

PLAN OF ALLOCATION AND DISTRIBUTION PROTOCOL

THE DEFINED TERMS

1. The definitions set out in the settlement agreement reached between the Plaintiff Daniel Relvas and Defendant Auxly Cannabis Group Inc. made as of July 11, 2023 (the “**Agreement**”), except as modified or defined herein, apply to and are incorporated into this Plan of Allocation:
 - (a) “**Administrator**” means Berger Montague (Canada) PC;
 - (b) “**Administration Expenses Contribution Amount**” means CAD \$50,000;
 - (c) “**Authorized Claim**” means a properly submitted claim for damages from the Compensation Fund, which has been approved by the Administrator or Referee;
 - (d) “**Authorized Claimant**” means a Class Member who: (i) submitted a properly completed Claim Form identifying his/her/its total Qualified Shares, and all required Supporting Documentation to the Administrator on or before the Claims Bar Deadline; and (ii) is eligible to receive a Distribution from the Compensation Fund based on the number of Shares accepted as Qualified Shares by the Administrator;
 - (e) “**Auxly**” means Auxly Cannabis Group Inc., and, as the context may require, includes its subsidiaries and affiliates;
 - (f) “**Claim Form**” means the online form or forms to be approved by the Court, which, when completed and submitted in a timely manner to the Administrator by email or through the Website, enables a Class Member to apply for compensation pursuant to the Agreement and this Plan of Allocation;

- (g) **“Claimant”** means a Class Member who submits a properly completed Claim Form and all required Supporting Documentation to the Administrator on or before the Claims Bar Deadline;
- (h) **“Claims Bar Deadline”** means ninety (90) days after Class Counsel disseminate notice of the anticipated order approving the Agreement, and the Claim Form is functional on the Website;
- (i) **“Class Counsel”** means Berger Montague (Canada) PC (formerly Morganti & Co., P.C.);
- (j) **“Class Counsel Fees”** means an amount equal to 30% of the Settlement Amount plus the relevant H.S.T. and reimbursement of their Disbursements associated with prosecuting this class proceeding;
- (k) **“Class Member”** means all persons and entities, other than Excluded Persons, who during the Class Period acquired Shares in the secondary market on or after November 12, 2018, and held some or all of such Shares as of the close of trading on February 6, 2019;
- (l) **“Class Period”** means the period from November 12, 2018 to and including February 6, 2019;
- (m) **“Compensation Fund”** means the Settlement Amount less Class Counsel Fees, Administration Expenses and the Honorarium;
- (n) **“Court”** means the Ontario Superior Court of Justice;
- (o) **“Damages Per Share”** or **“DPS”** means the result of dividing the Compensation Fund by the aggregate amount of all Authorized Claimants’ Qualified Shares (the goal being that each Authorized Claimant is to receive a

pro rata share of the Compensation Fund based on the number of Qualified Shares they held);

- (p) “**Database**” means the web-based database in which the Administrator stores information received from the Claimants and/or acquired through the claims process;
- (q) “**Distribution**” means payment to Authorized Claimants in accordance with this Plan of Allocation, the Agreement and any order of the Court;
- (r) “**Distribution List**” means a list containing the name and address of each Authorized Claimant, and the calculation of each Authorized Claimant’s *pro rata* share of the Compensation Fund;
- (s) “**Escrow Account**” means the trust account holding the Compensation Fund and used by the Administrator to make the Distribution in accordance with this Plan of Allocation;
- (t) “**Excluded Persons**” means any executive level employee and their family members of Auxly or FSD Pharma Inc.;
- (u) “**February 7, 2019 News Release**” means the statement released by Auxly on February 7, 2019 before market open;
- (v) “**Honorarium**” means a one-time payment of \$5,000 from the Compensation Fund to the representative plaintiff, Daniel Relvas, subject to the approval of the Court;
- (w) “**Pro Rata Distribution**” means the Distribution to each Authorized Claimant in respect of their Qualified Shares;

- (x) **“Qualified Shares”** means Shares purchased or acquired during the Class Period and held until after the close of trading on February 6, 2019;
- (y) **“Referee”** means a licensee from Spark LLP;
- (z) **“Reference”** means the procedure by which a Claimant who disagrees with the Administrator’s decision relating to their eligibility for compensation, the determination of the number of Qualified Shares, may appeal the Administrator’s decision and have it reviewed by the Referee;
- (aa) **“Settlement Amount”** means CAD \$4,000,000, inclusive of the Administration Expenses, Class Counsel Fees, interest, taxes and any other costs or expenses related to the Action or the Settlement;
- (bb) **“Shares”** means common shares of Auxly that are or were listed for trading;
- (cc) **“Supporting Documentation”** means true copies of bank or brokerage statement(s) that reflects how many of the Shares were purchased during the Class Period and held until after the release of the February 7, 2019 News Release;
- (dd) **“Website”** means the website bergermontague.ca/cases/auxly-cannabis-group-inc/

THE OVERVIEW

2. This Plan of Allocation sets out the procedure for Class Members to apply for a Distribution from the Compensation Fund; the guidelines for determination of a Class Member’s eligibility to become an Authorized Claimant; and, if appropriate, the manner of allocation and Distribution to each Authorized Claimant of their

proportionate and allocable share of the Compensation Fund calculated on the basis of the calculations set forth herein.

CALCULATION OF THE *PRO RATA* DISTRIBUTION

3. The *Pro Rata* Distribution for each Authorized Claimant will be calculated by the Administrator after the close, and within ninety (90) days of the Claims Bar Deadline by multiplying each Authorized Claimant's Qualified Shares by the Damages Per Share.

GENERAL PRINCIPLES OF THE ADMINISTRATION OF THE SETTLEMENT

4. The administration process to be established shall:
 - (a) implement and conform to the Plan of Allocation;
 - (b) employ secure, paperless, web-based systems with electronic registration and record keeping, wherever practical, for Claimants to submit their Claim Form and to upload their Supporting Documentation;
 - (c) allow Claim Forms to be submitted in English and French; and
 - (d) make available a website with multilingual functionality for Class Members to download Claim Forms and to receive updates and information in regards to notice, claims procedure, definitions, Court documents and contact information.

THE ADMINISTRATOR

5. The Administrator shall have such powers and rights reasonably necessary to discharge its duties and obligations to implement and administer the Escrow Account and the Plan of Allocation in accordance with their terms, subject to the direction of the Court, including:

- (a) the power to contact Claimants or their representatives to obtain more information about a claim and/or to audit claims;
- (b) if a Claimant fails to provide the Administrator the Supporting Documentation in an organized manner to allow the Administrator to readily discern the amount of the Claim and the adjudication of the Claim Form, the Administrator may exercise the right to reject the Claim Form in its entirety and said Claimant may seek guidance from the Referee; and
- (c) where a Claim Form contains minor omissions or errors, the Administrator may correct such omissions or errors if the information necessary to correct the omission or error is readily available to the Administrator.

THE ADMINISTRATOR'S DUTIES AND RESPONSIBILITIES

- 6. The Administrator shall administer the Plan of Allocation pursuant to the guidelines set out herein under the oversight and direction of the Court and shall act as trustee in respect of the monies, being the net amount between the Settlement Amount minus Class Counsel Fees, held within the Escrow Account upon receipt from Class Counsel.
- 7. The Administrator shall, wherever practical, develop, implement and operate an administration system utilizing web-based technology and other electronic systems for the following:
 - (a) Class notification;
 - (b) claim filing and document collection (Claimants must submit their Claims Forms and Supporting Documentation to the Administrator by email, direct mail, or uploading into the Website);

- (c) claim evaluation, analysis, and Reference procedures;
 - (d) distribution analysis and making Distributions;
 - (e) *cy près* award distribution, if any, and reporting to Class Counsel and the Court;
 - (f) Administration Expense payments; and
 - (g) cash management, audit control and reporting thereon.
8. The Administrator's duties and responsibilities shall include the following:
- (a) investing the monies in the Escrow Account in accordance with the Agreement;
 - (b) preparing any protocols required for submission to and approval of the Court;
 - (c) providing the software solutions and other resources necessary for a claims processing system to function in a commercially reasonable manner;
 - (d) administering the claims administration process, which shall require Claimants to provide all applicable information and Supporting Documentation as required alongside their Claim Forms, in accordance with this Plan of Allocation;
 - (e) developing, implementing and operating procedures for receiving, processing, evaluating, and decision-making in respect of the claims of Claimants, including making all necessary inquiries to determine the validity of such claims;
 - (f) if practicable, providing any Claimant whose Claim Form is not properly completed or does not include some of the required Supporting Documentation, an opportunity to remedy within 30-days of written notice of the deficiency as stipulated in the Agreement;
 - (g) in order to remedy any deficiency in the completion of a Claim Form, the Administrator may request and require that additional information be submitted by a Claimant who submits a Claim Form. Such Claimant shall have until the later of

thirty (30) days from the date of the request from the Administrator or the Claims Bar Deadline to rectify the deficiency. Any person who does not respond to such a request for information within such period shall be forever barred from receiving any payments pursuant to the Settlement, subject to any order of the Court, but will in all other respects be subject to, and bound by, the provisions of the Agreement and the releases contained therein;

- (h) the Administrator will not accept nor process any Claim Form that is not accompanied by the required Supporting Documentation;
- (i) making timely assessments of eligibility for compensation and providing prompt notice thereof;
- (j) paying all taxes accruing on the interest earned in the Escrow Account and adding that interest (net of taxes) to the Compensation Fund;
- (k) making Distributions from the Compensation Fund in a timely fashion;
- (l) using its best efforts to ensure that its personnel provide timely, helpful and supportive assistance to Claimants in completing the claims application process and in responding to inquiries respecting claims;
- (m) preparing for, attending and defending its decisions at all References;
- (n) distributing and reporting on any *cy prè*s awards;
- (o) making payments of Administration Expenses;
- (p) maintaining a Database with all information necessary to permit the Court to evaluate the progress of the administration, as may, from time to time, be required;

- (q) reporting to the Court respecting claims received and administered, and Administration Expenses; and
 - (r) preparing such financial statements, reports and records as directed by the Court.
9. The Administrator shall disseminate the Court-approved Second Notice substantially in conformity with the Court-approved Plan of Notice to provide notice of the outcome of the Second Motion.
 10. The Administrator shall cause the information in the Database to be secured and inaccessible to unauthorized persons;
 11. Once a Claim Form and required Supporting Documentation is received by the Administrator, the Administrator shall:
 - (a) verify the number of Qualified Shares;
 - (b) decide whether the Claimant is eligible to participate in the Distribution;
 - (c) calculate the Damages Per Share; and
 - (d) calculate each Authorized Claimant's *Pro Rata* Distribution.
 12. Once the Administrator determines that a Claimant is an Authorized Claimant, the respective number of his, her or its Qualified Shares, and the *Pro Rata* Distribution from the Compensation Fund, the Administrator shall advise the Claimant of the Administrator's decision.
 13. The Administrator may deal with Claimants in a manner that is not through an electronic medium, as and when it determines that such a step is feasible and/or necessary. However, in all cases the information acquired concerning Claimants shall be entered into the Database.

14. A decision of the Administrator in respect of a claim and any Claimant's entitlement to participate in or receive a share of the Distribution, subject to the Claimant's right to elect to refer the decision to the Referee for review, will be final and binding upon the Claimant and the Administrator.

THE REFEREE

15. The Referee shall have such powers and rights as are reasonably necessary to discharge his or her duties and obligations.
16. The Referee shall establish and employ a summary procedure to review any disputes arising from a decision of the Administrator, and may enter into such mediation and arbitration proceedings as the Referee may deem necessary.
17. All decisions of the Referee shall be in writing and shall be final and conclusive and there shall be no appeal therefrom whatsoever.

THE PROCEDURE FOR REFERENCE

18. If a Claimant disagrees with the Administrator's decision relating to eligibility to share in the Distribution, or the determination of the number of Qualified Shares, a Claimant may elect a Reference by the Referee by delivering a written election for review to the Administrator within fifteen (15) days of receipt of the Administrator's decision.
19. The election for a Reference must set out the basis for the disagreement with the Administrator's decision and attach all documents relevant to the review which have not previously been delivered to the Administrator. This election for a Reference must

be accompanied by a certified cheque or money order, payable to the Administrator, in the amount of \$150.

20. Upon receipt of an election for a Reference, the Administrator shall provide the Referee with online access to a copy of:
 - (a) the election for a Reference and accompanying documents;
 - (b) the Administrator's decision on eligibility and the number of Qualified Shares;
and
 - (c) the Claim Form and Supporting Documentation.
21. The Referee will carry out the Reference in an inexpensive, summary manner. The Referee will provide all necessary procedural directions and the review will be in writing unless the Referee provides otherwise.
22. The Administrator shall participate in the process established by the Referee to the extent directed by the Referee.
23. The Referee shall deliver a written decision to the Claimant and the Administrator. If the Referee disturbs the Administrator's decision relating to eligibility to share in the Distribution, the number of Qualified Shares, the Administrator shall return the \$150 deposit to the Claimant. If the Referee does not disturb the Administrator's decision, the Administrator shall add the \$150 to the Compensation Fund.
24. The Referee shall bill his fees from the Compensation Fund on an as-needed hourly basis at a rate of \$400 per hour, not to exceed \$20,000.

ADMINISTRATION EXPENSES

25. The Administrator shall pay the fees, disbursements, taxes, levies, and other costs of:

- (a) the Administrator;
- (b) the Referee; and
- (c) such other persons at the direction of the Court,

firstly from the Administration Expenses Contribution Amount, and thereafter from the Settlement Amount in accordance with the provisions of this Agreement, the Second Order and any other orders of the Court.

26. The costs of giving the notices required pursuant to the Second Order and the Plan of Allocation are not to be paid by the Administrator from its fee.

DISTRIBUTION TO AUTHORIZED CLAIMANTS

27. As soon as practicable after the completion of the claims submission and election for review process, the Administrator will bring a motion to the Court for authorization to make Distributions from the Compensation Fund. In support of this motion, the Administrator will file the Distribution List with the Court in a manner that protects the privacy of persons on the Distribution List.
28. Distributions will be made in Canadian Dollars.
29. No Distribution shall be made by the Administrator until authorized by the Court.
30. No Distribution shall be made by the Administrator in respect of any amount under \$100, and the name(s) of the Authorized Claimant(s) with claims under this amount shall be excluded from the Distribution List in respect of such claims.
31. The Administrator shall make payments to Authorized Claimants by either bank transfer or by cheque at the address provided by the Authorized Claimant or the last known postal address for the Authorized Claimant. If for any reason an Authorized

Claimant does not deposit the cheque within forty-five (45) days after the date on which the cheque was sent to the Authorized Claimant, the Authorized Claimant shall forfeit the right to their *Pro Rata* Distribution and the funds shall become available for allocation to other Authorized Claimants on a *pro rata* basis in a subsequent Distribution. No cheques will be reissued.

32. The Administrator may make interim Distributions if authorized by the Court.
33. Each Authorized Claimant whose name appears on the Distribution List shall comply with any condition precedent to Distribution that the Court may impose.
34. The Administrator shall make Distributions from the Compensation Fund forthwith after receipt of authorization from the Court to make Distributions to the Authorized Claimants whose names are on the Distribution List.
35. If the Escrow Account is in a positive balance (whether by reason of tax refunds, uncashed cheques or otherwise) after one hundred eighty (180) days from the date of Distributions of the Compensation Fund to the Authorized Claimants, the Administrator shall allocate such balance among Authorized Claimants whose names are on the Distribution List in an equitable fashion up to the limit of each person's actual loss. The Administrator may wait until a CRA T-5 tax slip for investment income is issued by the Schedule One bank in respect of the Escrow Account before making this second distribution. If there is a balance in the Escrow Account after each Authorized Claimant is paid up to his/her/its actual loss, the remaining funds shall be paid *cy près* to a recipient selected by Class Counsel and approved by the Court.

RESTRICTION ON CLAIMS

36. Any Class Member who does not submit a Claim Form and required Supporting Documentation with the Administrator on or before the Claims Bar Deadline, will not be permitted to participate in the Distribution. However, Class Counsel and the Administrator may jointly agree to extend the Claims Bar Deadline if, in their opinion, doing so would not adversely affect the efficient administration of the Settlement and it is in the best interests of the Class to do so.

NO ASSIGNMENT

37. No amount payable under this Plan of Allocation may be assigned without the written consent of the Administrator.

ADMINISTRATOR'S FINAL REPORT TO THE COURT

38. Upon the conclusion of the administration, or at such other time as the Court directs, the Administrator shall report to the Court on the administration and shall account for all monies it has received, including interest earned from the Compensation Fund being held in a trust account, cost of the administration reflecting each disbursement, for an order directing the Administrator to make the Distribution to Authorized Claimants, to be paid its fees as the Administrator, and to discharge all duties of the Administrator and to direct any remaining monies, including any returned or uncashed Distribution checks, within the Compensation Fund to the approved *cy pres*.