

**District of Ontario
Division No. 5 - London
Court File No. BK-26-03390093-0035
Estate No. 35-33900932**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C.,
1985, C. B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF BLIZZA BRANDS INC.**

**THIRD REPORT OF THE PROPOSAL TRUSTEE
AUGUST 27th, 2026**

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INTRODUCTION

1. On June 23, 2026 (the “**Filing Date**”), Blizza Brands Inc. (“**Blizza**”, or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI(s)**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). Goldhar & Associates Ltd. (“**Goldhar**”), a Licensed Insolvency Trustee, was named proposal trustee (the “**Proposal Trustee**”) in the Company’s proposal proceedings (collectively, the “**Proposal Proceedings**”).
2. On June 28, 2026, the Proposal Trustee submitted its first report in these Proposal Proceedings (the “**First Report**”) to the Ontario Superior Court of Justice (the “**Court**”) in support of the Company’s motion to file the NOI.
3. An overview of the Company and background of the circumstances leading to the Company’s decision to file the NOI are included in the First Report. Further to the overview and background, the First Report details the freezing of the Company’s bank accounts and post-NOI garnishments made by the Canada Revenue Agency (“**CRA**”) as a result of amounts owing to the CRA relating to the Company’s excise license. Attached hereto as **Appendix “A”** is a copy of the First Report (without appendices).
4. On June 29, 2026, the Court granted, among other things, the following relief:
 - (a) Blizza’s application for an Order which, among other things, maintains that the status quo in respect of the Company’s Health Canada and cannabis excise licences be preserved and maintained during the pendency of the stay of proceedings, and to the extent any such licences may expire during the stay of proceedings, the terms of such licences shall be deemed to be extended by a period equal to the stay of proceedings in favour of the Company (the “**Stay Period**”);
 - (b) Blizza’s application for an Order lifting, terminating or suspending any garnishments, freezes, holds, restrictions or limitations imposed on the Company’s bank accounts be during the NOI proceedings, and directing the

Company's financial and banking institutions to permit the Company to access and utilize its bank accounts in the ordinary course of business;

(c) Blizza's application for an Order 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; and

(d) Blizza's application for an Order granting the super-priority Administration Charge up to a maximum of \$175,000.

5. On July 21, 2026, the Proposal Trustee submitted its second report in these Proposal Proceedings (the "**Second Report**") to the Court in support of the Company's July 23, 2026, application. Attached hereto as **Appendix "B"** is a copy of the Second Report.

6. On July 23, 2026, the Company sought, and was granted an Order (the "**DIP and Stay Extension Order**") by the Court for the following relief:

(a) to extend the period in which Blizza can make a proposal to its creditors and the stay of proceedings up to and including September 4, 2026;

(b) empowering the Company to obtain and borrow under a DIP Facility up to a maximum principal amount of \$150,000; and

(c) that the DIP Lender be entitled to, and granted, a DIP Lender's Charge. The DIP Lender's Charge, ranked in priority second to the Administration Charge and in favour of the DIP Lender, secures the maximum aggregate amount of \$150,000 plus interest, fees and expenses for amounts advanced by the DIP Lender in these Proposal Proceedings.

7. Attached hereto as **Appendix "C"** is a signed copy of the DIP and Stay Extension Order.

PURPOSE

8. The purpose of this third report of the Proposal Trustee (the "**Third Report**") is to advise the Court with respect to:

- (a) the Company's operations and communications with stakeholders since the Second Report;
 - (b) the Proposal Trustee's activities since the Second Report;
 - (c) the Company's actual performance to date versus the second filed cash flow forecast (the "**Second Cash Flow Forecast**");
 - (d) the Company's motion to seek an Order (the "**Proposed Order**"), which among other things:
 - (i) seeks to extend the period in which Blizza can make a proposal to its creditors and the stay of proceedings up to and including October 19, 2026 (the "**Stay Extension**"); and
 - (ii) such other relief as the Court may deem just.
 - (e) the Proposal Trustee's comments and report on the Company's cash flow statement for the period commencing August 24 to November 22, 2026 (the "**Third Cash Flow Forecast**"); and
 - (f) the Proposal Trustee's recommendations on the relief being sought by the Company.
9. The Proposal Trustee understands that the Company will be relying on the affidavit of Mr. Diep sworn August 27, 2026 (the "**Third Diep Affidavit**") and this Third Report in support of the relief sought in the Proposed Order(s).
10. The Third Diep Affidavit, the Second Diep Affidavit, the First Diep Affidavit, Second Report, First Report, and all other materials filed with the Court in these Proposal Proceedings are accessible on the Proposal Trustee's website: <https://goldhar.ca/corporate-engagements/blizza-brands-inc> (the "**Proposal Trustee's Websites**").

TERMS OF REFERENCE

11. In preparing this Third Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, books and

records prepared by the Company, discussions with management of the Company (“**Management**”), and information from other third-party sources (collectively, the “**Information**”). Except as described in this Third Report in respect of the Second Cash Flow Forecast and Third Cash Flow Forecast:

- (a) The Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - (b) Some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
12. Future oriented financial information referred to in this Third Report was prepared based on Management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variation could be significant.
13. Unless otherwise indicated, the Proposal Trustee’s understanding of factual matters expressed in this Third Report concerning the Company and their business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
14. The Third Report should be read in conjunction with the materials filed by the Company, and any affidavits filed by the Company in advance of the August 31, 2026, application.

15. Capitalized items used herein, not otherwise defined, are as defined in the previous reports of the Proposal Trustee or other materials filed in connection with these proceedings.
16. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

ACTIVITIES OF THE COMPANY AND PROPOSAL TRUSTEE SINCE THE FIRST REPORT

17. Since the Second Report, the Proposal Trustee has observed the Company engage in certain key activities, such as:
 - (a) communicating with various stakeholders and creditors regarding the Proposal Proceedings;
 - (b) responding to various questions/queries by vendors, occasionally with the assistance of the Proposal Trustee;
 - (c) corresponding with the Company's legal counsel, Miller Thomson, the Proposal Trustee and its legal counsel, Dickinson Wright LLP ("**Dickinson Wright**");
 - (d) communicating on an ongoing basis with certain creditors and/or their advisors;
 - (e) reporting to the Proposal Trustee on a weekly basis in respect of the Company's receipts and disbursements;
 - (f) working with the Proposal Trustee in preparing the Third Cash Flow Forecast; and
 - (g) working with Miller Thomson, Dickinson Wright and the Proposal Trustee to prepare materials for this application.
18. Since the Second Report, the Proposal Trustee has performed, but has not been limited to, the following key activities:

- (a) attending ongoing meetings with Management to discuss the proposal process and/or sales process;
- (b) assisting the Company with communications to various stakeholders;
- (c) in accordance with Section 50.4(2)(c) of the BIA, the Proposal Trustee assisted the Company in the preparation of the Third Cash Flow Forecast and the related assumptions, and e-filed accordingly;
- (d) continuing to review and evaluate the state of the Company's business and financial affairs in accordance with Section 50.4(7)(b)(ii) of the BIA;
- (e) monitoring the affairs of the Company's business including reviewing financial information with Management;
- (f) corresponding and holding numerous discussions with Management, Miller Thomson, and Dickinson Wright with respect to general matters;
- (g) responding to calls and emails from creditors, suppliers, customers, employees, shareholders and other stakeholders;
- (h) assisting in the preparation of the Third Cash Flow Forecast; and
- (i) preparing this Third Report.

VARIANCE ANALYSIS OF THE SECOND CASH FLOW FORECAST

- 19. In accordance with section 50.4(7)(b)(ii) of the BIA, the Proposal Trustee has continued to review and evaluate the state of the Company's business and financial affairs since the Filing Date.
- 20. As of the date of this Third Report, the Proposal Trustee reports that the garnished funds detailed in the First Report and Second Report have been returned to the BMO account(s) of the Company.
- 21. A comparison of Blizza's actual receipts and disbursements against the forecast for July 18 to August 21, 2026 (the "**Reporting Period**") is detailed in **Appendix "D"** of this Third Report.

22. The Company's actual cash flow from operations for the Reporting Period was more than the projected cash flows for that same period by approximately \$31,536. This positive discrepancy is primarily attributable to the following material unfavourable and favourable variances:

Unfavourable

- (a) Total Receipts were approximately \$99,122 less than projected during the reporting period. Management has stated that the projected flower sales receipts are expected to come in the week ending August 30th and will be approximately \$18,000 higher than the previously projected \$25,000. Similar to flower sales, Management has stated that milled sales receipts have been slightly delayed causing the timing variance in this Reporting Period and should be remedied in the weeks to come;
- (b) Commissions were approximately \$27,381 higher than projected for the Reporting Period as a result unanticipated pre-filing payments deemed critical subject to paragraph 9(c) of the Order of the Court dated June 29, 2026. Management has stated that they have successfully negotiated commissions to be 16% going forward as opposed to the 19.5% originally agreed upon with their brokers; and
- (c) The full \$150,000 DIP Financing was projected to be fully drawn during this Reporting Period; however, due to there being no need for the full draw, only \$125,000 of it was drawn causing a negative inflow of \$25,000.

Favourable

- (d) Projected equipment and maintenance disbursements of \$65,000 were markedly lower, with only \$30,709 needed. In discussions with Management, it is not anticipated that any material maintenance will be needed in the months to come;
- (e) Professional fees associated with the NOI proceedings were \$58,962 less than projected during the Reporting Period. This is due to Company's counsel not

invoicing; however, it is anticipated that fees will be paid in the weeks to come; and

- (f) Due to Management identifying and terminating unnecessary staff, payroll costs were approximately \$8,999 less than projected during the Reporting Period.

COMPANY’S REQUEST FOR STAY EXTENSION

23. The Company is seeking an extension of the time required to file a proposal from September 4 to October 19, 2026. The Proposal Trustee supports the extension request for the following reasons:

- (a) the Company is acting in good faith and with due diligence;
- (b) the extension will provide additional time to make a viable proposal to its creditors which will be for the general benefit of the Company’s stakeholders;
- (c) the extension should not adversely affect or prejudice any group of creditors as the Company is projected to have funding to pay post-filing services and suppliers in the amounts contemplated in the Third Cash Flow Forecast; and
- (d) it will provide the Company the additional time they require to further advance their restructuring, which is in the interest of the stakeholders.

THIRD CASH FLOW FORECAST

24. Given the stay extension sought, coupled with other factors, the Company has prepared the Third Cash Flow Forecast.

25. The Third Cash Flow Forecast is reported on a weekly basis, for the cash flow period from August 24 to November 22, 2026 (the “**Third Reporting Period**”). The Third Cash Flow Forecast has been prepared by the Company using probable and hypothetical assumptions set out herein.

26. The Third Cash Flow Forecast along with Management’s and the Proposal Trustee’s Report in accordance with section 50.4(2)(b) and 50.4(2)(c) of the BIA is attached hereto as **Appendix “E”** of this Third Report.

27. The Third Cash Flow Forecast accounts for certain timing variances associated with receipts and disbursements previously noted in this report.
28. The Proposal Trustee notes that the DIP Term Sheet contemplates that the current maturity date is set for October 15, 2026; however, the Third Cash Flow Forecast does not contemplate repayment of the DIP Financing by this date. Given the current assumptions of the Third Cash Flow Forecast, the Company will not have the ability to repay funds due at the current maturity date set.
29. It is understood that the Company and its counsel will seek to amend the DIP Term Sheet with the DIP Lender, extending the maturity date to allow the Company the ability to repay the DIP Lender while not adversely affecting or prejudicing other stakeholders in the process.

CONCLUSIONS AND RECOMMENDATIONS

30. For the reasons previously stated in this Third Report, the Proposal Trustee supports the relief being sought by the Company.

All of which is respectfully submitted this 27th day of August 2026.

**GOLDHAR & ASSOCIATES LTD, in its capacity
as Proposal Trustee of Blizza Brands Inc.,
and not in its corporate or personal
capacity.**



**Evan MacKinnon, CFA, CIRP, LIT
Senior Managing Director**

Appendix A

**District of Ontario
Division No. 5 - London
Court File No. BK-26-03390093-0035
Estate No. 35-33900932**

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**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C.,
1985, C. B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF BLIZZA BRANDS INC.**

**FIRST REPORT OF THE PROPOSAL TRUSTEE
JUNE 28, 2026**

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- Appendix B - Affidavit of Mailing and Creditor’s Package

INTRODUCTION

1. On June 23, 2026 (the “**Filing Date**”), Blizza Brands Inc. (“**Blizza**”, or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI(s)**”) pursuant to section 50.4 of the Bankruptcy & Insolvency Act, R.S.C. 1985, c. B-3 (the “**BIA**”). Goldhar & Associates Ltd. (“**Goldhar**”), a Licensed Insolvency Trustee, was named proposal trustee (the “**Proposal Trustee**”) in the Company’s proposal proceedings (collectively, the “**Proposal Proceedings**”). A copy of the certificate of filing of a Notice of Intention to Make a Proposal (the “**Certificate of Filing**”) issued by the Office of the Superintendent of Bankruptcy (the “**OSB**”) is attached hereto as **Appendix “A”**.

PURPOSE

2. The purpose of this first report of the Proposal Trustee (the “**First Report**”) is to advise the Court with respect to:
 - (a) an overview of the Company;
 - (b) background on the circumstances leading to the Company’s decision to commence the Proposal Proceeding;
 - (c) the Company’s creditors;
 - (d) the Company’s operations and communications with stakeholders since the commencement of the Proposal Proceeding;
 - (e) the Proposal Trustee’s activities since its appointment;
 - (f) the Company’s motion to seek an order (the “**Proposed Order**”):
 - (i) ordering that the status quo in respect of the Company’s Health Canada and cannabis excise licences shall be preserved and maintained during the pendency of the stay of proceedings, and to

the extent any such licences may expire during the stay of proceedings, the terms of such licences shall be deemed to be extended by a period equal to the stay of proceedings in favour of the Company (the “**Stay Period**”);

- (ii) ordering that any garnishments, freezes, holds, restrictions or limitations imposed on the Company’s bank accounts be lifted, terminated or suspended during the NOI proceedings, and directing the Company’s financial and banking institutions to permit the Company to access and utilize its bank accounts in the ordinary course of business;
- (iii) 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;
- (iv) granting the super-priority Administration Charge (herein defined); and
- (v) such other relief as this Court may deem just.

(g) the Proposal Trustee’s recommendations on the relief being sought by the Company.

3. The Proposal Trustee understands that the Company will be relying on the affidavit of Mr. Manh Linh Diep (“**Mr. Diep**”) sworn June 26, 2026 (the “**Diep Affidavit**”) in support of the relief sought in the Proposed Order.
4. The Diep Affidavit, and all other materials filed with the Court in these Proposal Proceedings are accessible on the Proposal Trustee’s websites at:

<https://goldhar.ca/corporate-engagements/blizza-brands-inc> (the “**Proposal Trustee’s Websites**”).

TERMS OF REFERENCE

5. In preparing this First Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Company, discussions with management of the Company (“**Management**”), and information from other third-party sources (collectively, the “**Information**”). Except as described in this First Report in respect of the Cash Flow Forecasts:

(a) The Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

(b) Some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

6. Future oriented financial information referred to in this First Report was prepared based on Management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not

ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variation could be significant.

7. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in this First Report concerning the Company and their business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

OVERVIEW OF THE COMPANY

9. This First Report should be read in conjunction with the Diep Affidavit for additional background and financial information with respect to the Company. Any terms not expressly defined herein are otherwise defined in the Diep Affidavit.
10. Blizza is a privately held corporation, that was formed by amalgamation on May 19, 2021, pursuant to the Business Corporations Act (Ontario) (the "**OBCA**") with its registered head office at 371 Neptune Crescent, London, Ontario.
11. The Company is a federally licensed cannabis cultivator and processor, producing and selling premium branded cannabis products for the Canadian recreational market through provincial wholesalers including the Ontario Cannabis Store ("**OCS**"). Blizza markets products under several consumer brands, including VOLO, OP, KWALL, Deep Value and KEFF. 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.

12. 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 cultivation and processing space. The Company has eight (8) full-time employees and two (2) independent contractors.

13. Blizza holds two (2) licences that are essential to its operations:

- (a) a cannabis licence issued by Health Canada pursuant to the *Cannabis Act* and the *Cannabis Regulations* (the “**Health Canada Licence**”); and
- (b) 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**”).

14. The Licences are among the Company’s most significant assets. The Licences are non-transferable and are critical to the Company’s operations and going-concern value. Without the Licences, the Company cannot lawfully cultivate, process, package or sell cannabis products in Canada.

CIRCUMSTANCES LEADING UP TO THE PROPOSAL PROCEEDINGS

15. The Proposal Trustee understands that the Company’s financial difficulties arose from a combination of operational, financial and industry-specific factors in or around 2024. At that time, the Company was experiencing 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.

16. These difficulties were further impacted by broader challenges facing the Canadian cannabis industry, including regulatory and taxation concerns, , compressed margins, and intense market competition.

17. As a result, the Company's excise tax arrears and other trade payables have increased over time and despite efforts to reduce costs, improve operations, negotiate payment arrangements with creditors and governmental authorities, and raise additional capital, the Company's liquidity position continues to deteriorate.

18. 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. These enforcement measures included the registration of tax liens against title to the Facility; attendance by CRA representatives at the Facility including the destruction of certain cannabis inventory and cannabis products, and the garnishment of the Company's main operating bank accounts at the Bank of Montreal (the "**Bank Accounts**").

19. Based on the Company's accounts payable listing dated June 23, 2026, the Company had estimated unsecured obligations totalling approximately \$1.44 million, including \$599,196 of amounts owed to CRA.

20. As of the date of the filing of the NOI, the Company had no ability to access funds in its Bank Accounts to pay obligation as they come due (accounts locked down due to the garnishments), employees not required for the Health Canada Licence were laid off (management/ownership funded the last payroll personally), and operations were ceased as the Licenses were at imminent risk of being terminated.
21. The above necessitated the filing of the NOI in order to preserve enterprise value, maintain the Licences and pursue a restructuring for the benefit of its stakeholders.
22. As described below, as of the date of the First Report, the Proposal Trustee understands that the Company has had discussions with Department of Justice (“**DOJ**”) who has confirmed on behalf of CRA that the Excise Licence will be extended; however, the Company has not yet received formal documentation from CRA confirming same.
23. Under the BIA, the initial stay of proceedings will expire on July 22, 2026 (the “**Stay Period**”).

CREDITORS

Secured Claims

24. The Company has one (1) 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**”). Title to the Facility is subject to a first-ranking registered charge in favour of the Mortgage Lenders securing the Mortgage Loan.

Crown Claims

25. The Company estimates that it owes approximately \$599,196.79 to the 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.

Unsecured Creditors

26. 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 23, 2026, its trade accounts payable were approximately \$837,290.29.

27. The affidavit of mailing and the associated creditor package for the Company is attached hereto as **Appendix "B"**.

UPDATE ON THE COMPANY'S ACTIVITIES

28. Since the Filing Date, the Company has been taking steps and focusing on stabilizing operations, including on June 26, 2026, the Company, through its counsel, engaged in discussions with 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 stay of proceedings in favour of the Company. 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 reflecting the extension.

29. The Company has also 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.

30. The Proposal Trustee also understands that in light of the discussions with the Company following the filing of the NOI, DOJ does not intend to attend or take a position on the Company's motion returnable June 29, 2026 and the relief sought therein.

PROPOSAL TRUSTEE'S ACTIVITIES TO DATE

31. The Proposal Trustee established the Proposal Trustee's Website for these Proposal Proceedings. All court documents and certain other relevant documents have and will continue to be posted as they are made available.

32. In accordance with its obligations under the BIA, the Proposal Trustee prepared and sent a notice on June 26, 2026, which includes information about the Proposal Proceedings, to all known creditors, based on the contact information of such known creditors who have a claim against the Company of more than \$250, by prepaid ordinary mail and email where unknown.

33. In accordance with subsection 50.4(2)(c) of the BIA, the Proposal Trustee is assisting the Company in the preparation of their respective cash-flow projections and related assumptions

34. The Proposal Trustee also completed statutory forms and e-filed such reports with the OSB.

35. Furthermore, since the issuance of the Certificates of Filing, the Proposal Trustee, among other things, has:

- (a) participated in various calls with Management to gain a better understanding of the Company's books and records and operations;
- (b) participated in various meetings with the Company and its legal counsel regarding motion materials; and
- (c) responded to calls, e-mails and letters received from creditors and other parties with respect to the Proposal Proceedings.

36. Prepared this First Report, including reviewing the Company's assets and operations in, reviewing various financial reports, appraisals and valuations and other related analysis.

THE RELIEF AND ORDER BEING SOUGHT BY THE COMPANY

Status Quo of Licences

37. The Company is seeking an order that the status quo in respect of the Company's Licences be preserved and maintained during the pendency of the proposed Stay Period, and that to the extent that any Licence may expire during the Stay Period, the term of such licence shall be deemed to be extended for so long as the stay of proceedings under the BIA remains in effect in respect of the Company.

38. We understand the DOJ has confirmed and is in support of this course of action and the Company is waiting for official correspondence regarding the same from CRA.

Lifting of Bank account freezes and holds

39. The Company seeks an Order directing that such freezes, holds, restrictions or limitations imposed on the bank accounts be lifted, terminated or suspended during the NOI proceedings, and directing the financial and banking institutions to permit the Company to access and utilize its bank accounts in the ordinary course of business.

40. Although the Company has been advised that CRA has commenced withdrawing the requirements to pay issued in respect of the Company (of which 16 were issued by CRA to various recipients), the Company has not received confirmation from its banking institutions that all restrictions, freezes and holds affecting its bank accounts have been lifted. Efforts to regain access to the operating bank accounts are ongoing.

41. The Proposal Trustee is supportive of an Order that would facilitate the Company regaining access to its banking facilities in order to preserve the value of its business and assets, maintain its Licences, pay ongoing operating expenses, and pursue a restructuring for the benefit of its stakeholders.

Proposed Priority Charges

42. The Proposed Order provides for a first-in-priority charge against the assets, undertakings and properties of the Company, up to a maximum amount of \$175,000 (the “**Administration Charge**”) in favour of counsel to the Company, the Proposal Trustee and its independent counsel, as security for the professional fees and disbursements incurred prior to and after the commencement of the Proposal Proceedings. It is intended

that professional fee obligations secured by the Administration Charge will be paid in the ordinary course from funding from operations.

43. The Proposal Trustee is of the view that given the current liquidity constraints of the Company, the proposed Administration Charge is required and reasonable in the circumstances. The Proposal Trustee is of the view that the Administration Charge is necessary for the effective participation of the professionals in the Proposal Proceedings and believes the quantum of the Administration Charge is reasonable in the circumstances based upon a review and assessment of the anticipated professional costs to be incurred during this matter.

44. The Proposal Trustee understands that the Company has provided their secured creditors with notice, with such secured creditors having been included on the service list in connection with these Proposal Proceedings, prior to the relief being sought in the Proposed Order.

Critical Vendors

45. The Company seeks authority, with the consent of the Proposal Trustee, to pay certain Critical Vendors up to the aggregate amount of \$75,000, where such payments are necessary to preserve the Company's business, assets, operations, licences or restructuring prospects.

46. The critical suppliers identified by Management include, but are not limited to, flower suppliers, geneticists, and proprietary intellectual property providers.

47. The Proposal Trustee supports limited payments to certain critical pre-filing obligations may be necessary to maintain key relationships, preserve the value of the business and facilitate the formulation of a viable proposal for the benefit of creditors.

48. Such further and other grounds as counsel may advise and this Court may permit.

CONCLUSIONS AND RECOMMENDATIONS

49. For the reasons previously stated in this First Report, the Proposal Trustee supports the relief being sought by the Company and the Proposed Order.

All of which is respectfully submitted this 28th day of June 2026.

**GOLDHAR & ASSOCIATES LTD, in its capacity
as Proposal Trustee of Blizza Brands Inc.,
and not in its corporate or personal
capacity.**

A handwritten signature in black ink, appearing to read "Clark Lonergan", written in a cursive style.

**Clark Lonergan, CA, CPA, CIRP, LIT
Senior Managing Director**

Appendix B

**District of Ontario
Division No. 5 - London
Court File No. BK-26-03390093-0035
Estate No. 35-33900932**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY & INSOLVENCY)
[Commercial List]**

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C.,
1985, C. B-3, AS AMENDED
AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF BLIZZA BRANDS INC.**

**SECOND REPORT OF THE PROPOSAL TRUSTEE
JULY 21, 2026**

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Appendix B – First Report of the Proposal Trustee (Without Appendices)

Appendix C – Signed June 29, 2026 Order

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Appendix F – Second Cash Flow Forecast

INTRODUCTION

1. On June 23, 2026 (the “**Filing Date**”), Blizza Brands Inc. (“**Blizza**”, or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4 of the *Bankruptcy & Insolvency Act*, R.S.C. 1985, c. B-3 (the “**BIA**”). Goldhar & Associates Ltd., a Licensed Insolvency Trustee, was named proposal trustee (the “**Proposal Trustee**”) in the proceedings initiated by the NOI (the “**Proposal Proceedings**”). A copy of the certificate of filing of a Notice of Intention to Make a Proposal issued by the Office of the Superintendent of Bankruptcy is attached hereto as **Appendix “A”**.
2. On June 28, 2026, the Proposal Trustee submitted its first report in these Proposal Proceedings (the “**First Report**”) to the Ontario Superior Court of Justice (the “**Court**”) in support of the Company’s motion Returnable June 29, 2026.
3. An overview of the Company and background of the circumstances leading to the Company’s decision to file the NOI are included in the First Report. Further to the overview and background, the First Report details various creditor enforcement measures including the freezing of the Company’s bank accounts and post-NOI garnishments made by the Canada Revenue Agency (“**CRA**”) as a result of amounts owing to the CRA relating to the Company’s excise license. Attached hereto as **Appendix “B”** is a copy of the First Report (without appendices).
4. On June 29, 2026, the Court granted, among other things, the following relief:
 - (a) Blizza’s motion for an Order that the status quo in respect of the Company’s Health Canada and cannabis excise licences be preserved and maintained during the pendency of the stay of proceedings, and to the extent any such licences may expire during the stay of proceedings, the terms of such licences shall be deemed to be extended by a period equal to the stay of proceedings in favour of the Company (the “**Stay Period**”);
 - (b) Blizza’s motion lifting, terminating and suspending any garnishments, freezes, holds, restrictions or limitations imposed on the Company’s bank accounts during the NOI proceedings, and directing the Company’s financial

and banking institutions to permit the Company to access and utilize its bank accounts in the ordinary course of business;

(c) Blizza’s motion for an Order 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; and

(d) Blizza’s motion for an Order granting the super-priority Administration Charge up to a maximum of \$175,000.

5. Attached hereto as **Appendix “C”** is a copy of the signed Order, dated June 29, 2026.

PURPOSE

6. The purpose of this second report of the Proposal Trustee (the “**Second Report**”) is to advise the Court with respect to:

(a) the Company’s operations and communications with stakeholders since the First Report;

(b) the Proposal Trustee’s activities since the First Report;

(c) the Company’s actual performance to date versus the first filed cash flow forecast (the “**First Cash Flow Forecast**”);

(d) the Company’s motion for an Order (the “**Proposed Order**”), which among other things:

(i) extends the period in which Blizza can make a proposal to its creditors, and the stay of proceedings, up to and including September 4, 2026;

(ii) approves the DIP Term Sheet (defined below) and authorizing the Company to obtain and borrow under a debtor-in-possession credit facility (the “**DIP Facility**”) from ND Supplies Inc. (in such

capacity, the “**DIP Lender**”) up to a maximum principal amount of \$150,000;

(iii) grants a charge (the “**DIP Lender’s Charge**”) in favour of the DIP Lender to secure the Company’s obligations under the DIP Term Sheet; and

(iv) grants such other relief as the Court may deem just.

(e) the Proposal Trustee’s comments and report on the Company’s cash flow statement for the period commencing July 18 to October 16, 2026 (the “**Second Cash Flow Forecast**”); and

(f) the Proposal Trustee’s recommendations on the relief being sought by the Company.

7. The Proposal Trustee understands that the Company will be relying on the affidavit of Linh Diep sworn July 20, 2026 (the “**Second Diep Affidavit**”) in support of the relief sought in the Proposed Order.
8. The first affidavit of Linh Diep sworn July 26, 2026 (the “**First Diep Affidavit**”), the Second Diep Affidavit, the First Report, and all other materials filed with the Court in these Proposal Proceedings are accessible on the Proposal Trustee’s website: <https://goldhar.ca/corporate-engagements/blizza-brands-inc> (the “**Proposal Trustee’s Website**”).

TERMS OF REFERENCE

9. In preparing this Second Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Company, discussions with management of the Company (“**Management**”), and information from other third-party sources (collectively, the “**Information**”). Except as described in this Second Report in respect of the First Cash Flow Forecast and Second Cash Flow Forecast:

(a) The Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided.

However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“GAAS”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

(b) Some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

10. Future oriented financial information referred to in this Second Report was prepared based on Management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variation could be significant.
11. Unless otherwise indicated, the Proposal Trustee’s understanding of factual matters expressed in this Second Report concerning the Company and their business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
12. The Second Report should be read in conjunction with the Motion Record filed by the Company in connection with the motion returnable June 23, 2026.
13. Capitalized items used herein, not otherwise defined, are as defined in the previous reports of the Proposal Trustee or other materials filed in connection with these proceedings.
14. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

ACTIVITIES OF THE COMPANY AND PROPOSAL TRUSTEE SINCE THE FIRST REPORT

15. Since the First Report, the Proposal Trustee has observed the Company engage in certain key activities, such as:

- (a) communicating with various stakeholders and creditors regarding the Proposal Proceedings;
- (b) responding to various questions/queries by vendors, occasionally with the assistance of the Proposal Trustee;
- (c) corresponding with the Company's legal counsel, Miller Thomson LLP ("**Miller Thomson**"), and the Proposal Trustee;
- (d) communicating on an ongoing basis with certain creditors and/or their advisors;
- (e) reporting to the Proposal Trustee on progress made with regard to the return of the garnished wages, and on a weekly basis in respect of the Company's receipts and disbursements;
- (f) working with the Proposal Trustee in preparing the Second Cash Flow Forecast; and
- (g) working with Miller Thomson and the Proposal Trustee to prepare materials for this motion.

16. Since the First Report, the Proposal Trustee has performed, but has not been limited to, the following key activities:

- (a) attending ongoing meetings with Management to discuss the proposal process and/or sales process;
- (b) assisting the Company with communications to various stakeholders;
- (c) in accordance with Section 50.4(2)(c) of the BIA, the Proposal Trustee assisted the Company in the preparation of the First Cash Flow Forecast and the related assumptions, and e-filed accordingly;

- (d) continuing to review and evaluate the state of the Company's business and financial affairs in accordance with Section 50.4(7)(b)(ii) of the BIA;
- (e) monitoring the affairs of the Company's business including reviewing financial information with Management;
- (f) attending the London, Ontario facility for a site tour and meetings with on-site management;
- (g) corresponding and holding numerous discussions with Management and Miller Thomson with respect to general matters;
- (h) corresponding with the CRA, the Department of Justice and the Bank of Montreal ("**BMO**") for the return of the garnished funds (further detailed in the First Report);
- (i) responding to calls and emails from creditors, suppliers, customers, employees, shareholders and other stakeholders;
- (j) assisting in the preparation of the Second Cash Flow Forecast; and
- (k) preparing this Second Report.

VARIANCE ANALYSIS OF THE FIRST CASH FLOW FORECAST

- 17. In accordance with section 50.4(7)(b)(ii) of the BIA, the Proposal Trustee has continued to review and evaluate the state of the Company's business and financial affairs since the Filing Date.
- 18. As of the date of this Second Report, the Proposal Trustee has determined that approximately \$83,924 in funds garnished after the Filing Date have yet to be returned to the BMO account(s) of the Company.
- 19. Further, the Ontario Cannabis Store ("**OCS**") garnished approximately \$3,615 in funds. As of the date of this Second Report, the Proposal Trustee anticipates that these funds will be returned to the Company as well.
- 20. As of the date of this Second Report, the CRA, OCS, and BMO confirm that the garnishments have been removed from the bank accounts of Blizza and that the

garnished amounts are being returned by the CRA and OCS. No timeline has been confirmed for the receipt of the garnished funds.

21. Given the shortfall in garnished funds yet to be returned, Management has had to personally cover payroll of \$88,114.96 that was originally forecasted to be paid from the Company's cash flow.
22. The Proposal Trustee believes that the payroll disbursement was necessary in maintaining the Company as a going concern to the benefit of its stakeholders and as such, believes that when commercially reasonable, Management should be paid directly from the Company proceeds to offset this disbursement covered personally from the Filing Date to July 17, 2026 (the "**Reporting Period**").
23. Not accounting for the funding of the Company from personal sources of Management, a comparison of Blizza's actual receipts and disbursements against the forecast for the Reporting Period is detailed in **Appendix "D"** of this Second Report.
24. The Company's actual cash flow from operations for the Reporting Period was less than the projected cash flows for that same period by approximately \$53,209. This negative discrepancy is primarily attributable to the following material unfavourable and favourable variances:

Unfavourable

- (a) Total Receipts were approximately \$289,567 less than projected during the reporting period. Management has stated that this was due to timing delays in Milled Sales and that proceeds will be received over the next two to three weeks, remedying this variance. Flower sales are anticipated in a similar timeline; however, it is expected only \$25,000 will be received as opposed to the \$35,000 originally forecasted during the Reporting Period;
- (b) CRA garnishments of approximately \$83,924 made a day after the Filing Date hindered the Company. As detailed in this report, it is expected that proceeds will be returned, remedying this variance; and

- (c) Bank charges were not contemplated in the First Cash Flow Forecast; however, Management has stated that due to the industry in which they operate, banks typically charge approximately \$3,000 per month in fees. This will be accounted for in the Second Cash Flow Forecast and any other forecasts going forward (if necessary).

Favourable

- (d) The CRA garnishment resulted in most of the projected disbursements being returned due to lack of funds during the initial weeks of these Proposal Proceedings. Given this, approximately \$321,080 in forecasted disbursements were not made during the Reporting Period, leading to a favourable variance. However, these disbursements (much of them critical) will be paid from the proceeds currently held, along with the proposed DIP Facility and sales going forward.

COMPANY'S REQUEST FOR STAY EXTENSION

25. The Company is seeking an extension of the time required to file a proposal from July 22 to September 4, 2026. The Proposal Trustee supports the extension request for the following reasons:

- (a) the Company is acting in good faith and with due diligence;
- (b) the extension will provide additional time to make a viable proposal to its creditors which will be for the general benefit of the Company's stakeholders;
- (c) the extension should not adversely affect or prejudice any group of creditors as the Company is projected to have funding to pay post-filing services and suppliers in the amounts contemplated in the Second Cash Flow Forecast; and
- (d) it will provide the Company the additional time they require to further advance their restructuring, which is in the interest of the stakeholders.

COMPANY'S REQUEST FOR APPROVAL OF DIP TERM SHEET & DIP LENDER'S CHARGE

26. The Company is seeking approval of a debtor-in-possession term sheet (the “**DIP Term Sheet**”) dated July 21, 2026, pursuant to which the DIP Lender, has offered to make available a DIP Facility up to a maximum principal amount of \$150,000. A copy of the DIP Term Sheet is attached hereto as **Appendix “E”** of this Second Report.
27. In addition to the approval of the DIP Term Sheet and authority to borrow under the DIP Facility, the Proposed Order also provides for a DIP Lender's Charge to secure the obligations of the Company under the DIP Term Sheet.
28. The priorities of the previously granted Administration Charge and the DIP Lender's Charge (collectively, the “**Charges**”), as among them, are proposed to be as follows:
- (a) First – Administration Charge (to the maximum \$175,000); and
 - (b) Second – DIP Lender's Charge (to the maximum of \$150,000 plus accrued and accruing interest and fees under the DIP Term Sheet).
29. The material items, terms and conditions of the DIP Term Sheet include the following (all terms capitalized but not defined below are as defined in the DIP Term Sheet):
- (a) **DIP Lender:** ND Supplies Inc.
 - (b) **DIP Facility:** Non-revolving debtor-in-possession loan facility in the maximum aggregate principal amount of \$150,000.
 - (c) **Purpose:** The DIP Facility shall be available to fund: (a) working capital needs of the Borrower; (b) professional fees and expenses incurred by the Borrower and the Proposal Trustee in respect of the NOI Proceedings; in each case in accordance with the Cash Flow Forecast; (c) the Recoverable Expenses; and (d) such other costs and expenses of the Borrower as may be agreed to by the Lender and the Proposal Trustee, in writing.

- (d) **Advances:** The Borrower shall provide the Lender with no less than two (2) business days' written notice for any requested Advance, which notice shall state the purpose for which the Advance is to be used by the Borrower.
- (e) **Commitment Fee:** \$3,000, representing 2% of the total amount available under the DIP Facility, earned upon the execution of this Term Sheet, payable on the Maturity Date, and secured by the DIP Lender's Charge.
- (f) **Interest Rate:** 12% per annum
- (g) **Maturity Date:** The earliest of: (a) October 15, 2026; (b) the implementation of a proposal within the NOI Proceedings that has been approved by the requisite majority of the Borrower's creditors and by an order of the Court; (c) the closing of a sale or investment transaction in respect of the Property, which has been approved by the Court; (d) the date on which the NOI Proceedings are terminated for any reason, including the bankruptcy of the Borrower; and (e) the occurrence of an Event of Default, subject to a cure period.
- (h) **Security:** All debts, liabilities and obligations of the Borrower to the Lender under or in connection with the DIP Facility, this Term Sheet and any other documents executed in connection therewith shall be secured by a Court-ordered priority charge granted to the Lender in and to all present and future properties, assets, and undertakings of the Borrower, real and personal, tangible and intangible, whether now owned or hereafter acquired, subject only to the Administration Charge.
- (i) **Conditions:** The granting of an Order approving the DIP Term Sheet and the DIP Lender's Charge, among other customary conditions.

30. Management has stated that the use of the proceeds from DIP Facility will be operating expenses and repairs necessary for the ongoing operations of the Company. Specifically, the funds will be used for expected capital expenditures and maintenance repairs of

equipment necessary for the operations of the Company, critical disbursements, restructuring fees, payroll and contractors.

31. The Proposal Trustee notes that the DIP Lender is a related party to the Company, with certain members of Management acting as Directors of ND Supplies Inc. However, the Proposal Trustee believes that the terms offered by the DIP Lender are commercially reasonable, consistent with market rates in the circumstances.
32. Furthermore, the Proposal Trustee is of the view that the Company's request for approval of the DIP Term Sheet and the DIP Lender's Charge is required and reasonable in order to provide the Company the necessary financing to maintain the ongoing operations it works through these Proposal Proceedings. Absent approval of this financing, the Company may not be able to continue as a going concern and be forced to shutter operations and commence a liquidation of assets, which would result in the loss of value and jobs and be detrimental to the stakeholders of Blizza.

SECOND CASH FLOW FORECAST

33. Given the request for a DIP Facility, coupled with other factors, the Company has prepared a Second Cash Flow Forecast.
34. The Second Cash Flow Forecast is reported on a weekly basis, for the cash flow period from July 18 to October 16, 2026 (the "**Updated Reporting Period**"). The Second Cash Flow Forecast has been prepared by the Company using probable and hypothetical assumptions set out herein.
35. The Second Cash Flow Forecast along with Management's and the Proposal Trustee's Report in accordance with section 50.4(2)(b) and 50.4(2)(c) of the BIA is attached hereto as **Appendix "F"** of this Second Report.
36. The Second Cash Flow Forecast accounts for the proposed DIP Facility, along with timing variances associated with receipts and disbursements previously noted in this report.

37. As noted earlier in this report, the DIP Facility will be used to cover expected maintenance costs necessary for the ongoing operations of the Company, critical disbursements along with restructuring fees, payroll and contractors.

CONCLUSIONS AND RECOMMENDATIONS

38. For the reasons previously stated in this Second Report, the Proposal Trustee supports the relief being sought by the Company in the Proposed Order.

All of which is respectfully submitted this 21st day of July 2026.

**GOLDHAR & ASSOCIATES LTD, in its capacity
as Proposal Trustee of Blizza Brands Inc.,
and not in its corporate or personal
capacity.**



**Clark Lonergan, CA, CPA, CIRP, LIT
Senior Managing Director**

Appendix C

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	THURSDAY, THE 23 rd
	)	
JUSTICE J. DIETRICH	)	DAY OF JULY, 2026

(Court Seal)

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

ORDER
(Re: Stay Extension and DIP approval)

THIS MOTION, made by Blizza Brands Inc. (the “**Company**”), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) was heard this day by video conference at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Affidavit of Linh Diep sworn July 20, 2026 and the exhibits thereto (the “**Second Diep Affidavit**”), the second report dated July 21, 2026 (the “**Second Report**”) of Goldhar & Associates Ltd. (in such capacity, the “**Proposal Trustee**”), the Order of Justice Black dated June 29, 2026, and on being advised that the secured creditors who are likely affected by the charge created herein were given notice, and on hearing the submissions of counsel for the Company and counsel for the Proposal Trustee, and those other parties present, no one else appearing although duly served as appears from the Affidavit of Service, filed,

SERVICE AND DEFINITIONS

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

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2. **THIS COURT ORDERS** that capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Second Diep Affidavit, the Second Report, or the Order of Justice Black dated June 29, 2026, as applicable.

EXTENSION OF TIME TO FILE A PROPOSAL

3. **THIS COURT ORDERS** that Pursuant to subsection 50.4(9) of the BIA, the time for the Company to file a proposal is hereby extended up to and including September 4, 2026.

DIP TERM SHEET AND DIP LENDER'S CHARGE

4. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to obtain and borrow under a credit facility (the “**DIP Facility**”) from ND Supplies Inc. (the “**DIP Lender**”) in order to finance the Company’s working capital requirements and other general corporate purposes and capital expenditures as described in the DIP Term Sheet between the Company and the DIP Lender dated July 20, 2026 (the “**DIP Term Sheet**”), provided that borrowings under the DIP Facility shall not exceed the principal amount of \$150,000, excluding interest, fees and expenses, unless permitted by further Order of this Court.

5. **THIS COURT ORDERS THAT** the DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet, filed, subject to such minor amendments as may be acceptable to the Company and the DIP Lender, with the approval of the Proposal Trustee.

6. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Company is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when they become due and are to be performed, notwithstanding any other provision of this Order.

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7. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of, and is hereby granted, a charge (the “**DIP Lender’s Charge**”) on the Property as security for the Company’s obligations to the DIP Lender under the DIP Term Sheet, which DIP Lender’s Charge shall not exceed the principal amount of \$150,000 (plus accrued and accruing interest and the reasonable fees and expenses payable under the DIP Term Sheet). The DIP Lender’s Charge shall not secure an obligation that exists before this Order is made unless permitted by further Order of the Court. The DIP Lender’s Charge shall have the priority set out in paragraphs 10 and 12 hereof.

8. **THIS COURT ORDERS** that notwithstanding any other provision of this Order or sections 69 and 69.1 of the BIA:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender’s Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the DIP Term Sheet or the Definitive Documents, the DIP Lender, upon five days’ written notice to the Company and the Proposal Trustee, may exercise any and all of its rights and remedies against the Company or the Property under or pursuant to the DIP Term Sheet, the Definitive Documents and the DIP Lender’s Charge, including, without limitation, to cease making advances to the Company and set off and/or consolidate any amounts owing by the DIP Lender to the Company against the obligations of the Company to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender’s Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and

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- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Company or the Property.

9. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by the Company under the BIA with respect to any advances made under the DIP Term Sheet or the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

10. **THIS COURT ORDERS** that the priorities of the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$175,000); and

Second – DIP Lender's Charge (to the maximum amount of \$150,000) plus accrued and accruing interest and the reasonable fees and expenses payable under the DIP Term Sheet).

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

12. **THIS COURT ORDERS** that that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise (collectively, “**Encumbrances**”): (a) with respect to the Administration Charge, in favour of any Person; and (b) with respect to the DIP Lender’s Charge, in favour of 0933805 BC Limited and Pierino Alberta Papa.

13. **THIS COURT ORDERS** that, except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Company also obtains the prior written consent of the Proposal Trustee and the beneficiaries of the Charges affected thereby (collectively, the “**Chargees**”), or further Order of this Court.

14. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet, and the Definitive Documents shall not be rendered invalid or unenforceable, and the rights and remedies of the Chargees, including the DIP Lender, shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such application(s); (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) that binds the Company, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Company of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Company entering

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into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and

- (c) the payments made by the Company pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

GENERAL

15. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order.

16. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Company and the Proposal Trustee, or such other notice as this Court may order.

17. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order.



(Signature of judge, officer or registrar)

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

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at
Toronto

ORDER
Returnable July 23, 2026
(Re: Stay extension and DIP Approval)

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Lawyers for the Company, Blizza Brands Inc.

Appendix D

Blizza Brands Inc.
Cumulative Budget to Actual Comparison
July 18 to August 21, 2026

(\$ CAD)

	Budget	Actual	Variance F(U)
Receipts			
Retail sales	65,000	32,547	(32,453)
Milled sales	266,250	236,159	(30,091)
Return of Post NOI-Filing Garnishments	83,924	83,924	0
Flower sales	25,000	-	(25,000)
HST/GST collected	25,013	13,435	(11,578)
Total receipts	465,187	366,065	(99,122)
Disbursements from operations			
Commissions	78,828	106,208	(27,381)
Stock purchases	30,000	22,514	7,486
Equipment & maintenance	65,000	30,709	34,291
Cultivation operations	40,000	36,587	3,413
Lab testing	7,000	1,970	5,030
Contract employees	28,000	20,650	7,350
Other direct operating expenses	25,000	20,810	4,190
Retailer costs	15,000	15,419	(419)
Insurance	3,500	4,696	(1,196)
Utilites	3,500	6,854	(3,354)
Payroll wages & WSIB/EHT	83,648	74,649	8,999
Property taxes	-	-	-
Professional fees	2,000	1,154	846
Excise tax/licensing	3,000	2,076	924
HST on disbursements	50,255	-	50,255
HST remittances/(refunds)	10,000	5,654	4,346
Collateral mortgage interest	22,000	23,785	(1,785)
Restructuring fees	100,000	41,038	58,962
Contingency	3,000	-	3,000
Bank fees/charges	3,750	3,048	702
Total Disbursements	573,481	417,823	154,956
Net Cash Inflow/(Outflow)	(95,147)	132,159	227,306
Funding from DIP facility/deposit	150,000	125,000	(25,000)
Opening Cash Balance	92,901	92,901	-
Net Cash Inflow/(Outflow)	41,706	73,243	31,536
Closing Cash Balance	134,607	166,143	31,536

Appendix E

District of: Ontario
Division No. 05 - London
Court No. 35-3390093
Estate No. 35-3390093

_ FORM 29 _
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of
Blizza Brands Inc
of the of London, in the Province of Ontario

The attached statement of projected cash flow of Blizza Brands Inc, as of the 2nd day of July 2026, consisting of , has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: ☒ the management and employees of the insolvent person or ☐ the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: ☒ management or ☐ the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 27th day of August 2026.

Goldhar & Associates Ltd. - Licensed Insolvency Trustee

Per:



Richard G Goldhar - Licensed Insolvency Trustee
1220 Eglinton Avenue West
Toronto ON M6C 2E3
Phone: (416) 222-4600 Fax: (905) 361-0488

District of: Ontario
Division No. 05 - London
Court No. 35-3390093
Estate No. 35-3390093

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of
Blizza Brands Inc
of the of London, in the Province of Ontario

Purpose:

This projected cash flow statement has been prepared for the purpose of filling a proposal pursuant to Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

Notes / Assumptions:

- * Opening cash is based on August 24th, 2026, closing bank account balances
- 1 Retail sales to provincial retailers and other retail distribution channels.
- 2 Monthly recurring milled product sales have been primarily forecast to be cash on delivery ("COD") terms.
The Company has noted that the purchasers of milled products have decreased demand for these products, resulting in lower forecast Milled Sales receipts than in the Second CFF Report.
- 3 Estimated monthly commodity flower sales. The receipts in weeks 3, 7 are from a purchase agreement for 50% "COD" and the remaining 50% in the subsequent month
- 4 Calculated as blended HST/GST amounts collected on sales.
B2B Milled Reoccurring Sales are Saskatchewan clients - GST charged at 5%.
Retail Sales and Monthly Flower Sales - HST charged at 13% for Ontario
- 5 Broker commissions related to monthly mill product sales.
- 6 Purchases required to supplement current inventory to complete the monthly mill product sales.
- 7 Equipment purchases and maintenance costs required to maintain operational efficiency and quality for forecast inventory sales.
- 8 Costs associated with the cultivation process to support the Milled Sales receipts
- 9 Lab costs associated with testing inventory batches which is required for product sales.
- 10 The monthly costs of the Company's two (2) contract employees.
- 11 Other direct operating expenses related to operations.
- 12 Costs associated with multiple retailers that are required to maintain product sales.
- 13 Repayment of OCS as negotiated by The Company on a monthly basis
- 14 Insurance costs which are paid monthly.
- 15 Utility costs relating to operations which is forecast to increase as operations ramp up.
- 16 Employee payroll & WSIB/EHT
- 17 Property taxes are not assumed to be paid during this period.
- 18 Professional fees of The Company's corporate counsel related to regulatory requirements
- 19 Excise tax payments expected plus license costs associated with key personnel.
- 20 GST/HST paid (ITCs) on eligible forecast disbursements.
- 21 GST/HST amounts owed/(received) monthly to/from CRA
- 22 Repayment to Management from previous out-of-pocket payroll disbursements
- 23 Interest costs associated with loans secured against the Company's real property/Premises.
- 24 Professional fees of The Company's counsel for the NOI process
- 25 Professional fees of The Proposal Trustee
- 26 Forecasted contingency in place to cover any unforeseen capital expenditures and/or operational disbursements. It is not the intent of Management to use proceeds unless deemed necessary and unavoidable
- 27 The Company has drawn \$125,000 of the \$150,000 DIP facility. DIP funding is nil in this forecast period.

The projected cash flow statement has been prepared from the available information/financial records provided by the debtor/insolvent.

Dated at the City of Toronto in the Province of Ontario, this 27th day of August 2026.

Goldhar & Associates Ltd. - Licensed Insolvency Trustee

Per:

A handwritten signature in black ink, appearing to read 'R. Goldhar', is written over a horizontal line.

Richard G Goldhar - Licensed Insolvency Trustee
1220 Eglinton Avenue West
Toronto ON M6C 2E3
Phone: (416) 222-4600 Fax: (905) 361-0488

District of: Ontario
Division No. 05 - London
Court No. 35-3390093
Estate No. 35-3390093

FORM 30
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Proposal of
Blizza Brands Inc
of the of London, in the Province of Ontario

The Linh Diep of Blizza Brands Inc, has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 2nd day of July 2026, consisting of .

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 27th day of August 2026.



Blizza Brands Inc
Debtor

Linh Diep / Director

Name and title of signing officer

Name and title of signing officer

District of: Ontario
Division No. 05 - London
Court No. 35-3390093
Estate No. 35-3390093

FORM 30 - Attachment
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Proposal of
Blizza Brands Inc
of the of London, in the Province of Ontario

Purpose:

This projected cash flow statement has been prepared for the purpose of filling a proposal pursuant to Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

Notes / Assumptions:

- * Opening cash is based on August 24th, 2026, closing bank account balances
- 1 Retail sales to provincial retailers and other retail distribution channels.
- 2 Monthly recurring milled product sales have been primarily forecast to be cash on delivery ("**COD**") terms.
The Company has noted that the purchasers of milled products have decreased demand for these products, resulting in lower forecast Milled Sales receipts than in the Second CFF Report.
- 3 Estimated monthly commodity flower sales. The receipts in weeks 3, 7 are from a purchase agreement for 50% "COD" and the remaining 50% in the subsequent month
- 4 Calculated as blended HST/GST amounts collected on sales.
B2B Milled Reoccurring Sales are Saskatchewan clients - GST charged at 5%.
Retail Sales and Monthly Flower Sales - HST charged at 13% for Ontario
- 5 Broker commissions related to monthly mill product sales.
- 6 Purchases required to supplement current inventory to complete the monthly mill product sales.
- 7 Equipment purchases and maintenance costs required to maintain operational efficiency and quality for forecast inventory sales.
- 8 Costs associated with the cultivation process to support the Milled Sales receipts
- 9 Lab costs associated with testing inventory batches which is required for product sales.
- 10 The monthly costs of the Company's two (2) contract employees.
- 11 Other direct operating expenses related to operations.
- 12 Costs associated with multiple retailers that are required to maintain product sales.
- 13 Repayment of OCS as negotiated by The Company on a monthly basis
- 14 Insurance costs which are paid monthly.
- 15 Utility costs relating to operations which is forecast to increase as operations ramp up.
- 16 Employee payroll & WSIB/EHT
- 17 Property taxes are not assumed to be paid during this period.
- 18 Professional fees of The Company's corporate counsel related to regulatory requirements
- 19 Excise tax payments expected plus license costs associated with key personnel.
- 20 GST/HST paid (ITCs) on eligible forecast disbursements.
- 21 GST/HST amounts owed/(received) monthly to/from CRA
- 22 Repayment to Management from previous out-of-pocket payroll disbursements
- 23 Interest costs associated with loans secured against the Company's real property/Premises.
- 24 Professional fees of The Company's counsel for the NOI process
- 25 Professional fees of The Proposal Trustee
- 26 Forecasted contingency in place to cover any unforeseen capital expenditures and/or operational disbursements. It is not the intent of Management to use proceeds unless deemed necessary and unavoidable
- 27 The Company has drawn \$125,000 of the \$150,000 DIP facility. DIP funding is nil in this forecast period.

Assumptions:

The projected cash flow statement has been prepared from the available information/financial records provided by the debtor/insolvent.

Dated at the City of Toronto in the Province of Ontario, this 27th day of August 2026.

Blizza Brands Inc
Debtor

Blizza Brands Inc.

Combined Cash Flow Forecast for the period
August 24, 2026 to November 22, 2026
(CAD \$)

WEEK ENDING		1 30-Aug-26	2 6-Sep-26	3 13-Sep-26	4 20-Sep-26	5 27-Sep-26	6 4-Oct-26	7 11-Oct-26	8 18-Oct-26	9 25-Oct-26	10 1-Nov-26	11 8-Nov-26	12 15-Nov-26	13 22-Nov-26	TOTAL
Beginning cash (deficit)	Notes *	166,143	71,593	29,340	209,586	133,324	70,900	13,012	33,168	159,484	113,422	37,329	33,755	24,841	166,143
Receipts															
Retail Sales	1	6,000	9,000	12,000	12,000	12,000	12,000	12,000	12,000	15,000	15,000	17,000	17,000	17,000	168,000
Milled Sales	2	-	-	160,000	-	-	-	-	160,000	-	-	-	-	-	320,000
Flower Sales	3	43,942	-	26,000	-	-	-	26,000	-	-	-	-	-	-	95,942
HST/GST Collected	4	6,492	1,170	12,940	1,560	1,560	1,560	4,940	9,560	1,950	1,950	2,210	2,210	2,210	50,312
Total receipts		56,434	10,170	210,940	13,560	13,560	13,560	42,940	181,560	16,950	16,950	19,210	19,210	19,210	634,254
Disbursements from operations															
Commissions 16% milled sales	5	-	-	-	25,600	-	-	-	-	25,600	-	-	-	-	51,200
Stock Purchases	6	-	-	7,000	7,000	-	20,000	-	-	-	20,000	-	18,000	-	72,000
Equipment CapEx & Maintenance	7	-	2,167	-	-	-	2,167	-	-	-	2,167	-	-	-	6,501
Cultivation Operations	8	-	3,000	-	-	-	3,000	-	-	-	3,000	-	-	-	9,000
Lab Testing	9	-	2,000	-	-	-	2,000	-	-	-	2,000	-	-	-	6,000
Contract Employees	10	-	9,000	-	-	-	9,000	-	-	-	9,000	-	-	-	27,000
Other Direct Operating Expenses	11	-	3,000	-	-	-	3,000	-	-	-	3,000	-	-	-	9,000
Retailer Costs	12	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	23,400
OCS Repayment Plan	13	-	2,516	-	-	-	2,516	-	-	-	2,516	-	-	-	7,548
Insurance	14	-	-	-	3,000	-	-	-	3,000	-	-	-	3,000	-	9,000
Utilities	15	-	5,800	-	-	-	8,700	-	-	-	13,800	-	-	-	28,300
Payroll Wages & WSIB/EHT	16	20,000	-	20,000	2,000	20,000	-	20,000	2,000	20,000	-	20,000	2,000	20,000	146,000
Property Taxes	17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Fees	18	-	7,000	-	-	-	-	-	2,000	-	-	-	-	-	9,000
Excise Tax / Licensing	19	8,000	-	-	-	8,000	-	-	-	-	9,000	-	-	-	25,000
HST on Disbursements	20	5,434	4,390	1,144	9,672	5,434	6,457	234	5,694	4,862	8,420	234	2,574	234	54,783
HST Remittances/(Refunds)	21	-	-	-	-	-	1,058	-	-	-	(3,410)	-	-	-	(2,352)
Partial repayment of payroll advance	22	75,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Collateral Mortgage Interest	23	-	11,000	-	-	-	11,000	-	-	-	11,000	-	-	-	33,000
Strategic Counsel	24	40,000	-	-	-	40,000	-	-	40,000	-	10,000	-	-	-	130,000
Trustee Fees	25	-	-	-	40,000	-	-	-	-	10,000	-	-	-	-	50,000
Contingency	26	750	750	750	750	750	750	750	750	750	750	750	750	750	9,750
Total disbursements		150,984	52,423	30,694	89,822	75,984	71,448	22,784	55,244	63,012	93,043	22,784	28,124	22,784	704,130
Net Cash Flow		(94,550)	(42,253)	180,246	(76,262)	(62,424)	(57,888)	20,156	126,316	(46,062)	(76,093)	(3,574)	(8,914)	(3,574)	(69,876)
Closing cash (deficit)		\$ 71,593	\$ 29,340	\$ 209,586	\$ 133,324	\$ 70,900	\$ 13,012	\$ 33,168	\$ 159,484	\$ 113,422	\$ 37,329	\$ 33,755	\$ 24,841	\$ 21,267	\$ 96,267
Funding from DIP Facility	27	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing cash (deficit) after DIP Funding		\$ 71,593	\$ 29,340	\$ 209,586	\$ 133,324	\$ 70,900	\$ 13,012	\$ 33,168	\$ 159,484	\$ 113,422	\$ 37,329	\$ 33,755	\$ 24,841	\$ 21,267	\$ 96,267

I, Linh Diep, have reviewed the contents and figured presented in the cash flow projection and believe them to be reasonable and accurate to the best of my knowledge



Linh Diep, President/Director
Blizza Brands Inc.