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COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANTS IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, c. B-3, AS AMENDED

AND

IN THE MATTER OF THE RECEIVERSHIP OF WABI SABI BRANDS LTD.

DOCUMENT **FIRST REPORT OF HARRIS & PARTNERS ADVISORY INC. IN ITS CAPACITY AS RECEIVER**

November 14, 2023

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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INTRODUCTION

1. On September 22, 2023 (the “**Receivership Date**”), Harris & Partners Advisory Inc. (“**HPI Advisory**”) was appointed as the Receiver (the “**Receiver**”) of all the assets, undertaking and properties (the “**Property**”) of Wabi Sabin Brands Ltd. (“**Wabi Sabi**” or the “**Company**”) pursuant to an appointment by Catherine Samuel and Gregory Turnbull (the “**Secured Creditors**”).
2. Prior to the Receivership date, on September 7, 2023, Wabi Sabi filed a Notice of Intention to Make a Proposal (the “**NOI**”) under section 50.4(1) of the Bankruptcy and Insolvency Act (“**BIA**”) and Harris & Partners Inc. (“**HPI**”) consented to act as the Proposal Trustee.
3. Wabi Sabi was deemed to have filed an assignment in bankruptcy on September 18, 2023 and HPI was appointed as the Licensed Insolvency Trustee by the official receiver, subject to affirmation by the creditors of the Trustee’s appointment at the First Meeting of Creditors.

PURPOSE

4. The purpose of this First Report of the Receiver (the “**First Report**” or this “**Report**”) is to provide this Honourable Court and the Company’s stakeholders with information and the Receiver’s comments in respect of the following:
 - a) the activities of the Receiver since the Receivership Date;
 - b) the results of the Sales Process, as defined below;
 - c) the Receiver’s support for approval of the approval and vesting order respecting an Asset Purchase Agreement dated November 13, 2023 for the purchase of Wabi Sabi’s Property (the “**Bloomex Transaction**”);

- d) the application for a sealing of Confidential Appendix 1 and Confidential Appendix 2 (the “**Confidential Appendices**”) of this Report (the “**Sealing Order**”);
- e) a proposed holdback and distribution to the Secured Creditors of net sales proceeds in excess of what is required to satisfy administrative costs and any priority claims; and
- f) the Receiver’s overall recommendations.

TERMS OF REFERENCE

- 5. In preparing this First Report, the Receiver has been provided with, and has relied upon, certain unaudited financial information books, records, and financial information prepared by the Company. The Receiver has not performed an audit, review or other verification of such information.
- 6. All references to dollars are in Canadian currency unless otherwise noted.

BACKGROUND INFORMATION REGARDING THE COMPANIES

- 7. This First Report should be read in conjunction with the materials filed in support of the Application. Other information regarding the NOI, Bankruptcy and Receivership have been posted on the Receiver’s website at www.hpiadvisory.com/wabisabi (the “**Website**”).

The Companies’ Business, Management, and Ownership Structure

- 8. Wabi Sabi is a privately held Canadian company incorporated in the Province of Alberta, which has been operating since 2021. It is in the business of producing and distributing cannabis-infused chocolates.
- 9. Wabi Sabi owns all of the property, equipment, and supplies necessary for the production of the cannabis-infused edible chocolates (the “**Product**”). Wabi Sabi also holds the lease for the facility in Calgary, Alberta, in which the Company

operated out of and is responsible for distribution of the Product to the Company's customers.

10. Wabi Sabi is a wholly owned subsidiary Wabi Sabi Investments Ltd.
11. Wabi Sabi holds all assets, liabilities, all Health Canada licenses and all sales of the Product as well as the ownership of the Product.
12. Wabi Sabi's customers include the Alberta Gaming and Liquor Commission (AGLC), Ontario Cannabis Store (OCS), and other provincial agencies.
13. Wabi Sabi needed to make significant capital expenditures to acquire specialized machinery to meet the product specifications and after several months of ramping up its operations, Wabi Sabi was unable to meet its obligations as they came due.
14. When the operations were in full production Wabi Sabi had 12 employees (the "**Employees**"), all of whom were based in Alberta. All of the employees were terminated prior to the filing of the NOI.

ACTIVITIES OF THE RECEIVER

15. Since the Receivership Date, the Receiver has engaged in the following activities:
 - a) taking possession of all of the assets, undertaking, and properties of the Debtor, excluding any assets for which any permit or license is issued or may be issued with the Controlled Substances Legislation;
 - b) conducting ongoing discussions with employees, advisors, and the Secured Creditors regarding the Company's business and financial affairs;
 - c) preparing the initial notice to the Trustee to notify them of the Receivership proceedings pursuant to section 245 of the BIA (the "**245 Notice**"). The 245 Notice, including a list of creditors was

mailed to the Trustee and the OSB on September 26, 2023 and posted to the Website;

- d) continuing to communicate with, and attending to various inquiries from, creditors and other stakeholders;
- e) engaging the services of DLA Piper (Canada) LLP (“**DLA**”) to act as its independent legal counsel;
- f) initiating the Sales Process, including drafting and distributing a teaser, marketing the opportunity in respect of the Company to a broad group of potentially interested strategic parties, and preparing a confidentiality agreement;
- g) hosting discussions between the Receiver, its legal counsel and the Company’s Secured Creditors relating to matters relevant to the Receivership proceedings including the Sales Process;
- h) having multiple conversations with interested parties in the Sales Process about the Company’s business, the sales process and coordinating site tours as part of the interested parties’ due diligence process;
- i) hosting discussions with the bidders that submitted offers with respect to their potential offer;
- j) working with the bidders in providing additional due diligence and supporting documents on the operations and finance, while setting up transition protocols should a vesting order be approved by this Honorable Court;
- k) multiple discussions with Canada Revenue Agency (“**CRA**”) related to the status of CRA accounts and arranging trust audits; and

- l) various discussions with the Company's significant creditors and their claims against the Company.

SALES PROCESS

Overview

16. The Receiver, with the support of the Secured Creditors, determined that it was in the best interests of their creditors and other stakeholders to undertake a Sales Process. The Receiver marketed the assets pursuant to the Sales Process which was designed to ensure that a strategic and targeted group of potential interested parties were canvassed to enable the Receiver to receive the best possible offer to maximize the value for the benefit of all stakeholders.
17. The Receiver undertook a significant marketing process commencing on October 3, 2023, with a bid deadline of October 27, 2023.
18. The Receiver prepared and disseminated notices of the Sales Process ("**Sales Process Notices**") in the Insolvency Insider and the StratCann online magazine. In addition to the Sales Process Notices, the Receiver prepared a teaser package (the "**Teaser**") and confidentiality agreement ("**CA**").
19. The Receiver prepared an initial list of potential bidders, including strategic parties, (the "**Prospective Bidders**"). The Receiver then, commencing on October 3, 2023 communicated the Teaser and CA to the Prospective Bidders.

The Sales Process Marketing Efforts

20. The Receiver undertook a significant marketing process to ensure it effectively and thoroughly canvassed the market. The assets were marketed to a number of companies identified by the Receiver, with the assistance of the Company, as to potentially interested parties who are capable of, or were a good strategic fit for, purchasing the Company's assets, or portions of them.

21. A comprehensive package of marketing materials including the relevant contractual agreements, asset listings, inventory schedules and other materials (“**VDR Materials**”) was assembled and made available in the virtual data room (“**VDR**”).
22. A summary of events within the Sales Process includes the following:
 - a) the Sales Process commenced on October 3, 2023, with the placement of advertisements announcing the commencement of the Sales Process in the publications discussed above. In addition, the Receiver disseminated the Teaser, advertising the sale opportunity of the Company, to a broad but focused list of 46 strategic investors and invited them to execute a CA with the Receiver if interested in the opportunity;
 - b) a VDR containing the VDR Materials with respect to the Company was made available to all parties who executed a CA;
 - c) the Receiver was available to answer any questions for prospective bidders as part of their review and due diligence process; and
 - d) the Sales Process advised prospective bidders and interested parties that all offers were due by October 27, 2023, which was the Bid Deadline.
23. A copy of the Teaser and the Sales Process materials can be found in Appendix “**A**” to this Report.

Results from the Sales Process

24. There were eight (8) prospective purchasers who signed CAs and received access to the VDR. There were two (2) binding offers received in the Sales Process that were deemed acceptable by the Receiver. The Receiver had numerous communications with these parties respecting the specific details of their offers.

25. A summary of the binding offers received in the Sales Process and analysis thereon are contained in the Confidential Appendix 2 to this Third Report (“**Confidential Appendix 2**”).

Confidential Appendix and Temporary Sealing Order

26. After a detailed review, analysis and clarification of terms of the offer and related matters, the Receiver, with the support of the Secured Creditors, accepted, subject to the Court’s approval, the offer of Bloomex Inc. (the “**Bloomex APA**”). A copy of the redacted Bloomex APA is attached as Appendix “**B**” of this Report.
27. The Receiver has included as Confidential Appendix 2 to this Report an analysis of the offers received in the Sales Process. The Receiver has also outlined a summary of the Bloomex APA and an unredacted copy of the Bloomex APA as Confidential Appendix 1.
28. The Confidential Appendices contain confidential information of a commercial nature which, if disclosed to third parties prior to the closing of the sale, could materially jeopardize the Sales Process or, if the transaction does not close, could materially jeopardize the value that could subsequently be obtained. Accordingly, the Receiver is respectfully of the view that it is appropriate that this Honorable Court grant temporary sealing provisions in relation to the Confidential Appendices. It is proposed that the sealing provisions will expire upon the closing of the Bloomex APA. The Receiver supports the sealing of the Confidential Appendices until the completion of the transaction contemplated by the Bloomex APA.
29. The Receiver considered the following when assessing the Bloomex APA and believes that the approval of the Sale Approval and Vesting Order is in the best interests of all stakeholders for the following reasons:
- a) the Receiver is of the view that a comprehensive marketing of Wabi Sabi’s property was undertaken, and that the market of potential purchasers was sufficiently canvassed;

- b) the Bloomex APA was the best bid received in the Sales Process, with a non-refundable deposit, thus reducing the risk and cost to the estate;
- c) the Bloomex APA could be closed within the timeframe provided by the Sales Process and was not conditional on any additional financing being raised prior to Closing;
- d) the Bloomex APA contains “as is where is” provisions and has no closing conditions other than Court Approval; and
- e) there was no acceptable offer received in the Sales Process that was considered better to the Bloomex APA.

PROPOSED DISTRIBUTION

30. The Receiver is advised by its counsel that the security as against the Debtor’s property is valid and enforceable and ranks in priority to the unsecured creditors. If the Bloomex APA is approved by the Court, the Receiver recommends making a distribution (the “**Proposed Distribution**”) to the Secured Creditors as a partial repayment of the indebtedness owing to it and to be applied toward the Secured Creditors’ overall indebtedness owed by Wabi Sabi to the Secured Creditors. The Proposed Distribution would be made from the net sale proceeds derived from the APA, less an amount to be determined by the Receiver, at its sole discretion, to be retained in order to cover future costs of administering the estate in these Receivership Proceedings and any potential priority claims.

RECEIVER’S RECOMMENDATIONS

31. As set out above, the Receiver recommends that this Honourable Court approve:
- a) the Bloomex APA and Sale Approval and Vesting Order;
 - b) the Proposed Distribution to the Secured Creditors; and

- c) a temporary sealing order in respect of the Confidential Appendices until the completion of the Bloomex APA.

All of which is respectfully submitted this 14th day of November, 2023.

HARRIS & PARTNERS ADVISORY INC., solely in its capacity as Receiver of Wabi Sabi Brands Ltd. and not in its personal or corporate capacity



Per: _____

Name: Jill Strueby

Title: Partner

APPENDIX "A"

*Harris & Partners Advisory, acting as the Receiver (the “**Receiver**”), has commenced a sales process (“**Sales Process**”) in connection with the Wabi Sabi receivership proceedings which were commenced on September 22, 2023 when the secured creditors appointed Harris & Partners Advisory as the Receiver of Wabi Sabi Brands Ltd. (“**Wabi Sabi**”).*

- Wabi Sabi is a federally licensed Alberta artisanal cannabis edibles company, focused on production of luxury cannabis infused edible chocolates.
- Fully licensed (standard processor with sales license) with a reputation for high-quality product and ability to deliver a terpene and cannabinoid rich experience.
- Pristine facility located in Calgary, Alberta. The leased facility, includes licensed production and packaging rooms, quality assurance lab for on site testing, a vault and multiple ingredient/storage rooms. The non licensed space consists of office space, lunchroom, and reception area. Upon the completion of the leasehold improvements and receiving the required Health Canada licenses, the Company began operations in 2019.
- The leased facility is well located, in the warehouse district of Calgary, AB and perfectly situated for a production and manufacturing business. The Company boasts a superior “turn-key” ready facility, that provides an opportunity for growth in the future and an exciting opportunity for any interested buyer. The facility was built with SOP’s created to a higher standard (BRCGS) than GMP-EU.
- The Company’s assets (the “**Assets**”) primarily consist of high-end manufacturing and production equipment, including equipment for producing chocolates, sorting equipment, packaging and labelling machinery. The onsite lab is fully functioning with Thermal Fisher HPLC testing equipment.
- The production equipment can produce up to 90 molds per hour and the sophisticated packaging and labelling equipment make the completion process easy and efficient.



Production Equipment

- All equipment required for end-to-end production and packaging of chocolates are of recent age, well maintained and in very good condition.
- The equipment can produce cannabis infused and non-infused chocolates without modification with the line being 15 feet in length.
- The depositor creates filled products in a single deposit. Can be used with molds or deposit directly on a flat surface. It can be equipped with up to 5 depositing nozzles with easy-to-use touch screen, digital control panels, and stainless-steel construction.
- The Mettler Toledo x-ray inspection system offers high detection capabilities with easy-to-use software and a semi-automated production.
- See the operations in action at:
<https://youtu.be/aKEgmQEyUgM?si=H3T6bBzi8DKN8aja>



Production Portfolio

- White, milk, and dark, solid and fillable, chocolates can be infused with full-spectrum premium ingredients.
- High end, artisanal chocolates with brand names such as Peanut butter, Creamy Caramel, Pumpkin Spice Latte and Peppermint. Sold products in AB, SK, MB and Ontario markets with up to 14 SKU's in any market. Had over 100 NNCP cleared products with Health Canada.
- Produced and sold the only cannabis trail mix in North America.





Sales Process

- The Receiver commenced a Sales Process on October 3, 2023 and the Sales Process has been designed to solicit interest in a sale of all or part of the Assets.
- As part of the Sales Process, Bids from Qualified Bidders must be submitted by no later than October 27, 2023 at 12:00 pm Calgary Time (the “**Bid Deadline**”).

Date	Event
October 3, 2023	Posting and distribution of summary non-confidential information (“Teaser”)
October 3, 2023	Receiver to email contact list of interested parties
October 4, 2023	Open Virtual Data Room and advertisements of the SP
October 4-27, 2023	Qualified Bidders to review asset listing and schedule appointments to inspect the Assets
October 27, 2023	Bid Deadline Noon (Calgary Time)
October 27-November 3, 2023	Receiver to review bids, select bid, and negotiate a Definitive Agreement
Week of November 13, 2023	Receiver to seek Court approval of Bid(s) submitted by Successful Bidder(s)

- The Assets are being offered on an “*as is where is*” basis without surviving representations, warranties, covenants or indemnities of any kind, nature, or description by the Receiver whatsoever.
- The Receiver reserves the right at any time to amend or terminate these sale procedures, to decline an interested party the ability to participate in the process, to terminate discussions with any or all interested parties, to reject any or all offers, or to negotiate with any party with respect to a possible transaction.
- Interested parties who wish to pursue a potential acquisition and receive additional due diligence materials will be required to execute a Confidentiality Agreement, which can be obtained by contacting Harris & Partners by email as noted below. Documents can be accessed on the Receiver’s website at:
- <https://harrispartnersadvisory.ca/wabisabi> .



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Sales Process (“SP”)

INTRODUCTION

1. On September 7, 2023, Wabi Sabi Brands Ltd. (“**Wabi Sabi**” or the “**Debtor**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant s. 50.4 of the *Bankruptcy and Insolvency Act* (the “**BIA**”) in Estate No. 25-2983868 (the “**NOI Proceedings**”) and Harris & Partners Inc. (“**HPI**”) consented to act as the Proposal Trustee.
2. On September 18, 2023 the Debtor deemed to have filed an assignment and HPI was appointed as the Licensed Insolvency Trustee (the “**Trustee**”) by the official receiver, subject to affirmation by the creditors of the Trustee’s appointment at the First Meeting of Creditors.
3. On September 22, 2023, by appointment of the secured creditors, Harris & Partners Advisory was appointed as the receiver (the “**Receiver**”) of all the assets, undertaking and properties of every nature and kind whatsoever, and where situate, including all proceeds thereof (the “**Property**”).
4. The Receiver shall exclusively govern the process for soliciting and selecting bids for the sale of the Property (such marketed Property being the “**Assets**”).

SP OVERVIEW

5. The purpose of the SP is to, among other things:
 - (a) describe the Assets available through the SP;
 - (b) solicit interest in a sale of all or substantially all of the Assets;
 - (c) describe the manner in which parties interested in purchasing some or all of the Assets (“**Potential Bidders**”) may gain access to or continue to have access to due diligence materials concerning the Assets;
 - (d) describe the manner in which Potential Bidders and their respective bids become Qualified Bidders and Qualified Bids (each defined below);
 - (e) set out the process for delivery, receipt and negotiation of Bids (defined below) received; and
 - (f) describe the process for selection of one or more Successful Bid(s) (defined below), and the process for obtaining approval of one or more Successful Bid(s) by the Court.
6. The SP, including the various deadlines set out herein, may be amended from time to time on notice to participants in the SP, by and at the sole discretion of the Receiver. The Receiver will consider extending such deadlines, in the event that the Receiver determines that such an extension will generally benefit the Debtor’s creditors and other stakeholders.
7. The Receiver shall generally oversee the SP. In the event of a disagreement as to the interpretation or application of the SP, the Court will have jurisdiction to hear and resolve such dispute.
8. Any transaction for the sale of any Assets (a “**Transaction**”) will be on an “**as is where is**” basis and without any existing or surviving representations, warranties, covenants or indemnities of any kind nature or description by the Receiver, or any of their respective agents, estates, or advisors,

except to the extent as provided in the relevant Definitive Agreement(s) (defined below) with the Successful Bidder(s).

9. The Assets will include but are not limited to the equipment, furniture and fixtures, inventory, tenant improvements. The Receiver and its representatives do not make any representations or warranties whatsoever, and shall have no liability of any kind whatsoever, as to the information or the materials provided through the due diligence process or otherwise made available to any Potential Bidder, Qualified Bidder, or Successful Bidder, with respect to the Assets or any part thereof, including any information contained in the Teaser or Data Room and provided or made in any management presentations.
10. All of the right, title and interest in and to the Assets will be sold and transferred free and clear of all security interests, claims, options, and interests therein and there against pursuant to an Approval Order (defined below) granted by the Court, with the exception of permitted encumbrances.
11. A summary of the key steps of the SP is as follows:

Event	Date
Posting and distribution of summary non-confidential information ("Teaser")	October 3, 2023
Receiver to email contact list of identified interested parties and other potentially interested parties	October 3, 2023
Further advertisements of the Sales Process in the publications identified	October 4-7, 2023
Open Virtual Data Room	October 4, 2023
Qualified Bidders to review asset listing and schedule appointments to inspect the Assets	October 4 - 27, 2023
Bid Deadline	October 27, 2023 (12:00 pm Calgary time)
Receiver to review bids, select bid, and negotiate a Definitive Agreement	October 27 - November 3, 2023
Receiver to Court approval of Bid(s) submitted by Successful Bidder(s)	Week of November 13, 2023 or as soon as practical thereafter

THE SALE PROCESS

12. The Receiver will prepare a list Potential Bidders comprised of persons who are known to the Receiver as having an interest in purchasing the Assets or a portion thereof. Concurrently, the Receiver will also prepare an initial offer summary (the "**Teaser**") notifying the Potential Bidders and any other interested persons of the SP and inviting them to express interest in making a bid for the Assets of a portion thereof (each, a "**Bid**"). The Teaser will provide key details regarding the Assets, provide pictures of the Assets, and set out important deadlines under this SP.
13. On October 3, 2023, the Receiver will distribute the Teaser to the Potential Bidders known to the Receiver, along with a copy of the SP and a form of confidentiality agreement (the "**Confidentiality Agreement**") that is acceptable to the Receiver in its sole discretion. Copies of the Teaser, SP and Confidentiality Agreement will also be provided to any appropriate persons who become known to the Receiver after the distribution of such documents to the known Potential Bidders. The SP also shall be posted on the Receiver's website.
14. Also on October 3, 2023, the Receiver shall advertise this SP in the following publications:
 - (a) Insolvency Insider; and
 - (b) StratCann Newsletter.
15. Any Potential Bidder who (a) executes the Confidentiality Agreement, (b) provides written confirmation of the identity and contact information of the Potential Bidder, and (c) provides a

written acknowledgement of receipt of a copy of the SP and agreeing to accept and be bound by the provisions contained therein and herein, shall be deemed a “**Qualified Bidder**”).

Due Diligence

16. Upon a Potential Bidder’s satisfaction of the conditions set out in paragraph 15 of this SP (and therefore becoming a Qualified Bidder), the Receiver shall provide such Qualified Bidder with access to an electronic data room established by the Receiver (the “**Data Room**”) that will contain such information about the Assets that the Receiver, in its reasonable business judgment, determines to be necessary for the Qualified Bidder to evaluate a Transaction.
17. The Receiver will consider all reasonable requests for additional information and due diligence access from Qualified Bidders; however the Receiver will not be obligated to furnish any information relating to the Assets other than to a Qualified Bidder.
18. Qualified Bidders may schedule appointments with the Receiver to inspect the Assets commencing on October 4, 2023 at 9:00 am Mountain Time and finishing no later than 10:00 am Mountain Time on October 27, 2023.
19. The Receiver and its respective advisors make no representations or warranties as to the information made available pursuant to the SP, including any information contained in the Data Room.

Bid Process

20. Any Qualified Bidder who wishes to submit a Bid must deliver its Bid to the Receiver at the address specified at Schedule “A” attached hereto no later than 12:00 pm Mountain Time on October 27, 2023, or such other date or time as the Receiver may determine (the “**Bid Deadline**”).
21. The Receiver will consider any Bid that includes a letter stating that the Bid is irrevocable until the earlier of: (i) 11:59 pm on the Business Day following the closing of a Transaction with a Successful Bidder in respect of the Assets or part thereof; and (ii) thirty (30) Business Days following the Bid Deadline; provided however, that if such Bid is selected as a Successful Bid it shall remain irrevocable until 11:59 pm (Calgary Time) on the Business Day following the closing of the Successful Bid or Successful Bids, as the case may be.
22. A bid must:
 - (a) include evidence sufficient to allow the Receiver to make a reasonable determination as to the Qualified Bidder’s (and its direct and indirect owners’ and their principals’ financial and other capabilities to consummate the Transaction contemplated by the Bid, which evidence may include, but is not limited to, evidence of a firm, irrevocable commitment for all required funding and/or financing from a creditworthy bank or financial institution; and
 - (b) fully disclose the identity of each entity that is bidding or otherwise sponsoring or participating in the Bid, including the identification of the Qualified Bidder’s direct and indirect owners and their principals, and the complete terms of any such participation.
23. A Bid must also include an acknowledgement and representation that the Qualified Bidder:

- (a) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its Bid;
 - (b) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, including by the Receiver or any of its Representatives, except as expressly stated in a definitive agreement (“**Definitive Agreement**”) submitted by it;
 - (c) confirms that the contemplated transaction will be made on an “**as is where is**” and “**without recourse**” basis;
 - (d) is a sophisticated party capable of making its own assessments in respect of making its Bid; and
 - (e) has had the benefit of independent legal advice in connection with its Bid.
24. A Bid shall include evidence of, in form and substance, reasonably satisfactory to the Receiver, authorization and approval from the Qualified Bidder’s board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Bid.
25. A Bid shall be accompanied by a cash deposit equal to 10% of the purchase price.
26. A Bid **may not include** any request or entitlement of any break fee, expense reimbursement, or similar form of payment.
27. A Bid **may not** be subject to any conditions other than approval by the Court. Specifically, all inspections or other due diligence associated with the Assets, where situated, must be completed by the Qualified Bidder prior to submitting its Bid to the Receiver.
28. A Bid submitted by a Qualified Bidder that complies with the conditions set out at paragraph 20-27 is referred to herein as a “**Qualified Bid**”.

Selection of Successful Bid

29. The Receiver will review all Qualified Bids between October 4, 2023 and October 27, 2023.
30. After the Qualified Bids have been submitted, the Receiver may contact a Qualified Bidder for the purpose of further negotiating the terms of a Definitive Agreement for the purchase and sale of the Assets contemplated in such Qualified Bidder’s Bid and may enter into such negotiations.
31. In the event the Receiver determines that one or more Qualified Bids constitute a superior offer, the Receiver shall select the highest or best Qualified Bid and notify that party as soon as practicable. A Qualified Bid that is determined by the Receiver to be the highest, best or otherwise most favorable Bid is a “**Winning Bid**”. A Qualified Bidder who submits a Winning Bid that is accepted by the Receiver is referred to herein as a “**Successful Bidder**”.
32. If a Winning Bid has been accompanied by a deposit in accordance with paragraph 25 hereof, the deposit shall be applied to the total purchase price. In the event a Bid that is accompanied by a

deposit is not a Winning Bid, the Receiver shall return the deposit within 5 days of the Court approving the Winning Bid(s).

33. The Receiver reserves the right to reject or refuse or accept any Bid or to otherwise terminate the SP. The Receiver further reserves the right to deal with one or more Qualified Bidders to the exclusion of other, to accept a Bid for some or all of the Assets or to accept multiple Bids and enter into multiple Definitive Agreements in respect of the Assets.

Approval Orders

34. In the event the Receiver accepts a Winning Bid(s), the Receiver shall apply for an order from the court in form and substance that is satisfactory to the Receiver, approving the Transaction(s) contemplated by the Winning Bid(s) and any necessary related relief required to consummate the Transaction(s) contemplated by the Winning Bid(s), subject to the terms of the Definitive Agreement(s) (the “**Approval Order**”). The application for the Approval Order shall take place during the week of November 13, 2023 or at such later date as determined by the Receiver.
35. An Approval Order shall become a “**Final Order**” upon the satisfaction of the following conditions:
 - (a) it is in full force and effect;
 - (b) it has not been reversed, modified, or vacated and is not subject to a stay; and
 - (c) all applicable appeal periods have expired, and any appeals therefrom have been finally disposed of, leaving the Approval Order, wholly operable.
36. Closing of the Transaction(s) is contemplated by any Winning Bid(s) shall occur within three (3) business days of the date upon which the Approval Order has become a Final Order, or as may be extended with approval from the Receiver.

Schedule "A"

Addresses for Deliveries

Any notice or other delivery made to the Receiver pursuant to the SP must be made to:

Harris & Partners Inc.

500 4th Avenue SW Unit 1910
Calgary, Alberta T2P 2V6

Attention: Jill Strueby

Tel: (403) 800-1574

Email: jill@harrispartners.ca

With a copy to:

DLA Piper (Canada) LLP

250 2 Street SW Unit 1000
Calgary, AB T2P 0C1

Attention: Carole Hunter

Tel : (403) 698-8782

Email: carole.hunter@dlapiper.com

Deliveries made pursuant to this SP by email shall be deemed to be received when sent. In all other instances, deliveries made pursuant to this SP shall be deemed to be received when delivered to the relevant address, as identified above.

CONFIDENTIALITY AGREEMENT

[Your Name]

[Date]

[Your address1]

[Your address2]

[Your address City, Lender Province]

[Your address Postal Code]

Attention: [Your Contact, Your Title]

As you may be aware, on September 7, 2023, Wabi Sabi Brands Ltd. (“**Wabi Sabi** or the “**Debtor**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) under section 50.4(1) of the Bankruptcy and Insolvency Act (“**BIA**”) and Harris & Partners Inc. (“**HPI**”) consented to act as the Proposal Trustee.

Wabi Sabi was deemed to have filed an assignment on September 18, 2023 and HPI was appointed as the Licensed Insolvency Trustee by the official receiver, subject to affirmation by the creditors of the Trustee’s appointment at the First Meeting of Creditors which will be held on October 3, 2023 at 10:00 am MST.

On September 22, 2023, Harris & Partners Advisory was appointed as the receiver (“the **Receiver**”) of all the assets, undertaking and properties of the Debtor (“the “**Property**”) pursuant to appointment by the secured creditors.

In connection with your consideration of a possible sale transaction (the “**Transaction**”) involving the assets of the Debtor, the Receiver is prepared to make available to you certain proprietary and confidential information concerning the Debtor (defined more fully below as the “**Confidential Information**”). As a condition to your receipt and use and continuing receipt and use of the Confidential Information, you and your Representatives (defined below) agree to treat such Confidential Information in accordance with the provisions of this Confidentiality Agreement (this “**Agreement**”), and to take or abstain from taking certain actions described below. For purposes hereof, the expression “**you**” includes you and your affiliates (who receive the Confidential Information or are made aware of the Transaction) on behalf of whom you are hereby contracting.

1. As used herein the term “**Confidential Information**” shall mean and include all information, in whatever form or medium, of a confidential or proprietary nature (whether or not designated or marked as confidential and proprietary) provided by or on behalf of the Debtor to you and pertaining or relating to the Debtor and all derivative materials such as notes, analyses, compilations, studies, interpretations or other documents prepared by you or your Representatives which contain, reflect or are based upon, in whole or in part, such confidential and proprietary information; provided, however, that the Confidential Information do not include information which (i) is or becomes generally available to the public other than as a result of a disclosure directly or indirectly by you or your Representatives in violation of this Agreement, (ii) was within your possession prior to its being furnished to you by or on behalf of the Debtor pursuant hereto, provided that the source of such information was not bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Receiver or any other party

with respect to such information, or (iii) becomes available to you on a non-confidential basis from a source other than the Receiver or any of its Representatives, provided that such source is not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the Receiver or any other party with respect to such information; the term “**Representatives**” shall mean directors, officers, employees, agents or advisors (including, without limitation, lawyers, accountants, consultants and financial advisors) acting on behalf of a party in the context of the Transaction.

2. Subject to Section 5, you hereby agree that you and your Representatives shall use the Confidential Information solely for the purpose of assessing, evaluating and if applicable, negotiating the Transaction and not directly or indirectly for any other purpose, and that the Confidential Information will be kept strictly confidential and that you and your Representatives will not disclose any of the Confidential Information in any manner whatsoever, provided, however, that (i) you may make a disclosure of such information with our prior written consent, and (ii) information may be disclosed to your Representatives who need to know such information for the sole purpose of evaluating or implementing a possible Transaction with the Receiver. You shall be responsible for any breach of this Agreement by any of your Representatives and you agree, at your sole expense, to take all reasonable measures (including, but not limited to, court proceedings) to restrain your Representatives from prohibited or unauthorized disclosure or use of the Confidential Information.
3. You shall take at least such steps in preserving the confidentiality of the Confidential Information as you take to preserve your own confidential and proprietary business information, or all commercially reasonable efforts to accomplish the same if such efforts would impose on you a higher standard of care.
4. Subject to Section 5, you agree that, without the Receiver’s prior written consent, you and your Representatives will not disclose to any other person the fact that the Confidential Information have been made available to you, that discussions or negotiations are taking place concerning a possible Transaction involving the Receiver or any of the terms, conditions or other facts with respect thereto (including the status thereof). The term “**person**” as used in this Agreement shall be broadly interpreted to include the media and any corporation, partnership, group, individual or other entity.
5. If you or your Representatives are required by applicable law, or the rules of any relevant stock exchange, or in any judicial, administrative or other legal proceeding, or pursuant to a subpoena, civil investigative demand or other compulsory process, to disclose any Confidential Information, or any other information concerning the Debtor or the Transaction (a “**Disclosure Requirement**”), then, subject to applicable law, you shall: (i) give the Receiver prompt notice of any such Disclosure Requirement and the proposed information to be disclosed pursuant to it; and (ii) at the Receiver’s request and expense, co-operate with the Receiver in limiting the extent of the disclosure and in obtaining an appropriate protective order or pursuing such legal action, remedy or assurance as the Receiver deems necessary to preserve the confidentiality of the Confidential Information. If a protective order or other remedy is not obtained, and you or your Representatives are legally compelled to disclose the Confidential Information, you or your Representatives may disclose only that portion of the Confidential Information which is legally required to be disclosed; provided that you and your Representatives exercise best efforts to obtain, in cooperation with the Receiver and at the Receiver and/or Debtor’s expense, an appropriate protective order or other reliable assurance that confidential treatment is given to the Confidential Information so disclosed.

6. If you decide that you do not wish to proceed with a Transaction, you will promptly inform the Receiver of that decision. In that case, or at any time upon the Receiver's request for any reason, you will promptly, and within 7 business days, deliver to the Receiver or destroy all the Confidential Information (including all copies thereof and documents, notes and memoranda prepared by you or your Representatives) in the possession or control of you and your Representatives and confirm to the Receiver in writing that you have done so. Notwithstanding the return or destruction of the Confidential Information, you and your Representatives will continue to be bound by your obligations of confidentiality and other obligations hereunder.
7. Without the prior written consent of the Receiver, you shall not directly or indirectly discuss or cooperate with or offer to any person, other than an affiliate, any position (debt or equity, co-investor, joint venture or otherwise) or any other form of direct or indirect participation in any possible Transaction. For greater certainty and without limiting the foregoing, without prior written consent of the Receiver, neither you nor your Representatives shall discuss the Transaction with any potential syndicate investors or other capital providers.
8. You recognize that Confidential Information may include "personal information". You acknowledge that you and your Representatives are bound by, and will comply with, all applicable privacy legislation with respect to any personal information disclosed to you by the Receiver in respect of a Transaction.
9. Without the prior consent of the Receiver, neither you nor your Representatives shall contact (except for those contacts made in the ordinary course of business and consistent with past practices) any current or former officer, director, employee or agent of the Debtor regarding the Transaction. Unless otherwise agreed to by the Receiver, all (i) communications regarding any possible Transaction, (ii) requests for additional information, (iii) requests for property visits or management meetings, and (iv) discussions or questions regarding procedures in connection with any possible Transaction, will be submitted or directed exclusively to Jill Strueby at Harris & Partners Advisory Inc., in its capacity as Receiver of the Debtor.
10. The parties share a common legal and commercial interest in all Confidential Information which is and remains subject to all applicable privileges, including solicitor-client privilege, anticipation of litigation privilege, work product privilege and privilege in respect of "without prejudice" communications. No waiver of any privilege is implied by the disclosure of Confidential Information to any person pursuant to the terms of this Agreement.
11. To the extent that the Debtor owns any Confidential Information, it will remain the exclusive property of the Debtor. Nothing in this Agreement or in the disclosure of any Confidential Information confers any interest in the Confidential Information to you or any of your Representatives.
12. You understand and acknowledge that the Receiver is not making any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information or have any liability to you or to any of your Representatives relating to or resulting from the use of the Confidential Information. Only those representations or warranties, if any, which are made in a

final definitive agreement regarding a Transaction, when, as and if executed, and subject to such limitations and restrictions as may be specified therein, will have any legal effect.

13. Unless and until a final definitive agreement regarding a Transaction between the Receiver and you has been executed and delivered, neither of us nor our respective Representatives or shareholders will be under any legal obligation of any kind whatsoever with respect to a Transaction by virtue of this Agreement except for the matters specifically agreed to herein. Unless the parties otherwise expressly agree in writing, either party hereto may terminate discussions and negotiations with the other party at any time.
14. You agree that money damages would not be a sufficient remedy for any breach of this Agreement by you or any of your Representatives and that the Receiver shall be entitled (upon proper proof) to equitable relief, including injunction and specific performance, as a remedy for any such breach. Such remedies shall not be deemed to be the exclusive remedies for a breach by you of this Agreement but shall be in addition to all other remedies available at law or equity to the Receiver and/or the Debtor. In the event of litigation relating to this Agreement, if a court of competent jurisdiction determines that you or any of your Representatives have breached this Agreement, then you shall be liable and pay to the Receiver the reasonable legal fees incurred by the Receiver and/or the Debtor in connection with such litigation, including any appeal therefrom.
15. You hereby agree to indemnify and hold harmless the Receiver and the Debtor and their respective affiliates from any and all damage, loss, cost, expense or liability of whatsoever nature or kind (including legal fees and the costs of enforcing this Agreement) arising directly or indirectly out of the breach by you or your Representatives of any provision of this Agreement.
16. Except as otherwise provided in this agreement, the obligations of the parties under this Agreement shall terminate two (2) years from the date hereof (the "**Restriction Period**"), and any such termination shall not relieve you from your responsibility for any breach of this Agreement prior to such termination; provided that, for clarity, if you do not comply with Section 5 above, or in the event you retain any Confidential Information for any reason, you shall continue to be bound by your obligations of confidentiality with respect to such Confidential Information for so long as it is retained by you or your Representatives.
17. Except in the context of evaluating this Transaction, you agree that during the Restriction Period, neither you nor any of your affiliates (including any person or entity directly or indirectly through one or more intermediaries controlling you or controlled by or under common control with you) will, without the prior written authorization of the Receiver, directly, indirectly, or jointly or in concert with any other person: (i) purchase, offer or agree to purchase any securities (including equity and debt securities), direct or indirect rights or options to acquire securities, bank indebtedness, trade claims or other liabilities of the Debtor or assets of ours or any of our affiliates; (ii) enter into, offer or agree to enter into or engage in any discussions or negotiations with any party, including but not limited to the Debtor's existing lenders, investors or stakeholders, with respect to any matters whatsoever relating to us or any of our affiliates, or any transaction relating to all or part of the Debtor, any of our affiliates or any of their respective businesses, or propose any of the foregoing; (iii) solicit proxies from our shareholders or otherwise attempt to influence the conduct of our shareholders or the voting of our or any of our affiliates' voting securities; (iv) form, join or in any way participate in any group acting jointly or in concert with respect to the

foregoing; (v) seek any modification to or waiver of your agreements and obligations under this Agreement; (vi) seek, propose or otherwise act alone or in concert with others, to influence or control the management, board of directors or policies of the Debtor or any of our affiliates; (vii) advise, assist or encourage, act as a financing source for or otherwise invest in any other person in connection with any of the foregoing activities; or (viii) disclose any intention, plan or arrangement, or take any action inconsistent with the foregoing.

18. This Agreement may not be assigned in whole or in part without the written consent of the Receiver.
19. If any provision of this Agreement is determined to be illegal, invalid or unenforceable, by an arbitrator or any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect. No failure or delay in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.
20. This Agreement contains the entire agreement between the parties concerning the subject matter hereof and shall be governed by and construed in accordance with the laws of the Province of Alberta.
21. You acknowledge that you are aware and will advise your officers, employees, professional consultants and representatives that securities laws impose certain restrictions with respect to the purchase and sale of securities of an issuer by a person who has received material non-public information concerning the matters which are the subject of this Agreement and by persons who have received such information from such person and it hereby agrees to abide by such securities laws.
22. This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an electronic signature page by email or other electronic means is as effective as a manually executed counterpart of this Agreement.

Please confirm your agreement with the foregoing by signing and returning one copy of this Agreement to the undersigned, whereupon this Agreement shall become a binding agreement between you and the Receiver.

Very truly yours,

**HARRIS & PARTNERS ADVISORY INC., in its capacity
as the Receiver of Wabi Sabi Brands Ltd., and not in its
personal or corporate capacity**

By: _____

Name: Jill Strueby

Title: Partner

Agreed to and accepted as of the date first above written:

[NAME OF YOUR INSTITUTION]

By: _____

Name:

Title:

Authorized Signatory

APPENDIX "B"

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made as of the 13th day of November, 2023.

BETWEEN: **HARRIS & PARTNERS ADVISORY INC.**, in its capacity as receiver of **WABI SABI BRANDS LTD.**, and not in its personal or corporate capacity

(the "**Receiver**");

- and -

BLOOMEX INC. (the "**Purchaser**");

WHEREAS:

- A. On September 7, 2023, Wabi Sabi Brands Ltd. (the "**Debtor**") filed a Notice of Intention to Make a Proposal under section 50.4(1) of the *Bankruptcy and Insolvency Act* and Harris & Partners Inc. ("**HPI**") was appointed as proposal trustee.
- B. On September 18, 2023, the Debtor was deemed to have filed an assignment in bankruptcy and HPI was appointed the licensed insolvency trustee of the bankrupt estate.
- C. On September 22, 2023, Harris & Partners Advisory Inc. was appointed as the receiver of the assets, property and undertaking of the Debtor (the "**Receiver**") pursuant to an appointment by the secured creditors in accordance with the terms of their security agreements with the Debtor.
- D. The Receiver wishes to sell to the Purchaser all of Receiver's right, title, and interest in and to the Purchased Assets (as hereinafter defined) subject to the terms and conditions of this Agreement.

IN CONSIDERATION of the premises and covenants, agreements, representations, warranties, and payments contained in this Agreement, the Receiver and the Purchaser agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

The following terms have the following meanings:

- (a) "**Agreement**" means this agreement of purchase and sale, including all Schedules hereto, as it may be supplemented, amended, restated or replaced from time to time by written agreement of the Parties;
- (b) "**Applicable Law**" means, with respect to any Person, property, transaction, event or other matter, (a) any foreign or domestic constitution, treaty, law, statute, regulation, code, ordinance, principle of common law or equity, rule, municipal by-

law, order or other requirement having the force of law, (b) any policy, practice, protocol, standard or guideline of any Governmental Authority which, although not necessarily having the force of law, is regarded by such Governmental Authority as requiring compliance as if it had the force of law (collectively, in the foregoing clauses (a) and (b), "**Law**") in each case relating or applicable to such Person, property, transaction, event or other matter and also includes, where appropriate, any interpretation of Law (or any part thereof) by any Person having jurisdiction over it, or charged with its administration or interpretation;

- (c) "**Books and Records**" means all books, records, files and papers used or intended for use in connection with the ownership of the Purchased Assets, including title documentation, manuals, sales and advertising materials, and all other documents and data (technical or otherwise) relating to the Purchased Assets, and all copies and recordings of the foregoing;
- (d) "**Business Day**" means any day other than a Saturday, Sunday, or any other statutory holiday in Alberta;
- (e) "**Closing**" means the completion of the Transaction in accordance with this Agreement;
- (f) "**Closing Date**" means three (3) days after the granting of the Vesting Order or the date on which the conditions precedent set forth herein are fulfilled or waived, or as otherwise agreed upon in writing by the Receiver and the Purchaser;
- (g) "**Closing Time**" means 12:00 noon on the Closing Date;
- (h) "**Court**" means the Alberta Court of King's Bench;
- (i) "**Deposit**" has the meaning ascribed thereto in Section 2.3(a);
- (j) "**Encumbrance**" means any encumbrance against or interest in the Purchased Assets of any kind whatsoever and includes, without limitation, a security interest, mortgage, lien, pledge, assignment, charge, title retention agreement, option, trust or deemed trust (whether contractual, statutory or otherwise arising), licence and any covenant or agreement, restriction or limitation relating to the Purchased Assets or the transfer of the Purchased Assets to the Purchaser pursuant to this Agreement, and includes competing proprietary claims;
- (k) "**ETA**" means the *Excise Tax Act*, RSC, 1985, c E-15 and the regulations thereto;
- (l) "**Governmental Authority**" means any Canadian, foreign, domestic, federal, territorial, provincial, state, municipal, or local governmental authority, quasi-governmental authority, instrumentality, court, government, or self-regulatory organization, bureau, commission, tribunal, or organization or any regulatory, administrative, or other agency, or any political or other subdivision, department, or branch of any of the foregoing having jurisdiction with respect to the Debtor, the Purchased Assets, or any other matter that is the subject of this Agreement;
- (m) "**GST**" means any goods and services tax imposed under Part IX of the ETA;

- (n) **"ITA"** means the *Income Tax Act* (Canada) RSC, 1985, c 1 (5th Supp.);
- (o) **"Legal Proceeding"** means any litigation, action, application, demand, suit, investigation, hearing, claim, complaint, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration proceeding or other similar proceeding, before or by any court or other tribunal or Governmental Authority and includes any appeal or review thereof and any application for leave for appeal or review;
- (p) **"Party"** or **"Parties"** mean either the Receiver or the Purchaser, as appropriate in the context, or both;
- (q) **"Permitted Encumbrances"** means those encumbrances set out in Schedule "B" hereto;
- (r) **"Person"** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a Governmental Authority, and the executors, administrators or other legal representatives of an individual in such capacity.
- (s) **"Purchase Price"** has the meaning ascribed thereto in Section 2.2 hereof;
- (t) **"Purchased Assets"** means those assets enumerated in Schedule "A" hereto;
- (u) **"Purchaser's Solicitors"** means Miles Davison LLP;
- (v) **"Receiver's Solicitors"** means DLA Piper (Canada) LLP;
- (w) **"Receivership Order"** has the meaning ascribed thereto in the recitals hereto;
- (x) **"Taxes"** means all transfer taxes, sales taxes, uses taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees and any other similar or like taxes and charges of any kind whatsoever imposed or charged by any Governmental Authority and any filing, registration, recording or transfer fees payable in connection with the sale, transfer or registration of the Purchased Assets, including GST;
- (y) **"Transaction"** means the purchase and sale of the Purchased Assets and all other transactions contemplated by this Agreement; and
- (z) **"Vesting Order"** means an order of the Court made in the receivership proceeding in form and content satisfactory to the Purchaser and the Vendor, each acting reasonably, approving the entry into this Agreement by the Vendor and the consummation of the Transaction contemplated hereby, and vesting in the Purchaser or its nominee(s) all right, title, and interest of the Debtor in and to the Purchased Assets free and clear of all Encumbrances but subject to the Permitted Encumbrances.

1.2 Schedules

The following are the Schedules attached to and incorporated in this Agreement by reference and deemed to be a part hereof:

SCHEDULES

Schedule "A"	Purchased Assets
Schedule "B"	Permitted Encumbrances
Schedule "C"	Form of Vesting Order

1.3 Certain Rules of Interpretation

In this Agreement:

- (a) headings are inserted for convenience of reference only and will not affect the interpretation of this Agreement;
- (b) the division into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement;
- (c) the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular portion of this Agreement;
- (d) "including" or "includes" means "including (or includes) but is not limited to" and is not to be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it;
- (e) references to any legislation, statutory instrument or regulation or a section thereof are references to the legislation, statutory instrument, regulation or section as amended, re-enacted, consolidated or replaced from time to time; and
- (f) words in the singular include the plural and vice-versa and words in one gender include all genders.

1.4 Business Day

If any action is required to be taken pursuant to this Agreement on or by a specified date that is not a Business Day, the action is valid if taken on or by the next succeeding Business Day.

1.5 Currency and Payment

In this Agreement, unless specified otherwise, references to dollar amounts or "\$" are to Canadian dollars, and any payment is to be made by an official bank draft drawn on a Canadian chartered bank, wire transfer or any other method (other than cash payment) that provides immediately available funds.

ARTICLE 2 PURCHASE AND SALE

2.1 Purchase and Sale of the Purchased Assets

Subject to the timely fulfillment or waiver of the conditions precedent set forth in Article 3 hereof, including the granting of the Vesting Order, and the terms and conditions of this Agreement, on the Closing Date, the Receiver agrees to sell, assign, and transfer to the Purchaser, and the Purchaser agrees to purchase from the Receiver, all right, title, and interest of the Debtor in and to the Purchased Assets.

2.2 Purchase Price

The amount payable by the Purchaser to the Receiver for the Purchased Assets will be [REDACTED] (the "**Purchase Price**").

2.3 Payment of the Purchase Price

The Purchaser will pay the Purchase Price to the Receiver as follows:

- (a) the sum of [REDACTED], representing 10% of the Purchase Price, the receipt of which the Receiver acknowledges (the "**Deposit**") to be held by the Receiver in trust until the Closing and will be credited toward the Purchase Price upon Closing; and
- (b) the balance of the Purchase Price will be paid by the Purchaser at Closing.

The Receiver agrees to cause the Deposit to be placed into a non-interest bearing account or certificate of deposit. All amounts payable to the Receiver shall be by way of wire transfer (to a bank account specified by the Receiver) or such other form of deposit as is acceptable to the Receiver. The Purchaser acknowledges and agrees that the Deposit is non-refundable except as provided in Section 5.7.

2.4 Taxes

The Purchaser will pay upon Closing, in addition to the Purchase Price, all applicable federal and provincial taxes eligible in connection with the purchase and sale of the Purchased Assets, including GST and any other provincial sales taxes and provide the Receiver with proof of payment of such taxes. Alternatively, where applicable, the Purchaser will have the option to furnish the Receiver with appropriate exemption certificates. The Purchaser agrees to indemnify and save the Receiver harmless from and against all claims and demands for payment of all applicable taxes in connection with this Agreement and the Transaction, including penalties and interest and any liability or costs incurred as a result of any failure to pay those taxes when due.

2.5 As is, Where is.

Notwithstanding any other provision of this Agreement, the Purchaser acknowledges, agrees and confirms that:

- (a) except for the representations and warranties of the Receiver set forth in Section 4.1, it is entering into this Agreement, acquiring the Purchased Assets on an "**as is, where is**" basis as they exist as of the Closing Time and will accept the Purchased Assets in their state, condition and location as of the Closing Time

except as expressly set forth in this Agreement and the sale of the Purchased Assets is made without legal warranty and at the risk of the Purchaser;

- (b) it has conducted to its satisfaction such independent searches, investigations and inspections of the Purchased Assets as it deemed appropriate, and based solely thereon, has determined to proceed with the Transaction;
- (c) except as expressly stated in Section 4.1, neither the Receiver nor its representatives have made or are making, and the Purchaser is not relying on, any representations, warranties, statements or promises, express or implied, statutory or otherwise, concerning the Purchased Assets, the Receiver's right, title or interest in or to the Purchased Assets, including with respect to merchantability, physical or financial condition, description, fitness for a particular purpose, suitability for development, title, description, use or zoning, environmental condition, existence of any parts and/or components, latent defects, quality, quantity or any other thing affecting any of the Purchased Assets, or normal operation thereof, or in respect of any other matter or thing whatsoever, including any and all conditions, warranties or representations expressed or implied pursuant to any Applicable Law in any jurisdiction, which the Purchaser confirms do not apply to this Agreement and are hereby waived in their entirety by the Purchaser;
- (d) all written and oral information obtained from the Receiver or its representatives, including in any teaser letter, asset listing, confidential information memorandum or other document made available to the Purchaser (including in certain "data rooms", management presentations, site visits and diligence meetings or telephone calls), with respect to the Purchased Assets has been obtained for the convenience of the Purchaser only, and neither the Receiver nor its representatives have made any representation or warranty, express or implied, statutory or otherwise as to the accuracy or completeness of any such information; and
- (e) any information regarding or describing the Purchased Assets in this Agreement (including the Schedules hereto), or in any other agreement or instrument contemplated hereby, is for identification purposes only, is not relied upon by the Purchaser, and no representation, warranty or condition, express or implied, has or will be given by the Receiver or its representatives, or any other Person concerning the completeness or accuracy of such information or descriptions.

Notwithstanding anything to the contrary herein, the Purchaser hereby expressly acknowledges that if any consents of: (i) any Governmental Entities are required to effect the transfer of any of the Purchased Assets; or (ii) any lessees are required to effect the transfer of any of the leases or licences to be acquired by the Purchaser pursuant to this Agreement, then it is the sole responsibility of the Purchaser to obtain any such consents, and the granting of any such consents shall not be a condition precedent to the Purchaser's obligations under this Agreement, including the payment of the Purchase Price. At the request and cost of the Purchaser, both before and after the Closing Date, the Receiver will assist the Purchaser in its efforts to obtain any consents required of any Government Entities or lessees in order to complete the sale and transfer of the Purchased Assets pursuant to this Agreement.

ARTICLE 3 CONDITIONS

3.1 Conditions in Favour of the Purchaser

The obligations of the Purchaser under this Agreement are subject to the fulfillment of the following conditions precedent:

- (a) each of the representations and warranties of the Receiver contained in this Agreement shall be true and correct as if restated on and as of the Closing Date;
- (b) no action or proceedings will be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (c) the obligations contained in this Agreement to be complied with by the Receiver on or before the Closing Time shall have been complied with and not been breached in any material respect.

The Purchaser may, in its sole discretion, waive any of the foregoing conditions. Any waiver by the Purchaser must be in writing and delivered to the Receiver's Solicitors.

3.2 Conditions in Favour of the Receiver

The obligations of the Receiver under this Agreement are subject to the fulfillment of the following conditions precedent:

- (a) each of the representations and warranties of the Purchaser contained in this Agreement shall be true and correct as if restated on and as of the Closing Date;
- (b) no action or proceedings will be pending or threatened to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (c) the obligations contained in this Agreement to be complied with by the Purchaser on or before the Closing Time shall have been complied with and not been breached in any material respect.

The Receiver may, in its sole discretion, waive either of the foregoing conditions. Any waiver by the Receiver must be in writing and delivered to the Purchaser's Solicitors.

3.3 Mutual Conditions

The obligations of the Parties under this Agreement are subject to the following mutual conditions precedent:

- (a) a Vesting Order will have been made by the Court approving this Agreement and the Transaction and vesting in the Purchaser all the right, title and interest of the Debtor in the Purchased Assets, free and clear of all liens, security interests and other encumbrances, except the Permitted Encumbrances, such order to be substantially in the form attached hereto as Schedule "C"; and

- (b) the Vesting Order will not have been stayed, varied or vacated and no order will have been issued and no action or proceeding will be pending to restrain or prohibit the completion of the Transaction.

The Parties may agree to amend or waive any the foregoing conditions. Any amendment or waiver by the Parties must be in writing and delivered to the Purchaser's Solicitors and the Receiver's Solicitors.

3.4 Non-Satisfaction of Conditions

If any condition set out in this Article is not satisfied or performed prior to the time specified therefor, a Party for whose benefit the condition is inserted may, in writing:

- (a) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other Party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other conditions in whole or in part; or
- (b) elect to terminate this Agreement before Closing.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Receiver

The Receiver represents and warrants to the Purchaser as follows, with the intent that the Purchaser will rely on these representations and warranties in entering into this Agreement, and in concluding the purchase and sale contemplated by this Agreement:

- (a) subject to obtaining and pursuant to the Vesting Order, the Receiver has the power, authority and capacity to enter into this Agreement, subject to its terms, and the authority to execute all instruments required by this Agreement to be delivered by it, and to perform its obligations hereunder and thereunder;
- (b) the Receiver is not a non-resident of Canada within the meaning of section 116 of the *Income Tax Act*;
- (c) the Receiver has done no act to encumber the Purchased Assets; and
- (d) to the best of the Receiver's knowledge, no actions or proceedings are pending and none have been threatened to restrain or prohibit the completion of the Transaction.

4.2 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Receiver as follows, with the intent that the Receiver will rely on these representations and warranties in entering into this Agreement, and in concluding the purchase and sale contemplated by this Agreement:

- (a) the Purchaser has the power and capacity to enter into this Agreement and carry out its terms;

- (b) the Purchaser is a corporation duly incorporated, validly existing, and in good standing under the *Canada Business Corporations Act*, RSC 1985, c. C-44;
- (c) the execution and delivery of this Agreement and the completion of the transaction contemplated by this Agreement have been duly and validly authorized by all necessary corporate action on the part of the Purchaser, and this Agreement constitutes a legal, valid, and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms;
- (d) there is no Legal Proceeding in progress, pending against or threatened against or affecting the Purchaser, and there are no grounds on which any such Legal Proceeding might be commenced and there is no Order outstanding against or affecting the Purchaser which, in any such case, affects adversely or might affect adversely the ability of the Purchaser to enter into this Agreement or to perform its obligations hereunder;
- (e) the Purchaser is not a "non-Canadian" within the meaning of the *Investment Canada Act*, RSC 1985, c 28 (1st Supp);
- (f) the Purchaser is or will be upon Closing registered under Part IX of the ETA, and shall provide its registration numbers to the Receiver at or prior to Closing; and
- (g) the Receiver will not be liable for any brokerage commission, finder's fee or other similar payment in connection with the Transaction because of any action taken by, or agreement or understanding reached by, the Purchaser.

ARTICLE 5 CLOSING

5.1 Closing

Subject to the terms and conditions of this Agreement, and the satisfaction or the waiver of the conditions precedent contained herein, the purchase and sale of the Purchased Assets will be completed at the Closing Time at the offices of the Receiver's Solicitors.

5.2 Purchaser's Deliveries on Closing

At the Closing Time, the Purchaser will deliver, or cause to be delivered to the Receiver:

- (a) payment of the balance of the Purchase Price;
- (b) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date with the same effect as though made on and as of the Closing Date;
- (c) a certificate dated as of the Closing Date confirming that each of the conditions precedent in favour of the Purchaser contained in this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (d) if necessary, payment or evidence of payment of applicable taxes or, if applicable, appropriate tax exemption certificates in accordance with Section 2.4; and

- (e) any other documentation as is referred to in this Agreement or as the Receiver may reasonably require to give effect to this Agreement or required by Applicable Law or any Governmental Authority.

5.3 Receiver's Deliveries on Closing

At the Closing Time, the Receiver shall deliver, or cause to be delivered to the Purchaser:

- (a) a Court-certified copy of the Vesting Order;
- (b) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Receiver contained in this Agreement are true as of the Closing Date with the same effect as though made on and as of the Closing Date;
- (c) a certificate dated as of the Closing Date confirming that each of the conditions precedent in favour of the Receiver contained in this Agreement have been fulfilled, performed or waived as of the Closing Date; and
- (d) all such assignments, instruments of transfer, deeds, assurances, consents, registrations, and other documents executed by the Receiver as requested by the Purchaser in respect of transferring the Purchased Assets to the Purchaser and registrations in connection therewith.

5.4 Possession of Assets

The Receiver will remain in possession of the Books and Records and the Purchased Assets until Closing. On Closing, the Purchaser will take possession of the Books and Records and the Purchased Assets where situate at Closing. The Purchaser acknowledges they are responsible for the costs associated with physically acquiring the Books and Records and the Purchased Assets from the Receiver. In no event will the Books and Records be delivered or Purchased Assets be sold, assigned, transferred or set over to the Purchaser until the Purchaser has satisfied all delivery conditions in Section 5.2.

5.5 Access to Assets

The Purchaser may have reasonable access to the Purchased Assets during normal business hours prior to Closing for the purpose of enabling the Purchaser to conduct any inspections of the Purchased Assets as it deems appropriate. Those inspections will only be conducted in the presence of a representative of the Receiver if so required at the discretion of the Receiver. For greater certainty, all communications and approvals to obtain access shall go through the Receiver, in advance. The Purchaser agrees to indemnify and save the Receiver harmless from and against all claims, demands, losses, damages, actions and costs incurred or arising from or in any way directly related to the inspection of the Purchased Assets.

5.6 Risk

The Purchased Assets will be at the Receiver's risk until the completion of the transaction contemplated herein on the Closing Date and thereafter at the Purchaser's risk. If, before the Closing, any of the Purchased Assets is lost, damaged or destroyed or is appropriated, expropriated or seized by any Governmental Authority, then:

- (a) the Parties shall agree on an adjustment to the Purchase Price to account for such loss, damage, destruction, appropriation, expropriation or seizure; or
- (b) if such loss, damage, destruction, appropriation, expropriation or seizure is materially adverse to the Purchaser, as determined by the Purchaser, acting reasonably, then the Purchaser, at its sole discretion may terminate this Agreement.

5.7 Termination

If either the Receiver or the Purchaser validly terminates this Agreement under the provisions of Section 3.4 or 5.6:

- (a) all the obligations of both the Receiver and the Purchaser under this Agreement will be at an end; and
- (b) neither Party will have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

The Deposit shall be forfeited to the Receiver unless the termination results from the Receiver not satisfying the conditions in Section 3.1 or 3.3 in which case the Deposit shall be refunded to the Purchaser upon termination of the Agreement.

5.8 Breach by the Purchaser

If the Purchaser fails to comply with its obligations under this Agreement, the Receiver may by notice to the Purchaser elect to treat this Agreement as having been repudiated by the Purchaser. In that event, other than as provided in Section 5.7, the Deposit and any other payments made by the Purchaser will be forfeited to the Receiver on account of its liquidated damages, and the Purchased Assets may be resold by the Receiver. In addition, the Purchaser will pay to the Receiver, on demand, the deficiency, if any, arising upon such resale (after deducting the Deposit, the interest on the Deposit and the expenses of resale) together with interest and all other damages or charges occasioned by or resulting from the default by the Purchaser.

ARTICLE 6 GENERAL

6.1 Receiver's Liability

The Purchaser hereby expressly acknowledges and agrees that Harris & Partners Advisory Inc. is acting only in its representative capacity as receiver of the Purchased Assets and shall have no personal liability under or as a result of entering into or carrying out the transaction which is the subject of this Agreement.

6.2 Further Assurances

The Parties will execute such further and other documents and do such further and other things as may be necessary to carry out and give effect to the intent of this Agreement.

6.3 Notice

All notices required or permitted to be given under this Agreement will be in writing and delivered by courier or email as follows:

To the Receiver at:

Harris & Partners Advisory Inc., in its capacity as receiver of
the property, assets and undertaking of Wabi Sabi Brands Ltd.
Suite 1900, 500 4 Ave SW
Calgary, AB T2P 2V6

Attention: Jill Strueby
Email: jill@harrispartners.ca

With a copy to:

DLA Piper (Canada) LLP
Suite 1000, 250 2 Street SW
Calgary, AB T2P 0C1

Attention: Carole Hunter
Email: carole.hunter@ca.dlapiper.com

To the Purchaser at:

Bloomex Inc.
8 – 4095 Belgreen Drive
Ottawa, ON K1G 3N2

Attention: Doug Munro
Email: doug.munro@bloomex.ca

With a copy to:

Miles Davison LLP
900, 517 10 Ave SW
Calgary, AB T2R 0A8

Attention: Matthew Prieur
Email: mprieur@milesdavison.com

6.4 Expenses

Each Party shall pay all of its own expenses (including taxes imposed on those expenses) incurred in the authorization, negotiation, preparation, execution and performance of this Agreement and the Transaction, including all fees and expenses of its legal counsel, bankers, investment bankers, brokers, accountants or other representatives or consultants.

6.5 No Third Party Beneficiary

This Agreement is solely for the benefit of the Parties and no third party accrues any benefit, claim or right of any kind pursuant to, under, by or through this Agreement.

6.6 Entire Agreement

This Agreement constitutes the entire agreement between the Parties and there are no representations or warranties, express or implied, statutory or otherwise and no collateral agreements other than as expressly set forth or referred to in this Agreement.

6.7 Amendment

No amendment of this Agreement will be binding unless made in writing by both Parties.

6.8 Severability

If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited, or unenforceable, that provision will, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition, or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to the other Parties or circumstances.

6.9 Assignment

This Agreement may not be assigned by any Party hereto without the prior written consent of the other Party hereto, which consent may be arbitrarily withheld, provided that the Purchaser may designate one or more nominees to take title in and to the Purchased Assets, or any part thereof, by giving the Receiver written notice of such assignment at least two clear Business Days prior to the date of the hearing of the application for the Vesting Order. This Agreement will enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

6.10 Time of the Essence

Time will be of the essence of this Agreement.

6.11 Applicable Law and Court Jurisdiction

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein, and the Parties hereby attorn to the jurisdiction of the Alberta Court of King's Bench, Judicial District of Calgary.

6.12 Counterparts

This Agreement may be signed in counterparts and each such counterpart will constitute an original document, and such counterparts, taken together, will constitute one and the same instrument. A counterpart may be delivered by email or any other form of electronic transmission.

[Remainder of page intentionally left blank]

AS EVIDENCE OF THEIR AGREEMENT the Parties have executed this Agreement as of the day and year first written above.

HARRIS & PARTNERS ADVISORY INC.,
solely in its capacity as receiver of the
property, assets and undertaking of **WABI
SABI BRANDS LTD.**, and not in its
personal or corporate capacity

Name:
Title:

BLOOMEX INC.



Name: *DIMITRI LOKHONJA*
Title: *President*

Name:
Title:

**SCHEDULE "A"
PURCHASED ASSETS**

Chocolate Equipment

<i>Description</i>	<i>Quantity</i>	<i>Vendor</i>	<i>Model or Item Number</i>	<i>Serial Number</i>
Top Ex Temperer 60kg	2	Tomric/Selmi	A-1400EX	2396/19 : 2402/19
Plus Ex Temperer 24 kg	2	Tomric/Selmi	A-1300EX	8616/19 : 8604/19
Tuttono 2018 One-Shot	2	Tomric/Selmi	A-1575	170/19 : 171/19
Spider Cooling Tunnel	1	Tomric/Selmi	A-1400T-S	154/19
Melting Tank 400kg	2	Tomric/Selmi	A-1375	401/19 : 392/19
Vibra	2	Tomric/Selmi	A-1575-VIBA	202011/2 : 202011/1

Packaging Equipment

<i>Description</i>	<i>Quantity</i>	<i>Vendor</i>	<i>Model or Item Number</i>	<i>Serial Number</i>
Label Applicator	1	Accent Label	APRL40-4PL	133889
Pouch Opener	1	QuickPouch	QP Micro	20011-13017
X-Ray Scanner	1	Mettler Toledo	X3301	X16127501
Label Printer	1	Ahearn & Soper	ZT411	99J194101191
Gas Flush Vacuum Supplement for Rapid Sealers	1	Impak	RSH1525SS-LR	1111118070185
Gas Flush Vacuum Supplement for Rapid Sealers	1	Impal	RSH1525SS-RL	1111120071749

Laboratory Equipment

<i>Description</i>	<i>Quantity</i>	<i>Vendor</i>	<i>Model or Item Number</i>	<i>Serial Number</i>
Full HPLC Suite	1	Thermo Fisher	LPG-3400SD	Various
Laboratory Fixtures	1	Interlab	N/A	N/A

Centrifuge & Rotary Adaptor	1	Fisher Scientific	5804R	FSSP979517
Rotor Adaptor	1	Fisher Scientific	FA Rotor	FSSP979520
Freezer	1	Fisher Scientific	Isotemp	05LFEEFSA
Sonication Bath	1	Fisher Scientific	DIG & Heat	15337418
Mixer	1	Fisher Scientific	Vortex	02215418
Analytical Scale	1	Fisher Scientific	IC 120G 0.1MG	14558782
Laboratory Mini-fridge	1	Galanz	L0541620	GL17WE

Processing Equipment

<i>Description</i>	<i>Quantity</i>	<i>Vendor</i>	<i>Model or Item Number</i>	<i>Serial Number</i>
Rotary Screw Compressor	1	Kaiser	SM10	1012 - 6780254
Rice Lake Weigh Scale	1	Desna	1280-2A	131793
Balance Scale	1	Desna	AND Scale	FX-1200iNC

Moulds

<i>Description</i>	<i>Quantity</i>	<i>Vendor</i>	<i>Model or Item Number</i>	<i>Serial Number</i>
Round Molds	250	Tomric	24 Count	275mm x 175 mm
Round Molds	250	Tomric	24 Count	275mm x 175 mm
Import & Install				275mm x 175 mm
Heart Molds				275mm x 175 mm
Oval Molds				275mm x 175 mm
420 Molds				275mm x 175 mm
Leaf Molds				275mm x 175 mm

Cleaning & Sanitation Equipment

<i>Description</i>	<i>Quantity</i>	<i>Vendor</i>	<i>Model or Item Number</i>	<i>Serial Number</i>
Floor Scrubber	1	Karcher	BR 35/12 CBD	022560
Chemical Pump	1	E-Chem	Lafferty 2 Way	E981200 & ELSSJR

Other Equipment

<i>Description</i>	<i>Quantity</i>	<i>Vendor</i>	<i>Model or Item Number</i>	<i>Serial Number</i>
Table & Carts	1	Kastener	Various	N/A
Mixer	1	Primo	PM20	1710207356
Tables	1	U-Line	De-mould	N/A
Warehouse Racking	1	McLennan	NAS Pallet	N/A
Tables, Carts & Bins	1	Crown Foods	Various	N/A
Casters, Hoses & Intertek	1	Various	Various	N/A
Tables	1	AFE	Packing	1006 AFE
Scissor Lift	1	Ballymore	MSL012	BA151104-30
Other	1	Various	Various	N/A
Computers and Printers		Various	Various	

Chocolate Inventory

<i>Description</i>	<i>Quantity</i>	<i>Brand</i>	<i>Size</i>
Cocoa Nibs	1	Gue de Cacao	4 x 1kg Box
Crushed Candy Canes	2	Cor Pareve	5 kg Box
Extract – Maple #1118	1	Amoretti	1.9 Lbs
Extract – Pumpkin Spice #1152	3	Amoretti	1.9 Lbs
Extract – Apple Cinnamon #1065	3	Amoretti	1.9 Lbs
Extract – Coconut Cream #1187	4	Amoretti	1.9 Lbs

Extract – Colorless Coffee #1021	5	Amoretti	1.9 Lbs
Extract – Meyer Lemon #1127	1	Amoretti	1.9 Lbs
Extract – Peppermint #65	1	Amoretti	1.9 Lbs
Chipits Skor Toffee Bits	1	Chipits	1.36 kg Box
Chocolate Baking Crumbs	1	Gumperts	13 kg Bag
32% Milk Chocolate Callets	26	Callebaut	10 x 2 kg bag (20 kg Box)
White Chocolate Callets	24	Callebaut	10 x 2 kg bag (20 kg Box)
Gold Chocolate Callets	34	Callebaut	4 x 2.5 kg bag (10 kg Box)
Dark Chocolate Callets	28	Callebaut	10 x 2 kg bag (20 kg Box)
Creamy Peanut Butter	4	Sysco	10 kg Tub
Sierra Mountain Mix	8		11.3 kg Box
Coconut Oil	2	Bunge	15 kg Tub

Handwritten mark

**SCHEDULE "B"
PERMITTED ENCUMBRANCES**

None.