

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.