

Court File No.: BK-26-03390093-0035
Estate No.: 35-3390093

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF NOTICE OF INTENTION TO MAKE
A PROPOSAL OF
BLIZZA BRANDS INC.

FACTUM OF BLIZZA BRANDS INC.
(Returnable June 29, 2026)

June 28, 2026

MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 6600
P.O. Box 1011
Toronto ON M5H 3S1

Larry Ellis LSO#: 49313K
lellis@millerthomson.com
Tel: 416.595.8639

Sam Massie LSO #: 72958L
smassie@millerthomson.com
Tel: 416.595.8641

Monica Faheim LSO#: 82213R
mfaheim@millerthomson.com
Tel: 647.295.4659

Lawyers for the Debtor, Blizza Brands Inc.

TO: SERVICE LIST

**ONTARIO
SUPERIOR COURT OF JUSTICE
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PART I - OVERVIEW

1. Blizza Brands Inc. (“**Blizza**” or the “**Company**”) brings this motion for relief intended to preserve the status quo and facilitate its restructuring efforts under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). In particular, the Company seeks relief with respect to its cannabis licences, banking arrangements, critical vendor payments and an administration charge necessary to support these NOI proceedings.
2. The Company commenced these NOI proceedings on June 23, 2026 after escalating CRA enforcement activity, including the registration of tax liens, the issuance of requirements to pay, restrictions affecting its banking arrangements and the imminent expiry of its Excise Licence, all of which placed the Company’s business, assets and restructuring efforts at significant risk.
3. Since the commencement of these NOI proceedings, the Company has continued discussions with CRA and representatives of the Department of Justice regarding the status of the Excise Licence which is critical to business operations. Those discussions have been productive. In particular, the Department of Justice has advised that CRA intends to extend the Company’s

Excise Licence for a period corresponding with the statutory stay of proceedings and has begun withdrawing previously issued Requirements to Pay.

4. Notwithstanding those developments, the Company has not yet received formal documentation implementing the proposed licence extension and has not received confirmation that all restrictions affecting its banking arrangements have been lifted. Accordingly, the relief sought remains necessary to eliminate operational uncertainty, preserve the status quo and permit the Company to continue pursuing a restructuring for the benefit of its stakeholders.

5. The Company seeks an Order:

- (a) preserving and maintaining the status quo with respect to the Company's cannabis licences during the pendency of these NOI proceedings and, to the extent any such licence may expire during the stay period, deeming the term of such licence to be extended by a period equal to the stay period (the "**Status Quo Order**");
- (b) lifting any garnishments, freezes, holds, restrictions or limitations affecting the Company's bank accounts and banking arrangements arising from pre-filing enforcement activity;
- (c) authorizing the Company, with the consent of the Proposal Trustee, to pay certain pre-filing amounts owing to critical suppliers, regulatory authorities and service providers (together "**Critical Vendors**") where such payments are necessary to preserve the Company's business, assets, operations, licences or restructuring prospects, up to the maximum aggregate amount of \$75,000; and

- (d) granting a charge in the maximum amount of \$175,000 (the “**Administration Charge**”) to secure the fees and disbursements of the Proposal Trustee, counsel to the Proposal Trustee, and counsel to Blizza, incurred in connection with services rendered to the Company both before and after the commencement of this NOI Proceeding.

PART II - SUMMARY OF FACTS

A. Background on the business

6. Blizza is a private corporation that was formed by amalgamation on May 10, 2021 pursuant to the *Business Corporations Act* (Ontario) with its registered head office at 371 Neptune Crescent, London, Ontario.¹ It is a federally licensed cannabis cultivator and processor. The Company produces and sells premium craft cannabis products for the Canadian recreational market and distributes its products through provincial wholesalers.²

7. In addition to marketing and distributing its own branded products, the Company maintains business-to-business supply relationships with other participants in the cannabis industry and derives revenue from wholesale cannabis sales and processing activities.³

8. The Company owns and operates a facility located at 371 Neptune Crescent, London, Ontario (the “**Facility**”), which houses approximately 9,000 square-feet of indoor cannabis

¹ Affidavit of Linh Diep sworn June 26, 2026 (the “**First Diep Affidavit**”) at para 6, Tab 2 to the Motion Record dated June 26, 2026 (the “**Motion Record**”).

² First Diep Affidavit at para 7, Tab 2 to the Motion Record.

³ First Diep Affidavit at para 8, Tab 2 to the Motion Record.

cultivation and processing space. The Company has 8 full-time employees and two independent contractors.⁴

9. Blizza holds two licences that are essential to its operations: (a) a cannabis licence issued by Health Canada pursuant to the *Cannabis Act*, and a cannabis excise licence issued by Canada Revenue Agency (“**CRA**”) pursuant to the *Excise Act, 2001* (the “**Excise Licence**”, and together with the Health Canada Licence, the “**Licences**”).⁵

10. As a holder of the Excise Licence and pursuant to the *Excise Act*, the Company is required to remit to CRA excise duties which accrue from the sale of cannabis. As of the NOI Filing Date, the Company has excise arrears in the approximate amount of \$430,011.63 (the “**Excise Arrears**”).⁶

B. Causes of insolvency

11. The Company’s financial difficulties arose from a combination of operational, financial and industry-specific factors. Among other things, in or around 2024, the Company experienced significant deficiencies in its finance and accounting functions, which contributed to delays and inaccuracies in tax reporting, remittance obligations and other regulatory compliance matters. These issues resulted in audits, assessments, penalties and growing liabilities owing to CRA and other governmental authorities.⁷

⁴ First Diep Affidavit at paras 9 and 16, Tab 2 to the Motion Record.

⁵ First Diep Affidavit at para 10, Tab 2 to the Motion Record.

⁶ First Diep Affidavit at para 15, Tab 2 to the Motion Record.

⁷ First Diep Affidavit at para 19, Tab 2 to the Motion Record.

12. These difficulties were exacerbated by broader challenges facing the Canadian cannabis industry, including regulatory and tax burdens, compressed margins, intense market competition and ongoing liquidity constraints.⁸

13. The Company's Excise Arrears have increased significantly over time and frequently became payable before the Company had collected corresponding receivables from customers.⁹

14. Despite efforts to reduce costs, improve operations, negotiate payment arrangements with creditors and governmental authorities, and raise additional capital, the Company's liquidity position continued to deteriorate.¹⁰

15. By June 2026, the Company was facing substantial tax arrears, escalating CRA enforcement measures, including liens, garnishments and requirements to pay, and the imminent loss of the Excise Licence.¹¹ There have also been significant collection and enforcement measures against the Company by CRA, including the registration of tax liens against title to the London Facility; attendance by CRA representatives at the London Facility including the destruction of certain cannabis inventory and cannabis products, and garnishment of the Company's main bank operating bank accounts.¹²

16. These measures have materially impacted the Company's liquidity and ability to continue its operations in the ordinary course and have necessitated the filing of the NOI in order to preserve

⁸ First Diep Affidavit at para 21, Tab 2 to the Motion Record.

⁹ First Diep Affidavit at para 21, Tab 2 to the Motion Record.

¹⁰ First Diep Affidavit at para 22, Tab 2 to the Motion Record.

¹¹ First Diep Affidavit at para 22, Tab 2 to the Motion Record.

¹² First Diep Affidavit at para 30(a)-(d), Tab 2 to the Motion Record.

enterprise value, maintain the Licences and pursue a restructuring for the benefit of its stakeholders.¹³

C. Creditors

17. The Company has one secured lending facility made available by 0933805 BC Limited and Pierino Alberto Papa (collectively, the “**Mortgage Lenders**”), pursuant to which the Mortgage Lenders advanced a loan in the original principal amount of \$1,100,000 (the “**Mortgage Loan**”), secured by a first-ranking charge against title to the London Facility.¹⁴

18. The Company has maintained an ongoing relationship with the Mortgage Lenders and has been advised that the Mortgage Lenders are supportive of the Company’s restructuring efforts and, if required, are prepared to consider extending the Mortgage Loan beyond its current maturity date, if necessary, while the Company pursues a restructuring through these NOI proceedings.¹⁵

19. The Company estimates that it owes approximately \$599,196.79 to CRA as of the NOI Filing Date, comprised of approximately \$430,011.63 in Excise Arrears, \$139,214.35 in payroll-related obligations and \$29,970.81 in GST/HST obligations.¹⁶

20. The Company has unpaid trade debt and other unsecured obligations incurred in the ordinary course of business. Based on the Company’s books and records, as of June 2026 its trade accounts payable were approximately \$885,704.53.¹⁷

¹³ First Diep Affidavit at para 31, Tab 2 to the Motion Record.

¹⁴ First Diep Affidavit at para 42 and 45, Tab 2 to the Motion Record.

¹⁵ First Diep Affidavit at para 44, Tab 2 to the Motion Record.

¹⁶ First Diep Affidavit at para 47, Tab 2 to the Motion Record.

¹⁷ First Diep Affidavit at para 48, Tab 2 to the Motion Record.

D. NOI Proceedings

21. On June 23, 2026, as a result of the enforcement activity by CRA and the imminent expiry of the Excise Licence, the Company filed the NOI.¹⁸

22. The Company intends to use the NOI Proceedings to preserve the status quo while it continues to engage with its key stakeholders, including CRA and its other creditors. During the NOI proceedings, the Company, with the assistance of the Proposal Trustee, intends to assess restructuring alternatives and develop a viable restructuring strategy for the benefit of its stakeholders, including formulating and presenting a proposal to its creditors.¹⁹

23. On June 26, 2026, the Company, through its counsel, engaged in discussions with the Department of Justice (“DOJ”) regarding the status of the Excise Licence and the renewal applicable. The DOJ confirmed, among other things, that the Excise Licence will be renewed for a period equal to the statutory stay of proceedings. The Company and its advisors are in continued discussions with the DOJ regarding the motion returnable June 29, 2026, including with respect to the terms of the draft Order sought. The Company is currently awaiting formal documentation from CRA reflecting the extension of its Excise Licence.²⁰

PART III - ISSUES

24. The issues to be determined on this motion are:

- (a) Whether the Status Quo Order should be granted;

¹⁸ First Diep Affidavit at para 50, Tab 2 to the Motion Record.

¹⁹ First Diep Affidavit at para 52, Tab 2 to the Motion Record.

²⁰ First Diep Affidavit at para 32, Tab 2 to the Motion Record.

- (b) Whether this Court should order that any restrictions or limitations affecting the Company's bank accounts be lifted during the NOI proceedings;
- (c) Whether this Court should authorize the Company to make pre-filing payments to Critical Vendors; and
- (d) Whether the Administration Charge should be granted.

PART IV - LAW AND ANALYSIS

A. The Status Quo Order should be granted

25. The Licences are among the Company's most significant assets and are essential to its ability to cultivate, process and sell cannabis products. Without the Licences, the Company would be unable to continue operating its business or pursue a restructuring for the benefit of stakeholders.²¹

26. Courts supervising insolvency proceedings have repeatedly recognized that regulatory relief may be appropriate where the loss of a licence would undermine a restructuring and destroy stakeholder value.²² In such circumstances, the Court may exercise its broad insolvency jurisdiction to preserve the status quo where doing so facilitates the objectives of the restructuring process and is not contrary to the public interest.

27. In *Tantalus Labs Ltd. (Re)*,²³ the British Columbia Supreme Court granted a status quo order maintaining a cannabis excise licence during NOI proceedings where the expiry of the licence threatened the value of the debtor's inventory and restructuring efforts. The Court held that

²¹ First Diep Affidavit at paras 11 and 35, Tab 2 to the Motion Record.

²² See, for example, *Re Just Energy Corp.*, 2021 ONSC 173 at [para 87](#).

²³ *Tantalus Labs Ltd. (Re)*, 2023 BCSC 1450.

it had jurisdiction under section 183 of the BIA to preserve the status quo and maintain value for the benefit of stakeholders, including CRA itself.²⁴

28. Similar considerations arise here. Prior to the commencement of these NOI proceedings, the Company faced the imminent expiry of its Excise Licence, together with significant CRA enforcement activity.²⁵

29. After the commencement of these NOI proceedings, the Company was advised by DOJ that CRA intends to extend the Excise Licence for a period corresponding to the statutory stay of proceedings.²⁶ That development reflects a common recognition that preserving the Licences will maximize value and facilitate the Company's restructuring efforts. However, formal documentation implementing the extension has not yet been received. In these circumstances, the requested relief remains appropriate as a measure to preserve certainty and maintain the status quo while the NOI proceedings continue.

30. The requested relief is limited in scope, has been granted by this Court in similar circumstances,²⁷ and preserves value for all stakeholders and will permit the Company to continue pursuing a restructuring under the supervision of the Proposal Trustee.

B. Restrictions on bank accounts should be lifted

31. Prior to the filing of the NOI, CRA issued Requirements to Pay and other enforcement

²⁴ *BIA*, Section 183(1).

²⁵ First Diep Affidavit at para 22, Tab 2 to the Motion Record.

²⁶ First Diep Affidavit at para 32, Tab 2 to the Motion Record.

²⁷ See, for example: *Tantalus Labs Ltd. (Re)*, 2023 BCSC 1450 at [paras. 26-39](#); *Heritage Cannabis Holdings Corp. et al. (Re)*, Court File No. CV-24-00717664-00CL (Ont. S.C.J. [Commercial List]), [Initial Order dated April 2, 2024](#) at para 37 (preserving the status quo of the applicants' Health Canada and cannabis excise licences and deeming licences extended during the stay period); *Aleafia Health Inc. et al. (Re)*, Court File No. CV-23-00703350-00CL (Ont. S.C.J. [Commercial List]), [Order \(Re: SISP Approval\) dated August 22, 2023](#) at para. 13 (preserving and maintaining the status quo of the applicants' Health Canada and cannabis excise licences during the stay period).

measures affecting the Company's banking arrangements. Following the filing of the NOI, DOJ advised that CRA had commenced withdrawing such Requirements to Pay. However, the Company has not yet received confirmation from its banking institutions that all restrictions affecting its accounts have been lifted.²⁸

32. The BIA grants this Court broad jurisdiction in bankruptcy and insolvency matters.²⁹ The requested relief is ancillary to the Court's supervision of the NOI proceedings.

33. The Company requires access to its banking facilities in order to maintain operations, preserve the value of its business and assets, satisfy ongoing obligations and pursue a restructuring for the benefit of stakeholders.³⁰ In the circumstances, the requested relief is appropriate to ensure that the protections intended by the BIA stay are effective in practice and that the Company's banking arrangements remain available during the NOI proceedings.

C. The relief in respect of Critical Vendors should be granted

34. The Company seeks authority, with the consent of the Proposal Trustee, to pay up to \$75,000 in pre-filing obligations owing to Critical Vendors where such payments are necessary to preserve the Company's business, assets, operations, licences or restructuring efforts.³¹

35. Known details with respect to the Critical Vendors will be included in the Proposal Trustee's First Report, to be filed.

36. Although the concept of "critical supplier" is not found in the BIA, the Court has permitted

²⁸ First Diep Affidavit at para 33, Tab 2 to the Motion Record.

²⁹ *BIA*, s. 183.

³⁰ First Diep Affidavit at para 56, Tab 2 to the Motion Record.

³¹ First Diep Affidavit at para 61, Tab 2 to the Motion Record.

debtors to make pre-filing payments to critical suppliers in NOI proceedings.³² In doing so, Courts have considered the factors applicable to “critical suppliers” under the *Companies’ Creditors Arrangement Act*.³³ These factors are:³⁴

- (a) whether the goods and services concerned are integral to the business;
- (b) the applicant’s need for the uninterrupted supply of the goods or services;
- (c) the Monitor’s support and willingness to work with the applicant to ensure that payments to suppliers in respect of pre-filing liabilities are appropriate; and
- (d) the effect on the applicant’s ongoing operations and ability to restructure if it were unable to make pre-filing payments to its critical suppliers.

37. The requested relief satisfies these factors. The Critical Vendors include parties whose cooperation is necessary to maintain operations, preserve the Licences and support the Company’s ongoing restructuring efforts. Interruption of those relationships could adversely affect the Company’s operations and restructuring prospects. The Proposal Trustee supports the requested relief and all payments remain subject to its prior consent.

38. The relief therefore provides the flexibility necessary to address critical operational, regulatory and supplier relationships while ensuring appropriate oversight during the NOI proceedings.

³² *In the Matter of Breakthrough Enterprises Inc.*; Court File No. BK-22-02801364-0031 (Ont. S.C.J. [Commercial List]), [Endorsement of Justice Conway dated March 21, 2022](#).

³³ *OMNI Conversion Technologies Inc. v. Grant Thornton Ltd.*, Court File No. BK-24-03155126-0031 (Ont. S.C.J. [Commercial List]), [Endorsement of Justice Steele dated November 29, 2024](#) at para. 30.

³⁴ *Springer Aerospace Holdings Limited*, 2022 ONSC 6581 at [paras 25-27](#).

D. Administration Charge should be granted

39. The Company seeks an Administration Charge in the amount of \$175,000 to secure the fees and disbursements of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company incurred in connection with these NOI proceedings. Such relief is expressly authorized by section 64.2 of the BIA.³⁵

40. Administration charges are routinely granted in insolvency proceedings where:³⁶

- (a) the debtor has limited means to obtain professional assistance;
- (b) the involvement of professional advisors is critical to the success of the proceedings under the BIA; and
- (c) the quantum of the proposed charge is commensurate with the complexity of the Company's business.

41. The requested Administration Charge is appropriate in the circumstances. Since the commencement of these NOI proceedings, the Proposal Trustee and the Company's legal advisors have been actively engaged in addressing the Company's insolvency, responding to CRA enforcement activity, preserving the Licences, stabilizing operations and facilitating the restructuring process. Their continued involvement is essential to Blizza's ability to pursue a restructuring for the benefit of stakeholders.

42. The Company has and will continue to rely on the expertise, knowledge and participation of the restructuring professionals involved in these NOI proceedings. The quantum of the charge

³⁵ *BIA*, s. 64.2.

³⁶ *Colossus Minerals Inc. (Re)*, 2014 ONSC 514 at [paras 11-15](#).

is reflective of the complexity of the Company's business, was arrived at in consultation with the Proposal Trustee, and is reasonable and appropriate in the circumstances.

PART V - ORDER REQUESTED

43. The Company requests that this Honourable Court grant the order sought substantially on the terms of the draft order included at Tab 3 of the Motion Record.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 28th day of June, 2026.

June 28, 2026



Monica Faheim

MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 6600
P.O. Box 1011
Toronto ON M5H 3S1

Larry Ellis LSO#: 49313K
lellis@millერთhompson.com
Tel: 416.595.8639

Sam Massie LSO #: 72958L
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Tel: 416.595.8641

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Tel: 647.295.4659

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SCHEDULE “A”

LIST OF AUTHORITIES

1. *Re Just Energy Corp.*, [2021 ONSC 173](#)
2. *Tantalus Labs Ltd. (Re)*, [2023 BCSC 1450](#)
3. *Heritage Cannabis Holdings Corp. et al. (Re)*, Court File No. CV-24-00717664-00CL (Ont. S.C.J. [Commercial List]), [Initial Order dated April 2, 2024](#)
4. *Aleafia Health Inc. et al. (Re)*, Court File No. CV-23-00703350-00CL (Ont. S.C.J. [Commercial List]), [Order \(Re: SISP Approval\) dated August 22, 2023](#)
5. *In the Matter of Breakthrough Enterprises Inc.*; Court File No. BK-22-02801364-0031 (Ont. S.C.J. [Commercial List]), [Endorsement of Justice Conway dated March 21, 2022](#),
6. *OMNI Conversion Technologies Inc. v. Grant Thornton Ltd.*, Court File No. BK-24-03155126-0031 (Ont. S.C.J. [Commercial List]), [Endorsement of Justice Steele dated November 29, 2024](#)
7. *Springer Aerospace Holdings Limited*, [2022 ONSC 6581](#)
8. *Colossus Minerals Inc. (Re)*, [2014 ONSC 514](#)

I certify that I am satisfied as to the authenticity of every authority.

Date June 28, 2026



Signature

SCHEDULE “B”

TEXT OF STATUTES, REGULATIONS & BY - LAWS

Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3

Court may order security or charge to cover certain costs

64.2 (1) On notice to the secured creditors who are likely to be affected by the security or charge, the court may make an order declaring that all or part of the property of a person in respect of whom a notice of intention is filed under section 50.4 or a proposal is filed under subsection 62(1) is subject to a security or charge, in an amount that the court considers appropriate, in respect of the fees and expenses of

- (a) the trustee, including the fees and expenses of any financial, legal or other experts engaged by the trustee in the performance of the trustee’s duties;
- (b) any financial, legal or other experts engaged by the person for the purpose of proceedings under this Division; and
- (c) any financial, legal or other experts engaged by any other interested person if the court is satisfied that the security or charge is necessary for the effective participation of that person in proceedings under this Division.

Priority

(2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the person.

Individual

(3) In the case of an individual,

- (a) the court may not make the order unless the individual is carrying on a business; and
- (b) only property acquired for or used in relation to the business may be subject to a security or charge.

Courts vested with jurisdiction

183 (1) The following courts are invested with such jurisdiction at law and in equity as will enable them to exercise original, auxiliary and ancillary jurisdiction in bankruptcy and in other proceedings authorized by this Act during their respective terms, as they are now, or may be hereafter, held, and in vacation and in chambers:

- (a) in the Province of Ontario, the Superior Court of Justice;

(b) [Repealed, 2001, c. 4, s. 33]

(c) in the Provinces of Nova Scotia and British Columbia, the Supreme Court;

(d) in the Provinces of New Brunswick and Alberta, the Court of Queen's Bench;

(e) in the Province of Prince Edward Island, the Supreme Court of the Province;

(f) in the Provinces of Manitoba and Saskatchewan, the Court of Queen's Bench;

(g) in the Province of Newfoundland and Labrador, the Trial Division of the Supreme Court; and

(h) in Yukon, the Supreme Court of Yukon, in the Northwest Territories, the Supreme Court of the Northwest Territories, and in Nunavut, the Nunavut Court of Justice.

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MILLER THOMSON LLP
Scotia Plaza
40 King Street West, Suite 6600
P.O. Box 1011
Toronto ON M5H 3S1

Larry Ellis LSO#: 49313K
lellis@millერთomson.com
Tel: 416.595.8639

Sam Massie LSO #: 72958L
smassie@millერთomson.com
Tel: 416.595.8641

Monica Faheim LSO#: 82213R
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Tel: 647.295.4659

Lawyers for the Debtor, Blizza Brands Inc.