

Court File No. CV-21-00655373-00CL

**FIGR BRANDS, INC.,
AND RELATED APPLICANTS**

SECOND REPORT OF FTI CONSULTING CANADA INC., AS MONITOR

February 18, 2021

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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FIGR
BRANDS, INC., FIGR NORFOLK INC. AND CANADA'S ISLAND GARDEN INC.

**SECOND REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR**

A. INTRODUCTION

1. On January 21, 2021, FIGR Brands, Inc. ("**FIGR Brands**"), FIGR Norfolk Inc. ("**FIGR Norfolk**") and Canada's Island Garden Inc. ("**CIG**" and together with FIGR Brands and FIGR Norfolk, the "**FIGR Group**" or the "**Applicants**") sought and obtained an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). The proceedings commenced under the CCAA by the FIGR Group are referred to herein as the "**CCAA Proceedings**".
2. The Initial Order, among other things:
 - (a) appointed FTI Consulting Canada Inc. as monitor of the FIGR Group (in such capacity, the "**Monitor**") in the CCAA Proceedings;
 - (b) granted a stay of proceedings against the FIGR Group until January 31, 2021 (the "**Stay Period**");
 - (c) granted the Administration Charge, the Directors' Charge, the DIP Lender's Charge and the Intercompany Charge (collectively, the "**CCAA Charges**"); and

- (d) authorized the FIGR Group to enter into the DIP Facility (as defined in the Initial Order).
3. On January 29, 2021, at the comeback hearing, the following orders were issued:
- (i) an amended and restated Initial Order (the “**Amended and Restated Initial Order**”), which, among other things:
 - (A) increased the quantum of certain of the CCAA Charges;
 - (B) elevated the priority ascribed to the CCAA Charges over all secured creditors; and
 - (C) extended the Stay Period to March 31, 2021.
 - (ii) an order approving a sale and investment solicitation process (the “**SISP**”) to solicit interest in potential transactions involving the business and/or assets of the FIGR Group.
4. The purpose of this Second Report of the Monitor (the “**Second Report**”) is to provide the Court with:
- (a) the Monitor’s comments and recommendations, regarding the FIGR Group’s motion returnable February 22, 2021 (the “**February 22 Motion**”) seeking approval of, among other things:
 - (i) an Order (the “**Claims Procedure Order**”) approving a claims procedure (the “**Claims Procedure**”) to solicit, identify, determine and adjudicate Claims against the FIGR Group and their present and former Directors and Officers (as such terms are defined in the proposed Claims Procedure Order);
 - (ii) an Ancillary Order (the “**Ancillary Order**”) approving, among other things:

- (A) a key employee retention plan (the “**KERP**”) for certain employees of the FIGR Group;
 - (B) an extension of the Stay Period to April 30, 2021 (the “**Stay Extension**”); and
 - (C) the Monitor’s Reports (as defined below) and the activities of the Monitor referred to therein, as well as the fees and disbursements of the Monitor and its counsel, as set out below.
- (b) information regarding the activities of the Monitor and the FIGR Group since January 27, 2021, the date of the First Report of the Monitor; and
 - (c) a summary of the receipts and disbursements of the FIGR Group for the four-week period ending February 12, 2021.

B. TERMS OF REFERENCE

- 5. In preparing this Second Report, the Monitor has relied upon audited and unaudited financial information of the FIGR Group, the FIGR Group’s books and records, certain financial information and forecasts prepared by the FIGR Group, and discussions with various parties, including senior management (“**Management**”) of, and advisors to, the FIGR Group (collectively, the “**Information**”).
- 6. Except as otherwise described in this Second Report:
 - (a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) the Monitor has not examined or reviewed the financial forecasts or projections referred to in this Second Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

7. Future-oriented financial information reported in, or relied on, in preparing this Second Report is based on Management's assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.
8. The Monitor has prepared this Second Report in connection with the February 22 Motion. The Second Report should not be relied on for any other purpose.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.
10. Capitalized terms not otherwise defined herein have the meaning ascribed to them in the affidavit of Michael Devon, the Chief Financial Officer of FIGR Brands, sworn on February 16, filed in support of the February 22 Motion, or the Amended and Restated Initial Order, as applicable.

C. ACTIVITIES OF THE MONITOR

Activities of the Monitor

11. Since the date of the First Report, the Monitor has also undertaken the following activities:
 - (a) engaged with the its legal counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), regarding matters related to the CCAA Proceedings;
 - (b) maintained the current service list (the "**Service List**") for these CCAA Proceedings and posted same on the Monitor's Website;
 - (c) continued to operate and monitor its telephone hotlines and email account for stakeholder inquiries;
 - (d) engaged in discussions with the FIGR Group, its legal counsel, and its directors and Management regarding issues relating to the termination of the employment of certain employees. In connection with such discussions, the Monitor understands that the employment of four (4) employees of FIGR Brands was

terminated and that 17 employees of FIGR Norfolk were placed on temporary layoff;

- (e) engaged in discussions with the FIGR Group, its legal counsel, and its directors and Management regarding issues related to the FIGR Group's operations and borrowings under the DIP Facility;
- (f) participated in discussions with Pyxus International, Inc. (“**Pyxus**”) and related entities regarding services provided to the FIGR Group and matters related to the DIP Facility;
- (g) assisted the FIGR Group in discussions with suppliers, creditors and employees related to the CCAA Proceedings and responded to requests for information from certain of such parties;
- (h) participated in preliminary discussions with Health Canada regarding the CCAA Proceedings and the FIGR Group's intention to remain in compliance with its licenses under the *Cannabis Act*, S.C. 2018, c. 16, as amended;
- (i) participated in discussions with certain provincial cannabis boards;
- (j) participated in discussions with the FIGR Group, the DIP Lender, the FIGR Group's insurance broker and potential finance companies including CAFO Insurance Premium Finance in respect of the FIGR Group's decision to finance the payment of its insurance premiums;
- (k) supervised and assisted in activities related to the SISP, with FTI Capital Advisors – Canada ULC, including engaging with potential bidders and providing due diligence material and access to information to interested parties;
- (l) worked with the FIGR Group and its counsel to develop the Claims Process, as described in further detail below;
- (m) reviewed advances under the DIP Facility and disbursements of the FIGR Group;

- (n) reviewed updated consolidated cash flow projections of the FIGR Group's receipts and disbursements to April 30, 2021 (the "**Cash Flow Projection**") and information related thereto provided by the FIGR Group;
- (o) assisted in the preparation of information for the DIP Lender, Pyxus and the board of directors of Pyxus; and
- (p) discussed the potential construction lien asserted by The Ventin Group Ltd. ("**Ventin**") with the FIGR Group and its counsel and the request of Ventin to lift the stay of proceedings in order to allow Ventin to perfect its claim for lien.

D. KERP

- 12. The Monitor was involved in the development of the KERP, pursuant to which the FIGR Group proposes to make retention payments to certain key individuals employed by CIG (collectively, the "**Key Employees**").
- 13. The KERP is intended to provide Key Employees with the incentive necessary to remain committed key members of CIG's management and operational teams during the CCAA Proceedings unless and until their employment is no longer required by CIG.
- 14. The Key Employees are entitled to two (2) payments under the proposed KERP, each of which is subject to the attainment of a milestone. The first milestone is the earliest of: (i) April 30, 2021; (ii) the date upon which the Court grants an order terminating the CCAA proceedings (the "**CCAA Termination Date**"); and (iii) the date on which the relevant Key Employee is terminated without cause. The second milestone is the earliest of: (i) the date upon which any transaction or transactions that together result in the sale of all or substantially all of the business and/or assets of CIG closes; (ii) July 31, 2021; (iii) the date on which the relevant Key Employee is terminated without cause; and (iv) the CCAA Termination Date.
- 15. Other significant terms and conditions of the proposed KERP include that:
 - (a) the maximum aggregate amount payable under the KERP is \$80,000; and

- (b) a Key Employee must remain an employee at the time of the relevant milestone in order to receive the payment unless terminated without cause.
16. A summary of the terms of the KERP (the “**KERP Summary**”) and the proposed letter to employees with respect to the KERP (the “**KERP Letters**”) are attached as Confidential Appendices “A” and “B” to this Second Report. The KERP Summary and KERP Letters contain confidential and sensitive information regarding the identity and compensation of the Key Employees and as such, the FIGR Group is seeking a sealing order in respect of the KERP Summary and the KERP Letters.
17. The FIGR Group is not seeking approval of a charge with respect to the KERP at this time.
18. The Monitor understands that retention of Key Employees and their ongoing commitment to the FIGR Group is essential to current operations, the successful restructuring efforts of the FIGR Group, and the opportunity to maximize value for their stakeholders and that the Key Employees are unlikely to be replaced on a timely basis or at a reasonable cost.
19. The terms of the proposed KERP are reasonable in the circumstances and when compared to other key employee retention plans approved by this Court in the past. The Proposed Monitor accordingly supports the approval of the KERP.

E. CLAIMS PROCEDURE ORDER

20. Capitalized terms used in this section but not defined have the meanings ascribed to them in the proposed Claims Procedure Order.
21. The FIGR Group is seeking approval of the Claims Procedure Order to undertake a comprehensive Claims Procedure to solicit, identify, determine and adjudicate Claims against the FIGR Group and the Directors and Officers.
22. The Monitor understands that the FIGR Group is seeking approval of the Claims Procedure Order at this stage in an effort to ascertain the potential scope and nature of Claims that may exist against them. Given that the FIGR Group does not have any funded secured debt (with the exception of the DIP Facility), the FIGR Group currently expects

that there will be distributions available to unsecured creditors following the SISP either through a plan of arrangement or otherwise.

23. The following is a summary of certain of the terms of the proposed Claims Procedure Order. The Monitor encourages potential claimants to review the proposed Claims Procedure Order in its entirety.
24. Any Person that wishes to assert a Claim must deliver to the Monitor on or before the Pre-Filing Claims Bar Date or Restructuring Claims Bar Date (each as defined below), as applicable, a completed Proof of Claim, including all relevant supporting documentation in respect of such Claim, in the manner set out in the Claims Procedure Order.
25. The Claims Procedure proposes that any notice or communication required to be provided or delivered by a Claimant to the Applicants or the Monitor will be sufficiently given only if delivered by email, or if a Claimant is unable to do so, then by prepaid registered mail, courier, or personal delivery after notifying the Monitor of the method of delivery via the telephone hotline (416.649.8128 or 1.844.669.6345).

26. An overview of the features of the Claims Procedure Order are summarized in the table below.

<p>Claims:</p>	<p><u>Pre-Filing Claims</u></p> <p>Any Claim against any of the FIGR Group in existence on the Filing Date, which is based on facts existing prior to, or relates to a time period prior to, the Filing Date, or would be a claim provable in bankruptcy within the meaning of the BIA had the Applicants become bankrupt on the Filing Date.</p> <p><u>Pre-Filing Intercompany Claims</u></p> <p>Any Claim by any of the Applicants, or any of their affiliates that is based on facts existing prior to, or relates to a time period prior to, the Filing Date, or would be a claim provable in bankruptcy within the meaning of the BIA had the Applicants become bankrupt on the Filing Date.</p> <p><u>Restructuring Claims</u></p> <p>Any Claim against any of the FIGR Group arising out of the restructuring, disclaimer, repudiation, resiliation, termination or breach in respect of any agreement or contract by any of the FIGR Group on or after the Filing Date.</p> <p><u>D&O Pre-Filing Claims</u></p> <p>Any Claim against one or more of the Directors or Officers of the FIGR Group that is based on facts existing prior to, or relates to a time period prior to, the Filing Date, or would be a claim provable in bankruptcy within the meaning of the BIA had the Applicants become bankrupt on the Filing Date.</p> <p><u>D&O Restructuring Claims</u></p> <p>Any Claim against one or more of the Directors or Officers of the FIGR Group that is based on facts that arose in connection with the restructuring, disclaimer, repudiation, resiliation, termination or breach in respect of any agreement or contract by any of the FIGR Group on or after the Filing Date.</p>
<p>Excluded Claims:</p>	<p>Claims secured by the CCAA Charges</p> <p>Employee Claims</p>
<p>Claims Bar Date:</p>	<p><u>Pre-Filing Claims Bar Date</u></p> <p>5:00 p.m. (Eastern Time) on April 6, 2021.</p> <p><u>Restructuring Claims Bar Date</u></p> <p>The later of (i) 5:00 p.m. (Eastern Time) on April 6, 2021, and (ii) the date that is thirty (30) days after the date on which the Monitor sends a claimant a Claims Package.</p>

27. As noted in the table above, the proposed Claims Procedure Order provides any claim secured by any of the CCAA Charges or any Employee Claim is an Excluded Claim for the purpose of the Claims Procedure. No Person holding an Excluded Claim is required to file a Proof of Claim in respect of such Excluded Claim and such Person shall be

unaffected by the Claims Procedure Order in respect of such Excluded Claim. Depending upon the results of the SISP, the Applicants may return to Court to seek a further order to address Employee Claims in the future.

28. To the extent that any D&O Claim is filed in accordance with the Claims Procedure, a corresponding D&O Indemnity Claim will be deemed to have been timely filed in respect of each D&O Claim.
29. Pursuant to the proposed Claims Procedure Order, the Monitor will deliver a Claims Package to each Known Claimant within five (5) Business Days following the receipt of the complete list of Known Claimants from the Applicants. The Claims Package will contain the Instruction Letter, the Notice to Claimants, a Proof of Claim, and such other materials that the FIGR Group and the Monitor consider appropriate or desirable. The proposed Claims Procedure Order also provides that the Monitor will take certain additional notice steps including, inter alia:
 - (a) causing the Notice to Claimants to be published in the Globe and Mail (National Edition) as soon as practicable and without delay following the issuance of the Claims Procedure Order for at least one (1) Business Day;
 - (b) posting a copy of the Claims Procedure Order, the Claims Package, and the Notice to Claimants on the Monitor's Website;
 - (c) delivering a Claims Package to any person claiming to be a Claimant and requesting such material in writing; and
 - (d) providing a Claims Package to any person upon becoming aware of any circumstance giving rise to a Restructuring Claim.

Adjudication of Claims Against the Applicants (other than D&O Pre-Filing Claims and Pre-Filing Intercompany Claims)

30. As described below, specific procedures are proposed to address D&O Pre-Filing Claims and Pre-Filing Intercompany Claims. This section applies to all other Claims.

31. The proposed Claims Procedure Order provides that the Monitor, with the assistance of the Applicants, will review all Proofs of Claims and accept, revise or disallow the classification, nature and/or amount of each Claim. The Monitor will notify each Claimant who has delivered a Proof of Claim as to whether such Claimant's Claim against the Applicant(s) as set out therein has been revised or disallowed, in whole or in part, by sending a Notice of Revision or Disallowance. The reasons for any revision or disallowance of a Claim, whether in whole or in part, will be included in such Notice of Revision or Disallowance.
32. Any Claimant who wishes to dispute a Notice of Revision or Disallowance must deliver a Notice of Dispute of Revision or Disallowance by no later than 5:00 p.m. (Eastern Time) on the date that is fourteen (14) Calendar Days after the date the Monitor sends a Notice of Revision or Disallowance to the applicable Claimant.
33. Where a Claimant that receives a Notice of Revision or Disallowance does not file a Notice of Dispute of Revision or Disallowance by the applicable deadline, the classification, nature and amount of such Claimant's Claim will be deemed to be as set out in the Notice of Revision or Disallowance and any and all of the Claimant's rights to dispute the classification, amount and/or nature of the Claim(s) set out in the Notice of Revision or Disallowance or to otherwise assert or pursue the Claim(s) in an amount that exceeds the amount set forth in the Notice of Revision or Disallowance will be forever extinguished and barred without further act or notification.
34. The proposed Claims Procedure Order provides that the Monitor, with the assistance of the Applicants, will review all Notices of Dispute of Revision or Disallowance. In the event that the Monitor, with the assistance of the Applicants, are unable to resolve a dispute regarding any Disputed Claim with a Claimant within a period or in a manner satisfactory to the Monitor, in consultation with the Applicants, the Monitor will so notify the Claimant. Thereafter, the Monitor will refer the Disputed Claim to: (i) the Court; or (ii) a Claims Officer or such alternative dispute resolution as may be ordered by the Court or agreed to by the Applicants, the Monitor and the applicable Claimant. The Court, the

Claims Officer or the Person or Persons conducting the alternative dispute resolution proceeding, as the case may be, will resolve the dispute.

Adjudication of D&O Claims

35. The Claims Procedure Order provides that the Monitor will forthwith provide the relevant Director or Officer (and his or her counsel, if known to the Monitor) with a copy of any Proof of Claim received in respect of D&O Claims. The Claims Procedure Order provides that the Monitor, with the assistance of the Applicants and the relevant Director or Officer, will review all Proofs of Claim in respect of D&O Claims and accept, revise or disallow the classification, nature and/or amount of each D&O Claim set out therein in whole or in part with the consent of the applicable Director or Officer. The Monitor, with the consent of the Applicants, will notify each Claimant who has delivered a Proof of Claim in respect of D&O Claims as to whether such Person's Claim as set out therein has been revised or disallowed and the reasons therefor by sending a Notice of Revision or Disallowance to such Claimant. The Monitor will provide a copy of such Notice of Revision or Disallowance to the Director or Officer (and his or her counsel, if known to the Monitor) subject to D&O Claims.
36. Any Claimant who wishes to dispute a Notice of Revision or Disallowance must deliver a Notice of Dispute of Revision or Disallowance to the Monitor such that it is received by the Applicants by no later than 5:00 p.m. (Eastern Time) on the date that is fourteen (14) Calendar Days after the date the Monitor sent the applicable Claimant the Notice of Revision or Disallowance. The Monitor will provide a copy of such Notice of Dispute of Revision or Disallowance to the Director or Officer (and his or her counsel, if known to the Monitor) subject to the applicable D&O Claim upon the receipt of such Notice of Dispute of Revision or Disallowance.
37. If a Claimant who receives a Notice of Revision or Disallowance does not file a Notice of Dispute of Revision or Disallowance by the applicable deadline, the classification, nature and amount of such Claimant's D&O Claim will be deemed to be as set out in the Notice of Revision or Disallowance and any and all of such Claimant's rights to dispute the D&O Claim(s) as classified and valued in the Notice of Revision or Disallowance or

to otherwise assert or pursue such D&O Claim(s) in an amount that exceeds the amount set forth in the Notice of Revision or Disallowance will be forever extinguished and barred without further act or notification.

38. In the event that the Monitor, in consultation with the Applicants, determines that it is necessary to finally determine the amount of a D&O Claim and the Monitor, in consultation with the Applicants and with the consent of the applicable Directors and Officers, is unable to resolve a dispute regarding such D&O Claim with the Claimant asserting such D&O Claim within a period or in a manner satisfactory to the Monitor, in consultation with the Applicants and with the consent of the applicable Directors and Officers, the Monitor will notify the Applicants, the applicable Directors and Officers and such Claimant. Thereafter, the Monitor will refer the Disputed Claim to: (i) the Court; or (ii) a Claims Officer or to such alternative dispute resolution as may be ordered by the Court or agreed to by the Applicants, the Monitor, the relevant Director(s) and/or Officer(s) and the applicable Claimant. The Court, the Claims Officer or the Person or Persons conducting the alternative dispute resolution proceeding, as the case may be, shall resolve the dispute.

Adjudication of Pre-Filing Intercompany Claims

39. The Claims Procedure Order provides that the Monitor, with the assistance of the Applicants, will review all Proofs of Claim in respect of Pre-Filing Intercompany Claims and shall thereafter serve on the Service List and file with the Court the Pre-Filing Intercompany Claims Report setting out the Proposed Pre-Filing Intercompany Claims Resolution Process. If any interested party wishes to object to the Proposed Pre-Filing Intercompany Claims Resolution Process, such interested party must serve on the Service List a notice of objection (“**Notice of Objection**”) within seven (7) days of the date upon which the Monitor serves the Pre-Filing Intercompany Claims Report. If a Notice of Objection is received, such objection may be resolved consensually between the Monitor and the objecting party, in consultation with the Applicants, or by further Order of this Court upon a motion to be brought by the Monitor, in consultation with the Applicants. If no Notice of Objection is received the Proposed Pre-Filing Intercompany Claims

Resolution Process shall be implemented without any need for a further Order of the Court.

Claims Officer

40. The selection of any Claims Officer to adjudicate a Disputed Claim will be subject to mutual agreement between the affected Claimant, the Applicants, and the Monitor, and if such agreement is not possible, Court approval. The Claims Officer will determine the status and/or amount of each Claim in respect of which a dispute has been referred to the Claims Officer. The Applicants or the Claimant may appeal the Claims Officer's determination to the Court by serving upon the other (with a copy to the Monitor) and filing with the Court, within ten (10) Calendar Days of notification of the Claims Officer's determination of such Claimant's Claim, a notice of motion returnable on a date to be fixed by the Court. If a notice of motion is not filed within such period, then the Claims Officer's determination will be deemed to be final and binding and shall be such Claimant's Claim. The Claims Officer will be empowered to determine the process in which evidence may be brought before him or her as well as any other procedural matters which may arise in respect of the determination of any Claim.

Monitor's Comments and Recommendation

41. There are three (3) unique aspects of the proposed Claims Procedure that the Monitor wishes to highlight and comment upon:
 - (a) *Employee Claims are Excluded Claims:* Given the status of the ongoing SISP, the extent of potential Employee Claims is not clear at this time. As a result, excluding Employee Claims for now will simplify the proposed Claims Procedure and reduce confusion with Employees. Depending on the results of the SISP, the FIGR Group may return to Court in the future to seek to include Employee Claims in a claims process;
 - (b) *Notification by Email:* Given the current COVID-19 pandemic, notices provided by email are much more reliable and accessible than those provided by traditional mail or courier. As such, the proposed Claims Procedure requires that notices be

provided by email, and if such is not possible that a Claimant first contact the Monitor's hotline to advise of an alternate delivery method. By requiring telephonic notification if an alternate notification method is required, the Monitor can ensure proper staffing is in place to receive hard copy deliveries if necessary.

(c) *Adjudication of Pre-Filing Intercompany Claims:* Given that the Pre-Filing Intercompany Claims are expected to be a significant portion of the total Claims, the Claims Procedure Order proposes that the Monitor will file a report with the Court summarizing the Pre-Filing Intercompany Claims, setting out a proposed claim resolution process, and seeking further direction from the Court.

42. In the Monitor's view, the proposed Claims Procedure is fair and appropriate in light of the purpose of the process and the nature of the CCAA Proceedings. The Claims Procedure Order is efficient and will facilitate the identification of Claims against the FIGR Group and/or their Directors and Officers in a fair and expeditious manner. The proposed claims bar dates are reasonable. The direct notification and publication of notice to potential Claimants will make the Claims Procedure widely distributed and publicized.
43. For the reasons set out above the Monitor supports the granting of the proposed Claims Procedure Order.

F. RECEIPTS AND DISBURSEMENTS FOR THE FOUR-WEEK PERIOD ENDED FEBRUARY 12, 2021

44. The FIGR Group's actual negative net cash flow from operations on a consolidated basis for the four-week period ending February 12, 2021 was approximately \$2.6 million, compared to a forecast negative cash flow from operations of approximately \$5.5 million as noted in the Cash Flow Projection filed as Appendix "A" to the Pre-Filing Report, representing a positive variance of approximately \$2.8 million as summarized below.

4 Weeks Cumulative to 12-Feb-21			
(\$CAD in thousands)	Actual	Forecast	\$ Difference
Receipts			
Receipts from Operation	1,437	1,009	428
Other Receipts	624	465	159
Total Receipts	2,061	1,474	587
Operating Disbursements			
Payroll and Employee Related Costs	(965)	(1,395)	430
Rent and Property Taxes	(432)	(458)	26
Taxes and Levies	(859)	(830)	(29)
Other Operating Expenses	(2,208)	(4,138)	1,930
Capital Expenditures	(245)	(112)	(133)
Total Operating Disbursements	(4,709)	(6,933)	2,224
Net Cash from Operations	(2,648)	(5,459)	2,811
Restructuring Disbursements	(1,414)	(1,860)	446
NET CASH FLOWS	(4,062)	(7,319)	3,257
Cash			
Beginning Balance	2,733	2,121	612
Net Receipts/ (Disbursements)	(4,062)	(7,319)	3,257
DIP Advances/ (Repayments)	2,913	5,698	(2,785)
Ending Balance	1,584	500	1,084

45. Explanations for key variances are as follows:

- (a) the positive variance in Receipts from Operations of approximately \$0.4 million is timing related and is expected to reverse in upcoming weeks;
- (b) the positive variance in Other Receipts of approximately \$0.2 million is due to a greater than expected HST refund and is permanent in nature;
- (c) the positive variance in Payroll of approximately \$0.4 million relates to additional employee-related expenses that have not yet occurred. It is anticipated that a portion of these costs may be temporary and could reverse in upcoming weeks if paid;
- (d) the positive variance in Other Operating Expenses of approximately \$1.9 million is timing related and expected to reverse in upcoming weeks;

- (e) the negative variance in Capital Expenditures of \$0.1 million is primarily due to pre-filing payments made that were not contemplated in the Cash Flow Projection. It is expected that a portion of this variance may reverse over time as FIGR continues to monitor necessary capital expenditure payments going forward;
- (f) the positive variance in Restructuring Disbursements of approximately \$0.4 million is a timing variance and is expected to reverse in upcoming weeks; and
- (g) the positive variance in Beginning Cash Balance of approximately \$0.6 million is due to differences in preliminary estimates in the Cash Flow Projection and actual opening bank balances.

G. STAY EXTENSION

- 46. The Stay Period currently expires on March 31, 2021.
- 47. Pursuant to the Ancillary Order, the FIGR Group is seeking a further extension of the Stay Period to April 30, 2021 as it will allow the Monitor, with the assistance of the FIGR Group, to advance the SISP and the Claims Procedure, which will ultimately preserve and maximize the value of the Applicants' business for their stakeholders.
- 48. The Phase 1 Bid Deadline for the delivery of non-binding letters of interest under the SISP is February 26, 2021 at 5:00 PM (Eastern Time), and the Monitor anticipates that the Phase 2 Bid Deadline will be set for a number of weeks following receipt of Phase 1 bids.

49. As is demonstrated in the Cash Flow Projection attached to the this Second Report as Appendix “E” (the “**Revised Cash Flow Projection**”), the FIGR Group is forecast to have sufficient liquidity to fund their obligations and the costs of the CCAA Proceedings through the end of the extended Stay Period. The Revised Cash Flow Projection is summarized below:

	11 Weeks W/E Feb-19 to W/E Apr-30
Forecast Week	Total
Receipts	
Receipts from Operation	7,765
Other Receipts	257
Total Receipts	8,022
Operating Disbursements	
Payroll and Employee Related Costs	(2,265)
Rent and Property Taxes	(70)
Taxes and Levies	(2,266)
Other Operating Expenses	(6,293)
Capital Expenditures	(357)
Total Operating Disbursements	(11,251)
Net Cash from Operations	(3,229)
Restructuring Disbursements	(2,277)
KERP	(32)
Total Restructuring Disbursements	(2,309)
NET CASH FLOWS	(5,538)
Cash	
Beginning Balance	1,584
Net Receipts/ (Disbursements)	(5,538)
DIP Advances/ (Repayments)	4,454
Ending Balance	500

50. Based on the information presently available, the Monitor believes that creditors will not be materially prejudiced by the proposed extension of the Stay Period. The Monitor believes that the Applicants have acted, and are continuing to act, in good faith and with due diligence and that circumstances exist that make an extension of the Stay Period appropriate.

H. APPROVAL OF MONITOR’S FEES AND ACTIVITIES

51. The Monitor and its legal counsel, Cassels, have been paid their fees and disbursements at their standard rates and charges by the Applicants from time to time, in accordance

with paragraph 30 of the Amended and Restated Initial Order, as part of the costs of the CCAA Proceedings.

52. The Monitor and Cassels have maintained records of their professional time and costs. The Monitor now requests approval of its fees and disbursements for the period of January 21, 2021 to February 7, 2021, and the fees and disbursements for its legal counsel for the period of January 22, 2021 to February 12, 2021.
53. The total fees and disbursements of the Monitor for the period of January 21, 2021 to February 7, 2021 total \$499,753.78, including fees in the amount of \$441,967.50, disbursements in the amount of \$292.48, and Harmonized Sales Tax (“**HST**”) in the amount of \$57,493.80, as more particularly described in the Affidavit of Jeffrey Rosenberg sworn February 18, 2021 (the “**Rosenberg Affidavit**”), a copy of which is attached hereto as Appendix “C”.
54. The total fees and disbursements of the Monitor’s counsel from January 22, 2021 to February 12, 2021 total \$109,737.13, including fees in the amount of \$97,112.50, and HST in the amount of \$12,624.63, as more particularly described in the Affidavit of Ryan Jacobs sworn February 17, 2021 (the “**Jacobs Affidavit**”, together with the Rosenberg Affidavit, the “**Fee Affidavits**”), a copy of which is attached hereto as Appendix “D”.
55. The Monitor respectfully submits that the fees and disbursements of the Monitor and its counsel, as set out in the Fee Affidavits, are reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Orders issued in the CCAA Proceedings. Accordingly, the Monitor respectfully requests the approval of the fees and disbursements of the Monitor and its counsel, as set out in the Fee Affidavits.
56. The Monitor is also requesting approval of the pre-filing report of the Monitor dated January 21, 2021, the first report of the Monitor dated January 27, 2021, and this Second Report (collectively, the “**Monitor’s Reports**”) and the activities of the Monitor described in the Monitor’s Reports.

I. CONCLUSION

57. For the reasons stated in this Second Report, the Monitor supports the relief sought by the FIGR Group in connection with the February 22 Motion.

The Monitor respectfully submits to the Court this, its Second Report.

Dated this 18th day of February, 2021.

FTI Consulting Canada Inc.
In its capacity as Monitor of
FIGR Brands, Inc. and the other corporations in the FIGR Group

A handwritten signature in black ink, appearing to read 'Jeffrey Rosenberg', written in a cursive style.

Jeffrey Rosenberg
Senior Managing Director

A handwritten signature in black ink, appearing to read 'J. Porepa', written in a cursive style.

Jodi Porepa
Managing Director

CONFIDENTIAL APPENDIX “A”

[ATTACHED]

CONFIDENTIAL APPENDIX “B”

[ATTACHED]

APPENDIX “C”

[ATTACHED]

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FIGR
BRANDS, INC., FIGR NORFOLK INC. AND CANADA'S ISLAND GARDEN INC.
(collectively, the "**Applicants**")

**AFFIDAVIT OF JEFFREY ROSENBERG
(sworn February 18, 2021)**

I, Jeffrey Rosenberg, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY:

1. I am a Senior Managing Director of FTI Consulting Canada Inc. ("**FTI**"), which was appointed as monitor ("**Monitor**") in the CCAA proceedings of the Applicants by the Order of the Ontario Superior Court of Justice (Commercial List) dated January 21, 2021 (as amended and restated from time to time the ("**Initial Order**"). As such, I have knowledge of the matters to which I depose except where stated to be on information and belief, and where so stated, I verily believe it to be true.
2. During the period from January 21, 2021 to February 7, 2021, FTI incurred fees and disbursements, including Harmonized Sales Tax ("**HST**"), in the amount of \$499,753.78. Particulars of the work performed are contained in the invoices (the "**Invoices**") attached hereto and marked as **Exhibit "A"** to this my affidavit.
3. Attached as **Exhibit "B"** is a schedule summarizing each Invoice in Exhibit "A", the total billable hours charged per Invoice, the total fees charged per Invoice and the average hourly rate charged per Invoice. The average hourly rate charged by FTI is \$686.18.
4. Attached as **Exhibit "C"** is a schedule summarizing the billing rates of each individual at FTI, as the case may be.

5. To the best of my knowledge, the rates charged by FTI throughout the course of these proceedings are comparable to the rates charged by other firms in the Toronto market for the provision of similar services, and the rates charged by FTI for services rendered in similar proceedings.

6. I have reviewed the affidavit of Ryan Jacobs of Cassels Brock & Blackwell LLP ("Cassels") sworn on February 17, 2021 and the accounts of Cassels attached thereto. Cassels is counsel to FTI as Monitor in the CCAA proceedings of the Applicants. To the best of my knowledge, the rates charged by Cassels throughout the course of these proceedings are comparable to the rates charged by other firms in the Toronto market for the provision of similar services, and the rates charged by Cassels for services rendered in similar proceedings

7. I make this affidavit in support of a motion for, *inter alia*, approval of the fees and disbursements of FTI and Cassels, and for no other or improper purpose.

SWORN BEFORE ME over videoconference on this 18th day of February 2021. The affiant was located in the City of Toronto, in the Province of Ontario and the Commissioner was located in the City of Toronto, in the Province of Ontario. This affidavit was commissioned remotely as a result of COVID-19 and the declaration was administered in accordance with Ontario Regulation 431/20.



Commissioner for Taking Affidavits

Kieran May
LSO#: 79672P



JEFFREY ROSENBERG

This is **Exhibit "A"** referred to in the affidavit of Jeffrey Rosenberg sworn before me in the City of Toronto, in the Province of Ontario, this 18th day of February, 2021.



.....
A Commissioner For Taking Affidavits

Kieran May
LSO#: 79672P

EXHIBIT "A"

**True Copies of the Invoices issued to the Applicants
for fees and disbursements incurred by
FTI Consulting Canada Inc.**



FTI Consulting Canada Inc.
TD Waterhouse Tower
79 Wellington Street West
Suite 2010, P.O. Box 104
Toronto ON M5K1G8

January 31, 2021

FIGR Brands, Inc.
2225 Sheppard Ave E., Suite 903
Toronto, ON M2J 5C2
Canada

Re: FTI Job No. 480597.0001
Invoice # 29004672

Enclosed is our invoice for professional services rendered in connection with the above referenced matter. This invoice covers professional fees and expenses through January 31, 2021.

Please do not hesitate to call me to discuss this invoice or any other matter.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Jeffrey Rosenberg", with a long horizontal stroke extending to the right.

Jeffrey Rosenberg
Senior Managing Director

Enclosures



Invoice Remittance

FIGR Brands, Inc.
2225 Sheppard Ave E., Suite 903
Toronto, ON M2J 5C2
Canada

January 31, 2021
FTI Invoice No. 29004672
FTI Job No. 480597.0001
Terms: Payment on Presentation

Current Invoice Period: Charges Posted through January 31, 2021

	<i>CAD (\$)</i>
Professional Services.....	\$276,234.00
Expenses.....	<u>\$0.00</u>
Total Fees and Expenses.....	\$276,234.00
HST Registration No. 835718024RT0001	<u>\$35,910.42</u>
Total Amount Due.....	<u><u>\$312,144.42</u></u>

Please Wire Transfer To:

Bank of Nova Scotia
Scotia Plaza, 44 King Street West
Toronto, ON M5H 1H1
Swift Code: NOSCCATT
Bank Number: 002
Beneficiary: FTI Consulting Canada Inc.
Beneficiary account number: 476960861715



Invoice Summary

FIGR Brands, Inc.
2225 Sheppard Ave E., Suite 903
Toronto, ON M2J 5C2
Canada

January 31, 2021
FTI Invoice No. 29004672
FTI Job No. 480597.0001
Terms: Payment on Presentation

Current Invoice Period: Charges Posted through January 31, 2021

CCAA

Name	Title	Rate	Hours	Total
Jeffrey Rosenberg	Senior Managing Director	\$990.00	65.0	\$64,350.00
Jodi Porepa	Managing Director	\$885.00	75.6	\$66,906.00
Ellen Dong	Senior Director	\$770.00	26.6	\$20,482.00
Michael Clark	Director	\$595.00	49.3	\$29,333.50
Graham McIntyre	Senior Consultant	\$565.00	18.5	\$10,452.50
Kathleen Foster	Executive Assistant I	\$145.00	2.2	\$319.00
Total Hours and Fees			237.2	\$191,843.00

Sales Process

Name	Title	Rate	Hours	Total
Adam Zalev	Senior Managing Director	\$1,055.00	5.0	\$5,275.00
James Belcher	Senior Managing Director	\$905.00	21.6	\$19,548.00
Patrick Kennedy	Senior Consultant	\$505.00	70.8	\$35,754.00
Adam Mattan	Consultant	\$405.00	58.8	\$23,814.00
Total Hours and Fees			156.2	\$84,391.00

HST Registration No. 835718024RT0001 **\$35,910.42**

Invoice Total for Current Period **\$312,144.42**

PROFESSIONAL SERVICES

CCAA

Jeffrey Rosenberg

01/21/21	Preparation for filing; preparation for post filing meetings; attend court; attend post filing calls.	8.00	
01/22/21	Attend management calls; attend supplier calls; review of court documents; various calls with management and legal counsel; review of cash flow; supplier matters; employee matters.	8.00	
01/23/21	Work on CIG matters including various calls; work on light issues.	2.50	
01/24/21	Work on court report; attend various calls; work on severance issues.	2.50	
01/25/21	Work on sales process; review of press release; review of correspondence; various call with Management; various calls with legal counsel.	8.00	
01/26/21	Work on review Fire and Flower amending agreement; work on CIM; calls with management; calls with CIG; review of court materials; review of Monitor's report; calls with Provincial Boards.	8.00	
01/27/21	Review of CIM; call regarding severance; call regarding potential KERP; review of court materials; attend several calls with Management; attend calls with legal counsel.	8.00	
01/28/21	Review of updated forecast; calls with potential purchasers; work on financial analysis for Pyxux; call with talent code regarding HR issues; work on disclaimers; call with terminated employees; work on severance matters; work on sales process; work on CIM; work on analysis for Pyxus; calls with management.	8.00	
01/29/21	Work on severance issue; call with Pyxus regarding same; call with Bennett Jones and Chaitons; attend calls with prospective purchasers; attend in court; attend several calls with management; review of files; attend to numerous correspondence; work on supplier matters; work on CIM; attend calls with Cassels; work with respect to audit matters; work on DIP matters.	8.00	
01/30/21	Calls with prospective purchase; respond to requests.	2.00	
01/31/21	Calls with prospective purchasers; gather information.	2.00	
\$990.00 per hour x total hrs of		65.00	\$64,350.00

Jodi Porepa

01/21/21	Discussions with East and Norfolk on cash management going forward; review outstanding checks; discuss with management regarding controls going forward; attend court hearing.	9.50	
01/22/21	Review updated order; review affidavit; discuss court report with Monitor; review revisions to D&O charges; discussion with company regarding sales and marketing expenses.	7.10	
01/23/21	Call to discuss CIG lighting; review payables listing; review and finalize OSB forms; review and revise FAQs.	5.40	
01/24/21	Review affidavit and provide comments; review and update FAQs. Review preliminary variance analysis; review proposed disbursements.	3.30	
01/25/21	Discussions with certain vendors regarding pre-filing payments; review of updated variance analysis; review proposed payments; review updated payables listing; review and finalize newspaper ad; review and update draft court report; review updated draft affidavit.	10.40	

Invoice Activity

01/26/21	Discussion with East regarding upcoming payments; discussion with Norfolk regarding upcoming payments; discuss supplier issues with Norfolk; provide update on vendor negotiations regarding advertising agencies; review vendor related agreements; review factum;. Review and update Monitor's Report; review communication strategy and communication documents; review vendor frequently asked questions.	9.90		
01/27/21	Discussion with utilities providers; review liquidation analysis. Review proposed disbursements; finalize Monitor's Report; review factum; review press release.	9.60		
01/28/21	Review of Norfolk proposed disbursements; review of East proposed disbursements; review variance analysis; review critical supplier payments; review recovery analysis; prepare financial analysis on employee-related costs.	9.80		
01/29/21	Call utilities companies; review proposed supplier payments. Review draft recovery analysis; finalize financial analysis on employee-related costs; attend court.	8.50		
01/31/21	Finalize ad; finalize recovery analysis; review variance analysis and covenants.	2.10		
	\$885.00 per hour x total hrs of	75.60		\$66,906.00

Ellen Dong

01/21/21	Monitor website walk-through and finalize; post materials to monitor website; disbursement review; funding request discussion and budget to actual updates.	5.00		
01/22/21	Review communication package and prepare frequently asked questions for website posting; finalize OSB form 1 and form 2 and related materials; update budget to actuals with funding request for Jan 25-Jan29; prepare materials for monitor website postings. Finalize newspaper notice with court file number and contact Globe & Mail and Hortis Daily for publishing.	4.50		
01/25/21	Update budget to actual template, correspondence regarding the same; prepare website posting instructions for FAQs. Monitor hotline sale related inquiry email forwarded to Capital Advisors; prepare monitor hotline toolkit and request monitor email access for team member.	9.00		
01/26/21	Follow up with Globe & Mail regarding posting twice in consecutive weeks; review monitor pre-filing report and motion materials; budget to actuals and cash flow reporting.	2.50		
01/27/21	Correspondence with printing house and forward to internal billing. Work on relevant client information for realization analysis; follow-up with Horti Daily on publication of newspaper ad; forward printing house invoice for internal processing.	0.60		
01/28/21	Update Budget to Actual Template for Week 2 actual receipts/disbursement, covenant calculation, and forecast disbursements week 3; prepare questions for disbursements overview, meeting re: same; team update on budget to actual updates and walk-through supporting documents with G.M.	4.50		
01/29/21	Review budget to actual information received; coaching regarding same.	0.50		
	\$770.00 per hour x total hrs of	26.60		\$20,482.00

Michael Clark

01/21/21	Attend to creditor list; calls with Management regarding disbursements/protocols; internal discussions regarding CCAA preparation; review budget to actual.	9.30		
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01/22/21	Update creditor list; review email correspondence.	3.30	
01/23/21	Attend to creditor list/notice amendments.	1.50	
01/25/21	Attend call with Management; correspondence with Management regarding creditor list; finalize creditor listing and notice, send to Printing House/post to website; internal discussions regarding creditor list/status.	6.80	
01/26/21	Dealing with mail out of creditor notice; supplier letter; creditor inquiry regarding Hydro Quebec.	2.30	
01/27/21	Call utility providers; internal discussions regarding same; attend to liquidation analysis; attend to deposit letter.	8.80	
01/28/21	Attend disbursement call; attend workstream call; attend to liquidation analysis; internal discussions regarding same.	10.80	
01/29/21	Call utility providers; attend to liquidation analysis; transition AP analysis; email correspondence.	6.50	
	\$595.00 per hour x total hrs of	49.30	\$29,333.50

Graham McIntyre

01/22/21	Review of cash flow and budget to actual; call with Ellen to walk; reading and taking notes on filing documents (affidavit, pre filing report, initial order, application).	4.00	
01/26/21	Monitoring and answering hotline emails.	0.50	
01/27/21	Review of First Monitors Report and Initial Order and SISP. Review of emails to FIGR email hotline and tracking email responses.	2.50	
01/28/21	Call with client to discuss disbursements; review of cash flow disbursement request and cash flow budget to actual package provided by client; WEPPA calculation.	5.00	
01/29/21	Budget to actual cash flow summary and documenting variances; uploading documents to CCAA website; work on creditor analysis; work on financial analysis.	6.50	
	\$565.00 per hour x total hrs of	18.50	\$10,452.50

Kathleen Foster

01/21/21	Website updates performed for FTI Case Sites for FIGR.	0.30	
01/22/21	Website updates performed for FTI Case Sites for FIGR.	1.00	
01/25/21	Website updates performed for FTI Case Sites for FIGR.	0.30	
01/26/21	Website updates performed for FTI Case Sites for FIGR.	0.30	
01/28/21	Website updates performed for FTI Case Sites for FIGR.	0.30	
	\$145.00 per hour x total hrs of	2.20	\$319.00

Sales Process

Adam Zalev

01/21/21	Review and comment on various sale process marketing and other related materials	0.50	
01/22/21	Review and comment on various sale process marketing and other related materials	0.50	
01/25/21	Review and comment on various sale process marketing and other related materials	1.00	
01/26/21	Review and comment on various sale process marketing and other related materials	1.00	
01/27/21	Review and comment on various sale process marketing and other related materials	1.00	
01/28/21	Review and comment on various sale process marketing and other related materials	1.00	

		\$1,055.00 per hour x total hrs of	5.00	\$5,275.00
James Belcher				
01/21/21	Review of revised buyers list; work on marketing materials and comments on same.		2.30	
01/22/21	Call with FTI and management; call with FTI and potential bidder; finalizing bidder list.		1.90	
01/25/21	Reach out strategy; email correspondence with bidders; call to review CIM; call with bidders.		2.80	
01/26/21	Various calls regarding marketing process status; status of deliverables, forecast, CIM and dataroom.		3.70	
01/27/21	Call with management regarding forecast changes, and CIM changes; email correspondence with bidders.		3.30	
01/28/21	Calls with bidders; review of CIM changes; call with Bennett Jones regarding NDAs and joinders.		3.80	
01/29/21	Calls with bidders, including preparatin in advance; call with management in advance of calls; review of CIM changes; email correspondence regarding marketing.		3.50	
01/30/21	Email correspondence regarding comps.		0.30	
		\$905.00 per hour x total hrs of	21.60	\$19,548.00
Patrick Kennedy				
01/21/21	Updates to marketing materials; review of CCAA filing materials; review of CF and 5Y forecast.		5.40	
01/22/21	Review of CF with E. Dong and C. McIntyre; updates to buyer's listing; updates to marketing Teaser; call with FIGR East to discuss SISP process.		6.30	
01/24/21	Review of CIM comments from J. Rosenberg; review of updated SISP.		0.90	
01/25/21	Review of financial model; prepare and updates to various materials pertaining to SISP marketing.		8.60	
01/26/21	Correspondence with prospective bidders; review and advance five year forecast; updates and matters pertaining to advancing SISP marketing.		8.40	
01/27/21	Updates to CIM; correspondence with prospective buyers; review of forecast with FIGR; review of fixed asset listings for CIG and Norfolk; advance matters pertaining to SISP.		9.20	
01/28/21	Calls with prospective buyers; updates to CIM; matters pertaining to advancing SISP.		9.50	
01/29/21	Finalize CIM; calls and emails with prospective buyers; matters pertaining to advancing SISP.		8.80	
01/30/21	Research and review of precedent cannabis sales comps; matters pertaining to SISP.		5.90	
01/31/21	Prepare forecasts for dataroom and Pyxus; review of precedent sales comps; matters pertaining to SISP.		7.80	
		\$505.00 per hour x total hrs of	70.80	\$35,754.00
Adam Mattan				
01/21/21	Advancing buyers listing for marketing process.		2.70	
01/22/21	Advancing buyers listing for marketing process.Review of updated company cash flow model.		6.60	
01/25/21	Managing reach outs, Non-disclosure agreements, and communication with interested parties for SISP process		11.10	
01/26/21	Managing reach outs, Non-disclosure agreements, and communication with interested parties for SISP process		8.90	

Invoice Activity

01/27/21	Managing reach outs, Non-disclosure agreements and communication with interested parties for SISP process. Call with company to discuss final comments on confidential information memorandum for interested parties.	6.30		
01/28/21	Kickoff calls with interested parties in SISP process review and updates to confidential information memorandum based on comments from colleagues/the company; managing reach outs, Non-disclosure agreements, and communication with interested parties for SISP process.	5.60		
01/29/21	Kickoff calls with interested parties in SISP process; final review of Confidential Information Memorandum before providing to interested parties; managing reach outs, Non-disclosure agreements, and communication with interested parties for SISP process; review and build of precedent transactions in Canadian cannabis market.	10.20		
01/30/21	Review and build of precedent transactions in Canadian cannabis market; managing reach outs, Non-disclosure agreements, and communication with interested parties for SISP process.	5.10		
01/31/21	Review and build of precedent transactions in Canadian cannabis market.	2.30		
	\$405.00 per hour x total hrs of	58.80	\$23,814.00	



Invoice Remittance

FIGR Brands, Inc.
2225 Sheppard Ave E., Suite 903
Toronto, ON M2J 5C2
Canada

February 11, 2021
FTI Invoice No. 29004675
FTI Job No. 480597.0001
Terms: Payment on Presentation

Current Invoice Period: Charges Posted through February 7, 2021

	CAD (\$)
Professional Services.....	\$165,733.50
Expenses.....	\$292.48
Total Fees and Expenses.....	\$166,025.98
HST Registration No. 835718024RT0001	\$21,583.38
Total Amount Due this Period.....	\$187,609.36
Previous Balance Due.....	\$312,144.42
Total Amount Due.....	<u>\$499,753.78</u>

Please Wire Transfer To:

Bank of Nova Scotia
Scotia Plaza, 44 King Street West
Toronto, ONT M5H 1H1
Swift Code: NOSCCATT
Bank Number: 002
Beneficiary: FTI Consulting Canada Inc.
Beneficiary account number: 476960861715



Invoice Summary

FIGR Brands, Inc.
2225 Sheppard Ave E., Suite 903
Toronto, ON M2J 5C2
Canada

February 11, 2021
FTI Invoice No. 29004675
FTI Job No. 480597.0001
Terms: Payment on Presentation

Current Invoice Period: Charges Posted through February 7, 2021

CCAA

Name	Title	Rate	Hours	Total
Jeffrey Rosenberg	Senior Managing Director	\$990.00	27.6	\$27,324.00
Jodi Porepa	Managing Director	\$885.00	45.3	\$40,090.50
Ellen Dong	Senior Director	\$770.00	1.0	\$770.00
Michael Clark	Director	\$595.00	15.9	\$9,460.50
Graham McIntyre	Senior Consultant	\$565.00	41.0	\$23,165.00
Kathleen Foster	Executive Assistant I	\$145.00	0.6	\$87.00
Total Hours and Fees			131.4	\$100,897.00

Sales Process

Name	Title	Rate	Hours	Total
Adam Zalev	Senior Managing Director	\$1,055.00	4.0	\$4,220.00
James Belcher	Senior Managing Director	\$905.00	16.8	\$15,204.00
Patrick Kennedy	Senior Consultant	\$505.00	55.2	\$27,876.00
Adam Mattan	Consultant	\$405.00	43.3	\$17,536.50
Total Hours and Fees			119.3	\$64,836.50

Other/Miscellaneous \$292.48

Total Expenses \$292.48

HST Registration No. 835718024RT0001 \$21,583.38

Invoice Total for Current Period \$187,609.36

PROFESSIONAL SERVICES

CCAA

Jeffrey Rosenberg

02/01/21	Review of SISP ad; review correspondence from prospective purchasers; calls with Cassels regarding employee matters; calls with Bennett Jones regarding employee matters; work on liquidation matters; calls with prospective purchasers; prepare information for prospective purchasers.	7.00	
02/02/21	Work with prospective purchasers; work on recovery analysis for Pyxis; work with respect to SISP; review of financial information; work on supplier matters.	8.00	
02/03/21	Call with prospective purchasers; calls with management regarding realization analysis; call with Pyxus regarding status update; work on financial summary for Pyxus;	5.00	
02/04/21	Review of inventory; review of business plan; attend internal calls regarding the same; attend update call with management; update business update call with management..	2.60	
02/05/21	Work on lien matters; call with prospective purchaser; work on response to U.K. newspaper article; work on noticing matters; review of capex matters.	2.00	
02/06/21	Call with prospective purchaser; call with Bennett Jones; review of correspondence.	1.50	
02/07/21	Discussion with Bennett Jones regarding sales process; review of draft Claims Bar Order; review of corosondance.	1.50	
	\$990.00 per hour x total hrs of	27.60	\$27,324.00

Jodi Porepa

02/01/21	Review of Sales and Investor Solicitation Process (SISP) requirements; discussion with counsel on employee-related payments; review variance analysis; review request for prefiling payment.	5.50	
02/02/21	Discussion with counsel on claims process; review vendor payments; review variance analysis. Discussion with Norfolk on vendors and business. Discussion with East on vendors and business. Review and update recovery analysis. Review prefiling payments and approval process.	9.20	
02/03/21	Review variance analysis; discussions with suppliers regarding prefiling amounts and post-filing uninterrupted service; review recovery analysis; discussion with counsel regarding premium financing request and review documentation provided.	9.70	
02/04/21	Review of variance analysis; supplier discussions; discussion with counsel regarding premium financing; review bank reconciliation; review proposed disbursements for upcoming week.	9.30	
02/05/21	Review variance analysis; review and update intercompany reporting; review lien request and follow up with company in respect of same; review recovery analysis and follow up with company in respect of same; review upcoming milestones; follow up on certain supplier enquiries; respond to ad hoc vendor and post-filing payment enquiries.	6.40	
02/07/21	Review Claims Procedure Order (CPO) and provide comments; review proposed direction regarding premium insurance funding; review and update variance analysis; internal discussions on upcoming court appearance and cash flow needs; respond to other ad hoc supplier queries.	5.20	

Invoice Activity

	\$885.00	per hour x total hrs of	45.30	\$40,090.50
Ellen Dong				
02/01/21		Organizing previously provided actual financial data from various sources and correspondence regarding same.	1.00	
	\$770.00	per hour x total hrs of	1.00	\$770.00
Michael Clark				
01/30/21		Review email correspondence; update liquidation analysis	1.30	
02/01/21		Attend to recovery analysis revisions; internal discussions regarding same; call vendors regarding Norfolk.	7.30	
02/02/21		Review reconciling items regarding recovery analysis; call vendor regarding Norfolk; internal discussions regarding creditor listing; revise recovery analysis.	6.80	
02/04/21		Attend to status summary.	0.50	
	\$595.00	per hour x total hrs of	15.90	\$9,460.50
Graham McIntyre				
02/01/21		Monitoring hotline enquiries and responding; review of correspondence; work on budget to actual analysis.	8.50	
02/02/21		Work on budget to actual analysis; reconciling balances; monitoring hotline and responding to enquiries.	8.00	
02/03/21		Call with management to review budget to actual; review of disbursements; review of correspondence.	9.00	
02/04/21		Call with management regarding disbursements; call with FIGR East regarding disbursement; monitoring hotline and responding to enquires.	7.00	
02/05/21		Work on cash flow matters; monitoring hotline enquires and responding; attend various update calls regarding disbursements.	8.50	
	\$565.00	per hour x total hrs of	41.00	\$23,165.00
Kathleen Foster				
02/03/21		Website updates performed for FTI Case Sites for FIGR.	0.30	
02/05/21		Website updates performed for FTI Case Sites for FIGR.	0.30	
	\$145.00	per hour x total hrs of	0.60	\$87.00
Sales Process				
Adam Zalev				
02/01/21		Review and comment on various sale process marketing and other related materials.	0.50	
02/02/21		Review and comment on various sale process marketing and other related materials.	1.00	
02/03/21		Review and comment on various sale process marketing and other related materials.	1.50	
02/04/21		Review and comment on various sale process marketing and other related materials.	0.50	
02/05/21		Review and comment on various sale process marketing and other related materials.	0.50	
	\$1,055.00	per hour x total hrs of	4.00	\$4,220.00

James Belcher

02/01/21	Update call with FTI team regarding various matters; review of SISP advertisements; review of information requests and data room material; review of financial forecast for dataroom; review of forecast presentation summary.	2.90	
02/02/21	Update call with FTI team regarding various sale process and bidder status matters; review of SISP for insider matters; review of comparison transaction analysis; review of PO sales analysis.	3.10	
02/03/21	Calls with bidders; calls with FTI team regarding various sale process matters; review of NDA mark-ups; review of bidder communication emails; review of Pyxus forecast deck.	3.50	
02/04/21	Call with management regarding FY20 performance; calls with bidders; bidder correspondence; review of comp analysis.	2.90	
02/05/21	Correspondence regarding media quotes; calls with bidders; review and comments on process update; review of FY20 financials; review of Dec sales analysis; call with FTI team to review various matters.	3.40	
02/06/21	Email correspondence re phase II process.	0.70	
02/07/21	Email correspondence.	0.30	
\$905.00 per hour x total hrs of		16.80	\$15,204.00

Patrick Kennedy

02/01/21	Matters and calls pertaining to advancing dataroom diligence; calls with prospective buyers; research of precedent cannabis transactions; matters pertaining to SISP.	11.80	
02/02/21	Matters and calls pertaining to SISP; matters related to advancing prospective buyer diligence; calls and emails with prospective buyers.	10.50	
02/03/21	Draft and finalize forecast deck for Pyxus; advance and review precedent cannabis comps analysis; matters and calls pertaining to SISP diligence and SISP process.	10.00	
02/04/21	Advance matters pertaining to buyer diligence; matters pertaining to SISP process; calls and emails with prospective buyer's pertaining to all previous.	9.50	
02/05/21	Calls and emails with prospective buyers pertaining to diligence and SISP; advance analysis of financial data related to previous; finalize SISP matters for Monitor's website.	9.80	
02/06/21	Review and prepare F21 results for dataroom; emails with JR related to case matters.	1.20	
02/07/21	Review and prepare F21 results for dataroom; emails with JR related to case matters.	2.40	
\$505.00 per hour x total hrs of		55.20	\$27,876.00

Adam Mattan

02/01/21	Managing reachouts, Non-disclosure agreements, and communication with interested parties for SISP process; review of 3 Year forecast model to be provided to interest parties; making revisions to precedent transactions analysis.	10.10	
02/02/21	Making revisions to precedent transactions analysis; managing reachouts, Non-disclosure agreements, and communication with interested parties for SISP process; kickoff calls with interested parties in SISP process for FIGR Research regarding cannabis regulations in certain countries.	12.20	

Invoice Activity

02/03/21	Calls with interested parties regarding SISP process and company operations/financials; managing reachouts, Non-disclosure agreements, and communication with interested parties for SISP process.	7.50	
02/04/21	Calls with interested parties regarding SISP process and company operations/financials . managing reachouts, Non-disclosure agreements, and communication with interested parties for SISP process; research for due diligence question on Parent company Bondholders.	7.10	
02/05/21	Managing reachouts, Non-disclosure agreements, and communication with interested parties for SISP process.	6.40	
	<u>\$405.00 per hour x total hrs of</u>	<u>43.30</u>	<u>\$17,536.50</u>

This is **Exhibit "B"** referred to in the affidavit of Jeffrey Rosenberg sworn before me in the City of Toronto, in the Province of Ontario, this 18th day of February, 2021.



.....
A Commissioner For Taking Affidavits

Kieran May
LSO#: 79672P

EXHIBIT "B"
Calculation of Average Hourly Billing Rates of
FTI Consulting Canada Inc.
for the period January 21, 2021 to February 7, 2021

Invoice No./ Period	Fees (\$)	Expenses (\$)	HST (\$)	Total Fees, Disbursements and HST (\$)	Hours Billed	Average Billed Rate (\$)
29004672 (January 21, 2021 to January 31, 2021)	276,234.00	0.00	35,910.42	312,144.42	393.4	702.17
29004675 (February 1, 2021 to February 7, 2021)	165,733.50	292.48	21,583.38	187,609.36	250.7	661.08
Total	441,967.50	292.48	57,493.80	499,753.78	644.1	686.18

This is **Exhibit "C"** referred to in the affidavit of Jeffrey Rosenberg sworn before me in the City of Toronto, in the Province of Ontario, this 18th day of February, 2021.



.....
A Commissioner For Taking Affidavits

Kieran May
LSO#: 79672P

EXHIBIT "C"

Billing Rates of FTI Consulting Canada Inc.

For the period January 22, 2021 to February 7, 2021

CCAA

Title	Professional	Rate (\$)	Fees Billed (\$)	Hours Worked
Senior Managing Director	Jeffrey Rosenberg	990.00	91,674.00	92.6
Managing Director	Jodi Porepa	885.00	106,996.50	120.9
Senior Director	Ellen Dong	770.00	21,252.00	27.6
Director	Michael Clark	595.00	38,794.00	65.2
Senior Consultant	Graham McIntyre	565.00	33,617.50	59.5
Executive Assistant I	Kathleen Foster	145.00	406.00	2.8

Sales Process

Title	Professional	Rate (\$)	Fees Billed (\$)	Hours Worked
Senior Managing Director	Adam Zalev	1,055.00	9,495.00	9.0
Senior Managing Director	James Belcher	905.00	34,752.00	38.4
Senior Consultant	Patrick Kennedy	505.00	63,630.00	126.0
Consultant	Adam Mattan	405.00	41,350.50	102.1

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FIGR BRANDS, INC., FIGR NORFOLK INC. AND CANADA'S
ISLAND GARDEN INC.
Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding Commenced at Toronto

**AFFIDAVIT OF JEFFREY ROSENBERG
SWORN February 18, 2021**

CASSELS BROCK & BLACKWELL LLP

Suite 2100, Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3C2

Lawyer: Ryan Jacobs
LSO: 59510J
Email: rjacobs@cassels.com
Telephone: 416-869-5963

Lawyer: Jane O. Dietrich
LSO: 49302U
Email: jdietrich@cassels.com
Telephone: 416-860-5523

Lawyer: Kieran May
LSO: 79672P
Email: kmay@cassels.com
Telephone: 416-869-5321

Counsel to the Monitor

APPENDIX “D”

[ATTACHED]

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FIGR
BRANDS, INC., FIGR NORFOLK INC. AND CANADA'S ISLAND GARDEN INC.
(collectively, the "**Applicants**")

**AFFIDAVIT OF RYAN JACOBS
(sworn February 17, 2021)**

I, Ryan Jacobs, of the City of Toronto, in the Province of Ontario, MAKE OATH AND
SAY:

1. I am a lawyer qualified to practice law in Ontario and a Partner with Cassels Brock & Blackwell LLP ("**Cassels**"), counsel for FTI Consulting Canada Inc., in its capacity as Monitor (the "**Monitor**") of the Applicants. As such, I have knowledge of the matters to which I depose except where stated to be on information and belief, and where so stated, I verily believe it to be true.
2. During the period from January 22, 2021 to February 12, 2021, Cassels incurred fees and disbursements, including Harmonized Sales Tax ("**HST**"), in the amount of \$109,737.13. Particulars of the work performed are contained in the invoices (the "**Invoices**") attached hereto and marked as **Exhibit "A"** to this my affidavit.
3. Attached as **Exhibit "B"** is a schedule summarizing each Invoice in Exhibit "A", the total billable hours charged per Invoice, the total fees charged per Invoice and the average hourly rate charged per Invoice. The average hourly rate charged by Cassels is \$723.10.
4. Attached as **Exhibit "C"** is a schedule summarizing the respective years of call and billing rates of each individual at Cassels who acted for the Monitor, as the case may be.
5. To the best of my knowledge, the rates charged by Cassels throughout the course of these proceedings are comparable to the rates charged by other law firms in the Toronto

market for the provision of similar services, and the rates charged by Cassels for services rendered in similar proceedings.

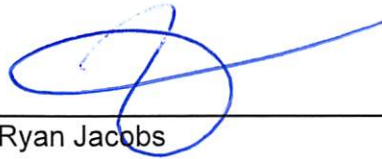
6. I make this affidavit in support of a motion for, *inter alia*, approval of the fees and disbursements of counsel of the Monitor, and for no other or improper purpose.

SWORN BEFORE ME over videoconference on this 17th day of February 2021. The affiant was located in the City of Toronto, in the Province of Ontario and the Commissioner was located in the City of Toronto, in the Province of Ontario. This affidavit was commissioned remotely as a result of COVID-19 and the declaration was administered in accordance with Ontario Regulation 431/20.



Commissioner for Taking Affidavits

Kieran May
LSO#: 79672P



Ryan Jacobs

This is **Exhibit "A"** referred to in the affidavit of Ryan Jacobs sworn before me in the City of Toronto, in the Province of Ontario, this 17th day of February, 2021.



.....
A Commissioner For Taking Affidavits

Kieran May
LSO#: 79672P

EXHIBIT "A"

**True Copies of the Invoices issued to the Monitor
for fees and disbursements incurred by
Cassels Brock & Blackwell LLP**



Attn: Jeff Rosenberg
FTI Consulting Canada Inc.
TD Waterhouse Tower
79 Wellington Street West
Suite 2010
Toronto, ON M5K 1G8

Invoice No: 2129847
Date: January 31, 2021
Matter No.: 047571-00003
GST/HST No.: R121379572
Lawyer: Jacobs, Ryan
Tel.: (416) 860-6465
E-mail: RJacobs@cassels.com

Re: FIGR - Restructuring

Fees for professional services rendered up to and including January 29, 2021

Our Fees	43,276.50
HST @ 13.00%	5,625.95
TOTAL DUE (CAD)	48,902.45

We are committed to protecting the environment. Please provide your email address to payments@cassels.com to receive invoice and reminder statements electronically.

REMITTANCE ADVICE

Canadian Dollar EFT and Wire Payments:

Bank of Nova Scotia
44 King St. West,
Toronto, ON, M5H 1H1
Bank I.D.: 002
Transit No.: 47696
Account No.: 0073911
Swift Code: NOSCCATT

Email payment details to payments@cassels.com

Cheque Payments:

Cassels Brock & Blackwell LLP
Finance & Accounting (Receipts)
Scotia Plaza, Suite 2100
40 King Street West
Toronto, Ontario, M5H 3C2
Canada

Invoice No: 2129847
Matter No.: 047571-00003
Amount: **CAD 48,902.45**

Payment due upon receipt. Please return remittance advice(s) with cheque

FEE DETAIL			
Date	Name	Description	Hours
Jan-22-21	R. Jacobs	Review and comment on initial draft of First Monitor's report. Review revised draft SISP and comeback affidavit. Correspondence with BJs, Cassels and FTI teams regarding CIG lighting issue.	1.90
Jan-22-21	J. Dietrich	Discussion with J. Porepa; email and discussion with R. Jacobs and K. May regarding first report; discussions regarding requests to pay certain pre-filing amounts with FTI; review of email and discussion regarding CIG lighting issues; email exchange with K. May regarding draft of First report; further email exchange regarding outstanding matters including assignment of software;	1.90
Jan-22-21	K. May	Draft First Report of the Monitor; Review Amended and Restated Initial Order and SISP Approval Order; Call with J. Dietrich and R. Jacobs regarding First Report, Amended and Restated Initial Order, and the SISP Approval Order;	5.40
Jan-23-21	R. Jacobs	Comment on draft First Report of Monitor, correspondence with Cassels team regarding same. Correspondence with FTI regarding severance payment issues, review law. Correspondence with FTI regarding CIG lights license issue, review draft proposed agreements and attend call with Company and BJs regarding same.	2.30
Jan-23-21	K. May	Draft First Report of the Monitor; Correspond with J. Dietrich regarding same;	3.30
Jan-23-21	J. Dietrich	Review and comment on draft first report; review of ACOA Agreement and email to J. Rosenberg regarding same; review of email regarding CIG lighting issues and discussions with company, FTI and Bennett Jones regarding same; review of revised amended and restated initial order and revised draft affidavit; email regarding case law regarding employee payments;	4.20
Jan-24-21	S. Hardy	Calls with R. Joncar and J. Dietrich; review of lights issue agreement; email to advise re agreement;	1.50
Jan-24-21	R. Jacobs	Revise and comment on draft First Report. Correspondence with Cassels team. Correspondence with FTI regarding MEV resolution. Review revised draft agreement regarding same. Correspondence with S. Hardy and J. Dietrich. Review revised SISP and affidavit regarding comeback.	2.90
Jan-24-21	J. Dietrich	Further exchange of email regarding draft first report and comments on same; review of revised CIG lighting agreement and discussion with S. Hardy and R. Jacobs regarding comments on same; email exchange with J. Rosenberg regarding comments; further exchange of email regarding court material for Comeback Hearing;	2.30
Jan-24-21	K. May	Draft First Report of the Monitor; Correspond with J. Dietrich and R. Jacobs regarding same; Review SISP and Devon affidavit;	2.70
Jan-25-21	K. May	Draft First Report of the Monitor; Review motion record of	1.90

Date	Name	Description	Hours
		the debtor; Correspond with debtor's counsel regarding service list;	
Jan-25-21	J. Dietrich	Review of revised motion material; email regarding status of outstanding issues; review of revised materials; email exchange regarding revised license; follow up regarding status of draft report; discussion with FTI and Cassels regarding status and outstanding issues;	1.40
Jan-25-21	R. Jacobs	Correspondence with FTI and Cassels team regarding CIG and MEV lighting issue and revisions to agreements. Revise draft First Report and correspondence with Cassels team. Review final application record of Company for comeback.	2.60
Jan-26-21	K. May	Draft First Report of the Monitor; Review debtor's factum and correspond with debtor's counsel regarding revisions to factum;	3.10
Jan-26-21	R. Jacobs	Review BJ comments on draft first report of FTI and correspondence with Cassels team regarding same. Consider severance issue and correspondence from FTI. Consider PR and correspondence with FTI regarding comments on same. Review BJ draft factum for comeback hearing. Review email from M. Shakra regarding vehicle lease disclaimers.	1.90
Jan-26-21	J. Dietrich	Email exchange regarding status of report; review and reply to emails regarding various creditor and stakeholder inquiries; review of comments on draft report; review of emails regarding CIG lighting agreement;	2.10
Jan-27-21	K. May	Draft First Report of the Monitor; Emails with J. Dietrich and R. Jacobs regarding same; Review notice to disclaim or resiliate contract regarding Jim Pattison Industries; Correspond with debtor's counsel regarding same;	5.30
Jan-27-21	J. Dietrich	Review and exchange of email regarding lease disclaimer and status of report; discussion with FTI and BJ regarding status and open issues; follow up email regarding outstanding issues related to draft report; review of draft press release and comment on same; review of email regarding disclaimers; discussion with R. Jacobs regarding status; review of report for service issues;	1.40
Jan-27-21	M. Wunder	Review correspondence regarding motor vehicle leases and proposed disclaimers and process. Review leases, and confer with R. Jacobs. Consider disclaimer and notices issues.	0.90
Jan-27-21	B. Burnstein	Commission affidavit of K. May.	0.50
Jan-27-21	R. Jacobs	Review draft SISP press release and comment on same. Correspondence with FTI and then BJs regarding same. Review and comment on draft lease disclaimers. Review and comment on final draft of FTI First report. Correspondence regarding severance and KERP, and call with J. Dietrich regarding court relief regarding same. Review correspondence from Chaitons regarding DIP representation on SISP and correspondence with FTI	3.10

Date	Name	Description	Hours
		regarding same. Begin review of CIM. Correspondence with J. Roy regarding same.	
Jan-28-21	K. May	Review confidential information package in relation to SISP;	0.70
Jan-28-21	J. Dietrich	Review of CIM and provide comments; review of email regarding disclaimer and CIM; prep for hearing;	2.10
Jan-28-21	R. Jacobs	Prep for hearing. Review and comment on draft CIM. Correspondence with Cassels and then FTI team regarding same. Correspondence regarding lease rejections.	1.80
Jan-29-21	K. May	Serve First Report of the Monitor on Jim Pattison Leasing; Calls with debtor's counsel and J. Dietrich regarding service; Revise service list;	1.00
Jan-29-21	R. Jacobs	Attend comeback hearing. Correspondence with J. Dietrich regarding action items and SISP issues. Review PR.	1.00
Jan-29-21	J. Dietrich	Email exchange regarding disclaimer amendment; email exchange and preparation for court; attend court hearing; email regarding endorsement/order; review of draft press release;	1.20

FEE SUMMARY

Name	Title	Hours	Rate	Amount
Dietrich, Jane	Partner	16.60	785.00	13,031.00
Wunder, Michael	Partner	0.90	915.00	823.50
Jacobs, Ryan	Partner	17.50	1,100.00	19,250.00
Hardy, Shane	Partner	1.50	795.00	1,192.50
May, Kieran	Associate	23.40	380.00	8,892.00
Burnstein, Beth	Law Student	0.50	175.00	87.50
Total (CAD)		60.40		43,276.50

Our Fees 43,276.50

HST @ 13.00% 5,625.95

TOTAL FEES & TAXES (CAD) 48,902.45

TOTAL FEES 43,276.50

TOTAL TAXES 5,625.95

TOTAL FEES & TAXES (CAD) 48,902.45

Cassels

Attn: Jeff Rosenberg
FTI Consulting Canada Inc.
TD Waterhouse Tower
79 Wellington Street West
Suite 2010
Toronto, ON M5K 1G8

Invoice No: 2130229
Date: February 08, 2021
Matter No.: 055118-00001
GST/HST No.: R121379572
Lawyer: Jacobs, Ryan
Tel.: (416) 860-6465
E-mail: RJacobs@cassels.com

Re: FIGR - Restructuring

Fees for professional services rendered up to and including February 05, 2021

Our Fees	19,052.00
HST @ 13.00%	2,476.76
TOTAL DUE (CAD)	21,528.76

We are committed to protecting the environment. Please provide your email address to payments@cassels.com to receive invoice and reminder statements electronically.

Payment due upon receipt. Please return remittance advice(s) with cheque.

REMITTANCE ADVICE:

Email payment details to payments@cassels.com

CAD EFT and Wire Payments:

Bank of Nova Scotia
44 King St. West,
Toronto, ON, M5H 1H1

Bank I.D.: 002
Transit No.: 47696
Account No.: 47696 0073911
Swift Code: NOSCCATT
ABA No.: 026002532

Cheque Payments:

Cassels Brock & Blackwell LLP
Finance & Accounting (Receipts)
Scotia Plaza, Suite 2100, 40 King Street West
Toronto, Ontario, M5H 3C2 Canada

Online Bill Payments:

Vendor name is **Cassels Brock Blackwell LLP** and you are required to enter the first six digits of the matter no.

Invoice No: 2130229
Matter No.: 055118-00001
Amount: **CAD 21,528.76**

e-Transfer: payments@cassels.com

FEE DETAIL			
Date	Name	Description	Hours
Jan-30-21	R. Jacobs	Review FTI proposed SISP ad. Review BJ comments on same. Correspondence with Cassels team regarding SISP action items.	1.20
Jan-31-21	K. May	Revise proposed SISP advertisement and comments on same;	0.60
Feb-01-21	R. Jacobs	Examine employee termination proposals, review excel file regarding same, strategic discussion on same with K. Taylor and FTI team. Review update from FIGR and BJs regarding layoff proposal and Toronto employees. Correspondence with J. Dietrich regarding claims process and consider options.	2.40
Feb-01-21	K. May	Correspondence with Cassels team, FTI and BJs regarding claims process;	0.10
Feb-01-21	K. Taylor	Conference call, email with company employment counsel, respond to email regarding terminations vs. layoffs.	0.80
Feb-01-21	J. Dietrich	Discussion with S. Zweig regarding employee issues; review and consider emails regarding employee issues and discussions with FTI and Cassels teams regarding same;	1.20
Feb-02-21	K. May	Call with Cassels, FTI and BJs teams regarding claims process;	0.60
Feb-02-21	R. Jacobs	Review correspondence from FTI regarding management language in SISP. Review side letter from BJ and comment on same. Correspondence with J. Dietrich and J. Rosenberg regarding same. Call with J. Rosenberg, correspondence with S. Zweig and M. Shakra. Consider employee issues. Call with FTI and BJ teams regarding claims procedure. Consider employee claims issue.	2.70
Feb-02-21	J. Dietrich	Discussion regarding claims process and other outstanding items with BJ, FTI and Cassels teams; review of emails regarding sales process order issues and discussion with R. Jacobs regarding same;	0.90
Feb-03-21	R. Jacobs	Draft notice to SISP participants. Confer with J. Dietrich and email correspondence to J. Rosenberg. Consider scope of Second Report. Consider CPO terms and precedent. Review insurance premium financing update from FTI.	1.90
Feb-03-21	K. May	Review DIP and court orders for restrictions on the FIGR Group borrowing funds; Correspond with BJs regarding scheduling court date and claims process order;	0.90
Feb-03-21	J. Dietrich	Review of email regarding sale process issues and discussion with R. Jacobs; exchange of email regarding upcoming motion and claims process;	0.70
Feb-04-21	R. Jacobs	Correspondence regarding CPO. Review correspondence regarding SISP acknowledgments. Correspondence regarding Second Report and work on same.	1.60
Feb-04-21	J. Dietrich	Review of emails regarding insurance financing; discussion with J. Porepa regarding outstanding issues and next motion; discussions with BJ, FTI and Cassels teams regarding	1.60

Date	Name	Description	Hours
		insurance premiums; discussion with Broker regarding direction; review of email regarding same;	
Feb-04-21	K. May	Correspond with Cassels team and FTI regarding restrictions on FIGR borrowing re CIG insurance;	0.20
Feb-05-21	R. Jacobs	Review and comment on draft second report. Correspondence with FTI and Cassels teams regarding press inquiries. Consider CPO precedent and issues.	1.60
Feb-05-21	K. May	Draft Second Report of the Monitor; Correspond with J. Dietrich and R. Jacobs regarding same;	3.70

FEE SUMMARY

Name	Title	Hours	Rate	Amount
Jacobs, Ryan	Partner	11.40	1,100.00	12,540.00
Dietrich, Jane	Partner	4.40	785.00	3,454.00
Taylor, Kristin	Partner	0.80	925.00	740.00
May, Kieran	Associate	6.10	380.00	2,318.00
Total (CAD)		22.70		19,052.00

Our Fees 19,052.00

HST @ 13.00% 2,476.76

TOTAL FEES & TAXES (CAD) 21,528.76

TOTAL FEES 19,052.00

TOTAL TAXES 2,476.76

TOTAL FEES & TAXES (CAD) 21,528.76

OUTSTANDING INVOICES

Invoice Number	Invoice Date	Bill Amount	Payments / Credits	Balance Due
2130131	02/05/21	48,902.45	0.00	48,902.45
2130229	02/08/21	21,528.76	0.00	21,528.76
Total (CAD)		70,431.21	0.00	70,431.21



Attn: Jeff Rosenberg
FTI Consulting Canada Inc.
TD Waterhouse Tower
79 Wellington Street West
Suite 2010
Toronto, ON M5K 1G8

Invoice No: 2130830
Date: February 16, 2021
Matter No.: 055118-00001
GST/HST No.: R121379572
Lawyer: Jacobs, Ryan
Tel.: (416) 860-6465
E-mail: RJacobs@cassels.com

Re: FIGR - Restructuring

Fees for professional services rendered up to and including February 12, 2021

Our Fees	34,784.00
HST @ 13.00%	4,521.92
TOTAL DUE (CAD)	39,305.92

We are committed to protecting the environment. Please provide your email address to payments@cassels.com to receive invoice and reminder statements electronically.

Payment due upon receipt. Please return remittance advice(s) with cheque.

REMITTANCE ADVICE:

Email payment details to payments@cassels.com

CAD EFT and Wire Payments:

Bank of Nova Scotia
44 King St. West,
Toronto, ON, M5H 1H1

Bank I.D.: 002
Transit No.: 47696
Account No.: 47696 0073911
Swift Code: NOSCCATT
ABA No.: 026002532

Cheque Payments:

Cassels Brock & Blackwell LLP
Finance & Accounting (Receipts)
Scotia Plaza, Suite 2100, 40 King Street West
Toronto, Ontario, M5H 3C2 Canada

Invoice No: 2130830
Matter No.: 055118-00001

Amount: **CAD 39,305.92**

Online Bill Payments:

Vendor name is **Cassels Brock Blackwell LLP** and you are required to enter the first six digits of the matter no.

e-Transfer: payments@cassels.com

FEE DETAIL			
Date	Name	Description	Hours
Feb-05-21	J. Dietrich	Email exchange regarding request for information; email exchange regarding status of various deposit agreements; discussion regarding status with S. Zweig; email to R. Jacobs and K. May regarding draft report;	1.30
Feb-06-21	R. Jacobs	Correspondence regarding scope of second report. Correspondence regarding insurance premium financing. Examine same.	1.00
Feb-07-21	K. May	Revise service list; Correspond with BJs and FTI regarding same; Begin to draft Second Report; Review and initial comment on Claims Procedure Order;	3.70
Feb-07-21	R. Jacobs	Begin review draft CPO from BJs. Review FTI comments. Correspondence with BJs regarding same. Comment on portions of draft 2nd report.	1.40
Feb-07-21	J. Dietrich	Initial review of claims process and exchange of email with R. Jacobs regarding initial comments;	0.80
Feb-08-21	K. May	Review CIG insurance contract; Review and comment on Claims Procedure Order; Call with FTI and Cassels team regarding Claims Procedure Order;	4.30
Feb-08-21	R. Jacobs	Review and comment on draft CPO. Strategy call with FTI regarding CPO. Review correspondence regarding insurance financing. Correspondence with J. Dietrich and FTI regarding same. Comment on latest draft 2nd report. Correspondence regarding KERP.	1.90
Feb-08-21	J. Dietrich	Review of draft amendments to insurance agreement; review of draft claims procedure order and provide comments;	2.00
Feb-09-21	J. Dietrich	Review of email regarding Claims procedure order and insurance documents; discussion regarding upcoming motion, comments on draft claims procedure order and related relief;	1.20
Feb-09-21	R. Jacobs	Correspondence with S. Zweig regarding revisions to CPO. Attend all hands call with BJs, FTI and Cassels regarding same. Correspondence regarding second report.	1.60
Feb-09-21	K. May	Revise mark-up of Claims Procedure Order; Correspond with J. Porepa and BJs regarding same; Call with Cassels team, FTI and BJs regarding claims procedure order;	1.10
Feb-10-21	J. Dietrich	Review of various emails; review of comments on CPO; discussion with J. Porepa; email exchange regarding KERP letter;	2.10
Feb-10-21	M. Wunder	Confer with Cassels team re separate loan to fund severance obligations. Review existing order.	1.10
Feb-10-21	K. Taylor	Review and comment on KERP letter.	0.30
Feb-10-21	K. May	Revise draft Claims Procedure Order; Correspond with FTI and BJs regarding same; Review and comment on Claims Procedure forms; Correspond with J. Dietrich and R. Jacobs regarding same;	2.50

Date	Name	Description	Hours
Feb-10-21	R. Jacobs	Review and comment on revised draft CPO. Review and comment on draft KERP letter, correspondence with Cassels and FTI teams regarding same. Consider second report issues and correspondence regarding same.	1.80
Feb-11-21	J. Dietrich	Review of email regarding outstanding issues including revisions to claims process, KERP and related issues; Discussion with S. Zweig regarding status; review of ancillary order and provide comments on same; review of email regarding outstanding issues; review of draft fee affidavit and email regarding same; review of comments on draft order;	2.00
Feb-11-21	S. Waugh	Drafting Fee Affidavit;	1.60
Feb-11-21	K. May	Review and comment on Ancillary Order; Correspond with FTI and BJs regarding same; Draft Second Report of the Monitor;	2.20
Feb-11-21	R. Jacobs	Review and comment on revised CPO and forms. Correspondence with Cassels team regarding same. Comment on draft second report. Correspondence regarding severance funding and begin review of term sheet. Correspondence regarding KERP.	2.00
Feb-11-21	M. Wunder	Correspondence regarding proposed loan for severance obligations, and intercompany loan matters.	0.30
Feb-12-21	S. Waugh	Revise Fee Affidavit; begin drafting FTI Fee Affidavit;	0.80
Feb-12-21	M. Wunder	Review draft term sheet for unsecured loan for employee severance payments. Confer with Cassels team re issues and comment on same. Prepare and circulate revised draft term sheet and circulate with commentary.	2.30
Feb-12-21	K. May	Continue work on Second Report; Correspond with R. Jacobs and J. Dietrich regarding same; Review and comment on Subordinated Loan Term Sheet, Claims Procedure Order and Claims Procedure Order Forms; Correspond with Cassels team, FTI and BJs regarding same; Call with Cassels team and FTI regarding status of file;	6.40
Feb-12-21	J. Dietrich	Review of claims process forms, emails regarding subordinated loan and changes to Claims process; email regarding outstanding issues; discussion regarding MD Packaging and related issues; review of emails regarding subordinated loan term sheet and provide additional comments on same; review of draft affidavit and provide comments on same; review of comments on affidavit; review of comments on draft loan documentation; discussion with FTI and Cassels regarding status of motion materials;	3.60
Feb-12-21	R. Jacobs	Final comment on subordinate loan term sheet. Review and comment on draft affidavit, initial comment on latest draft second report. Call with Cassels team regarding motion record. Strategy call with FTI and Cassels teams.	1.90

FEE SUMMARY					
Name	Title	Hours	Rate	Amount	
Dietrich, Jane	Partner	13.00	785.00	10,205.00	
Jacobs, Ryan	Partner	11.60	1,100.00	12,760.00	
Wunder, Michael	Partner	3.70	915.00	3,385.50	
Taylor, Kristin	Partner	0.30	925.00	277.50	
May, Kieran	Associate	20.20	380.00	7,676.00	
Waugh, Stephanie	Legal Assistant	2.40	200.00	480.00	
Total (CAD)		51.20		34,784.00	

Our Fees	34,784.00	
HST @ 13.00%	4,521.92	
TOTAL FEES & TAXES (CAD)		39,305.92

TOTAL FEES		34,784.00
TOTAL TAXES		4,521.92
TOTAL FEES & TAXES (CAD)		39,305.92

OUTSTANDING INVOICES				
Invoice Number	Invoice Date	Bill Amount	Payments / Credits	Balance Due
2130229	02/08/21	21,528.76	0.00	21,528.76
2130830	02/16/21	39,305.92	0.00	39,305.92
Total (CAD)		60,834.68	0.00	60,834.68

This is **Exhibit "B"** referred to in the affidavit of Ryan Jacobs sworn before me in the City of Toronto, in the Province of Ontario, this 17th day of February, 2021.



.....
A Commissioner For Taking Affidavits

Kieran May
LSO#: 79672P

EXHIBIT "B"
Calculation of Average Hourly Billing Rates of
Cassels Brock & Blackwell LLP
for the period January 22, 2021 to February 12, 2021

Invoice No./ Period	Fees (\$)	Disbursements (\$)	HST (\$)	Total Fees, Disbursements and HST (\$)	Hours Billed	Average Billed Rate (\$)
2129847 (January 22, 2021 – January 29, 2021)	43,276.50		5,625.95	48,902.45	60.40	716.50
2130229 (January 30, 2021 – February 5, 2021)	19,052.00		2,476.76	21,528.76	22.70	839.30
2130830 (February 5 – February 12, 2021)	34,784.00		4,521.92	39,305.92	51.20	679.38
Total	97,112.50		12,624.63	109,737.13	134.30	723.10

This is **Exhibit "C"** referred to in the affidavit of Ryan Jacobs sworn before me in the City of Toronto, in the Province of Ontario, this 17th day of February, 2021.



.....
A Commissioner For Taking Affidavits

Kieran May
LSO#: 79672P

EXHIBIT "C"

Billing Rates of Cassels Brock & Blackwell LLP

For the period January 22, 2021 to February 12, 2021

Year of Call	Lawyer	Rate (\$)	Fees Billed (\$)	Hours Worked
2004	Jane Dietrich	785.00	26,690.00	34.0
1990	Michael Wunder	915.00	4,209.00	4.6
2004 (New York) 2011 (Ontario)	Ryan Jacobs	1,100.00	44,550.00	40.5
2002	Shane Hardy	795.00	1,192.50	1.5
2020	Kieran May	380.00	18,886.00	49.7
Law Student	Beth Burnstein	175.00	87.50	0.5
1995 (Ontario) 2000 (New Brunswick)	Kristin Taylor	925.00	1,017.50	1.1
Legal Assistant	Stephanie Waugh	200.00	480.00	2.4

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FIGR BRANDS, INC., FIGR NORFOLK INC. AND CANADA'S
ISLAND GARDEN INC.
Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceeding Commenced at Toronto

**AFFIDAVIT OF RYAN JACOBS
SWORN February 17, 2021**

CASSELS BROCK & BLACKWELL LLP

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Counsel to the Monitor

APPENDIX “E”

[ATTACHED]

FIGR Brands, Inc., Canada's Island Garden Inc., & FIGR Norfolk Inc.

Consolidated Cash Flow Projections

(\$CAD in thousands)

Forecast Week Ending	19-Feb-21	26-Feb-21	05-Mar-21	12-Mar-21	19-Mar-21	26-Mar-21	02-Apr-21	09-Apr-21	16-Apr-21	23-Apr-21	30-Apr-21	11 Week	
Forecast Week	[1]	1	2	3	4	5	6	7	8	9	10	11	Total
Receipts													
Receipts from Operation	[2]	552	277	294	484	584	584	1,006	1,006	1,006	1,006	966	7,765
Other Receipts	[3]	-	196	61	-	-	-	-	-	-	-	-	257
Total Receipts		552	473	355	484	584	584	1,006	1,006	1,006	1,006	966	8,022
Operating Disbursements													
Payroll and Employee Related Costs	[4]	(322)	(170)	(253)	(132)	(253)	(132)	(253)	(20)	(355)	(20)	(355)	(2,265)
Rent and Property Taxes	[5]	-	(14)	-	(14)	-	(14)	-	(14)	-	(14)	-	(70)
Taxes and Levies	[6]	-	(708)	-	-	-	(588)	-	-	-	-	(970)	(2,266)
Other Operating Expenses	[7]	(1,120)	(703)	(322)	(376)	(286)	(497)	(400)	(613)	(440)	(643)	(893)	(6,293)
Capital Expenditures	[8]	(2)	(233)	(32)	(15)	(15)	(15)	(9)	(9)	(9)	(9)	(9)	(357)
Total Operating Disbursements		(1,444)	(1,828)	(607)	(537)	(554)	(1,246)	(662)	(656)	(804)	(686)	(2,227)	(11,251)
Net Cash from Operations		(892)	(1,355)	(252)	(53)	30	(662)	344	350	202	320	(1,261)	(3,229)
Restructuring Disbursements	[9]	(647)	(220)	(178)	(178)	(178)	(146)	(146)	(146)	(146)	(146)	(146)	(2,277)
KERP		-	-	-	-	-	-	-	-	-	-	(32)	(32)
Total Restructuring Disbursements		(647)	(220)	(178)	(178)	(178)	(146)	(146)	(146)	(146)	(146)	(178)	(2,309)
NET CASH FLOWS		(1,539)	(1,575)	(430)	(231)	(148)	(808)	198	204	56	174	(1,439)	(5,538)
Cash													
Beginning Balance		1,584	1,578	500	500	500	500	500	698	902	958	1,132	1,584
Net Receipts/ (Disbursements)		(1,539)	(1,575)	(430)	(231)	(148)	(808)	198	204	56	174	(1,439)	(5,538)
DIP Advances/ (Repayments)	[10]	1,533	497	430	231	148	808	-	-	-	-	807	4,454
Ending Balance		1,578	500	500	500	500	500	698	902	958	1,132	500	500
DIP Facility													
Opening Balance		2,913	4,446	4,943	5,373	5,604	5,752	6,560	6,560	6,560	6,560	6,560	2,913
DIP Advances		1,533	497	430	231	148	808	-	-	-	-	807	4,454
Ending Balance DIP		4,446	4,943	5,373	5,604	5,752	6,560	6,560	6,560	6,560	6,560	7,367	7,367
DIP Accrued Interest	[11]	16	23	31	39	47	57	66	75	85	94	105	105
Closing Balance (DIP & Interest)		4,462	4,966	5,404	5,643	5,799	6,617	6,626	6,635	6,645	6,654	7,472	7,472
Undrawn DIP Facility													
Total DIP Facility		8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
(-) DIP Advances		(4,446)	(4,943)	(5,373)	(5,604)	(5,752)	(6,560)	(6,560)	(6,560)	(6,560)	(6,560)	(7,367)	(7,367)
Total Undrawn DIP		3,554	3,057	2,627	2,396	2,248	1,440	1,440	1,440	1,440	1,440	633	633

FIGR Brands, Inc., Canada's Island Garden Inc., & FIGR Norfolk Inc.

Consolidated Cash Flow Projections

Notes to the Consolidated Cash Flow Projections:

- [1] The purpose of the Cashflow Projections is to estimate the liquidity requirements of FIGR Brands, Inc., Canada's Island Garden Inc. and FIGR Norfolk Inc. ("FIGR" or the "Company") during the forecast period.
- [2] Forecast Receipts from Operations include collections from the sale of products across multiple product categories, including: dried flower, pre-roll, oil and vape cartridges.
- [3] Forecast Other Receipts include expected tax refunds.
- [4] Forecast Payroll and Employee Related Costs are based on recent payroll amounts and future forecast amounts.
- [5] Forecast Rent and Property Taxes include payments to landlord for Toronto head office space and property taxes on properties.
- [6] Forecast Taxes and Levies include payments related to Excise and Sales Tax.
- [7] Forecast Other Operating Expenses include production, maintenance, utilities and other general and administrative costs.
- [8] Forecast Capital Expenditures reflect estimated capital spending required to maintain normal course of business and comply with existing license requirements.
- [9] Forecast Restructuring Disbursements include legal and financial advisor fees associated with the CCAA proceedings and are based on estimates provided by the advisors.
- [10] Forecast DIP Advances/Repayments are based on funding requirements and maintaining a minimum of \$500k cash balance for FIGR.
- [11] Forecast DIP Accrued Interest reflects the interest accrued on the DIP Advances under the DIP facility during the forecast period.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
FIGR BRANDS, INC., *et al.*

Court File No: CV-21-00655373-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**SECOND REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA
INC.,
IN ITS CAPACITY AS MONITOR**

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capacity as Monitor