proposal Trustee understands the Oragin Bankruptcy Application is scheduled to be heard on March 25 and 26, 2024.

Creditors

35. A copy of the creditor lists included in each of the Debtors’ NOI filings are attached hereto as **Appendix “B”**.
36. As reflected in Appendix “B”, the Debtors estimate that they collectively have unsecured obligations totaling approximately \$2.7 million as at the Filing Date.
37. As noted in the Lurie Affidavit, Organic Garage has a limited number of other creditors with registered security interests in the personal property registration system, certain of which appear to relate to leasing and/or financing of equipment. One of the registrations is from Royal Bank of Canada relating to an operating line of credit. The Proposal Trustee understands no amounts were outstanding on the line of credit as at the Filing Date. However, there is an outstanding balance under a credit card facility in the amount of approximately \$100,000.
38. The Debtors advised the Proposal Trustee that all employee related amounts are current, and all required remittances of employee withholdings and sales taxes (HST and PST) have been made when due.
39. The Proposal Trustee understands the Debtors intend to pay the accrued pre-filing vacation pay (approximately \$5,000 in total) to its employees during these NOI Proceedings. The Debtors have provided for this payment in the Cash Flow Forecast.

V. OBJECTIVES OF THE NOI PROCEEDINGS

40. The Proposal Trustee understands that the primary objectives of these NOI proceedings are to:
- (a) ensure the Debtors have the necessary stability to maintain operations as a going concern;
 - (b) implement the SSP with a view to providing a forum for prospective purchasers to present a bid superior to that contemplated by the Stalking Horse Bid on a timeline to meet the financial and timing exigencies of these circumstances; and
 - (c) effect a going concern sale of the business of the Debtors, either to the Stalking Horse Bidder or another party/parties as a result of the SSP, with a view to maximizing value for the benefit its stakeholders, including, among others, employees, creditors, and partners.

VI. THE STALKING HORSE APA

41. The Vendors, the Stalking Horse Bidder, and their respective counsel, in consultation with the Proposal Trustee, have negotiated the terms and provisions of the Stalking Horse APA pursuant to which the Stalking Horse Bidder is proposed to, on an ‘as is, where is’ basis, acquire the Purchased Assets, subject to higher or otherwise better offers, and approval of the Court.
42. The material terms of the Stalking Horse APA, a copy of which is attached hereto as **Appendix “C”**, are as follows:
- (a) Purchaser: MAAB Global Ltd.;
 - (b) Purchased Assets: comprised of:
 - i. all of the Vendors’ right, title and interest in and to all equipment of the Vendors used in connection with the operation of the business, including, without limitation, furniture, display equipment, refrigeration equipment, shelving and storage, deli cutters and slicers, commercial scales, prepared food department supplies and equipment and appliances;
 - ii. all intellectual property owned by the Vendors and primarily used in connection with the business; and
 - iii. the Assigned Contracts;

- (c) Assigned Contracts: consist primarily of real property leases for the Liberty Store, the Bathurst Store and the Oakville Store (collectively, the “**Leases**”), as same may be modified by the Stalking Horse Bidder prior to April 5, 2024. The Stalking Horse Bidder shall be responsible for payment of any cure costs relating to the Assigned Contracts;
- (d) Assignment of Leases: the Stalking Horse APA has a condition precedent in favour of the Stalking Horse Bidder relating to the successful negotiated assignment of the Leases, on terms satisfactory to the Purchaser, acting reasonably, on or before April 5, 2024 (the “**Lease CP**”);
- (e) Purchase Price: the total purchase price is \$275,000 (the “**Purchase Price**”);
- (f) Deposit: a refundable deposit in the amount of \$101,000 (the “**Deposit**”). The Deposit may be used by the Debtors as a non-revolving loan (as discussed further below), if required. The Deposit was sent by the Stalking Horse Bidder on March 11, 2024 and is expected to be received by the Debtors’ counsel in short order. The Deposit will be held in trust by the Debtors’ counsel;
- (g) Closing Date: ten (10) days after the date on which the Court issues an order (the “**Approval and Vesting Order**”) approving the transactions contemplated under the Stalking Horse APA and not later than the Outside Date;
- (h) Expense Reimbursement: up to \$15,000 for repayment of professional fees and expenses incurred by the Stalking Horse Bidder relating to the transaction contemplated by the Stalking Horse APA;
- (i) Assignment Order: the Stalking Horse Bidder may request that, concurrently with the application for the Approval and Vesting Order, the Vendors seek an order (the “**Assignment Order**”) in respect of any Leases for which the consent of the necessary contract parties cannot be obtained. The issuance of the Assignment Order is not a condition precedent to the obligation of the Purchaser to complete the transaction contemplated by the Stalking Horse APA;
- (j) Outside Date: April 30, 2024;
- (k) Termination: the Stalking Horse APA may be terminated prior to the Closing Date upon the occurrence of, but not limited to, one of the following:

- i. by mutual agreement of the Vendors and the Stalking Horse Bidder;
 - ii. by the Vendors or the Stalking Horse Bidder if the closing of the transaction has not occurred by the Outside Date, provided that the failure to close by such deadline is not caused by a breach of Stalking Horse APA by the party proposing to terminate the Stalking Horse APA; or
 - iii. by the Vendors or the Stalking Horse Bidder if there has been a material breach of the Stalking Horse APA by the other party where such breach has not been cured within five (5) business days.
- (l) Financing: the Stalking Horse APA does not contain any financing conditions and the Proposal Trustee understands that the Stalking Horse Bidder has made satisfactory arrangements in respect of necessary financing to complete the transaction should it be selected as the Successful Bidder.
43. As noted above, the Stalking Horse APA contains the Lease CP, which provides the Stalking Horse Bidder with the right to terminate the Stalking Horse APA on or before April 5, 2024 if it cannot negotiate the assignment of the Leases on terms acceptable to the Stalking Horse Bidder. The Proposal Trustee notes that the Lease CP is reasonable in the circumstances as the Stalking Horse Bidder has not had an opportunity to discuss the Leases with the applicable landlords as at the date of the Stalking Horse APA, but the Proposal Trustee understands the Stalking Horse Bidder intends to engage with the relevant parties as soon as practical hereafter. In the event the Lease CP is not satisfied or waived the Stalking Horse Bidder by April 5, 2024, the Proposal Trustee will deliver notice forthwith to update the service list for the NOI Proceedings and any Potential Bidder (as defined below) in SSP.
44. As further noted above, the Deposit has been made available to the Debtors by the Stalking Horse Bidder to contribute towards the Debtors' ongoing working capital requirements during NOI proceedings, pursuant to a proposed senior secured, super-priority facility (the "**Deposit Facility**"). The Stalking Horse Bidder informed the Debtors that its willingness to provide such financing was predicated on entering into the Stalking Horse APA.
45. Prior to any Advance being funded under the Deposit Facility, the Vendors shall seek to obtain a Court order granting a priority charge (the "**Deposit Charge**") in favour of the Stalking Horse Bidder against the assets, properties and undertaking of the Vendors. The Deposit Charge shall secure all of

the obligations of the Vendors under the Deposit Facility and shall rank in priority to all other Encumbrances on the assets of the Vendors, subject only to the Administration Charge and the Director's Charge. The Proposal Trustee notes that based on the Cash Flow Forecast, the Debtors are not projected to require interim financing during the Forecast Period. Accordingly, the Debtors are not seeking approval of the Deposit Facility or the Deposit Charge on the within motion.

46. The Stalking Horse APA provides for payment of the Expense Reimbursement to the Stalking Horse Bidder in the event MAAB is not the Successful Bidder pursuant to the SSP. The Proposal Trustee notes that the Stalking Horse APA does not contemplate a break fee and that the Expense Reimbursement represents approximately 5.5% of the Purchase Price.
47. The Proposal Trustee has reviewed recent comparable stalking horse agreements wherein bid protections have been approved in transactions of this nature, and notes that the proposed Expense Reimbursement is within the range of market parameters (as a percentage of purchase price), which typically range between 1.0% to 7.0% of the purchase price with an average of 3.7%. The Proposal Trustee is of the view that the proposed Expense Reimbursement is fair and reasonable in the circumstances given the time and expense incurred by the Stalking Horse Bidder to date, and will not unduly "chill" bidding on the Purchased Assets as part of the proposed SSP (as described in further detail below).
48. Based on preliminary discussions with an appraisal firm specializing in liquidations, the Proposal Trustee understands the Purchase Price is near the higher end of the forced liquidation value for the Purchased Assets, as noted in the Lurie Affidavit. The Proposal Trustee has engaged a liquidator to provide an appraisal report in respect of the equipment located at the Debtors' stores, which report should be delivered to the Proposal Trustee prior to the Binding Offer Deadline.
49. The Stalking Horse APA sets a "floor price" for the Purchased Assets and based on the foregoing is near the high end of realizations that would be achieved in a liquidation of same. The SSP, as discussed below, will provide for a fair and transparent marketing process that should allow the Debtors to maximize realizations by seeking higher or otherwise better offers for the Purchased Assets.

VII. THE SALE SOLICITATION PROCESS

50. As set out in the Lurie Affidavit, the Debtors, with the assistance of their advisors and in consultation with the Proposal Trustee, have concluded that a restructuring focusing on completing a sale of the

assets and business of the Debtors pursuant to the proposed SSP, will maximize value for all stakeholders.

Bidding Procedures²

51. Given the Debtors’ limited liquidity, the Debtors, in consultation with the Proposal Trustee, developed the SSP to promote a competitive, fair, and expedient sale process that seeks to maximize the value of the Debtors’ business and/or assets.
52. The purpose of the SSP is to identify one or more purchasers for the Debtors’ business and/or assets, which may include one or more of a liquidation proposal for the Debtors’ fixed assets (a “**Liquidation Proposal**”), or a sale of all of the Debtors’ assets (including the Purchased Assets) or a portion thereof as a going concern or otherwise (a “**Sale Proposal**”). In order to provide interested parties with an opportunity to bid on the Debtors’ business and/or assets, the Proposal Trustee proposes to aggressively market the Debtors’ business and assets to prospective purchasers for a period of approximately 35 days. As noted below, the proposed timelines are reasonable in the circumstances and reflective of the Debtors’ limited liquidity and the Cash Flow Forecast.
53. The following table summarizes the key dates and timelines pursuant to the SSP:

Date	Event
On or about March 6, 2024	Proposal Trustee to distribute a Teaser Letter to Known Potential Bidders, and upon execution of the NDA, access to the VDR
April 10, 2024 at 5:00 p.m. (EST)	Binding Offer Deadline (unless terminated early in accordance with the terms of the Sales process)
Auction, if needed	Date and time to be designated by the Proposal Trustee
By no later than April 12, 2024	Selection of Successful Bidder
By April 23, 2024 or the earliest date available thereafter	Sale Approval Motion to approve and authorize the sale transaction(s) to the Successful Bidder(s)

² Terms used but not otherwise defined in this section have the meaning ascribed to them in the Bidding Procedures.

As soon possible but no later than April 30, 2024	Closing of Successful Bid
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54. The key features of the Bidding Procedures, a copy of which is attached hereto as **Appendix “D”**, are outlined below:
- (a) Notice: in advance of the date of the within motion, commencing on March 6, 2024, the Proposal Trustee distributed: (i) an offering summary describing the transaction opportunity and outlining the proposed Binding Offer Deadline to a list of interested parties (the “**Known Potential Bidders**”), which list has been developed by the Proposal Trustee and Organic Garage. Any Known Potential Bidder interested in exploring the opportunity further will be provided with a form of non-disclosure agreement (the “**NDA**”) by the Proposal Trustee. Within five (5) business days after the granting of the SSP Order, the Proposal Trustee will provide Known Potential Bidders that execute an NDA with a copy of the Bidding Procedures. The Proposal Trustee will cause the Teaser Letter and NDA to be sent to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Proposal Trustee as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.
 - (b) Diligence: Any party that wishes to participate in the SSP (a “**Potential Bidder**”) will be required to provide the Proposal Trustee: with (i) an executed NDA and (ii) a letter detailing the identity of the Potential Bidder, its direct and indirect principals, and contact information for such Potential Bidder. Potential Bidders that wish to commence due diligence on the Purchased Assets will be provided, by the Proposal Trustee, with a copy of the Stalking Horse APA and any material amendment thereto, as well as access to a virtual data room (the “**VDR**”) that contains confidential financial and other information relating to the Debtors and its operations.
 - (c) Qualified Bidder: A Potential Bidder (who has delivered the executed NDA and letter as set out above) will be deemed a "Qualified Bidder" if the Proposal Trustee, in its reasonable judgment, and in consultation with the Debtors, determines such person is likely, based on the availability of financing, experience and other considerations, to be able to consummate a sale or liquidation transaction pursuant to the SSP. The Stalking Horse Bidder is considered a “Qualified Bidder” pursuant to the Bidding Procedures.

- (d) Binding Offers: Any Qualified Bidder (in such capacity, a “**Binding Offer Bidder**”), other than the Stalking Horse Bidder, that wishes to make a formal bid must submit a binding offer (a “**Binding Offer**”), in the case of a Sale Proposal or a Partial Sale Proposal, in the form of a markup to the Stalking Horse APA to show any amendments and modifications thereto, or in the case of a Liquidation Proposal, in a form of liquidation agreement in form and substance satisfactory to the Proposal Trustee, in consultation with the Debtors. In addition to the foregoing, a Binding Offer must comply with, among other things:
- i. form of consideration for the proposed sale must be in cash;
 - ii. includes evidence, satisfactory to the Proposal Trustee, in consultation with the Debtors, of the ability to close the transaction within the timeframes contemplated by the SSP;
 - iii. includes a written statement that such offer be binding and irrevocable unless and until the earlier of: (i) two (2) business days after the date of closing of the Successful Bid; and (ii) the Outside Date;
 - iv. provides for net cash proceeds on closing that exceeds the Purchase Price by at least \$40,000, which represents the sum of: (i) the Expense Reimbursement; and (ii) a minimum overbid amount of \$25,000;
 - v. be accompanied by a deposit of not less than 25% of the cash purchase price payable on closing;
 - vi. in the case of a Sale Proposal, (i) identifies any executory contracts and leases of the Debtors that the Qualified Bidder will assume and (ii) contains the Qualified Bidder’s proposed treatment of employees of the Debtors;
 - vii. in the case of a Liquidation Proposal, includes the scope of the Debtors’ assets to be included in the liquidation, including goods, lease designation rights, and receivables and any related exclusions;
 - viii. does not provide for any break or termination fee, expense reimbursement or similar type of payment, it being understood and agreed that no bidder will be entitled to any bid protections; and

- ix. be received by the Proposal Trustee on or prior to 5:00 p.m. (prevailing Eastern Time) on April 10, 2024 (the “**Binding Offer Deadline**”).
- (e) Early Termination: If the Proposal Trustee concludes, in its sole discretion, that there are no active participants in the SSP or no prospect that a Binding Offer that is superior to the Stalking Horse Bid will be submitted by the Binding Offer Deadline, the Proposal Trustee may terminate the SSP before the Binding Offer Deadline, *so long as* such termination occurs no more than 10 days prior to the Binding Offer Deadline.
- (f) Auction: If the Proposal Trustee determines that more than one Binding Offer (other than the Stalking Horse Bid) should be considered, the Proposal Trustee may, without being obligated to do so, conduct an auction (the “**Auction**”) to select the highest and/or best Binding Offer. Significant aspects of the Auction include the following:
- i. the Auction will commence at a date and time to be designed by the Proposal Trustee;
 - ii. only the Proposal Trustee, the Debtors, the Stalking Horse Bidder, and any other Binding Offer Bidders, along with their respective representatives and advisors, will be entitled to attend the Auction;
 - iii. prior to the Auction, the Proposal Trustee will identify which of the Binding Offer(s) will constitute the opening bid (the “**Opening Bid**”) at the Auction;
 - iv. bidding at the Auction will begin with the Opening Bid and continue in bidding increments (each a “**Subsequent Bid**”) providing a net incremental value of at least an additional \$25,000 cash in excess of the Opening Bid;
 - v. each participating Binding Offer Bidder will be given reasonable opportunity to submit an overbid at the Auction to any then-existing overbids. The Auction will continue until the bidding has concluded and there is one remaining Binding Offer Bidder. At such time and upon the conclusion of the bidding, the Auction will be closed, and the Proposal Trustee shall declare the final remaining Binding Offer Bidder the successful bidder (the “**Successful Bidder**” and such bid, the “**Successful Bid**”). The Proposal Trustee, in consultation with the Debtors, may consider any commercial factor in evaluating Binding Offers, including speed, certainty, value and preservation of employment; and

- vi. upon selection of a Successful Bidder, the Proposal Trustee will require the Successful Bidder to deliver, as soon as practicable, an amended and executed transaction document that reflects the Successful Bid.
55. In the event the Proposal Trustee does not receive a Binding Offer (other than the Stalking Horse Bid), the Stalking Horse Bid will be deemed the Successful Bid, the Debtors will promptly seek Court approval of the Stalking Horse APA and the transactions contemplated therein.
56. The Bidding Procedures provide that the Proposal Trustee, in consultation with the Debtors, may at any time and from time to time, modify, amend, vary or supplement the Bidding Procedures, without the need for obtaining an order of the Court or providing notice to Qualified Bidders, Binding Offer Bidders or the Successful Bidder provided that the Proposal Trustee determines that such modification, amendment, variation or supplement is expressly limited to changes that do not materially alter, amend or prejudice the rights of such bidders (including the rights of the Stalking Horse Bidder, except with the authorization of the Stalking Horse Bidder) and that are necessary or useful in order to give effect to the substance of the SSP and the Bidding Procedures. The Proposal Trustee will post on the Case Website, as soon as reasonably practicable, any such modification, amendment, variation or supplement to the Bidding Procedures and inform the bidders impacted by such modifications.
57. Among other things, the Bidding Procedures provide for an orderly and appropriately competitive process through which potential acquirers may submit bids for the Debtors' business and/or assets. Additionally, the Bidding Procedures will allow the Proposal Trustee, in consultation with the Debtors, to conduct the Auction, if required, in a fair and transparent manner that will encourage participation by financially capable bidders with demonstrated ability to consummate a timely transaction.
58. In the Proposal Trustee's view, the SSP and the Bidding Procedures are consistent with market practice, provide a reasonable opportunity for potential purchasers to submit higher or otherwise better offers to the Stalking Horse APA, and are reasonable and appropriate in the circumstances.

VIII. CASH FLOW FORECAST

59. The Debtors, in consultation with the Proposal Trustee, have prepared the Cash Flow Forecast for the purpose of projecting their estimated liquidity needs during the Forecast Period. A copy of the Cash

Flow Forecast, notes and a report containing prescribed representations of the Debtors regarding the preparation of the Cash Flow Forecast are attached hereto as **Appendix “E”**.

60. The Cash Flow Forecast assumes that the Debtors’ key suppliers continue to support and fulfill product orders after the Filing Date, and that foot traffic at the stores is not materially impacted by the commencement of the NOI Proceedings.
61. The Cash Flow Forecast has been prepared by the Debtors on a conservative basis using probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast. Due to the integrated nature of the Debtors’ operations, the Cash Flow Forecast is presented on a consolidated basis and includes the receipts and disbursements of the Debtors. The Cash Flow Forecast reflects the Debtors estimates of receipts and disbursements on a weekly basis over the Forecast Period.
62. The Proposal Trustee’s review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Debtors. Since the hypothetical assumptions need not be supported, the Proposal Trustee’s procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposal Trustee also reviewed the support provided by management of the Debtors for the probable and hypothetical assumptions, and the preparation and presentation of the Cash Flow Forecast.
63. Based on the Proposal Trustee’s review, nothing has come to its attention that causes it to believe that, in all material respects:
 - (a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - (b) as at the date of this First Report, the probable assumptions developed by the Debtors are not suitably supported and consistent with the restructuring plan of the Debtors or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
 - (c) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
64. As at March 4, 2024, the Debtors had \$434,104 of available cash on hand. The Cash Flow Forecast projects that the Debtors will generate cash receipts of approximately \$2.2 million and cash disbursements of approximately \$2.7 million, for a net operating cash outflow of \$409,612 over the Forecast Period. As such, the Debtors are projected to have a cash balance of approximately \$25,000 at the end of the Forecast Period, excluding any proceeds generated from the closing of a transaction through the SSP.

65. The Proposal Trustee notes that the Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

IX. PROCEDURAL CONSOLIDATION

66. In order to create efficiency, the Debtors are seeking an order procedurally consolidating the NOI Proceedings of each of the five Debtors (the “**Procedural Consolidation**”).
67. As previously discussed, Organic Garage has four active subsidiaries which hold the premises lease for each of the Organic Garage stores. In a going concern sale of the Debtors’ business, a purchaser(s) would also acquire the lease agreements held by the subsidiaries of Organic Garage. Since the business and assets of all Debtors are subject to the same SSP, the Proposal Trustee believes Procedural Consolidation would be reasonable to promote efficiency of the SSP for the benefit of all stakeholders.
68. Furthermore, the day-to-day business activities of the Debtors, such as payroll functions, payments, and inventory stocking are conducted jointly and therefore, a Procedural Consolidation would allow the Proposal Trustee and the Debtors to avoid any duplicative efforts and reduce costs.

X. KEY EMPLOYEE RETENTION PLAN

69. In order to ensure the continued participation of key employees who are critical for the execution of the SSP (the “**Key Employees**”), the Debtors are seeking approval of the KERP whereby the Key Employees will receive retention payments upon the occurrence of certain milestones.
70. The Proposal Trustee understands that beneficiaries of the KERP are either critical to the implementation of the SSP and/or for the continuation of operations during the NOI Proceedings. The Key Employees would be, among other things, processing payroll, updating cashflow forecast, managing store operations and managing supplier inquiries. Additionally, the Proposal Trustee understands the Key Employees will be required to take on additional responsibility related to the management and supervision of store operations during the SSP.
71. The aggregate amount payable under the KERP is \$40,000, to be allocated to the participating Key Employees in accordance with the KERP terms. The Proposal Trustee is of the view that KERP amounts are reasonable to ensure the continued operations of the Debtors’ business during the NOI Proceedings and the successful completion of the SSP.

72. The Debtors are also seeking the sealing of Confidential Exhibit “1” of the Lurie Affidavit, which contains the letters detailing the KERP. The Proposal Trustee supports the sealing of Exhibit Confidential Exhibit “1” of the Lurie Affidavit to avoid any negative effects to the Debtors’ operations should this information be publicly available, and to protect the privacy of the Key Employees who are the beneficiaries of the KERP. A redacted copy of the KERP is attached as Exhibit “D” of the Lurie Affidavit.

XI. PROPOSED PRIORITY CHARGES

73. The Debtors are seeking approval for two priority charges (collectively the “**Charges**”) on the current and future assets, undertakings and properties of the Debtors wherever located, including all proceeds thereof, that rank in the following order:
- (a) First, the Administration Charge (to the maximum amount of \$150,000); and
 - (b) Second, the Director’s Charge (to the maximum amount of \$140,000).

Administration Charge

74. The Debtors are seeking a priority charge up to a maximum of \$150,000 (the “**Administration Charge**”) in favour of the Debtors’ counsel, the Proposal Trustee and its counsel, as security for the professional fees and disbursements incurred prior to and after the commencement of the NOI Proceedings. The approval of the Administration Charge is typical in proceedings of this nature.
75. The Debtors’ counsel, the Proposal Trustee and its counsel received retainers in the aggregate amount of \$125,000.
76. The amount of the Administration Charge sought by the Debtors was determined in consultation with the Proposal Trustee.
77. Given the foregoing, the Proposal Trustee is of the view that the proposed Administration Charge is reasonable in the circumstances.

Director’s Charge

78. The Debtors are seeking a priority charge to indemnify its sole director and officer (the “**Director and Officer**”), against obligations and liabilities that he may incur as the director or officer of the Debtors after the commencement of these NOI Proceedings (the “**Director’s Charge**”).

79. The amount of the Director's Charge has been calculated by the Debtors taking into consideration sales taxes, employee payroll and related expenses (including source deductions) as well as other employment related liabilities that attract potential liability for the Director and Officer.
80. As noted in the Lurie Affidavit, the Debtors currently do not have director and officer insurance, and as such, due to the potential for personal liability, the Director and Officer is unwilling to continue his services and involvement in the NOI Proceedings without the protection of the Director's Charge. As the Debtors will require the participation and experience of the Director and Officer to facilitate the successful completion of the NOI Proceedings, including participating in the SSP, the Proposal Trustee believes that the Director's Charge is required and reasonable in the circumstances.

XII. DEBTORS' REQUEST FOR EXTENSION

81. The Debtors are seeking an extension of the time to file a proposal to April 30, 2024 to permit the Proposal Trustee time to undertake the SSP described above.
82. The Proposal Trustee supports the Debtors' request for the Extension for the following reasons:
- (a) the Debtors are acting in good faith and with due diligence in taking steps to facilitate a sale of its operations;
 - (b) it is the Proposal Trustee's view that an extension will not prejudice or adversely affect any group of creditors;
 - (c) the Cash Flow Forecast indicates that the Debtors are forecast to have sufficient liquidity to continue to fund operations through the period ending April 30, 2024;
 - (d) at least 25 days will be required to establish whether there is any serious interest from Known Potential Bidders in acquiring the Debtors' business and/or assets in connection with the SSP; and
 - (e) given their limited resources, this would permit the Debtors to avoid the costs incurred in re-attending before this Court prior to April 4, 2024 solely for the purpose of seeking a short extension of the stay until after the Binding Offer Deadline.
83. While it is too early to say whether a viable proposal will be presented by the Debtors to their creditors, in the Proposal Trustee's view, the Debtors' request for the Extension is appropriate in the

circumstances, as the current extension request properly reflects the timeframe by which the Proposal Trustee will be able to provide this Court with a meaningful update on the progress of the SSP.

XIII. CONCLUSIONS AND RECOMMENDATIONS

84. For the reasons set out in the First Report, the Proposal Trustee is of the view that the relief requested by the Debtors is both appropriate and reasonable in the circumstances and the Proposal Trustee recommends that this Court make an order, among other things:

- (a) approving the Stalking Horse APA solely for the purpose of acting as the Stalking Horse Bid in the SSP;
- (b) approving the SSP and the Bidding Procedures, and authorizing and directing the Proposal Trustee, in consultation with the Debtors, to implement the same;
- (c) approving the Procedural Consolidation in respect of the NOI Proceedings commenced by each of the Debtors;
- (d) approving the KERP for certain critical employees of the Debtors, and sealing the unredacted copy of the KERP at Confidential Exhibit “1” to the Lurie Affidavit;
- (e) granting the Administration Charge and the Director’s Charge, and proposed priority ranking of the Charges; and
- (f) approving the Debtors’ request for the Extension.

All of which is respectfully submitted on this 11th day of March 2024.

KPMG Inc.
in its capacity as Proposal Trustee of
Organic Garage (Canada) Ltd., 2412383 Ontario Inc., 2347018 Ontario Inc., 2507158 Ontario Inc.
and 2581751 Ontario Inc.
and not in its personal capacity

Per



Pritesh Patel
CIRP, LIT
Senior Vice President



Tahreem Fatima
CPA
Manager

Appendix “C”

Patel, Pritesh

From: Adrienne Ho <aho@airdberlis.com>
Sent: Friday, April 5, 2024 3:33 PM
To: aiqbal@millerthomson.com; mfaheim@millerthomson.com; Kyle Plunkett; Adrienne Ho; Miranda Spence; Patel, Pritesh; Fatima, Tahreem; gphoenix@LN.Law; adrian.gajadhar@rbc.com; joy.achu@twpa.ca; wkarr@busys.ca; sbart@mandrholdings.com; kbernardo@ricocan.com; c.wynter@kevrice.ca; DPeat@dv-law.com; ddaoust@dv-law.com; thomasszeto123@gmail.com; insolvency.unit@ontario.ca; tdiamond@diamondkilmer.ca; BRadcliffe@dickinson-wright.com; harveyash@yorklegal.ca; fred@fredtayar.com; dpreger@dickinsonwright.com; osbservice-bsfservice@ised-isde.gc.ca; stanvir@mccarthy.ca; aouellette@ufcw1006a.ca; lprince@ufcw1006a.ca
Subject: IN THE MATTER OF A NOTICE OF INTENTION TO MAKE A PROPOSAL OF ORGANIC GARAGE (CANADA) LTD. ET AL (Court File No. 31-3051560) [EXTERNAL]

To the Service List:

Please be advised that the Maab Global Ltd. (“**Maab**”), the Stalking Horse Bidder, has advised the Proposal Trustee that it is not waiving section 8.2(b) of the Stalking Horse Asset Purchase Agreement, which has not been satisfied. Accordingly, the Stalking Horse Bidder will be withdrawing its bid from the Sale Process and the Stalking Horse Asset Purchase Agreement is effectively terminated.

However, the Proposal Trustee has also been advised that Maab intends to submit a new enhanced bid in accordance with the Sale Process.

Best Regards,

Adrienne Ho

T 416.637.7980
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E aho@airdberlis.com

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Appendix “D”

Balance Sheet

As of 31 January 2024

	31 Jan 24
ASSETS	
Current Assets	
Chequing/Savings	
Cash	104.96
Invoice pmts/Marketing credits	17,206.57
ROYAL BANK	115,902.49
TD CANADA TRUST	81.61
Total Chequing/Savings	133,295.63
Accounts Receivable	
Accounts Receivable	
Allowance for bad debts	-5,000.00
Accounts Receivable - Other	47,213.07
Total Accounts Receivable	42,213.07
Total Accounts Receivable	42,213.07
Other Current Assets	
AR Cost Of Goods	-45,025.26
Cashier Floats	10,900.00
Inventory Asset	
Inventory-Junction	
Junction- Grocery	311,886.38
Junction- Meat	15,857.45
Junction- Produce	17,589.20
Total Inventory-Junction	345,333.03
Inventory-Liberty	
Liberty-Grocery	290,585.29
Liberty-Meat	10,375.39
Liberty-Produce	19,160.91
Total Inventory-Liberty	320,121.59
Inventory - Bathurst	
Bathurst-Grocery	265,351.48
Bathurst-Meat	10,050.72
Bathurst-Produce	18,833.17
Total Inventory - Bathurst	294,235.37
Inventory - Oakville	
Oakville- Grocery	273,296.34
Oakville-Meat	10,361.01
Oakville-Produce	24,023.69
Total Inventory - Oakville	307,681.04
Inventory - Warehouse	
Warehouse- Produce	0.37
Warehouse-Grocery	134,924.37
Warehouse-Supplies	0.11
Total Inventory - Warehouse	134,924.85
Total Inventory Asset	1,402,295.88
Lease Receivable	150,520.00
Prepays	
Prepaid - LT	145,175.00
Total Prepays	145,175.00
Total Other Current Assets	1,663,865.62
Total Current Assets	1,839,374.32

Balance Sheet

As of 31 January 2024

	31 Jan 24
Fixed Assets	
Air Conditioner	
Acc Amort-Air Conditioner	-66,432.79
Air Conditioner - Other	77,239.34
Total Air Conditioner	10,806.55
Branding/Design	
Acc Amort- Branding/Design	-90,395.42
Branding/Design - Other	196,285.16
Total Branding/Design	105,889.74
Computer Equipment	
ACC.AMORT-Computer Equip.	-167,418.98
Computer Equipment - Other	253,999.32
Total Computer Equipment	86,580.34
Computer Installation	
Acc Amort-Computer Install	-12,376.11
Computer Installation - Other	12,669.50
Total Computer Installation	293.39
Computer Software	
ACC AMORT-Software	-483,990.30
Computer Software - Other	612,712.45
Total Computer Software	128,722.15
Construction in progress	
Base Building	
Doors	12,279.47
Finish Carpentry	21,306.60
Metals Misc	2,832.00
Rough Carpentry	18,893.00
Total Base Building	55,311.07
Brick	
Installation	38,200.00
Total Brick	38,200.00
Consultants	232,544.64
Contractor Fee	50,296.31
Design/Branding	199,885.04
Drywall	28,714.00
Electrical	158,823.78
Fire Safety and Sprinklers	15,809.91
Fixturing Installation	25,679.40
Floor	
Cutting	40,125.00
Finishing	49,500.00
Floor - Other	11,272.24
Total Floor	100,897.24
General Conditions	74,398.50
HVAC	85,270.43
Insurance	7,127.94
Leashold Improvements	
Leaseholds Other	-550.00
Leashold Improvements - Other	53,662.50
Total Leashold Improvements	53,112.50
Other	5,086.15
Painting	40,815.23

Balance Sheet

As of 31 January 2024

	31 Jan 24
Permits/Applications	26,924.41
Plumbing	
RO System	24,150.00
Plumbing - Other	118,114.52
Total Plumbing	142,264.52
Promotional Advertising	8,938.48
Signs Design/Install	172,432.60
Smallwares	34,555.31
Store Equipment	
Lighting	125,165.60
Racking	145,457.82
Refrigeration	653,537.53
Walk Ins	57,558.00
Store Equipment - Other	39,499.44
Total Store Equipment	1,021,218.39
Technology	
Communications	8,334.78
Security	29,400.00
Technology - Other	12,291.52
Total Technology	50,026.30
Utilities	
Utilities-RITC	1,030.40
Utilities - Other	15,291.24
Total Utilities	16,321.64
Washroom	5,609.70
Construction in progress - Other	-2,427,373.48
Total Construction in progress	222,890.01
Equipment under capital lease	
Acc Amort-Equip Capital Lease	-333,135.15
Equipment under capital lease - Other	589,188.08
Total Equipment under capital lease	256,052.93
Furniture and Equipment	
ACC.AMORT-Furn & Equip.	-34,419.22
Furniture and Equipment - Other	41,200.09
Total Furniture and Equipment	6,780.87
Kitchen Equipment	
ACC.AMORT-Kitchen Equipment	-16,845.59
Kitchen Equipment - Other	17,285.79
Total Kitchen Equipment	440.20
Leasehold Improvements	
Acc Amort-Leaseholds	-755,771.93
Leasehold Improvements - Other	2,766,294.73
Total Leasehold Improvements	2,010,522.80
Leasehold Installation	
Acc Amort-Leasehold install	-12,318.05
Leasehold Installation - Other	20,983.65
Total Leasehold Installation	8,665.60
Leaseholds under capital lease	
Acc Amort-LHolds capital lease	-41,784.86
Leaseholds under capital lease - Other	78,342.00

Balance Sheet

As of 31 January 2024

	31 Jan 24
Total Leaseholds under capital lease	36,557.14
Refrigeration Equipment	
ACC.AMORT-Refrigeration Equip.	-465,775.04
Refrigeration Equipment - Other	1,607,349.79
Total Refrigeration Equipment	1,141,574.75
Refrigeration Installation	
Acc Amort-Refrig Equip Install	-40,971.38
Refrigeration Installation - Other	50,786.88
Total Refrigeration Installation	9,815.50
Signs	
Acc Amort-Signs	-388,624.59
Signs - Other	739,753.84
Total Signs	351,129.25
Signs Installation	
Acc Amort-Signs Install	-3,444.85
Signs Installation - Other	3,854.99
Total Signs Installation	410.14
Software Installation	
Acc Amort - Software Install	-16,733.91
Software Installation - Other	16,734.09
Total Software Installation	0.18
Store Equipment	
ACC.AMORT-Store Equip.	-1,620,762.42
Store Equipment - Other	4,076,023.71
Total Store Equipment	2,455,261.29
Store Equipment Installation	
Acc Amort-Store Equip Install	-71,330.49
Store Equipment Installation - Other	83,350.95
Total Store Equipment Installation	12,020.46
Trade Show Booth	
Acc Amort - Trade Show Booth	-58,329.08
Trade Show Booth - Other	74,996.70
Total Trade Show Booth	16,667.62
Total Fixed Assets	6,861,080.91
Other Assets	
Right of Use Asset	
ROU Amortization	-2,769,291.72
Right of Use Asset - Other	8,473,031.00
Total Right of Use Asset	5,703,739.28
Total Other Assets	5,703,739.28
TOTAL ASSETS	14,404,194.51
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	2,373,290.59
Total Accounts Payable	2,373,290.59
Credit Cards	

Balance Sheet

As of 31 January 2024

	31 Jan 24
BLANCHE VISA 9720	50.93
CIBC MC	-150.28
Home Depot	-6.63
NANCY VISA 9068	9.75
NAZZ VISA 9696	0.87
RANDEE VISA 9092	0.87
ROYAL BANK VISA	32,671.95
SHAWNA VISA 9662	2.33
Total Credit Cards	32,579.79
Other Current Liabilities	
Advances	7,748.69
COG's Credits-Waiting Approval	-205.20
Coin Order	-22,488.22
Deposit Warehouse Sublease	77,683.77
EHT Payable	-126.24
Gift Certificate - Sale	320,278.42
Gift Certificate Redemption	-298,718.25
HST	-76,798.89
KIOSK RENT DEPOSITS	15,298.03
Loan-Organic Garage Ltd. - CD	2,917,423.11
RB Capital Lease-Current	-4.40
Vacation Accrued Every Pay	36,531.35
Total Other Current Liabilities	2,976,622.17
Total Current Liabilities	5,382,492.55
Long Term Liabilities	
Lease Liability	
Lease Liability - Long-term	8,194,926.55
Lease Liability - Short-term	-0.55
Total Lease Liability	8,194,926.00
Loan-Future of Cheese	-162,231.69
Loan-Organic Garage Ltd.	3,342,857.78
Note payable- OrganicGarageLtd	500,000.00
Total Long Term Liabilities	11,875,552.09
Total Liabilities	17,258,044.64
Equity	
Capital stock	200.00
Common shares-\$0.40 Oct/16	1,000,000.00
Finder's Fee	-26,950.00
Retained Earnings	-3,301,712.21
Share issuance cost	-29,009.20
Net Income	-496,378.72
Total Equity	-2,853,850.13
TOTAL LIABILITIES & EQUITY	14,404,194.51

Appendix “E”

Organic Garage (Canada) Ltd. et al (the "Debtors")
Consolidated Weekly Cash Flow Forecast for the Period April 15, 2024 to May 17, 2024
(in \$CAD)

Week		Forecast	Forecast	Forecast	Forecast	Forecast	
Week Ending	Notes	1	2	3	4	5	Total
		21-Apr	28-Apr	5-May	12-May	17-May	
Receipts							
Collections from store sales	1	320,785	253,309	202,647	162,117	62,755	1,001,613
Total Receipts		320,785	253,309	202,647	162,117	62,755	1,001,613
Disbursements							
Cost of sales	2	180,000	40,000	40,000	-	-	260,000
Payroll & benefits	3	104,000	-	114,415	-	91,272	309,687
Rent	4	-	-	-	-	-	-
Utilities	5	12,678	-	30,815	-	15,407	58,900
Merchant fees and bank charges	6	2,323	-	22,956	-	11,478	36,757
General and administrative	7	7,019	5,650	5,650	5,650	4,396	28,365
Professional fees	8	42,032	50,597	-	20,000	33,700	146,329
Key employee retention plan	9	-	-	-	-	40,000	40,000
Total Disbursements		348,052	96,247	213,835	25,650	196,254	880,037
Net Cash Flow		(27,267)	157,062	(11,188)	136,467	(133,498)	121,576
Cash Balance							
Opening		92,460	65,193	222,255	211,067	347,534	Ending
Net Cash Flow		(27,267)	157,062	(11,188)	136,467	(133,498)	92,460
Closing Cash Balance		65,193	222,255	211,067	347,534	214,036	121,576
							214,036

Notes:

- 1 Collection from store sales are based on historical weekly sales. The forecast assumes the debtors will wind-down the purchasing of additional inventory starting Week 2 which will cause sales and collections to decrease at a rate of 20% week over week. The forecast assumes that the Liberty store will close on April 30, 2024 while the remaining stores will close on or before May 13, 2024. The forecast also assumes that, at closing, inventory from the Liberty store will be transferred to the remaining open stores for sale.
- 2 Purchases are forecasted on a cash-on-delivery basis. Forecast assumes that only purchases of fresh produce will continue after Week 1, in anticipation of inventory wind-down for transaction closing.
- 3 Payroll and benefits for the Company's employees that are retained during these NOI proceedings for the operation of the grocery stores and to assist with the closing of the transaction.
- 4 Forecast assumes landlord for each store will draw on rent deposits to pay rent through to the Closing Date.
- 5 Includes post-filing utilities costs for the Debtors' stores.
- 6 Merchant fees and bank charges primarily include charges for the processing of credit cards used in stores by customers.
- 7 General and administrative disbursements include payments for printer lease, store insurance and miscellaneous other expenses.
- 8 Professional fees for the company's legal counsel, the Proposal Trustee and its legal counsel.
- 9 Includes retention payments to four employees who are critical to the sales process and continued operations of the Debtors.

This cash flow statement is prepared pursuant to the requirements of paragraphs 50(6)(b) and 50.4(2)(b) of the *Bankruptcy and Insolvency Act* and solely for that purpose.

Dated at Toronto, Ontario, this 18th day of April, 2024.



Organic Garage (Canada) Ltd. et al

Matt Lurie, President

Name of Signing Officer

This cash flow statement of is prepared in accordance with paragraph 50.4(2) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the attached Notes to the Statement of Projected Cash-Flow dated the 18th day of April, 2024.

KPMG Inc., Trustee

Per:



Pritesh Patel, Senior Vice President