Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

RESPONDING MOTION RECORD OF FINAL BELL HOLDINGS INTERNATIONAL LTD.
(MOTIONS FOR SECURITY FOR COSTS)

Volume 1

May 9, 2024

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TO: **THE SERVICE LIST**

INDEX

Tab	Description	Page Number
	Volume 1	
1	Affidavit of Keith Adams, dated March 18, 2024	9
	Exhibit "1" - 2023 11 24 - Project Tower PowerPoint	28
	Exhibit "2" - 2023 11 21 - Email from M. Milich	42
	Exhibit "3" - 2023 11 30 - Email from S. Bovingdon	47
	Exhibit "4" - BZAM Q3 2023 Financial Statements	51
	Exhibit "5" - BZAM Q4 2022 Financial Statements	77
	Exhibit "6" - 2023 11 21 - Email from K. Adams	129
	Exhibit "7" - 2023 11 28 - Emails from S. Bovingdon	132
	Exhibit "8" - 2023 12 05 - BZAM Disclosure Letter	140
	Exhibit "9" - 2023 12 05 - FBC Disclosure Letter	163
	Exhibit "10" - 2023 11 24 - Due Diligence PowerPoint	195
	Exhibit "11" - 2023 12 05 - Executed Share Exchange Agreement	208
	Exhibit "12" - 2024 01 05 - Promissory Note	289
	Exhibit "13" - 2024 02 07 - Form 7 - Monthly Progress Report	295
2	Reply Affidavit of Keith Adams, dated April 1, 2024	302
	Exhibit "1" - Bringdown Officers Certificate of the Purchaser (BZAM)	312
	Exhibit "2" - 2023 11 23 - Email from M. Milich	314
	Exhibit "3" - 2023 11 20 - Email from M. Milich	316
	Exhibit "4" - 2023 11 13 - Email from M. Milich	317
	Exhibit "5" - 2023 11 30 - Email from S. Bovingdon	320

	Exhibit "6" - 2023 11 20 - Email from K. Adams	321
	Exhibit "7" - 2023 11 28 - Email from K. Hessami	324
	Exhibit "8" - 2023 11 22 - Email from M. Milich	326
	Exhibit "9" - 2023 09 30 - FB Canada Financial Information	329
3	Affidavit of Keith Adams, dated May 9, 2024	334
	Exhibit "A" - Final Bell's audited consolidated financial statements for the years ended March 31, 2023 and 2022	338
	Exhibit "B" – Final Bell press release re conversion of outstanding notes, dated January 22, 2024	404
4	Affidavit of Kay Jessel, dated March 18, 2024	408
	Exhibit "1" – 2023 10 31 - BZAM Letter of Intent	422
	Exhibit "2" – FBHI BZAM Due Diligence	430
	Exhibit "3" – 2024 12 03 - Director's Resolution	443
	Exhibit "4" – 2023 12 05 - Share Exchange Agreement	447
	Exhibit "5" – 2024 01 05 – Promissory Note	528
	Exhibit "6" – 2024 01 01 - BZAM 2024 Budget Presentation	534
	Exhibit "7" – 2024 02 28 - Letter from K. Jessel to BZAM re resignation	574
5	Reply Affidavit of Kay Jessel, dated April 1, 2024	578
6	Affidavit by Ashley McKnight, dated May 9, 2024	589
	Exhibit "A" - Email from A. Winton to Service List enclosing Final Bell's Opening Statement, dated April 16, 2024	594
	Exhibit "B" - Email from J. Blinick to A. Winton enclosing letter, dated April 18, 2024	597
	Tab 1 - Letter from J. Blinick to A. Winton enclosing further documents, dated April 18, 2024	598
	Tab A – 2023 09 25 - B300, Cannabis Duty and Information Return	599
	Tab B – 2023 10 30 - B300, Cannabis Duty and Information Return	605

	Tab C – 2023 11 28 - B300, Cannabis Duty and Information Return	611
	Tab D – 2023 12 22 - B300, Cannabis Duty and Information Return	618
	Tab E – CRA - B300, Cannabis Duty and Information Return	626
	Exhibit "C" - Letter from A. Winton to J. Blinick re requesting further productions, dated April 22, 2024	628
	Exhibit "D" - BZAM's service email enclosing Factum and Motion Record of Moving Party, dated April 24, 2024	631
	Exhibit "E" - Cortland's service email enclosing Factum and Motion Record of Moving Party, dated April 24, 2024	634
	Exhibit "F" - Letter from J. Blinick to A. Winton enclosing Supplementary Productions of BZAM, dated April 29, 2024	637
	Exhibit "G" - BZAM Supplementary Productions	
	Tab 1 – July 2023/ Aug 2023/Sept 2023/Oct 2023/Nov 2023/Dec 2023/Jan 2024	644
	Tab 2 – B301 February 2022 – B301 October 2023	742
	Tab 3 - BZAM Tax Balance Confirmation, dated February 15, 2024	779
	Tab 4 – Business Bank Statements – July 2023 – January 2024	782
	Exhibit "H" - Letter from A. Winton to J. Blinick and C. Pendrith re Various Issues & Updates, dated May 3, 2024	841
	Exhibit "I" - Fiscal 2023 - FBHI Financial Statements and Fiscal 2023 - Management's Discussion and Analysis	844 & 909
	Exhibit "J" - Final Bell Further Amended Notice of Motion, dated May 6, 2024	923
	Exhibit "K" - Final Bell's Bill of Costs, dated May 9, 2024	942
	Exhibit "L" - Michael S. Shakra's Bio - Bennett Jones	948
	Exhibit "M" - Alessandro Bozzelli's Bio - Cassels	951
	Exhibit "N" - Kori Williams' Bio - Cassels	954
	Exhibit "O" - Natalie E. Levine's Bio - Cassels	958
7	Endorsement of Osborne, J, dated April 19, 2024	962

Volume 2		
8	Transcript with Exhibits - Sean Bovingdon, dated April 8, 2024	966
	Exhibit "1" – 2024 04 04 - BZAM Responses to Final Bell Redfern Requests	1055
	Exhibit "2" – 2024 01 24 - Signed Separation Agreement	1082
	Exhibit "3" – 2024 02 29 - BZAM - Consulting Agreement	1090
	Exhibit "4" – 2023 12 13 - Email from R. Andrews to S. Bovingdon	1097
	Exhibit "5" – 2024 02 02 - Email from CRA re Payment Plan	1101
	Exhibit "6" – 2024 02 02 – Letter from CRA re Payment Plan	1102
9	Undertakings Chart - Sean Bovingdon, dated April 12, 2024	1105
	Tab 1 (A) – 2022 11 03 - Employment Agreement	1109
	Tab 1 (B) – 2023 03 01 – Addendum to Employment Agreement	1119
	Tab 2 (A) – 2023 07 12 – Email from S. Bovingdon to P. Parmar et al. re CRA Payment Plans	1124
	Tab 2 (B) – 2023 09 25 – Email from P. Parmar to B. Chan et al. re Payment Plan - Excise Duties	1131
	Tab 2 (C) – 2023 09 25 – Email from P. Parmar to B. Chan et al. re Payment Plan - Excise Duties	1134
	Tab 3 (A) – 2024 02 12 - B300, Cannabis Duty and Information Return	1137
	Tab 3 (B) – 2023 10 30 - B300, Cannabis Duty and Information Return	1148
	Tab 3 (C) – 2023 11 28 - B300, Cannabis Duty and Information Return	1159
	Tab 4 (D) – 2024 02 12 - B300, Cannabis Duty and Information Return	1172
10	Transcript with Exhibits - Matthew Milich, dated April 8, 2024	1184
	Exhibit "1" – 2024 01 22 - Email M. Milich to S. Mitchell and C. Schnarr re Bovingdon	1237
	Exhibit "2" – 2023 12 13 - Email from R. Andrews to S. Bovingdon	1241
11	Transcript with Exhibits - Deepak Alapatt, dated April 8, 2024	1246

	Exhibit "1" – 2024 01 08 - Second ARCA	1279
	Exhibit "2" – 2022 11 03 - Fourth Amendment to ARCA	1345
12	Cross-Examination Transcript of Keith Adams with Exhibits, dated April 10, 2024	1374
	Exhibit "1" – Keith Adams LinkedIn Profile	1581
	Exhibit "2" – 2024 11 24 – Email from K. Hessami re FBHI"s Financials Update & BZAM Due Diligence Package	1586
	Exhibit "3" – Rational for Divestiture of Final Bell – PowerPoint Presentation	1587
	Exhibit "4" – 2023 11 16 – Email from J. Nguyen to R. Meyer re FB Canada Model with Projected Balance Sheet and Cash Flow	1589
	Exhibit "5" – 2023 12 15 – Email from K. Adams to R. Meyer re Conversation with Matt	1590
	Exhibit "A" – 2023 11 11 – Email from K. Merker to M. Milich et al. re Update	1592
	Exhibit "B" – 2024 01 05 – Final Bell Canada Inc. – Officer’s Certificate	1594
	Exhibit "C" – 2023 12 05 - Email exchange between A. Wessling and M. McNutt	1597
13	Cross-Examination Transcript of Kay Jessel with Exhibits, dated April 10, 2024	1602
	Exhibit "1" – Kay Jessel - LinkedIn Profile	1681
	Exhibit "2" – 2023 08 14 – Cease Trade Order	1684
	Exhibit "3" – 2023 09 27 - Partial Revocation Order	1686
	Exhibit "4" – 2024 01 09 - Partial Revocation Order	1689
	Exhibit "5" – 2023 11 09 – Notice of Change of Auditor	1692
	Exhibit "6" – 2023 11 06 – Email from Beau to R. Meyer et al. re Heads Up	1693
	Exhibit "7" – 2024 02 14 – Text exchange between M. Milich and K. Jessel	1697
	Exhibit "A" – 2021-2022 - Final Bell - Condensed Interim Consolidated Financial Statements	1698

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Applicants

AFFIDAVIT OF KEITH ADAMS

I, Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, MAKE OATH AND SAY:

1. I am Chief Financial Officer ("**CFO**") of Final Bell Holdings International Ltd. ("**Final Bell**"), and, as such, have knowledge of the matters contained in this affidavit.

2. I was appointed CFO of Final Bell on November 9, 2023. I assumed the duties previously performed by Final Bell's Executive Director, Kay Jessel, who had served as interim CFO since March 7, 2023.

3. I am a Certified Public Accountant and Certified Management Accountant with over forty years of experience, including several executive roles in the cannabis integration and

supply chain management space. I hold a Bachelor of Business Administration in Accounting from University of Wisconsin-Oshkosh.

4. Most recently, I was CFO of 4Front Ventures Corp., a vertically integrated, multi-state cannabis operator and retailer. Prior to that, I was CFO of LP-KP IP Holdings, LLC d/b/a Loudpack, a privately-held California vertically integrated cannabis company. I was Chief Accounting Officer of DionyMed Brands, Inc., a multi-state cannabis brand and distribution and delivery platform supporting cultivators, manufacturers, and brands in both medical and adult-use markets. I also served as CFO at Efficient Power Conversion, a provider of gallium nitride (GaN)-based power management technology.

Due Diligence on Final Bell Canada Sale to BZAM

5. I oversaw and undertook Final Bell's due diligence of BZAM Ltd. ("**BZAM**") in the lead up to Final Bell's sale of its Canadian subsidiary, Final Bell Canada Inc. ("**FBC**"), to BZAM. This transaction closed on January 8, 2024, less than two months before BZAM applied for *Companies' Creditors Arrangement Act* ("**CCAA**") protection.

6. In November 2023, Final Bell and BZAM began sharing corporate and financial information with each other as part of the due diligence process.

7. BZAM provided information and made representations concerning four issues that are material to this motion and Final Bell's willingness to enter into the December 5, 2023 share exchange agreement with BZAM (the "**Share Exchange Agreement**"):

(a) BZAM's representations concerning its projected future cash flows;

(b) BZAM's representations concerning the available credit under its revolving facility with Cortland Credit Lending Corporation ("**Cortland**");

(c) BZAM's representations concerning its outstanding excise tax and GST liabilities; and

(d) BZAM's representations about its cash flows through 2024 to fund its tax liabilities.

8. As explained in detail in my affidavit, I now understand that BZAM's representations regarding these four issues were false, and BZAM either knew they were false or was reckless as to their truth. I believe that BZAM made these false representations in order to induce Final Bell to enter into the Share Exchange Agreement.

The Project Tower PowerPoint and Spreadsheets

9. Between November 21-23, 2023, Matt Milich, BZAM's CEO, shared various drafts of a PowerPoint presentation with me in connection with the due diligence process. The PowerPoint presentation was titled Project Tower (the "**Project Tower PowerPoint**") and included financial information for BZAM following the expected integration of FBC into its business. A copy of the final version of the Project Tower PowerPoint is attached as **Exhibit "1"**.

10. On November 21, 2023, Mr. Milich sent me an email attaching a spreadsheet titled "BZAM + FB Model" that was related to the Project Tower PowerPoint and contained a financial model and information relating to BZAM following the expected integration of FBC into its business (the "**BZAM/FB Spreadsheet**"). A copy of Mr. Milich's email and the attached BZAM + FB Model is attached as **Exhibit "2"**.

11. On November 30, 2023, Sean Bovingdon, BZAM's then-CFO, sent me an email attaching another spreadsheet titled "BZAM Standalone" (the "**BZAM Standalone Spreadsheet**"). A copy of Mr. Bovingdon's email and the BZAM Standalone Spreadsheet are attached as **Exhibit "3"**.

12. Mr. Bovingdon stated in his email that the BZAM Standalone Spreadsheet contained the financial model that Clarus Securities Inc. ("**Clarus**"), an investment banking firm retained by BZAM, had used in preparing the BZAM/FB Spreadsheet. It is my belief, based on my discussions with Mr. Bovingdon and Clarus, that Clarus relied on information provided to it by BZAM to build its model.

13. The Project Tower PowerPoint and BZAM/FB Spreadsheet included financial information about BZAM following the expected integration of FBC, whereas the BZAM Standalone Spreadsheet showed BZAM's financial information prior to the integration of FBC.

Representations about BZAM's Cash Flows

14. I closely reviewed the Project Tower PowerPoint. Page 11 of the Project Tower PowerPoint contains a pro forma cash flow statement for BZAM projected through to the end of 2024. The pro forma cash flow statement showed that BZAM would have positive cash flow from operations beginning in Q1 of 2024 and continuing through the end of that year. It also showed that BZAM had more than sufficient cash to fund operations and capital expenditure. It also had access to debt to fund its operations and would continue to do so going forward, although the cash flows presented in the Project Tower PowerPoint and BZAM/FB Spreadsheet showed that no additional funding was necessary. This was supported by the information in the BZAM/FB Spreadsheet.

15. The pro forma cash flow statement in the Project Tower PowerPoint showed that BZAM showed over $7 million in cash on its books in December 2023. It also showed that BZAM expected to sell its Edmonton property for over $10 million and pay down a $5 million mortgage on the property.

Pro Forma Cash Flow Statement

In C$000's

Pro-Forma Cash Flow Statement	2023 Mar-31	2023 Jun-30	2023 Sep-30	2023 Dec-31	2024 Mar-31	2024 Jun-30	2024 Sep-30	2024 Dec-31	FY 2023	FY 2024
Cash Flow from Operations										
Net Income	($21,583)	($65,503)	($19,293)	($5,501)	($704)	$272	$785	$1,639	($111,879)	$1,992
Add Back Non-Cash Items										
Bonus Accrual	$475	$386	$0	$150	($105)	$195	$195	$195	$1,011	$480
Inventory Obsolescence	$2,635	$2,446	$0	$100	$0	$0	$0	$0	$5,181	$0
Depreciation	$2,979	$3,784	$3,675	$1,936	$1,702	$1,735	$1,743	$1,752	$12,374	$6,933
SBC	$585	$393	($265)	$300	$300	$300	$300	$300	$1,013	$1,200
Share of Income/Loss on Investment in Assoc.	$0	$74	$12	$0	($210)	($210)	($210)	($210)	$86	($840)
PPE/Intangible Other Changes	$3,861	$51,012	$4,151	$352	($293)	$300	$97	($307)	$59,375	($201)
Interest	$1,684	$1,764	$1,791	$1,321	$1,263	$1,278	$1,283	$1,292	$6,561	$5,116
Working Capital Adjustments	$288	$4,633	$12,305	($7,356)	($1,886)	($2,354)	($2,652)	($1,543)	$9,869	($8,435)
Cash Flow from Operations (Outflow)	**($9,075)**	**($1,011)**	**$2,375**	**($8,698)**	**$68**	**$1,516**	**$1,542**	**$3,119**	**($16,409)**	**$6,245**
Cash flows from investing activities										
Capital Expenditures	($117)	($404)	($56)	($74)	($56)	($86)	($55)	($51)	($651)	($248)
Wyld JV Cash Receipt	($41)	($41)	$6	($42)	$169	$169	$169	$169	($118)	$674
Asset Sale[1]	$0	$80	$3,510	$10,476	$0	$0	$0	$0	$14,066	$0
Cash Flow from Investing	**($158)**	**($365)**	**$3,460**	**$10,361**	**$112**	**$82**	**$114**	**$118**	**$13,297**	**$426**
Cash flows from financing activities										
Equity Raised	$4,832	$0	$30	$0	$0	$0	$0	$0	$4,862	$0
Term Debt - Cortland	$0	$0	($3,000)	($1,000)	$0	$0	$0	$0	($4,000)	$0
Term Debt - Stone Pine	$139	$141	$3,825	$2,674	$0	$0	$0	$0	$6,779	$0
Edmonton Mortage	$0	$0	$0	($5,000)	$0	$0	$0	$0	($5,000)	$0
Revolving Line of Credit (Incl. Interest)	($1,296)	$2,158	($1,140)	($1,321)	($1,263)	($1,278)	($1,283)	($1,292)	($1,599)	($5,116)
Cash Flow from Financing Activities	**$3,675**	**$2,299**	**($285)**	**($4,647)**	**($1,263)**	**($1,278)**	**($1,283)**	**($1,292)**	**$1,042**	**($5,116)**
Cash Beginning	$6,915	$3,333	$4,479	$10,030	$7,045	$5,962	$6,283	$6,656	$6,915	$7,045
Net cash inflow/(outflow)	($5,558)	$923	$5,550	($2,984)	($1,083)	$320	$373	$1,945	($2,070)	$1,555
Cash End	**$1,356**	**$4,256**	**$10,030**	**$7,045**	**$5,962**	**$6,283**	**$6,656**	**$8,601**	**$7,045**	**$8,601**

16. I also reviewed the BZAM Standalone Spreadsheet carefully. In particular, I reviewed the cash flow statement and noted that BZAM had an almost neutral cash flow from operations, and did not need any external funding.

17. On November 28, 2023, a few days before I received the Project Tower PowerPoint and BZAM Standalone Spreadsheet, Mr. Bovingdon sent me BZAM's unaudited financial statements for the three and nine months ends September 30, 2023 (the "**BZAM Q3 2023 Financial Statements**"). A copy of the BZAM Q3 2023 Financial Statements is attached as **Exhibit "4"**.

18. The BZAM Q3 2023 Financial Statements include a note stating: “The Company [BZAM] has insufficient cash on hand to fund its planned operations.” Although this was initially concerning, the information subsequently provided to me by BZAM, including the Project Tower PowerPoint and the BZAM Standalone Spreadsheet, represented to Final Bell that BZAM had sufficient cash to continue its operations in the foreseeable future and addressed any concerns raised by the note in the financial statements.

19. I also reviewed BZAM’s audited financial statements since Q4 2022 and they contained a similar note stating that BZAM had insufficient cash on hand to fund its planned operations. A note of this kind in the financial statements is not unusual in the cannabis industry. A copy of BZAM’s Q4 2022 audited financial statements are attached as **Exhibit “5”**.

20. The information about BZAM’s cash flows contained in the affidavit of Matthew Milich, BZAM’s CEO, sworn February 28, 2024 (the “**Milich Affidavit**”) contradicts the information that BZAM provided to me during the due diligence process.

21. At paragraph 8 of the Milich Affidavit, Mr. Milich testified that BZAM was in a dire liquidity crisis and would not be able to meet its obligations as they came due absent additional financing. This evidence contradicted the representations of expected future cash flows that BZAM provided to Final Bell in the Project Tower PowerPoint. The projections BZAM provided to Final Bell in November 2023 represented that BZAM would have positive cash flows throughout 2024.

22. I now believe that BZAM’s representations about its future cash flows as set out in the Project Tower PowerPoint were false. I also believe BZAM’s representatives, including Mr. Bovingdon and Mr. Milich, knew they were false or were reckless as to the truth of these

representations, yet they intentionally made these representations to Final Bell to induce it to enter the Share Exchange Agreement.

Representations about the Cortland Credit Facility

23. Page 13 of the Project Tower PowerPoint contains information about BZAM's revolving credit facility with Cortland (the "**Cortland Credit Facility**"). The Project Tower PowerPoint shows that BZAM had almost $7 million available through the Cortland Credit Facility as of Q4 2023 and expected to have between $5-7 million of the Cortland Credit Facility available to it throughout 2024.

Cortland Facility[1]		2023 Dec-31	2024 Mar-31	2024 Jun-30	2024 Sep-30	2024 Dec-31
Maximum Revolving Facility Limit		**$34,000**	**$34,000**	**$34,000**	**$34,000**	**$34,000**
AR		$18,322	$19,926	$22,076	$22,805	$23,596
Inventory		$48,202	$47,740	$47,321	$47,220	$44,779
% of Eligible AR	85%	$15,574	$16,937	$18,764	$19,384	$20,056
% of EligibleInventory	15%	$7,230	$7,161	$7,098	$7,083	$6,717
Eligible Total		**$22,804**	**$24,098**	**$25,862**	**$26,467**	**$26,773**
Potential AR advance cash	85%	$13,238	$14,397	$15,950	$16,476	$17,048
Potential Inventory advance cash	25%	$1,808	$1,790	$1,775	$1,771	$1,679
Maximum Capacity (limit of $14,000)		**$14,000**	**$14,000**	**$14,000**	**$14,000**	**$14,000**
Balance		$7,024	$7,446	$8,007	$8,255	$8,119
Available		**$6,976**	**$6,554**	**$5,993**	**$5,745**	**$5,881**

24. I had previously discussed with Mr. Bovingdon the financing available to BZAM through Cortland as part of the due diligence process. I was aware that the Cortland Credit Facility was scheduled to mature in March 2024, but at a virtual meeting held on November 21, 2023, Mr. Bovingdon assured me that BZAM would be able to get a 15-month extension to the Cortland Credit Facility. I was also aware that the Cortland Credit Facility had already been extended previously. On November 21, 2023, I emailed several of my colleagues at Final Bell, including our CEO Robert Meyer, setting out what Mr. Bovingdon had told me about the Cortland Credit Facility being extended. A copy of my email is attached as **Exhibit "6"**.

25. The information about the Cortland Credit Facility contained in the Project Tower PowerPoint was consistent with Mr. Bovingdon's oral statement that the Cortland Credit Facility would be extended. The Project Tower PowerPoint showed that the Cortland Credit Facility would continue to be available to BZAM throughout 2024.

26. The BZAM Standalone Spreadsheet provided by BZAM also showed that the Cortland Credit Facility would be available throughout 2024, rather than expiring in March 2024. For example, the "CF_MODEL" tab of the BZAM Standalone Spreadsheet shows that BZAM projected that over $10 million would be available to BZAM through the Cortland Credit Facility in every month in 2024.

27. If BZAM was at risk of not having access to the Cortland Credit Facility after March 2024, it would have had to deliver an alternative model to Final Bell that showed BZAM's projected cash flows after March 2024 without reliance on the Cortland Credit Facility. BZAM never provided Final Bell with such a model.

28. The information about the availability of the Cortland Credit Facility contained in the Milich Affidavit contradicts what BZAM told Final Bell during the due diligence process.

29. At paragraph 83 of his affidavit, Mr. Milich states: "The term of the revolving credit facility expires on March 24, 2024, after which the Company must make monthly prepayments towards the base facility amounts borrowed." This contradicts the representation that Mr. Bovingdon made to me on November 21, 2023, when he assured me that BZAM would receive a 15-month extension to the Cortland Credit Facility. This also contradicts the representations made to Final Bell by BZAM in the Project Tower PowerPoint. If BZAM learned that it would

not be able to renew the Cortland Credit Facility, it had an obligation to update its representations to Final Bell on this issue.

30. At paragraph 86 of Mr. Milich’s affidavit, he stated that the total amount owing on the Cortland Credit Facility is $32,282,125.05. Based on the Milich Affidavit, less than $2 million was still available through the Cortland Credit Facility. This evidence contradicts the financial information BZAM provided to Final Bell during the due diligence process, which represented that between $6-$10 million would be available to BZAM through the Cortland Credit Facility throughout 2024.

31. BZAM’s representations to me and others at Final Bell concerning credit available to it under the Cortland Credit Facility, and concerning the extension of the Cortland Credit Facility beyond March 2024, are directly contradicted by the Milich Affidavit. Based on my experience in the industry, if there was a risk that Cortland would not extend the Cortland Credit Facility beyond March 2024, I believe BZAM and its representatives would have known that fact before January 8, 2024, when the Share Exchange Agreement transaction closed. Prior to closing, BZAM never told us that the info concerning the Cortland Credit Facility was no longer accurate.

Representation about Excise Tax and GST Representations

32. In Canada, excise tax is payable to and collected by licensed producers on packaged cannabis and related products when they are sold to provincially-approved distributors and retailers. This tax is set at $1 per gram, or 10% of a producer’s selling price (whichever is higher). Excise taxes are normally segregated by a company for remittance to the CRA.

33. In mid-November, Mr. Bovingdon and Mr. Milich sent me disclosure about BZAM's then outstanding excise tax and GST liabilities. The BZAM disclosure indicated that, as of mid-November, two BZAM affiliated companies, BZAM Management Inc. ("**BMI**"), and The Green Organic Dutchman Ltd., ("**TGOD**"), had an excise tax and GST liability of $7,828,000, which was subject to payment plans with the Canada Revenue Agency ("**CRA**") that would be paid over the course of between 12 and 21 months.

34. On November 28, 2023, I emailed Mr. Bovingdon and Mr. Milich requesting further information about these tax payment plans. Mr. Bovingdon responded by email that day and provided an excel spreadsheet titled "AP Aging_consolidated June Sept" (the "**Accounts Payable Spreadsheet**"). A copy of the Accounts Payable Spreadsheet and my email exchange with Mr. Bovingdon is attached as **Exhibit "7"**.

35. Tab "AP 20230930" of the Accounts Payable Spreadsheet showed that BZAM had made an excise tax payment of $6,503,965 in October 2023 and that the only outstanding tax liabilities were the ones that had already been disclosed to us as being subject to a payment plan. In his email, Mr. Bovingdon represented that the monthly payments under these plans were reflected in BZAM's cash flow statement and ending cash balances as projected.

36. Based on my review of the Accounts Payable Spreadsheet, the BZAM Standalone Spreadsheet, the BZAM/FB Spreadsheet and the Project Tower PowerPoint provided by BZAM, as well as Mr. Bovingdon's statement in his November 28, 2023 email that the monthly tax payment plans with the CRA were reflected in BZAM's cash balance flow, I determined that the excise tax and GST liability that BZAM disclosed to us was not a cause for concern and that BZAM had projected sufficient cash flows to pay these liabilities when due.

37. The excise tax and GST liability disclosed by BZAM during the due diligence process was consistent with those referenced in materials appended to and incorporated in the Share Exchange Agreement. Attached to the Share Exchange Agreement and incorporated by reference at section 1.5 of that Agreement is a disclosure letter from BZAM (the "**BZAM Disclosure Letter**"). A copy of BZAM's Disclosure Letter is attached as **Exhibit "8".**

38. Consistent with the disclosure made to me by Mr. Bovingdon in November 2023, section 3.31 of the Disclosure Letter lists the following excise tax and GST liabilities:

Section 3.31

Tax Matters

The Company is current with all its tax returns and filings, and current with all due payments, (for all taxes – income, HST, QST, GST, excise, payroll withholdings) with the exception of:

- Past periods excise taxes due for BMI, which are under a 24 month payment plan with CRA through to June 2025, balance remaining $3.129 Million.
- Past periods excise taxes due for TGOD, which are under a 12 month payment plan with CRA through to September 2024, balance remaining $3.227 Million.
- Past periods GST due for BMI, which are under a 24 month payment plan with CRA through to June 2025, balance remaining $1.472 Million.

39. At no point prior to signing or closing the Share Exchange Agreement were additional tax liabilities disclosed by BZAM. No material changes concerning excise tax liabilities were brought to my attention.

40. The information concerning BZAM's tax liabilities contained in the Milich Affidavit is not consistent with the disclosures of BZAM's outstanding tax liabilities that were made to Final Bell prior to the closing of the transaction.

41. At paragraph 62 of his affidavit, Mr. Milich testified that as of February 15, 2024, BZAM subsidiaries had approximately $9,083,289.33 in excise tax arrears. In comparison, BZAM's disclosures to Final Bell provided during the due diligence process indicated that BZAM only had approximately $6.356 million in excise tax arrears, all of which were subject to payment plans with the CRA.

42. It is not clear to me how BZAM's excise tax arrears could have increased by more than $2.5 million between the closing of the FBC sale on January 8, 2024 and the date of the Milich Affidavit on February 28, 2024. The only plausible explanation is that BZAM failed to fully disclose its outstanding tax liabilities to Final Bell prior to the closing of the transaction on January 8.

43. In addition, excise taxes are typically collected from a customer at the point of sale and increase as a cannabis company's revenues increase. Any additional excise tax liabilities incurred after January 8, 2024, would not cause a company to become insolvent, as any increase in excise tax liabilities would correspond to an increase in revenues and excise tax collections by a company.

44. At paragraph 62 of his affidavit, Mr. Milich testified that on February 2, 2024, BMI, one of BZAM's subsidiaries, agreed to a temporary payment plan with the CRA in which it agreed to pay $164,474 monthly in excise taxes. The excise tax liability associated with this payment plan was not disclosed to us by BZAM as part of the due diligence process. If a payment plan was

entered into with respect to this excise tax liability on February 2, 2024, the liability for tax arrears would have started to accrue before January 8, 2024, in which case it would be a liability that should have been disclosed to Final Bell under the Share Exchange Agreement.

45. At paragraph 63 of his affidavit, Mr. Milich also states that as of February 15, 2024, BZAM Cannabis, a BZAM subsidiary, has approximately $923,851.04 outstanding in respect of GST liabilities. No outstanding tax liability of any kind was disclosed to Final Bell with respect to BZAM Cannabis.

46. I know that FBC did not carry over any tax liability to BZAM under the Share Exchange Agreement. FBC did not have any excise tax liability prior to the sale of FBC to BZAM. This is reflected in FBC's disclosure letter (the "**FBC Disclosure Letter**"), which was incorporated by reference into the Share Exchange Agreement under s. 1.5, and does not disclose any excise tax liability. A copy of FBC's Disclosure Letter is attached as **Exhibit "9"**.

47. I believe that on or before January 8, 2024, BZAM knew of but intentionally failed to disclose the full extent of the excise tax and GST liabilities set out in the Milich Affidavit. I believe that BZAM withheld this information from Final Bell to induce Final Bell into entering the Share Exchange Agreement.

Recommendation to Final Bell Board to Proceed with Transaction

48. In recommending the Share Exchange Agreement to Final Bell's board, I relied on the BZAM Standalone Spreadsheet, the BZAM/FB Spreadsheet, the Project Tower PowerPoint, the BZAM Disclosure Letter, and representations made to me by Mr. Bovingdon and Mr. Milich that were consistent with the contents of the documents I reviewed. I carefully reviewed the material provided to me, and based on the financial information they presented, I concluded that BZAM

could meet all its operational requirements without needing to rely on additional sources of funding or financing. It was important to me that BZAM had $6-7 million available through the Cortland Credit Facility, and no significant liabilities that I was unaware of. This provided a further level of assurance that BZAM would be able to meet unknown obligations that may arise and could pay out Final Bell what it was owed for FBC.

49. On November 24, 2023, Kiarash Hessami, Final Bell's director of corporate accounting, emailed materials to Final Bell's Board regarding the proposed transaction. This included the Project Tower PowerPoint and another PowerPoint summarizing the due diligence materials provided to Final Bell by BZAM (the "**Due Diligence PowerPoint**"). A copy of the Due Diligence PowerPoint is attached as **Exhibit "10"**.

50. The information contained in the Due Diligence PowerPoint is consistent with the information provided to me by Final Bell as part of the due diligence process.

51. For example, at page 7 the Due Diligence PowerPoint noted that over $6 million was available to BZAM through the Cortland Credit Facility, that it would mature in March 2024, but BZAM had confidence it would be renewed. The Due Diligence PowerPoint also noted that BZAM has strong operational cash flow projections. The Due Diligence PowerPoint made no mention of significant tax liabilities that needed to be managed.

52. Following my presentation, the Final Bell board voted to enter the Share Exchange Agreement with BZAM. I believe that the financial information put to the Final Bell board, based on information received by BZAM as set out in the Project Tower PowerPoint and the Due Diligence PowerPoint, caused the Final Bell board to enter into the Share Exchange Agreement with BZAM.

The December 5 Share Exchange Agreement

53. On December 5, 2023, Final Bell entered into the Share Exchange Agreement with BZAM whereby Final Bell sold FBC to BZAM. A copy of the executed Share Exchange Agreement is attached as **Exhibit "11"**.

54. Under the Share Exchange Agreement, Final Bell would issue to BZAM all of the issued and outstanding shares of FBC in exchange for aggregate consideration of $21,500,000, comprised of:

(a) ninety million (90,000,000) shares of BZAM at a deemed price of $0.15 per share, for a total value of $13,500,000; and

(b) a secured promissory note in the amount of $4,000,000 executed by FBC in favour of 14th Round Inc., a wholly-owned subsidiary of Final Bell, and guaranteed by BZAM; (the "**Secured Promissory Note**") and

(c) an unsecured promissory note in the amount of $4,000,000 executed by FBC in favour of 14th Round Inc and guaranteed by BZAM (the "**Unsecured Promissory Note**").

Cortland Requires Subordinate Promissory Note Despite Share Exchange Agreement

55. Under the Share Exchange Agreement, the Secured Promissory Note was to rank *pari passu* with all secured debt owed by BZAM to Stone Pine, the company owned by BZAM's Chair Mr. Alghanim, and be subordinate to all secured debt owed by BZAM to its senior lender, Cortland.

56. Per the Share Exchange Agreement, only the Secured Promissory Note was to be subordinate to Cortland's secured debt. However, Mr. Milich, conveyed to me that, as condition of executing both the Secured Promissory Note and the Unsecured Promissory Note, BZAM required Final Bell to enter into a subordination and postponement agreement with Cortland for *both* Promissory Notes. I understood through my exchanges with Mr. Milich that these agreements were required by Cortland.

57. The agreements that were furnished by Cortland were not, in my view, reflective of the arrangement that Final Bell had agreed to in the Share Exchange Agreement.

58. One of Cortland's proposed terms was particularly problematic. Mr. Milich indicated to me that Cortland required a postponement term that would prevent Final Bell from taking any enforcement action on its debt until Cortland was repaid its debt in full—regardless of whether the Cortland loan was in default (the "**Postponement Term**"). I was told by Mr. Milich that these terms were required by Cortland, non-negotiable, and that Final Bell would have to accept them.

59. Final Bell's solicitor repeatedly communicated to BZAM our objection to the Postponement Term. He asked to discuss it with Cortland's solicitors and suggested that the lawyer for Final Bell's secured creditor (which was not agreeable to the postponement term) speak with Cortland's lawyer. These requests were made through Mr. Milich.

60. I understand that these requests were ignored. I was told by Mr. Milich that the form of the agreements required by Cortland were non-negotiable in any substantive manner.

61. Through the closing process, BZAM impressed upon us an urgency to close the Share Exchange Agreement. Mr. Milich pushed us through text messages and phone calls to close the Share Exchange Agreement. To address Cortland's postponement request—which I understood was non-negotiable—and close the Share Exchange Agreement, Final Bell agreed to replace the Secured Promissory Note and the Unsecured Promissory Note with a single, unsecured note with a fixed repayment term for $8,000,000 (the "**Final Note**"). I understood there to be no alternative that would satisfy Cortland while achieving what had been bargained for under the Share Exchange Agreement. A copy of the executed Final Note is attached as **Exhibit "12"**.

62. During the course of these negotiations, neither BZAM nor its representatives said anything about Cortland refusing to renew the Cortland Credit Facility in March 2024. If BZAM knew or suspected that Cortland would refuse to renew the facility, I would have expected them to say so in connection with these negotiations, as that would be new information that contradicted the representations previously made to Final Bell about BZAM's access to credit.

FBC's Financial Position

63. Per the terms of the Share Exchange Agreement, the consideration BZAM paid for FBC consisted of ninety million (90,000,000) BZAM shares and a commitment to pay $8,000,000, reflected in promissory notes.

64. Subsequent to closing, BZAM collected approximately $5,000,000 in Ontario Cannabis Store ("**OCS**") receivables held by FBC. BZAM did not make any meaningful payment to Final Bell, or FBC's suppliers, including 14th Round Inc. FBC brought value to BZAM and provided it with immediately realizable liquidity. The financial challenges referred to the Milich Affidavit cannot be attributed to FBC.

65. BZAM's Form 7 Monthly Progress Report, dated February 7, 2024, published on the Canadian Securities Exchange indicates that Mr. Bovingdon was terminated on January 25, 2024. That report also states that "[a]side from the indebtedness incurred and/or repaid in the normal course of business, the Issuer has no further indebtedness to report." A copy of the February 7, 2024, Monthly Progress Report is attached as **Exhibit "13"**.

SWORN by Keith Adams of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits
(or as may be)

BRENDAN BOHN

KAdams

KEITH ADAMS

This is Exhibit “1” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

Project Tower

Business Combination Opportunity

November 2023

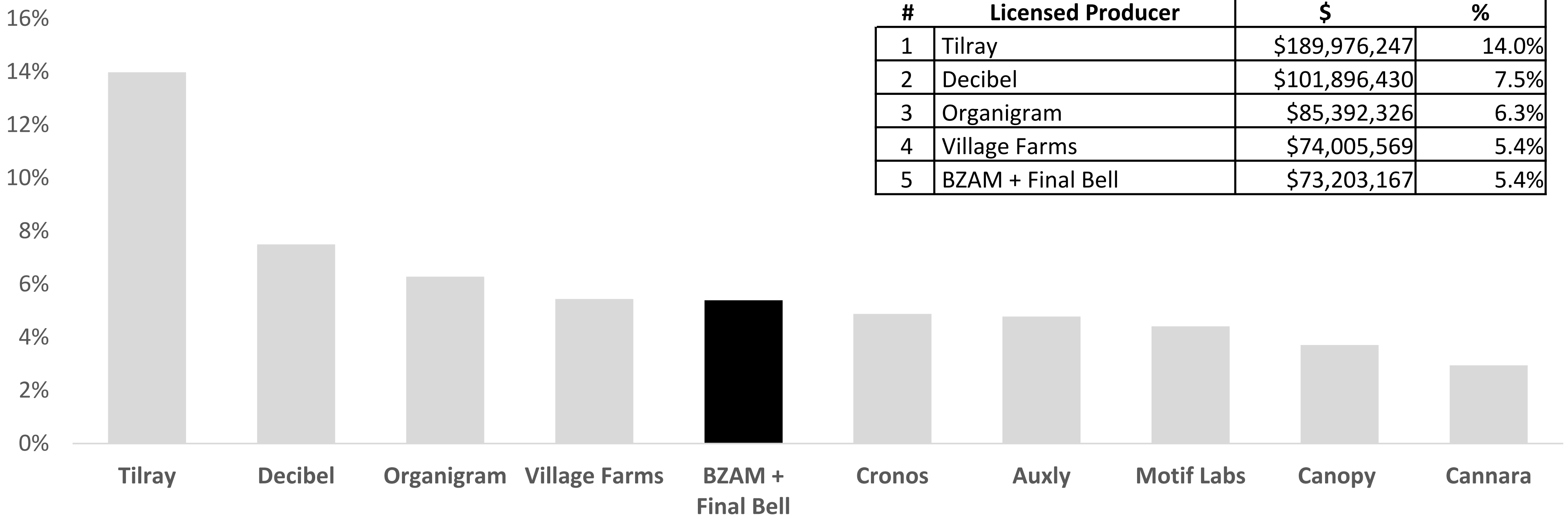
BZAM™

Transaction Rationale

BZAM
+
FINAL BELL

- Creates a Top 5 Powerhouse with Multiple Avenues to Grow Share & Revenue
- Portfolio of Most Recognized Cannabis Brands in the World
- Shared Culture of Innovation & Commercialization Leadership
- Establishes Innovation Pipeline with Final Bell in the U.S.
- Top-tier Platform with Size and Scale for Continued Revenue and EBITDA Growth
- C$XXM in Cost Savings Synergies

Top 5 LP with Significant Growth Potential



#	Licensed Producer	Q3 Retail Sales $	Q3 Retail Sales %
1	Tilray	$189,976,247	14.0%
2	Decibel	$101,896,430	7.5%
3	Organigram	$85,392,326	6.3%
4	Village Farms	$74,005,569	5.4%
5	BZAM + Final Bell	$73,203,167	5.4%

Multiple Avenues for Continued Growth

- Larger size and brand portfolio will bolster retail relationships
- Best-in-class national sales team to defend and grow share
- Significant growth opportunity in infused pre-rolls with Jeeter launch in Q1 2024
- Clear path to becoming top 3 player

Source: HiFyre Retail Analytics as at Q3 2023

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Key Success Factors

Revenue

- National sales team will bolster both brand portfolios market leadership
- Cross-selling opportunities with complementary brands provide sales upside
- Increased scale will bolster purchasing power and strengthen retail relationships

Geographical Expansion

- EU-GMP / CUMCS certifications enable broad entry into high-margin EU medical market
- Combined company's national footprint offers new route for Final Bell Canada into Quebec
- "Home field" advantage in major provinces supports highly defensible national market share

Operational Efficiencies

- Savings from site consolidation decreases COGS and boosts margins almost immediately
- Bigger size and scale results in stronger purchasing power and better distribution with retailers
- Ability to reduce SG&A from the outset improves EBITDA on day one

Combined Brand / Product Portfolio

BZAM + FINAL BELL

	BZAM		FINAL BELL	
	THE GREEN ORGANIC DUTCHMAN – ESTABLISHED 2012 – Premium organic flower, and pre-rolls	Highly dutch organic – Affordable organic flower in big bags, pre-rolls & hash	Cookies – Premium flower, pre-rolls, and vapes	SHERBINSKIS – Premium vapes and infused pre-rolls
	WYLD – #1 Cannabis Edible in North America		Jeeter – #1 Pre-roll in the World	
	BZAM – High quality vapes and infused pre-rolls	-ness – Flavour-first flower, vapes and pre-rolls	BEURRE BLANC. – Premium infused pre-rolls and vapes	SEV7N – Cannabis with a purpose

Shared Culture of Innovation Leadership

Cross-border product development teams will create unparalleled innovation opportunities

- Knowledgeable product development teams with a track record of success across all product formats
- Combined company able to leverage Final Bell USA's innovation pipeline and relationships
- Premier Canadian platform for targeted innovation that resonates with the cannabis consumer

Execution Excellence

- Successfully launched hundreds of SKUs across multiple categories on a combined basis
- Access to Final Bell USA's manufacturing expertise will drive operational efficiencies

Genetic Library and Flower development capabilities

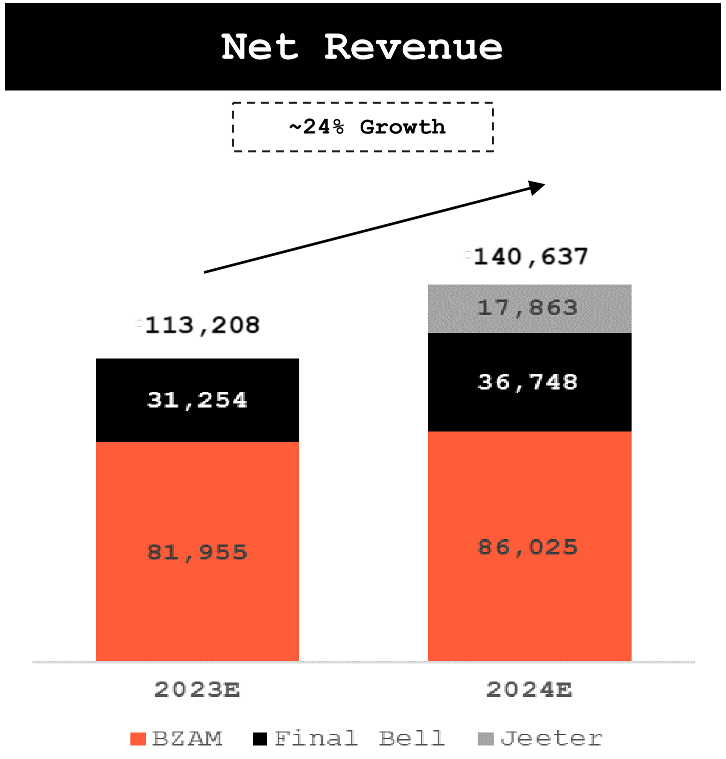
- Combined library includes hundreds of genetics, with the ability to breed new cultivars
- Deep experience in finding and accessing new genetics
- Perpetual harvest allows for constant trialing of new genetics

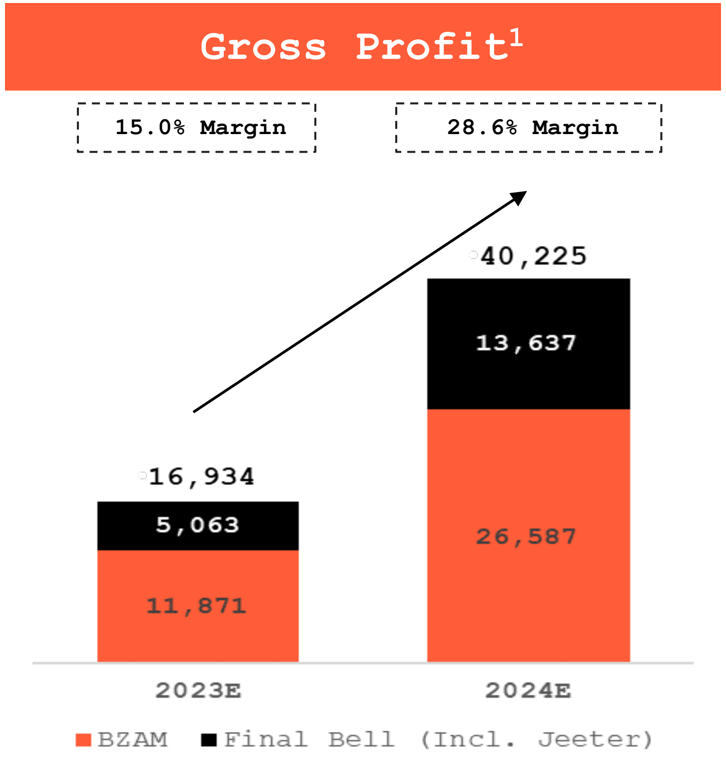
Combination of BZAM's cultivation, production, and sales infrastructure with Final Bell's unique brand portfolio

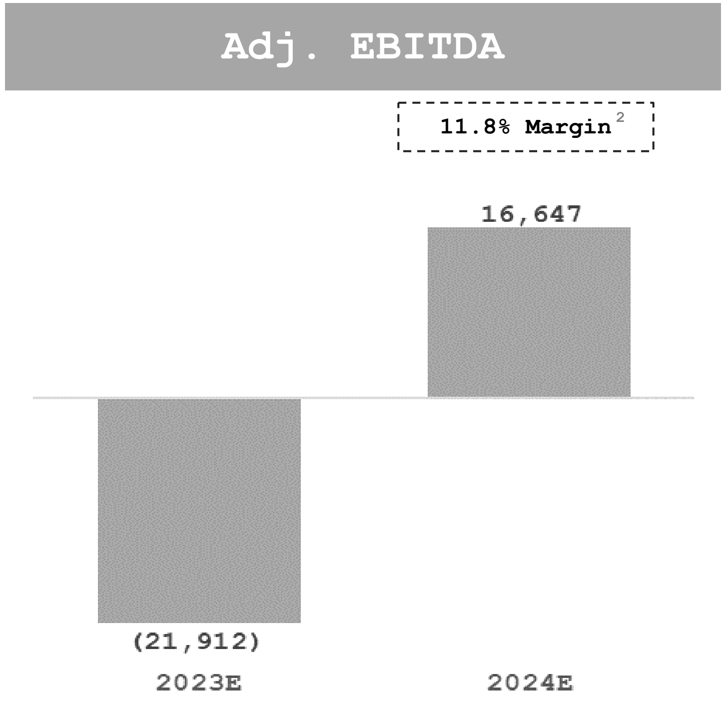
Proforma Financials

FY 2023 & 2024 Forecast

In C$000's







Stable, Consistent, and Predictable Revenue Growth with a Focus on Profitability

1) Gross Profit after FV Adjustments
2) Increase in Gross Profit and Adj. EBITDA driven by full impact of COGS reductions / facility consolidations implemented in 2023, SG&A savings, and Cost Synergies for full year in 2024

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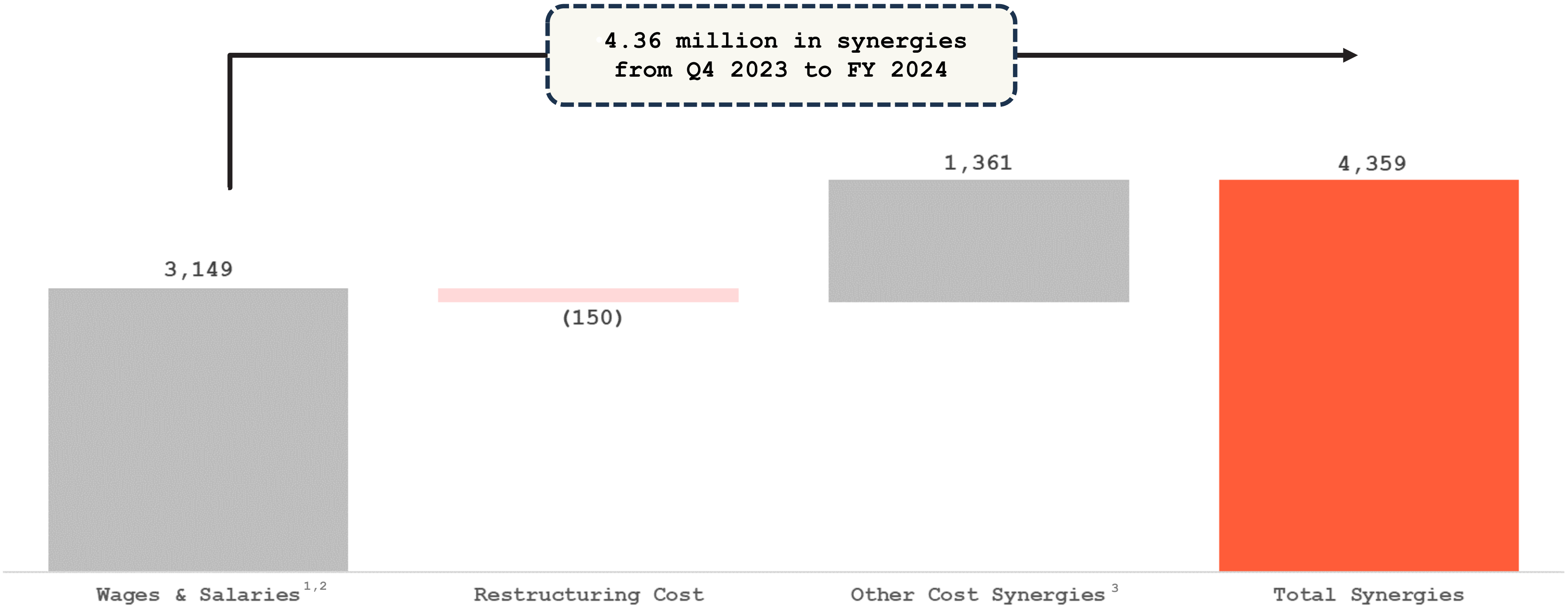
Synergy Opportunities

In C$000's



Immediate

Labour Rationalization, Travel, Software, Insurance and Restructuring Costs

Short-Term

Additional Labour Rationalization and cancellation of Office Space

Longer-Term

Expect to sublease Final Bell's office in May 2024

1) Immediate wages and salary cut of 7 headcount represents $53k in savings per month. Additional cuts occurring in February 2024 of approx. 40 headcount represents $195k in savings per month
2) Wages & Salary cuts represent about 72% of the total synergies from Q4 2023 to FY 2024
3) Other cost synergies include T&E, Consulting, Software, Corporate Insurance, Office Leases and Rent

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Model Highlights

In C$000's

Pro-Forma Income Statement

	2023 Mar-31	2023 Jun-30	2023 Sep-30	2023 Dec-31	2024 Mar-31	2024 Jun-30	2024 Sep-30	2024 Dec-31	FY 2023	FY 2024
Net Revenue	**$30,863**	**$26,387**	**$28,047**	**$27,912**	**$31,816**	**$34,732**	**$36,026**	**$38,063**	**$113,208**	**$140,637**
Cost of Sales	$27,685	$21,354	$24,193	$21,358	$22,803	$24,867	$25,764	$26,978	$94,590	$100,412
% sales	*90%*	*81%*	*86%*	*77%*	*72%*	*72%*	*72%*	*71%*	*84%*	*71%*
Gross Profit before Adjustments	$3,178	$5,033	$3,854	$6,554	$9,012	$9,865	$10,263	$11,085	$18,619	$40,225
FV Adjustments	$143	$1,226	$316	$0	$0	$0	$0	$0	$1,685	$0
Gross Profit after Adjustments	**$3,035**	**$3,807**	**$3,538**	**$6,554**	**$9,012**	**$9,865**	**$10,263**	**$11,085**	**$16,934**	**$40,225**
% sales	*9.8%*	*14.4%*	*12.6%*	*23.5%*	*28.3%*	*28.4%*	*28.5%*	*29.1%*	*15.0%*	*28.6%*
S&M Expense	$3,627	$4,718	$4,165	$2,632	$2,470	$2,543	$2,568	$2,568	$15,142	$10,150
R&D Expense	$50	$25	$198	$0	$0	$0	$0	$0	$272	$0
G&A Expense	$10,234	$7,854	$8,163	$5,366	$4,913	$5,124	$5,024	$4,974	$31,617	$20,034
Total Opex	**$13,911**	**$12,597**	**$12,526**	**$7,998**	**$7,383**	**$7,667**	**$7,592**	**$7,542**	**$47,031**	**$30,184**
SBC	$585	$393	($265)	$300	$300	$300	$300	$300	$1,013	$1,200
Depreciation	$2,274	$2,229	$1,547	$1,701	$1,702	$1,735	$1,743	$1,752	$7,751	$6,933
Total Other Opex	**$2,859**	**$2,622**	**$1,282**	**$2,001**	**$2,002**	**$2,035**	**$2,043**	**$2,052**	**$8,764**	**$8,133**
Total Opex	**$16,770**	**$15,219**	**$13,808**	**$9,999**	**$9,386**	**$9,702**	**$9,635**	**$9,594**	**$55,796**	**$38,317**
Total Cost Synergies (Expenses)	**$0**	**$0**	**$0**	**($26)**	**$729**	**$1,183**	**$1,237**	**$1,237**	**($26)**	**$4,385**
Income / (Loss) from Operations	**($13,735)**	**($11,412)**	**($10,270)**	**($3,470)**	**$355**	**$1,346**	**$1,864**	**$2,728**	**($38,887)**	**$6,293**
Foreign Exchange Gain/(Loss)	$219	$269	$158	$150	$6	$6	$6	$6	$796	$24
Finance Costs (Interest)	$1,733	$1,608	$1,831	$1,321	$1,263	$1,278	$1,283	$1,292	$6,494	$5,116
Accretion	$325	$338	$261	$485	$0	$0	$0	$0	$1,409	$0
Restructuring	$0	$722	$4,760	$75	$0	$0	$0	$0	$5,557	$0
Revaluation of Contingent Consideration	$3,535	($19,405)	$0	$0	$0	$0	$0	$0	($15,870)	$0
Impairment	$0	$70,072	$1,963	$0	$0	$0	$0	$0	$72,035	$0
Other Expenses	$2,035	$487	$49	$0	($210)	($210)	($210)	($210)	$2,571	($840)
Total Other Expenses	**$7,847**	**$54,091**	**$9,023**	**$2,031**	**$1,059**	**$1,074**	**$1,079**	**$1,088**	**$72,992**	**$4,300**
Net loss from operations	**($21,583)**	**($65,503)**	**($19,293)**	**($5,501)**	**($704)**	**$272**	**$785**	**$1,639**	**($111,879)**	**$1,992**
EBITDA	**($10,767)**	**($10,265)**	**($12,031)**	**($989)**	**$3,117**	**$4,140**	**$4,667**	**$5,539**	**($34,052)**	**$17,463**
ADJ. EBITDA	**($8,370)**	**($6,030)**	**($6,748)**	**($764)**	**$2,913**	**$3,936**	**$4,463**	**$5,335**	**($21,912)**	**$16,647**

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Pro Forma Cash Flow Statement

In C$000's

Pro-Forma Cash Flow Statement	2023 Mar-31	2023 Jun-30	2023 Sep-30	2023 Dec-31	2024 Mar-31	2024 Jun-30	2024 Sep-30	2024 Dec-31	FY 2023	FY 2024
Cash Flow from Operations										
Net Income	($21,583)	($65,503)	($19,293)	($5,501)	($704)	$272	$785	$1,639	($111,879)	$1,992
Add Back Non-Cash Items										
Bonus Accrual	$475	$386	$0	$150	($105)	$195	$195	$195	$1,011	$480
Inventory Obsolescence	$2,635	$2,446	$0	$100	$0	$0	$0	$0	$5,181	$0
Depreciation	$2,979	$3,784	$3,675	$1,936	$1,702	$1,735	$1,743	$1,752	$12,374	$6,933
SBC	$585	$393	($265)	$300	$300	$300	$300	$300	$1,013	$1,200
Share of Income/Loss on Investment in Assoc.	$0	$74	$12	$0	($210)	($210)	($210)	($210)	$86	($840)
PPE/Intangible Other Changes	$3,861	$51,012	$4,151	$352	($293)	$300	$97	($307)	$59,375	($201)
Interest	$1,684	$1,764	$1,791	$1,321	$1,263	$1,278	$1,283	$1,292	$6,561	$5,116
Working Capital Adjustments	$288	$4,633	$12,305	($7,356)	($1,886)	($2,354)	($2,652)	($1,543)	$9,869	($8,435)
Cash Flow from Operations (Outflow)	**($9,075)**	**($1,011)**	**$2,375**	**($8,698)**	**$68**	**$1,516**	**$1,542**	**$3,119**	**($16,409)**	**$6,245**
Cash flows from investing activities										
Capital Expenditures	($117)	($404)	($56)	($74)	($56)	($86)	($55)	($51)	($651)	($248)
Wyld JV Cash Receipt	($41)	($41)	$6	($42)	$169	$169	$169	$169	($118)	$674
Asset Sale[1]	$0	$80	$3,510	$10,476	$0	$0	$0	$0	$14,066	$0
Cash Flow from Investing	**($158)**	**($365)**	**$3,460**	**$10,361**	**$112**	**$82**	**$114**	**$118**	**$13,297**	**$426**
Cash flows from financing activities										
Equity Raised	$4,832	$0	$30	$0	$0	$0	$0	$0	$4,862	$0
Term Debt - Cortland	$0	$0	($3,000)	($1,000)	$0	$0	$0	$0	($4,000)	$0
Term Debt - Stone Pine	$139	$141	$3,825	$2,674	$0	$0	$0	$0	$6,779	$0
Edmonton Mortage	$0	$0	$0	($5,000)	$0	$0	$0	$0	($5,000)	$0
Revolving Line of Credit (Incl. Interest)	($1,296)	$2,158	($1,140)	($1,321)	($1,263)	($1,278)	($1,283)	($1,292)	($1,599)	($5,116)
Cash Flow from Financing Activities	**$3,675**	**$2,299**	**($285)**	**($4,647)**	**($1,263)**	**($1,278)**	**($1,283)**	**($1,292)**	**$1,042**	**($5,116)**
Cash Beginning	$6,915	$3,333	$4,479	$10,030	$7,045	$5,962	$6,283	$6,656	$6,915	$7,045
Net cash inflow/(outflow)	($5,558)	$923	$5,550	($2,984)	($1,083)	$320	$373	$1,945	($2,070)	$1,555
Cash End	**$1,356**	**$4,256**	**$10,030**	**$7,045**	**$5,962**	**$6,283**	**$6,656**	**$8,601**	**$7,045**	**$8,601**

1) In Q3, BZAM completed Midway and Maple Ridge property sales for combined gross proceeds of $6.761 million. 50% of the proceeds received were applied to term portion of Cortland facility. As of September 30, 2023, the Edmonton property is listed for sale at $10.8 million

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Pro Forma Balance Sheet

In C$000's

Pro-Forma Balance Sheet	2023 Dec-31	2024 Mar-31	2024 Jun-30	2024 Sep-30	2024 Dec-31	FY 2023	FY 2024
Cash	$7,045	$5,962	$6,283	$6,656	$8,601	$7,045	$8,601
Restricted Cash	$608	$608	$608	$608	$608	$608	$608
Trade and Other Receivables	$18,322	$19,926	$22,076	$22,805	$23,596	$18,322	$23,596
Biological Assets	$1,939	$1,203	$1,209	$1,191	$1,225	$1,939	$1,225
Biological Assets - FVA	$2,838	$2,838	$2,838	$2,838	$2,838	$2,838	$2,838
Inventories - Cost	$48,202	$47,740	$47,321	$47,220	$44,779	$48,202	$44,779
Inventories - FVA	$2,779	$2,779	$2,779	$2,779	$2,779	$2,779	$2,779
Prepaid Expenses and Deposits	$6,237	$6,237	$6,237	$6,237	$6,237	$6,237	$6,237
Total Current Assets	**$87,970**	**$87,294**	**$89,350**	**$90,334**	**$90,662**	**$87,970**	**$90,662**
Property Plant and Equipment	$75,030	$73,510	$71,997	$70,435	$68,864	$75,030	$68,864
Intangible Assets	$20,213	$20,123	$20,033	$19,943	$19,853	$20,213	$19,853
Other Assets	$2,602	$2,660	$2,725	$2,681	$2,657	$2,602	$2,657
Total Non-Current Assets	**$97,845**	**$96,292**	**$94,755**	**$93,059**	**$91,374**	**$97,845**	**$91,374**
Total Assets	**$185,816**	**$183,586**	**$184,105**	**$183,392**	**$182,036**	**$185,816**	**$182,036**
Trade and Accrued Liabilities	$32,638	$31,239	$31,283	$30,401	$29,510	$32,638	$29,510
Final Bell Payables	$4,000	$3,500	$3,000	$2,000	$0	$4,000	$0
Sales Taxes Payable	$5,533	$5,457	$5,552	$5,709	$5,727	$5,533	$5,727
Term Loan - Cortland	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000	$20,000
Promissory Note - Final Bell Int'l	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000	$4,000
Revolver Loan - Cortland	$7,024	$7,446	$8,007	$8,255	$8,119	$7,024	$8,119
Term Debt - Stone Pine Capital	$6,215	$6,215	$6,215	$6,215	$6,215	$6,215	$6,215
Loan Interest Payable	$343	$349	$356	$359	$357	$343	$357
Lease Liabilities	$14,971	$14,694	$14,433	$14,109	$13,824	$14,971	$13,824
Total Liabilities	**$94,724**	**$92,899**	**$92,845**	**$91,047**	**$87,752**	**$94,724**	**$87,752**
Share Capital	$716,832	$708,712	$709,012	$709,312	$709,612	$716,832	$709,612
Retained Earnings	($626,150)	($626,854)	($626,583)	($625,797)	($624,158)	($626,150)	($624,158)
Non-controlling Interests	$2,172	$2,172	$2,172	$2,172	$2,172	$2,172	$2,172
Reserve for Foreign Currency Translations	($1,762)	($1,762)	($1,762)	($1,762)	($1,762)	($1,762)	($1,762)
Other Shareholders Equity	$0	$8,421	$8,421	$8,421	$8,421	$0	$8,421
Total Shareholders Equity	**$91,092**	**$90,688**	**$91,260**	**$92,345**	**$94,284**	**$91,092**	**$94,284**
Total Liabilities and shareholders Equity	**$185,816**	**$183,586**	**$184,105**	**$183,392**	**$182,036**	**$185,816**	**$182,036**

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Pro Forma Cortland Revolver Schedule

In C$000's

Cortland Facility[1]		2023 Dec-31	2024 Mar-31	2024 Jun-30	2024 Sep-30	2024 Dec-31
Maximum Revolving Facility Limit		**$34,000**	**$34,000**	**$34,000**	**$34,000**	**$34,000**
AR		$18,322	$19,926	$22,076	$22,805	$23,596
Inventory		$48,202	$47,740	$47,321	$47,220	$44,779
% of Eligible AR	85%	$15,574	$16,937	$18,764	$19,384	$20,056
% of EligibleInventory	15%	$7,230	$7,161	$7,098	$7,083	$6,717
Eligible Total		**$22,804**	**$24,098**	**$25,862**	**$26,467**	**$26,773**
Potential AR advance cash	85%	$13,238	$14,397	$15,950	$16,476	$17,048
Potential Inventory advance cash	25%	$1,808	$1,790	$1,775	$1,771	$1,679
Maximum Capacity (limit of $14,000)		**$14,000**	**$14,000**	**$14,000**	**$14,000**	**$14,000**
Balance		$7,024	$7,446	$8,007	$8,255	$8,119
Available		**$6,976**	**$6,554**	**$5,993**	**$5,745**	**$5,881**

1) Cortland Facility includes Term Debt and Revolver which is $34 million combined. The Term portion is $20 million and Revolver portion is $14 million.

This is Exhibit “2” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

On Tuesday, November 21, 2023 at 04:46:37 PM PST, Matthew Milich <mmilich@bzam.com> wrote:

Hi Keith, here is the excel.

From: Keith Adams <kadams@finalbell.com>
Date: Tuesday, November 21, 2023 at 2:04 PM
To: Matthew Milich <mmilich@bzam.com>, Kiarash Hessami <khessami@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>
Subject: Re: Draft Deck

can we get the model also please.

Keith Adams

CFO

415.320.8940

kadams@finalbell.com

On Tuesday, November 21, 2023 at 02:56:34 PM PST, Matthew Milich <mmilich@bzam.com> wrote:

Hi Keith,

As just discussed, here is the draft with the financials added.

Any thoughts for additional slides, just let us know.

Best,

Matt

--

Jimmy Nguyen
Senior Manager, Corporate Development
(805) 304-5624
Final Bell Holdings
7731 Hayvenhurst Ave. Unit B
Van Nuys, CA 91406

The Excel document “BZAM + FB Model” is embedded as an attachment in its native format.

This is Exhibit “3” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

From: Sean Bovingdon
To: Keith Adams; Kiarash Hessami; Ariel Wessling
Cc: Matthew Milich
Subject: FW: Proforma Model
Date: November-30-23 11:12:54 AM
Attachments: bzam_39434bcc-7873-4e07-a88a-62774a4ece1e.png
BZAM Standalone.xlsx

Hi Keith,

As requested, please find the BZAM standalone model that Clarus used in the combination model. Please let me know fi you need anything else.

Regards,
Sean.

Sean Bovingdon
CHIEF FINANCIAL OFFICER

844-256-2926 | BZAM.COM | SBOVINGDON@BZAM.COM
402, 5520 Explorer Drive, Mississauga, Ontario L4W 5L1

From: Alex Lamarche <alamarche@ClarusSecurities.com>
Sent: Wednesday, November 29, 2023 2:25 PM
To: Matthew Milich <mmilich@bzam.com>; Sean Bovingdon <sbovingdon@bzam.com>; Edward M. Drake <EDrake@ClarusSecurities.com>; Paul Yang <pyang@ClarusSecurities.com>
Subject: RE: Proforma Model

Hi Matt,

Please see the attached – this is the BZAM standalone model with accompanying 3 financial statements

Thank you,
Alex

We are looking to just have all the calculations behind the tabs that were already provided in the model that you shared with us for our own modelling purposes. Even if you send us the same model and break links that would be very helpful.

The Excel document “BZAM Standalone” is embedded as an attachment in its native format.

This is Exhibit “4” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

BZAM™

BZAM Ltd., formerly The Green Organic Dutchman Holdings Ltd.

Unaudited Interim Condensed Consolidated Financial Statements

For the three and nine months ended September 30, 2023 and September 30, 2022

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102 – *Continuous Disclosure Obligations*, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by and are the responsibility of management. The independent auditor of the Company, Company's external auditors, MNP LLP, have not performed a review of these unaudited interim condensed consolidated financial statements.

BZAM Ltd.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(expressed in thousands of Canadian dollars, except common shares outstanding.)

	Notes	As at September 30, 2023	As at December 31, 2022
ASSETS			
Current assets			
Cash and cash equivalents		**$ 4,982**	$ 4,650
Restricted cash	18	**658**	350
Trade receivables	18	**9,698**	10,256
Biological assets	9	**5,082**	4,575
Inventories	10	**38,186**	52,416
Prepaid expenses and deposits		**5,469**	3,427
Other current assets	11	**1,753**	1,760
Due from related parties		**269**	487
Assets held for sale	5	**10,476**	9,742
		$ 76,573	$ 87,663
Non-current assets			
Property, plant and equipment	7	**75,799**	129,369
Intangible assets	8	**19,308**	28,325
Goodwill	8	**-**	28,692
Other assets	11, 17	**387**	395
Total assets		**$ 172,067**	$ 274,444
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**$ 33,086**	$ 29,511
Sales taxes payable		**3,362**	1,540
Current portion of loans	6	**36,300**	5,405
Current portion of lease liabilities	13	**2,401**	1,455
Liabilities held for sale		**—**	3,669
Current portion of contingent consideration	12	**—**	634
		75,149	42,214
Non-current liabilities			
Lease liabilities	13	**11,464**	10,611
Loans	6	**—**	27,213
Contingent consideration	12	**—**	16,095
		11,464	53,919
Total liabilities		**$ 86,613**	$ 96,133
Shareholders' equity			
Share capital	14	**586,773**	578,006
Contributed surplus	14, 15	**109,632**	109,487
Deficit		**(611,361)**	(514,201)
Reserve for foreign currency translations		**(1,762)**	(1,723)
Total Shareholders' Equity attributed to BZAM Ltd.		**$ 83,282**	$ 171,569
Non-controlling interests		**2,172**	6,742
Total Shareholders' Equity		**85,454**	178,311
Total Liabilities and Shareholders' Equity		**$ 172,067**	$ 274,444
Total number of common shares outstanding	14	**180,818,952**	157,137,836
Going concern	2		
Commitments and contingencies	17		
Events after the reporting period	21, 5, 2		

The accompanying notes are an integral part of these consolidated financial statements.

BZAM Ltd.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(expressed in thousands of Canadian Dollars, except per share amounts.)

	Notes	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Continuing operations					
Revenue		**$ 29,599**	$ 13,819	**$ 94,543**	$ 44,013
Excise duties		**(8,554)**	(3,897)	**(30,117)**	(11,889)
Net revenue		**21,045**	9,922	**64,426**	32,124
Cost of sales	10	**(19,433)**	(9,326)	**(56,652)**	(25,328)
Gross profit before change in fair value of biological assets		**1,612**	596	**7,774**	6,796
Realized fair value adjustment on sale of inventories		**(8,400)**	(8,597)	**(20,885)**	(14,877)
Unrealized gain on changes in fair value of biological assets	9	**6,895**	8,998	**18,011**	21,986
Gross profit		**$ 107**	$ 997	**$ 4,900**	$ 13,905
Operating expenses					
Sales and marketing expenses		**$ 3,971**	$ 1,824	**$ 11,850**	$ 5,416
Research and development expenses		**198**	121	**272**	422
General and administrative expenses		**8,035**	4,191	**23,335**	13,009
Share based compensation	15	**(665)**	370	**313**	1,207
Depreciation and amortization	7, 8	**1,488**	3,209	**5,824**	10,046
Total operating expenses		**$ 13,027**	$ 9,715	**$ 41,594**	$ 30,100
Loss from operations		**(12,920)**	(8,718)	**(36,694)**	(16,195)
Foreign exchange loss		**(45)**	(1,373)	**(226)**	(2,995)
Finance costs		**(1,759)**	(1,296)	**(5,222)**	(3,409)
Accretion expense	6	**(261)**	(384)	**(924)**	(1,186)
Finance income		**16**	6	**30**	13
Loss on lease modification		**—**	—	**(389)**	—
Revaluation gain of contingent consideration	12	**—**	1,716	**15,870**	2,601
Gain/(loss) on disposal of assets		**(37)**	—	**(29)**	8
Gain on debt settlement	6	**—**	—	**65**	—
Impairment charge for non-financial assets	7	**—**	—	**(61,791)**	(6,183)
Impairment loss on remeasurement of disposal group		**—**	—	**—**	(2,489)
Gain on disposal of subsidiary	4	**—**	3,187	**16**	3,187
Impairment on assets held for sale	5	**(1,963)**	—	**(11,986)**	—
Loss on debt modification	6	**—**	—	**(404)**	(48)
Change in fair value of investments		**(12)**	—	**(86)**	—
Loss before income taxes		(16,981)	(6,862)	**(101,770)**	(26,696)
Net loss from continuing operations		**$ (16,981)**	$ (6,862)	**$ (101,770)**	$ (26,696)
Discontinued operations					
Net loss from discontinued operations		**—**	21	**—**	(432)
Net loss from operations		**(16,981)**	(6,841)	**(101,770)**	(27,128)

The accompanying notes are an integral part of these consolidated financial statements.

BZAM Ltd.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (CONTINUED)
(Unaudited)
(expressed in thousands of Canadian Dollars, except per share amounts.)

	For the three months ended		For the nine months ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
Other comprehensive loss				
Foreign currency translation loss/(gain)	**19**	2,010	**39**	2,899
Comprehensive loss	**$ (17,000)**	$ (8,851)	**$ (101,809)**	$ (30,027)
Net loss attributable to:				
BZAM Ltd.	**(15,657)**	(6,841)	**(97,160)**	(27,128)
Non-controlling interests	**(1,324)**	—	**(4,610)**	—
Comprehensive loss attributable to:				
BZAM Ltd.	**(15,676)**	(8,851)	**(97,199)**	(30,027)
Non-controlling interests	**(1,324)**	—	**(4,610)**	—
Basic and diluted loss per share	**$ (0.09)**	$ (0.01)	**$ (0.61)**	$ (0.04)
Basic and diluted loss per share - Continuing operations	**$ (0.09)**	$ (0.01)	**$ (0.61)**	$ (0.04)
Weighted average number of outstanding common shares	**186,429,753**	753,547,234	**167,455,491**	752,321,789

The accompanying notes are an integral part of these consolidated financial statements.

BZAM Ltd.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(expressed in thousands of Canadian Dollars, except number of shares.)

		Share Capital		Contributed Surplus							
	Notes	Common Shares [(1)]	Amount	Reserve for share based payments	Reserve for warrants	Other contributed surplus	Total Contributed surplus	Reserve for foreign currency translations	Accumulated deficit	Non-Controlling Interests	Total
		#	$	$	$	$	$	$	$	$	$
Balance, December 31, 2022		**157,137,836**	**578,006**	**21,243**	**8,010**	**80,234**	**109,487**	**(1,723)**	**(514,201)**	**6,742**	**178,311**
Share based compensation	15[a,c]	**—**	**—**	**585**	**—**	**—**	**585**	**—**	**—**	**—**	**585**
Restricted share units exercised during period	14[d]	**5,000**	**7**	**(7)**	**—**	**—**	**(7)**	**—**	**—**	**—**	**—**
Contingent Milestone Escrow Shares returned to treasury	14[a]	**(7,428,571)**	**434**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**434**
BZAM Milestone Shares issue	14[b]	**1,120,226**	**426**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**426**
Escrow shares returned to treasury	14[e]	**(93,714)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Shares issued in connection with debt repayment	6, 14[c]	**6,500,000**	**2,535**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,535**
Comprehensive loss		**—**	**—**	**—**	**—**	**—**	**—**	**69**	**(18,276)**	**(1,046)**	**(19,253)**
Balance, March 31, 2023		**157,240,777**	**581,408**	**21,821**	**8,010**	**80,234**	**110,065**	**(1,654)**	**(532,477)**	**5,696**	**163,038**
Share based compensation	15[a,c]	**—**	**—**	**289**	**—**	**—**	**289**	**—**	**—**	**—**	**289**
Restricted share units exercised during period	14[d]	**504,029**	**228**	**(124)**	**—**	**—**	**(124)**	**—**	**—**	**—**	**104**
Shares issued to settle accounts payable	14[f]	**376,923**	**123**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**123**
Shares issued in private placement	14[g]	**22,222,223**	**4,933**	**—**	**67**	**—**	**67**	**—**	**—**	**—**	**5,000**
Expiry of Warrants	15[b]	**—**	**—**	**—**	**(1,174)**	**1,174**	**—**	**(89)**	**(63,227)**	**(2,240)**	**(65,556)**
Balance, June 30, 2023		**180,343,952**	**586,692**	**21,986**	**6,903**	**81,408**	**110,297**	**(1,743)**	**(595,704)**	**3,456**	**102,998**
Share based compensation	15[a,c]	**—**	**—**	**(665)**	**—**	**—**	**(665)**	**—**	**—**	**—**	**(665)**
Issuance of common shares to minority shareholders of BZAM Cannabis Corp. to acquire additional share	14[f]	**475,000**	**81**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**81**
Comprehensive loss		**—**	**—**	**—**				**(19)**	**(15,657)**	**(1,284)**	**(16,960)**
Balance, September 30, 2023		**180,818,952**	**586,773**	**21,321**	**6,903**	**81,408**	**109,632**	**(1,762)**	**(611,361)**	**2,172**	**85,454**

(1) The Company completed a consolidation of its Common Shares on November 8, 2022, whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio (Note 1). The number of Common Shares in this table reflect that consolidation.

	Share Capital		Contributed Surplus								
	Common Shares [1]	Amount	Reserve for share based payments	Reserve for warrants	Other contributed surplus	Escrowed share units	Total Contributed surplus	Reserve for foreign currency translations	Accumulated deficit	Non-Controlling Interests	Total
	#	$	$	$	$	$	$	$	$	$	$
Balance, December 31, 2021	74,966,065	508,504	21,653	10,375	76,768	40	108,836	(969)	(478,697)	(863)	136,811
Issuance of common shares	90,400	102	—	—	—	—	—	—	—	—	102
Share based compensation	—	—	567	—	—	—	567	—	—	—	567
Restricted share units exercised during period - escrowed	984	40	—	—	—	(40)	(40)	—	—	—	-
Shares and warrants issued in connection with debt modification	50,000	50	—	—	—	—	—	—	—	—	50
Comprehensive loss	—	—	—	—	—	—	—	(509)	(13,506)	—	(14,015)
Balance, March 31, 2022	75,107,449	508,696	22,220	10,375	76,768	—	109,363	(1,478)	(492,203)	(863)	123,515
Share based compensation	—	—	270	—	—	—	270	—	—	—	270
Restricted share units exercised during period	216,704	607	(607)	—	—	—	(607)	—	—	—	(0)
Comprehensive loss							—	(380)	(6,781)	—	(7,161)
Balance, June 30, 2022	75,324,153	509,303	21,883	10,375	76,768	—	109,026	(1,858)	(498,984)	(863)	116,624
Share based compensation	—	—	370	—	—	—	370	—	—	—	370
Restricted share units exercised during period	93,750	75	—	—	—	—	—	—	—	—	75
Comprehensive loss	—	—	—	—	—	—	—	(2,010)	(6,841)	—	(8,851)
Balance, September 30, 2022	75,417,903	509,378	22,253	10,375	76,768	—	109,396	(3,868)	(505,825)	(863)	108,218

[1] The Company completed a consolidation of Common Shares on November 8, 2022, whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio (Note 1). The number of Common Shares in this table reflect that consolidation.

An unlimited number of Common Shares are authorized for issue.

The accompanying notes are an integral part of these consolidated financial statements.

BZAM Ltd.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(expressed in thousands of Canadian dollars)

	Notes	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
OPERATING ACTIVITIES					
Net loss from operations		**$ (16,981)**	$ (6,841)	**$ (101,770)**	$ (27,128)
Items not affecting cash:					
Impairment of property, plant and equipment	7	**—**	—	**61,791**	6,183
Impairment loss on remeasurement of disposal group		**—**	—	**—**	2,489
Impairment on assets held for sale	5	**1,963**	—	**11,986**	—
Share based compensation	15	**(665)**	370	**313**	1,207
Depreciation of property, plant and equipment	7	**991**	2,866	**4,048**	9,016
Amortization of intangible assets	8	**497**	343	**1,776**	1,030
Realized fair value adjustment on sale of inventories		**8,822**	4,261	**18,190**	10,541
Unrealized gain on change in fair value of biological assets	9	**(6,895)**	(8,998)	**(18,011)**	(21,986)
Foreign exchange loss		**45**	—	**226**	—
Accretion expense	6	**261**	384	**924**	1,186
Revaluation gain of contingent consideration	12	**—**	(1,716)	**(15,870)**	(2,601)
Loss (gain) on disposal of assets		**37**	—	**29**	(25)
Gain on disposal of subsidiary	4	**—**	(3,187)	**(16)**	(3,187)
Change in fair value of investments		**12**	—	**86**	—
Gain on debt settlement		**—**	—	**(65)**	—
Loss on lease modification			—	**389**	—
Provision recorded on inventory	10	**(247)**	6,026	**5,969**	6,026
Debt modification	6	**—**	—	**404**	48
Changes in non-cash operating working capital items	16	**10,967**	3,283	**19,330**	5,520
Net cash provided/(used) in operating activities		**$ (1,193)**	$ (3,209)	**$ (10,271)**	$ (11,681)
INVESTING ACTIVITIES					
Additions to property, plant and equipment		**(127)**	(20)	**(973)**	(716)
Net cash inflow on deposits	14[b]	**—**	450	**—**	450
Proceeds on disposal of assets		**7,121**	—	**7,409**	1,970
Transfer to restricted cash		**46**	245	**(308)**	(1,008)
Proceeds on disposal of HemPoland, net	5	**—**	1,350	**—**	1,350
Net cash provided/(used) in investing activities		**$ 7,040**	$ 2,025	**$ 6,128**	$ 2,046
FINANCING ACTIVITIES					
Proceeds from issuance of shares, net of share issue costs	14	**—**	—	**5,000**	102
Proceeds from borrowings, net of costs	6	**1,325**	—	**3,825**	3,920
Interest received		**16**	6	**30**	13
Interest paid on lease liabilities		**(335)**	(302)	**(1,104)**	(816)
Interest paid on debt		**(1,450)**	(999)	**(3,743)**	(2,620)
Principal payments of lease liabilities		**(197)**	(95)	**(691)**	(494)
Principal payments of debt	6	**(3,389)**	—	**(3,389)**	—
Net proceeds/(repayments) of borrowings under the Revolver Loan	6	**800**	(119)	**4,547**	5,896
Net cash provided/ (used) in financing activities		**$ (3,230)**	$ (1,509)	**$ 4,475**	$ 6,001
Net cash inflow (outflow)		**$ 2,617**	$ (2,693)	**$ 332**	$ (3,634)
Net effects of foreign exchange		**20**	1,144	**—**	532
Cash, beginning of period		**2,345**	3,377	**4,650**	4,930
Cash and cash equivalents, end of period		**$ 4,982**	$ 1,828	**$ 4,982**	$ 1,828

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF ACTIVITIES

BZAM Ltd. ("BZAM" or the "Company"), formerly The Green Organic Dutchman Holdings Ltd., was incorporated on November 16, 2016, under the *Canada Business Corporations Act*. On January 25, 2023 the Company's board of directors (the "Board") authorized a change in the Company's name from "The Green Organic Dutchman Holdings Ltd." to "BZAM Ltd."(the "Name Change"). The Name Change took effect at the open of the market on February 23, 2023. The Company is a reporting issuer domiciled in Canada whose common shares (the "Common Shares") are publicly traded on the Canadian Securities Exchange ("CSE") under the symbol "BZAM" and on the OTCQX under the symbol "BZAMF". The Company also has three classes of warrants listed on the CSE under the symbols "BZAM.WR", "BZAM.WA" and "BZAM.WB". The Company's registered and head office is located at 19100 Airport Way, Unit 518, Pitt Meadows, BC, V3Y 0E2. These unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023 and September 30, 2022 ("Interim Consolidated Financial Statements") include the financial statements of the Company and its subsidiaries from the date the Company gained control of each subsidiary through to the date of disposition (if applicable).

The Company's wholly-owned Canadian subsidiaries, The Green Organic Dutchman Ltd. and BZAM Management Inc. are licensed producers under the *Cannabis Act* (Canada) and hold licences to produce cannabis plants, cannabis plant seeds, dried cannabis, fresh cannabis, cannabis oils, cannabis topicals, cannabis extracts and edible cannabis and sell such cannabis products within Canada to provincially authorized retailers or distributors and federally licensed entities. The Company owns cannabis cultivation facilities near Hamilton, Ontario (the "Hamilton Facility") and in Edmonton, Alberta (the "Edmonton Facility"). The Company also leases and has operating licences for facilities holding cultivation and processing licences in Saanichton, British Columbia and Pitt Meadows, British Columbia, and has Québec operations in a leased facility in Vaudreuil, Québec (the "Québec Facility), which has a cultivation and processing licence.

In addition to its Canadian operations, the Company, through its subsidiaries and strategic investments, is pursuing a targeted international growth strategy, and has established strategic agreements for the distribution of cannabis derived medical products primarily focused in Germany, Australia and the United Kingdom.

On November 8, 2022, the Company filed articles of amendment to effect a consolidation (the "Consolidation") of all of the issued and outstanding Common Shares. Pursuant to the Consolidation, shareholders of the Company received one post-Consolidation Common Share for every ten pre-Consolidation Common Shares they held (the "Consolidation Ratio"). The Consolidation Ratio also applied to the Common Share purchase warrants (the "Warrants"). Accordingly, effective as of the Consolidation date, the holders of Warrants will be entitled to receive one post-Consolidation Common Share on the exercise of ten Warrants. The Consolidation also applied to the stock options and restricted share units outstanding, which were consolidated at the Consolidation Ratio with the exercise price being adjusted to reflect the Consolidation. The number of Common Share amounts discussed within these Interim Consolidated Financial Statements reflect this Consolidation.

2. BASIS OF PRESENTATION

[i] Going concern

These Interim Consolidated Financial Statements have been prepared on a going concern basis which presumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

As of September 30, 2023, the Company had net working capital of $1,424 (inclusive of restricted cash of $658) (December 31, 2022 - $45,449) and an accumulated deficit of $611,361 (December 31, 2022 - $514,201). During the nine months ended September 30, 2023, the Company has incurred a net loss from continuing operations of $101,770 (nine months ended September 30, 2022 – $26,696), inclusive of a non-cash impairment charge of $73,777 (nine months ended September 30, 2022 – impairment charges of $6,183). During the nine months ended September 30, 2023, the Company used cash in operating activities of $10,271 (nine months ended September 30, 2022 - $11,681) resulting primarily from the loss from operations of $101,770 (nine months ended September 30, 2022 - $27,128) offset by non-cash items. The Company has insufficient cash on hand to fund its planned operations. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient revenues and positive cash flows from its operating activities and/or obtain sufficient funding to meet its obligations, neither of which is guaranteed to occur. Achieving such revenues, positive cash flows from operating activities or funding may be influenced by matters that are not in the Company's control, and as such, there is no certainty that such revenues, cash flows, or funding will be realized. In addition, the Company currently does not have any commitments in place that would provide the level of revenues, cash flows, or funding required to provide sufficient funding to meet its obligations.

The Company will need to obtain further funding in the form of asset sales, debt, equity or a combination thereof to continue operations for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If positive operating cash flows are not achieved, debt obligations are not repaid, or adequate funding is not available, the Company will be required to delay, reduce or cease the scope of any or all of its operations. In addition, the terms of the renewed secured revolving credit facility (the "Revolver Loan") require the Company to satisfy various affirmative and negative covenants and to meet certain future financial tests. A failure to comply with these covenants, including a failure to meet the financial tests, would result in an event of default under the Revolver Loan and if not cured would allow the lender to accelerate the repayment of the debt, which could materially and adversely affect the business, results of operations and financial condition of the Company. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. Subsequent to September 30, 2023, the Company entered into a waiver agreement with its lender, waiving the covenant requiring positive EBITDA from July 1, 2023 until January 31, 2024.

These Interim Consolidated Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Should the Company be unable to generate sufficient cash flow from operating and/or financing activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these Interim Consolidated Financial Statements should such events impair the Company's ability to continue as a going concern.

[ii] Interim Financial Reporting

These Interim Consolidated Financial Statements have been prepared by management in accordance with International Accounting Standards 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board. The same accounting policies and methods of computation were followed in the preparation of these Interim Consolidated Financial Statements as those disclosed in the Company's annual audited consolidated financial statements for the year ended December 31, 2022, (the "Annual Financial Statements").

These Interim Consolidated Financial Statements do not include all of the information required for full annual consolidated financial statements and accordingly should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2022 which are made available on SEDAR+ at www.sedarplus.ca.

These Interim Consolidated Financial Statements were approved and authorized for issue by the Board on November 28, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of these Interim Consolidated Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Interim Consolidated Financial Statements are consistent with those disclosed in the notes to the annual consolidated financial statements for the year ended December 31, 2022, except that a business combination did not occur during the nine months ended September 30, 2023 as well as a change in the CGU (as defined in Note 3 (a) below).

(a) For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). For the nine months ended September 30, 2023 the Company combined the previous CGU which incorporated the Hamilton Facility and the Québec Facility with the facilities that were acquired pursuant to the acquisition of all of the issued and outstanding common shares of BZAM Holdings Inc. ("BZAM CGU") in exchange for 49.5% of the issued and outstanding shares of the combined entity formed upon closing of the transaction ("BZAM Transaction") to form the BZAM CGU. The rationale for the combination of the CGUs was that the acquired assets are fully integrated into the operations of the Company and the co-dependencies amongst the facilities are increasing as the Company eliminates duplicated costs and processes.

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

4. GALAXIE ASSETS SALE

Galaxie Assets

On June 30, 2023, the Company completed the sale of all of the issued and outstanding shares in the capital of Galaxie Brands Corporation ("Galaxie") for net proceeds of $557 (the "Galaxie Sale"). The Company had previously classified the assets and liabilities acquired by the Company as part of the acquisition of all of the issued and outstanding shares of Galaxie on November 17, 2021 (the "Galaxie Acquisition") as held for sale.

As a result of the disposal, a gain on disposal arose as follows:

	Galaxie
Proceeds from Sale	557
Less: Net assets at disposal	(541)
Gain on disposal	**16**

5. ASSETS HELD FOR SALE

Edmonton Facility

As at September 30, 2023, management was committed to a plan to sell the Company's cultivation facilities and equipment located at the Edmonton Facility that were acquired as part of the BZAM Transaction. Accordingly, the Company reclassified these assets as held for sale. Efforts to sell the Edmonton Facility have commenced and a sale is expected within the next twelve months of reclassifying the assets held for sale.

As at September 30, 2023, these assets were stated at fair value less costs to sell and comprised of the following:

	As at September 30, 2023
Land	2,300
Buildings	7,239
Production equipment	712
Furniture and fixtures	—
Computer equipment	225
Assets held for sale	**10,476**

Measurement of fair values

The fair value less costs to sell of the assets and liabilities was estimated to be $10,476 (December 31, 2022 - $Nil) using a market approach (level 2 on the fair value hierarchy), from the listing contract entered into on August 15, 2023, which provided reliable information to determine the fair value of the assets held for sale. The fair value is based on the expected cash proceeds of $10,800 less expected selling costs of $324.

Impairment losses related to the assets held for sale

Impairment losses of $1,963 for write-downs of the assets held for sale to the lower of its carrying amount and its fair value less costs to sell have been recognized for the three and nine months ended September 30, 2023 (three and nine months ended September 30, 2022 - $Nil).

Midway Facility

On August 4, 2023, the Company completed the sale of its outdoor cultivation facilities, equipment and accommodation building located at its cannabis cultivation facility in Midway, British Columbia (the "Midway Facility"), that was acquired as part of the BZAM Transaction, for total net proceeds of $3,082 (the "Midway Sale"). Pursuant to the Fifth Amendment (as defined herein) of the Revolver Loan, fifty percent of the net cash proceeds received, being $1,554, were remitted to the lender as payment for the term portion of the Revolver Loan.

As a result of the disposal, a loss on disposal arose as follows:

	Midway Facility
Proceeds from Sale	3,082
Less: Net assets at disposal	(3,112)
Losses on disposal	**(30)**

BZAM Ltd.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Unaudited)
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

Maple Ridge Facility

On September 28, 2023, the Company completed the sale of its facility located in Maple Ridge, British Columbia (the "Maple Ridge Facility") for total net proceeds of $3,679 (the "Maple Ridge Sale"). Pursuant to the Fifth Amendment of the Revolver Loan, fifty percent of the net cash proceeds, being $1,846, were paid directly to the lender as payment for the term portion of the Revolver Loan.

As a result of the disposal, a loss on disposal arose as follows:

	Maple Ridge Facility
Proceeds from Sale	3,679
Less: Net assets at disposal	(3,686)
Losses on disposal	**(7)**

6. LOANS

The following tables illustrate the continuity schedule and presentation of the Company's loans:

Revolver Loan

		For the nine months ended September 30, 2023		For the year ended December 31, 2022
Opening Balance	$	**32,618**	$	20,225
Additions		**3,825**		6,200
Addition through business combination		**—**		8,391
Deferred financing fee		**(29)**		(644)
Accretion		**924**		1,522
Debt modification		**404**		(352)
Principal payments		**(5,989)**		(4,307)
Net proceeds related to the borrowings from and repayments of the Revolver Loan		**4,547**		1,583
Ending balance	$	**36,300**	$	32,618

		September 30, 2023		December 31, 2022
Loans	$	**36,300**	$	32,618
Current portion		**(36,300)**		(5,405)
Long term portion	$	**—**	$	27,213
Revolver Loan	$	**27,475**	$	25,018
Promissory Notes to related parties		**3,825**		2,600
Mortgage		**5,000**		5,000
	$	**36,300**	$	32,618

The Company entered into the Revolver Loan on April 22, 2020, which was amended and restated on September 29, 2021, and further amended on November 29, 2021 (the "Amended and Restated Agreement") and was further amended on March 10, 2022, April 29, 2022 and November 3, 2022. The Revolver Loan now has a credit limit of $34,000, bears interest at 12% or TD Prime plus 8.05% whichever is higher, with a due date of March 30, 2024. The Company must comply with certain financial covenants as set out in the Amended and Restated Agreement relating to the achievement of positive EBITDA (as defined in the Amended and Restated Agreement).

On June 30, 2023 the Company entered into a fifth amendment to the Amended and Restated Agreement (the "Fifth Amendment") which amongst other things: (i) stated that any repayment made in respect of the Base Facility Amount (as defined in the Amended and Restated Agreement) prior to the Maturity Date (each such repayment, a "Base Facility Prepayment") shall permanently reduce the Base Facility Amount (but, for greater certainty, not the Maximum Revolving Facility Limit (as defined in the Amended and Restated Agreement)) by an amount equal to such Base Facility Prepayment; (ii) requires the Company, on and after September 30, 2023, to make Base Facility Prepayments, on a monthly basis, in amounts to be determined by the Lender acting reasonably; (iii) amended the EBITDA financial covenant to take effect on July 31, 2023; and (iv) required the Company to remit to the lender no less than fifty percent of the proceeds from the Midway Sale and Maple Ridge Sale, for an aggregate amount that is greater than or equal to $3,000.

All amendments were accounted for as modifications, not extinguishments of debt. The Fifth Amendment resulted in a debt modification loss of $404.

The Revolver Loan is secured by a first lien over the Hamilton Facility, and assets of the Company, including a lien over substantially all of the cannabis and cannabis derived inventories and Canadian trade receivables and a second lien over the Edmonton Facility. As the accounts receivable balance eligible for collateral increases, additional credit is available to the Company up to $13,000.

As at September 30, 2023, the total principal balance outstanding related to the Revolver Loan was $27,963 (December 31, 2022- $26,805). All covenants within the Amended and Restated Agreement were met, excluding the EBITDA financial covenant.

Subsequent to September 30, 2023, the Company entered into a waiver agreement with the Lender, waiving the covenant requiring positive EBITDA from July 1, 2023 until January 31, 2024.

Mortgage Loan

In connection with the BZAM Transaction, the Company acquired a $5,000 loan (the "BZAM Loan") held by BZAM Cannabis Corp. ("BCC") which commenced on May 31, 2021 and is secured against the Edmonton Facility. The BZAM Loan bears interest at 10.00% per annum and matures on May 31, 2026. Interest is calculated and compounded monthly and payable monthly on the last day of each month. The loan may be prepaid on 30 days' notice and will include a prepayment fee. The prepayment fee is equal to the greater of (i) three months interest, and (ii) the aggregate amount of the agent's and lenders' cost of funds incurred as a result of the prepayment. The BZAM Loan may be renewed beyond the maturity date for a fee of 2.0% of the outstanding principal amount owing should the lender agree. Security for the loan includes: (i) a first mortgage over the Edmonton Facility, (ii) a general assignment of rents and leases in respect of the Edmonton Facility, (iii) a general security agreement over all Company's present and after acquired personal property, and (iv) a corporate guarantee of BZAM Management Inc.

As at September 30, 2023, the Company reclassified the $5,000 BZAM Loan to current liabilities, as the sale of the Edmonton Facility is expected to occur within the next twelve months, with the proceeds from sale allowing the Company to repay the loan in full.

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

Promissory notes from related parties

On January 3, 2023, a promissory note (the "Galaxie Promissory Note") in the amount of $400 that was assumed by the Company in connection with the Galaxie Acquisition was settled in full with 1,000,000 Common Shares of the Company. On the same date a demand promissory note (the "Stone Pine Promissory Note") in the amount of $2,200 was settled in full with the issuance of 5,500,000 Common Shares of the Company issued to Stone Pine Capital Ltd. ("Stone Pine"), a company controlled by the Company's largest shareholder and current Chairman. On settlement of the Galaxie Promissory Note and the Stone Pine Promissory Note the Company recognized a gain on settlement of $Nil and $65 in the statement of loss and comprehensive loss for the three and six months ended June 30, 2023 respectively (three and six months ended June 30, 2022 - $Nil).

On March 8, 2023, the Company received funds totalling $2,500 under a demand promissory note with Stone Pine Capital Ltd. ("the Second Stone Pine Promissory Note"). It bears interest at a rate of 10.0% per annum.

On August 23, 2023, the Company received funds totalling $1,325 under a demand promissory note with Stone Pine Capital Ltd. ("the Third Stone Pine Promissory Note"). It bears interest at a rate of 10.0% per annum.

The Second and Third Stone Pine Promissory Notes are subordinated to the Revolver Loan.

	Principal note balance	Amortized Cost	Agreement Date	Maturity Date	Terms
Second Stone Pine Promissory Note	**2,500**	**2,500**	3/8/2023	On demand, due no earlier than January 31, 2025	10.0% interest per annum
Third Stone Pine Promissory Note	**1,325**	**1,325**	8/23/2023	On demand, due no earlier than January 31, 2025	10.0% interest per annum
Total promissory notes to related parties	**$ 3,825**	**3,825**			

BZAM Ltd.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Unaudited)
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

7. PROPERTY, PLANT AND EQUIPMENT

Cost:	Land	Buildings	Furniture and fixtures	Production equipment	Leasehold improvements	Computer equipment	Automobiles	Construction in progress	Right-of-use assets	Total
Balance, December 31, 2022	$ 8,065	$ 76,516	$ 465	$ 72,403	$ 9,308	$ 5,305	$ 1,298	$ -	$ 11,954	$ 185,314
Additions	—	—	—	82	—	62	—	3	282	429
Disposals	—	—	—	(479)	—	—	—	—	—	(479)
Lease modification	—	—	—	—	—	—	—	—	(389)	(389)
Balance, March 31, 2023	**$ 8,065**	**$ 76,516**	**$ 465**	**$ 72,006**	**$ 9,308**	**$ 5,367**	**$ 1,298**	**$ 3**	**$ 11,847**	**$ 184,875**
Additions	—	—	—	192	44	62	—	70	2,382	2,750
Disposals	—	—	—	(105)	—	—	—	—	—	(105)
Reclassification to assets held for sale (Midway Facility)	(2,990)	(710)	(25)	(1,173)	(21)	(1,766)	(1,039)	—	—	(7,724)
Balance, June 30, 2023	**$ 5,075**	**$ 75,806**	**$ 440**	**$ 70,920**	**$ 9,331**	**$ 3,663**	**$ 259**	**$ 73**	**$ 14,229**	**$ 179,796**
Additions	—	—	—	159	—	—	—	(32)	—	127
Disposals	—	—	—	—	—	—	—	—	(176)	(176)
Reclassification to assets held for sale (Edmonton Facility)	(2,300)	(12,720)	—	(1,157)	—	(596)	—	—	—	(16,773)
Lease modification	—	—	—	—	—	—	—	—	(59)	(59)
Balance, September 30, 2023	**$ 2,775**	**$ 63,086**	**$ 440**	**$ 69,922**	**$ 9,331**	**$ 3,067**	**$ 259**	**$ 41**	**$ 13,994**	**$ 162,915**
Accumulated depreciation and impairment:										
Balance, December 31, 2022	$ —	$ 17,006	$ 218	$ 34,225	$ 585	$ 1,318	$ 234	$ —	$ 2,359	$ 55,945
Depreciation	—	745	11	1,728	231	415	18	—	340	3,488
Disposals	—	—	—	(302)	—	—	—	—	—	(302)
Balance, March 31, 2023	**$ —**	**$ 17,751**	**$ 229**	**$ 35,651**	**$ 816**	**$ 1,733**	**$ 252**	**$ —**	**$ 2,699**	**$ 59,131**
Depreciation	—	729	8	1,626	262	272	22	—	329	3,248
Disposals	—	—	—	(2)	—	—	—	—	—	(2)
Impairment	—	15,239	122	9,112	2,198	543	10	—	—	27,224
Reclassification to assets held for sale (Midway Facility)	—	(21)	(1)	(41)	—	(329)	(53)	—	—	(445)
Balance, June 30, 2023	**$ —**	**$ 33,698**	**$ 358**	**$ 46,346**	**$ 3,276**	**$ 2,219**	**$ 231**	**$ —**	**$ 3,028**	**$ 89,156**
Depreciation	—	556	3	1,106	87	122	1	—	448	2,323
Disposals	—	—	—	—	—	—	—	—	(29)	(29)
Reclassification to assets held for sale (Edmonton Facility)	—	(3,743)	—	(274)	—	(317)	—	—	—	(4,334)
Balance, September 30, 2023	**$ —**	**$ 30,511**	**$ 361**	**$ 47,178**	**$ 3,363**	**$ 2,024**	**$ 232**	**$ —**	**$ 3,447**	**$ 87,116**
Net book value, September 30, 2023	**$ 2,775**	**$ 32,575**	**$ 79**	**$ 22,744**	**$ 5,968**	**$ 1,043**	**$ 27**	**$ 41**	**$ 10,547**	**$ 75,799**

BZAM Ltd.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Unaudited)
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

The Company performs a quarterly test for impairment of its property, plant and equipment, a non-financial asset, and there was no impairment noted as at the quarter ending September 30, 2023.

The following table indicates the year-to-date non-cash impairment charges recognized by the Company for its BZAM CGU.

Period ending		Recoverable amount	Carrying amount	Impairment
September 30, 2023	**$**	**131,141**	**192,594**	**61,453**

The non-cash impairment charges were allocated pro rata on the basis of the carrying amount of each non-financial asset, excluding biological assets, inventories and certain other assets already recorded at approximate fair values in the CGU. The non-cash impairment charges specific to property, plant and equipment for the three and nine months ended September 30, 2023 was $Nil and $26,886, respectively (three and nine months ended September 30, 2022 - $Nil and $6,183). Refer to Note 8 for non-cash impairment charge for intangible assets.

8. INTANGIBLE ASSETS AND GOODWILL

A continuity of the intangible assets is as follows:

	Health Canada Licences	Technology Licences	Website	Distribution Channels	Brands	Other acquired rights	Goodwill	Total
Cost:								
Balance, December 31, 2022	$ 11,418	$ 2,613	$ 400	$ 13,400	$ 5,913	$ 2,667	$ 32,631	$69,042
Additions	—	—	—	—	—	—	—	—
Balance, March 31, 2023	**$ 11,418**	**$ 2,613**	**$ 400**	**$ 13,400**	**$ 5,913**	**$ 2,667**	**$ 32,631**	**$69,042**
Additions	—	—	—	—	—	—	—	—
Reclassification to assets held for sale (Midway Facility)	(1,409)	—	—	—	—	—	—	(1,409)
Balance, June 30, 2023	**$ 10,009**	**$ 2,613**	**$ 400**	**$ 13,400**	**$ 5,913**	**$ 2,667**	**$ 32,631**	**$67,633**
Additions	—	—	—	—	—	—	—	—
Balance, September 30, 2023	**$ 10,009**	**$ 2,613**	**$ 400**	**$ 13,400**	**$ 5,913**	**$ 2,667**	**$ 32,631**	**$67,633**
Accumulated amortization and impairment:								
Balance, December 31, 2022	$ 2,563	$ 1,712	$ 260	$ 160	$ 3,078	$ 313	$ 3,939	$12,025
Amortization for the period	204	92	14	238	116	—	—	664
Balance, March 31, 2023	**$ 2,767**	**$ 1,804**	**$ 274**	**$ 398**	**$ 3,194**	**$ 313**	**$ 3,939**	**$12,689**
Amortization for the period	189	92	14	239	81	—	—	615
Reclassification to assets held for sale (Midway Facility)	(43)	—	—	—	—	—	—	(43)
Impairment	1,623	164	26	2,920	603	539	28,692	34,567
Balance, June 30, 2023	**$ 4,536**	**$ 2,060**	**$ 314**	**$ 3,557**	**$ 3,878**	**$ 852**	**$ 32,631**	**$47,828**
Amortization for the period	141	71	11	185	89	—	—	497
Balance, September 30, 2023	**$ 4,677**	**$ 2,131**	**$ 325**	**$ 3,742**	**$ 3,967**	**$ 852**	**$ 32,631**	**$48,325**
Net book value, September 30, 2023	**$ 5,332**	**$ 482**	**$ 75**	**$ 9,658**	**$ 1,946**	**$ 1,815**	**$ —**	**$19,308**

During the three and nine months ended September 30, 2023, the Company recognized non-cash impairment charges within its BZAM CGU as described in Note 7, of which $Nil and $34,567, respectively were related to intangible assets (three and nine months ended September 30, 2022 - $Nil and $Nil).

9. BIOLOGICAL ASSETS

As at September 30, 2023, the Company's biological assets consisted of cannabis seeds and cannabis plants. The continuity of the Company's biological assets is as follows:

	Capitalized cost	Biological asset fair value adjustment	Amount
Balance, December 31, 2022	$ 1,324	$ 3,251	$ 4,575
Unrealized gain on changes in fair value of biological assets	—	18,011	18,011
Production costs capitalized	5,671	—	5,671
Transfer to inventories upon harvest	(4,914)	(18,261)	(23,175)
Balance, September 30, 2023	**$ 2,081**	**$ 3,001**	**$ 5,082**

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

The Company measures its biological assets at their fair values less estimated costs to sell. This is determined using a model which estimates the expected harvest yields in grams for plants currently being cultivated, and then adjusts that amount for the estimated net selling price per gram, waste and any additional costs to be incurred, such as post-harvest cost.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy, were used by management as part of this model:

- Estimated net selling price per gram – calculated as the expected approximate future per gram selling prices of the Company's cannabis products.
- Stage of growth – represents the weighted average number of weeks out of the estimated week growing cycle that biological assets have reached as of the measurement date based on historical experience. The Company accretes fair value on a straight-line basis according to the stage of growth and estimated costs to complete cultivation.
- Yield by plant – represents the expected number of grams of finished cannabis inventories which are expected to be obtained from each harvested cannabis plant based on historical experience.

The inter-relationship between these aforementioned unobservable inputs and the fair-value of the biological assets is such that the carrying value of the biological assets as at September 30, 2023 and December 31, 2022 would increase (decrease) if any of these inputs were to be higher (lower).

Other unobservable, level 3 inputs into the biological asset model include estimated post-harvest costs, costs to complete and wastage. These additional level 3 inputs are not considered to be significant.

The following table quantifies each significant unobservable input, and provides the impact of a 10% increase or decrease in each input would have on the fair value of biological assets:

	As at September 30, 2023	As at December 31, 2022	Impact of 10% change as at June 30, 2023	Impact of 10% change as at December 31, 2022
Estimated net selling price per gram (1)	$1.82 to $6.72	$1.16 to $5.33	$ 782	$ 738
Estimated stage of growth	9 to 10 weeks	8 to 9 weeks	$ 485	$ 411
Estimated yield of agricultural produce by plant (2)	104 to 215 grams	78 to 149 grams	$ 547	$ 492

(1) The estimated net selling price per gram is based on expected market price less excise duties.

(2) The estimated yield varies based on the Company's historical experience adjusted for future changes, if any.

The Company's estimates are, by their nature, subject to change. Changes in the significant assumptions described will be reflected in future changes in the gain or loss on biological assets. There were no changes between fair value hierarchy levels during the three and nine months ended September 30, 2023.

10. INVENTORIES

The Company's inventories include the following as of September 30, 2023 and December 31, 2022:

	As at September 30, 2023	As at December 31, 2022
Raw materials and packaging	$ 5,769	$ 7,069
Work-in-progress	27,871	39,121
Finished goods	4,546	6,226
Total inventories	**$ 38,186**	**$ 52,416**

During the three and nine months ended September 30, 2023, inventories expensed directly to cost of sales were $8,883 and $35,100 respectively (three and nine months ended September 30, 2022 - $5,762 and $16,479, respectively).

During the three and nine months ended September 30, 2023, a write-down of inventory of ($247) and $5,969 respectively was recognized as an expense including ($422) and $2,695 respectively, relating to fair value adjustment and $175 and $3,274 respectively expensed directly in cost of sales (three and nine months ended September 30, 2022 **-** a write-down of inventory of $6,026 was recognized as an expense including $4,336 relating to fair value adjustment and $1,690 expensed directly in cost of sales).

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

11. OTHER ASSETS

A summary of the Company's other assets is presented as follows:

	Notes	As at September 30, 2023	As at December 31, 2022
Term deposits held as letter of credit collateral	17,18	133	133
Term deposits not held as letter of credit collateral		100	100
Other	11[a]	1,907	1,922
		2,140	2,155
Less: Current portion		**(1,753)**	(1,760)
Non-current portion		**387**	395

[a] Other

Other is comprised of deposits paid for goods and services of $876 (December 31, 2022 - $876), $1,021 of other amounts receivable from various non-trade debtors (December 31, 2022 - $950) and $10 of other assets (December 31, 2022 - $96).

12. CONTINGENT CONSIDERATION

Galaxie Contingent Consideration

As part of the purchase price paid in connection with the Galaxie Acquisition in November 2021, the Company issued up to 8,571,429 Common Shares valued at the date of closing of the Galaxie Acquisition at $5,235 (the "Milestone Shares"). The Milestone Shares were subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). On January 23, 2023 in accordance with the earn-out provisions relating to the Galaxie Acquisition, the Company released 1,142,857 of the Milestone Shares to the vendors of the Galaxie shares (the "Vendors") and cancelled the remaining 7,428,571 Milestone Shares. The Common Shares issued had a fair value of $434 on the date of original issue in November 2021. A revaluation loss on the contingent consideration of $114 was recognized up to the date of final issuance of January 23, 2023.

BZAM Contingent Consideration

As part of the purchase price paid or payable in connection with the BZAM Transaction in November 2022, the Company recognized contingent consideration payable valued at the date of closing of the BZAM Transaction at $50,552 to be issued in Common Shares (the "BZAM Contingent Milestone Shares"). The BZAM Contingent Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at September 30, 2023, the BZAM Contingent Milestone Shares were revalued to $Nil resulting in a gain on revaluation of $- and $16,096 for the three and nine months ended September 30, 2023 (three and nine months ended September 30, 2022 - $Nil). The BZAM Contingent Milestone Shares are to be released no later than January 31, 2024, subject to the achievement of certain financial targets.

BZAM Milestone Shares

As part of the purchase price paid or payable in connection with the BZAM Transaction in November 2022, the Company recognized contingent consideration payable of 1,120,226 Common Shares (the "BZAM Milestone Shares"), valued at the date of closing of the BZAM Transaction at $771. The BZAM Milestone Shares were subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). On January 23, 2023, pursuant to the provisions of the definitive agreement relating to the BZAM Transaction, upon the release of the 1,142,857 Milestone Shares related to the Galaxie Acquisition, the BZAM Milestone Shares were issued to Stone Pine. The BZAM Milestone Shares issued had a fair value of $426 on the date of original issue in November 2022. A revaluation loss on the contingent consideration of $112 was recognized up to the date of final issuance of January 23, 2023.

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

13. LEASES

Below is a summary of the activity related to the Company's lease liabilities:

	For the nine months ended September 30, 2023	For the year ended December 31, 2022
Opening Balance	$ **12,066**	$ 7,566
Additions	**2,615**	2,212
Additions from business combination	**—**	8,598
Interest on lease liabilities	**860**	1,164
Interest payments on lease liabilities	**(860)**	(1,174)
Principal payments on lease liabilities	**(691)**	(149)
Extinguishment of lease liabilities	**(125)**	(2,482)
Reclassification to liabilities held for sale	**—**	(3,669)
Closing Balance	$ **13,865**	$ 12,066
Current portion lease liabilities	$ **2,401**	$ 1,455
Long-term portion lease liabilities	$ **11,464**	$ 10,611

14. SHARE CAPITAL

		For the nine months ended September 30, 2023		For the year ended December 31, 2022	
		Number of shares	Amount	Number of shares	Amount
Balance - beginning of period [(1)]		**157,137,836**	$ **578,006**	**74,966,065**	$ **508,504**
Issuance of Common Shares		—	—	**12,797,900**	**4,209**
Shares issued in connection with debt modification		—	—	**50,000**	**50**
Restricted share units exercised during period - escrowed		—	—	**984**	**40**
Issuance of common shares in relation to acquisition		—	—	**65,522,781**	**62,247**
Contingent Milestone Escrow shares returned to treasury	[a]	**(7,428,571)**	**434**	—	—
BZAM Milestone Shares issued	[b]	**1,120,226**	**426**	—	—
Shares issued to settle accounts payable		—	—	**93,750**	**75**
Shares issued in connection with debt repayment	[c]	**6,500,000**	**2,535**	**3,486,888**	**2,266**
Restricted share units exercised during period	[d]	**509,029**	**235**	**219,579**	**615**
Escrow shares returned to treasury	[e]	**(93,714)**	—	**(111)**	—
Shares issued to settle accounts payable	[f]	**376,923**	**123**	—	—
Shares issued in private placement	[g]	**22,222,223**	**4,933**	—	—
Treasury Issuance - Shareholders of BCC	[h]	**475,000**	**81**		
Balance - end of period		**180,818,952**	$ **586,773**	**157,137,836**	$ **578,006**

(1) The Company completed the Consolidation on November 8, 2022, whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio. The number of Common Shares in this table reflect that consolidation.

(2) Includes 8,571,429 shares that were issued contingent upon certain milestones being achieved in 2022 related to the Galaxie Acquisition.

[i] Authorized

An unlimited number of Common Shares.

[ii] Issued capital

a) During the nine months ended September 30, 2023, in accordance with the earn-out provisions relating to the Galaxie Acquisition, the Company released 1,142,857 Common Shares (a portion of the Milestone Shares) to the Vendors. The Common Shares issued had a fair value of $434 on the date of issue. The remaining 7,428,571 Milestone Shares were returned to treasury and cancelled.

b) During the nine months ended September 30, 2023, pursuant to the terms of the definitive agreement for the BZAM Transaction, an aggregate of 1,120,226 Common Shares, being the BZAM Milestone Shares, were issued to Stone Pine. The BZAM Milestone Shares issued were determined to have a fair value of $426 on the date of issue.

c) During the nine months ended September 30, 2023, the Company issued an aggregate of 6,500,000 Common Shares to settle $2,600 of indebtedness of the Company under the Galaxie Promissory Note and the Stone Pine Promissory Note, pursuant to loan settlement agreements with two of the Company's shareholders. At the date of settlement, the fair value of the shares issued was determined to be $2,535.

d) During the nine months ended September 30, 2023, 509,029 Common Shares of the Company, with a total value of $235, were also issued to certain directors of the Company pursuant to the vesting of restricted share units ("RSUs"). There are no proceeds related to the conversion of such RSUs.

e) During the nine months ended September 30, 2023, 93,714 Common Shares that were held in escrow as part of the Galaxie Acquisition, were returned to treasury and cancelled.

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

f) During the nine months ended September 30, 2023, 376,923 Common Shares were issued to settle $123 in accounts payable balances.

g) During the nine months ended September 30, 2023, 22,222,223 Common Shares were issued through a private placement for net proceeds of $5,000 (with net proceeds of $67 being allocated to 22,222,223 warrants that were issued together with each Common Share).

h) During the nine months ended September 30, 2023, the Company closed the purchase of an aggregate of 270,000 Class A Shares in the capital of BCC from certain minority shareholders of BCC (the "BCC Shareholders") pursuant to share purchase agreements entered into with each of the BCC Shareholders (the "Share Purchase"). As consideration for the Share Purchase, the Company: (i) issued an aggregate of 475,000 Common Shares to certain BCC Shareholders at a price of between $0.18 and $0.23 per Common Share; and (ii) paid an aggregate of $15 to other BCC Shareholders who did not receive Common Shares. Closing of the Share Purchase has resulted in the Company owning 88.2% of BCC, which is a 30.5% increase of the Company's prior ownership of BCC.

15. CONTRIBUTED SURPLUS

[a] Share based payments

For the three and nine months ended September 30, 2023, the Company recorded ($684) and $51 respectively, in non-cash share-based compensation expense/(recovery of expenses) pursuant to the grant of stock options (three and nine months ended September 30, 2022 $362 and $870 respectively).

The following is a summary of the changes in options issued pursuant to the Company's employee stock option plan:

	For the nine months ended September 30, 2023		For the year ended December 31, 2022	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Outstanding - beginning of period	**8,508,199**	**$ 2.75**	2,460,800	$ 10.14
Granted	**560,000**	**0.30**	8,027,899	0.92
Cancelled/Expired	**(2,828,200)**	**3.78**	(1,980,500)	4.48
Outstanding, end of period	**6,240,000**	**$ 2.07**	8,508,199	$ 2.75
Exercisable, end of period	**976,354**	**8.94**	1,546,549	$ 10.95

The Company completed the Consolidation on November 8, 2022, whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio. The number of Common Share options were consolidated on the same ratio, and the numbers in the table above reflect this.

Grant date	**Options outstanding #**	**Options exercisable #**	**Exercise price $**	**Weighted average remaining contractual life of outstanding options in years**
June 25, 2018 - December 14, 2018	70,000	70,000	$30.80-$69.10	0.21
January 8, 2019 - August 21, 2019	86,700	86,700	$26.70-$51.30	0.27-0.89
November 18, 2019	2,500	2,500	$8.30	1.14
March 13, 2020 - December 21, 2020	273,933	236,220	$2.60-$5.10	1.45-2.23
March 12, 2021 - December 20, 2021	322,300	155,837	$1.10-$3.60	2.45-3.22
January 24, 2022 - November 25, 2022	4,934,567	425,097	$0.69-$1.30	3.32-4.16
May 2, 2023 - Aug 23, 2023	550,000	-	$0.16-$0.33	4.59-4.90
Balance, September 30, 2023	**6,240,000**	**976,354**		**3.82**

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

In determining the amount of share-based compensation, the Company uses the Black-Scholes option pricing model to establish the fair value as at the grant date of options granted. Stock options granted during the respective periods highlighted below were fair valued based on the following weighted average assumptions:

	Weighted average for the three months ended September 30, 2023	Weighted average for the year ended December 31, 2022
Risk-free interest rate	**4.45%**	3.20%
Expected dividend yield	**Nil**	Nil
Expected annualized volatility	**103.52%**	104.59%
Expected life of options (years)	**3.50**	3.50
Black-Scholes value of each option	**$ 0.11**	$ 0.61

Volatility was estimated by using the historical volatility of the Company. The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may also not necessarily be the actual outcome. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based upon the Canada government bonds with a remaining term nearest to the expected life of the options.

[b] Reserve for warrants

The following table reflects the continuity of warrants:

	Number of warrants	Weighted Average Exercise Price	Amount, net of warrant issue costs
	#	$	$
Balance, December 31, 2022	**27,405,893**	**2.23**	**8,010**
Warrants issued in the period	**22,222,223**	**0.40**	**67**
Warrants expired in the period	**(1,531,305)**	**3.83**	**(1,174)**
Balance, September 30, 2023	**48,096,811**	**1.33**	**6,903**

As at September 30, 2023, the following warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants
	$	#
May 27, 2024	5.00	50,000
June 12, 2024	5.00	4,571,250
October 23, 2025	3.00	2,487,335
November 2, 2025	3.00	850,000
December 10, 2025	3.50	4,208,503
November 29, 2026	1.40	300,000
November 3, 2027	0.95	700,000
December 22, 2027	0.50	12,707,500
June 9, 2026	0.40	22,222,223
		48,096,811

[c] Restricted share units

Under the Company's RSU plan (the "RSU Plan"), RSUs may be granted up to a fixed maximum of 10,000,000 Common Shares, which entitle the holder to receive one Common Share without payment of additional consideration at the end of the restricted period, as determined by the Board at the time of the grant. The RSUs vest in tranches based on certain performance conditions being met, with share-based compensation expense being recognized from grant date to the expected performance completion date.

As at September 30, 2023, 187,500 (December 31, 2022 – 350,375) shares of the Company were reserved for issuance under the RSU Plan. For the three and nine months ended September 30, 2023, the Company recorded $19 and $262 respectively, in non-cash share-based compensation related to RSU compensation (three and nine months ended September 30, 2022 – $8 and $337, respectively).

BZAM Ltd.
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022
(Unaudited)
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

	For the nine months ended September 30, 2023		For the year ended December 31, 2022	
	Number of units	Weighted fair value	Number of units	Weighted fair value
Outstanding - beginning of period	**350,375**	**0.77**	465,104	3.00
Granted	**-**	**-**	365,000	0.72
Exercised	**(162,875)**	**0.78**	(219,579)	2.80
Forfeited	**-**	**-**	(260,150)	3.00
Outstanding, end of period	**187,500**	**0.77**	350,375	0.77

The accounting fair value of the equity settled RSUs as at the grant date is calculated using the number of RSUs expected to be earned multiplied by the grant date fair market value of a Common Share. Each reporting period, the number of RSUs that are expected to be earned is re-determined and the fair value of these RSUs is amortized over the remaining requisite service period less amounts previously recognized.

[d] Employee Stock Purchase Plan

The Company has established an employee stock purchase plan (the "Stock Purchase Plan") which created a reserve of 3,000,000 Common Shares that may be issued from treasury. As at September 30, 2023, no securities were issued under the Stock Purchase Plan.

16. SUPPLEMENTARY CASH FLOW INFORMATION

The changes in non-cash working capital items are as follows:

	For the three months ended September 30, 2023	For the three months ended September 30, 2022	For the nine months ended September 30, 2023	For the nine months ended September 30, 2022
Prepaid expenses and deposits	**$ (2,164)**	$ 501	**$ (2,042)**	$ (524)
Refundable sales taxes receivable	—	11	**—**	17
Trade receivables	1,134	2,019	**1,090**	2,063
Capitalized cost of biological assets	6,706	3,398	**9,168**	6,318
Inventories	834	(4,131)	**864**	(7,410)
Due from related parties	(514)	(266)	**218**	(909)
Other current assets	(13)	(6)	**(107)**	244
Other assets	1	1	**7**	4
Accounts payable and accrued liabilities	4,687	1,844	**8,310**	5,435
Sales taxes payable	296	(88)	**1,822**	282
Total	**$ 10,967**	$ 3,283	**$ 19,330**	$ 5,520

17. COMMITMENTS AND CONTINGENCIES

The Company has the following gross contractual obligations as at September 30, 2023, which are expected to be payable in the following respective periods:

	Carrying amount	Total	Contractual cash flows - 12 months ending [(1)] September 2024	September 2025	September 2026	September 2027	September 2028	Thereafter
	$	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	**33,086**	**33,086**	33,086	-	-	-	-	-
Sales taxes payable	**3,362**	**3,362**	3,362	-	-	-	-	-
Loans	**36,300**	**39,945**	34,070	500	5,375	-	-	-
Lease liabilities	**13,865**	**20,621**	2,400	2,410	2,406	2,398	2,424	8,583
Total contractual obligations	**86,613**	**97,014**	**72,918**	**2,910**	**7,781**	**2,398**	**2,424**	**8,583**

[(1)] Contractual cash flows include expected interest payable until the maturity date.

Please see Note 12 for contingent consideration obligations.

[a] Construction agreements

In prior years, the Company entered into certain agreements with the City of Hamilton to facilitate the construction of the Hamilton Facility. Pursuant to these agreements, as at September 30, 2023, the Company had letters of credit in the amount of $133 which may be drawn upon in the event of breaches of the respective agreements. These letters of credit bear conventional rates of interest partially offset by the interest earned on guaranteed investment certificates ("GIC") securing the letters as collateral. The Company has pledged corresponding GICs as collateral, which have been recorded in other assets. As at September 30, 2023, there have been no material breaches as defined by the agreements and no amounts have been drawn on the letters of credit.

[b] Claims and litigation

From time to time, the Company and/or its subsidiaries may become defendants in legal actions. The Company is subject to an employment related claim by a former employee for which a provision in accounts payable and accrued liabilities has been recognized only to the extent that it is likely to result in future economic outflows.

Other than the claims previously described in the Company's Annual Financial Statements, the Company is not aware of any other material or significant claims against the Company.

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

[a] Fair values

The Company's financial instruments were comprised of the following as at September 30, 2023: cash and cash equivalents; restricted cash; trade receivables; due from related parties; certain other current assets; accounts payable and accrued liabilities; lease liabilities; sales taxes payable; loans and contingent consideration.

The fair values of the financial assets and financial liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption for the instruments recorded at amortized cost that the instruments' fair values approximate their carrying amounts is due to the largely short-term maturities of these instruments.

[b] Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the three and nine months ended September 30, 2023, there were no transfers of amounts between levels (year ended December 31, 2022 – none).

[c] Management of risks arising from financial instruments

[i] Market risk

Foreign currency risk

Foreign currency risk arises due to fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates. As at September 30, 2023, a portion of the Company's financial assets and liabilities were held in US dollars and European Euros. The Company has not used foreign exchange contracts to hedge its exposure to foreign currency cash flows for the three and nine months ended September 30, 2023 as management has determined that this risk is not significant at this time.

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

Interest rate risk

The Company's exposure to interest rate risk relates to any investments of surplus cash as the Company's debt is fixed at a prescribed rate. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at September 30, 2023, the Company had term deposits of $133 bearing interest of 3.4% (December 31, 2022 - $133, bearing interest of 3.4%). The Company also has restricted cash of $350 which is collateral for corporate credit cards and $354 related to the Revolver Loan as part of the conditions for the Revolver Loan agreements.

[ii] Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash and cash equivalents, trade receivables, prepaid expenses and deposits, and other assets represents the maximum exposure to credit risk as at September 30, 2023. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Credit risk is mitigated by entering into sales contracts with stable, creditworthy parties and through frequent reviews of exposures to individual entities.

The Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date and credit worthiness. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of loss and comprehensive loss. When a trade receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of loss and comprehensive loss. The Company had two customers whose balances individually were greater than 10% of total trade receivables as at September 30, 2023 (December 31, 2022 – three customers). Customer A accounted for 38% and Customer B accounted for 13% of trade receivables as at September 30, 2023 (December 31, 2022 – Customer A accounted for 36%, Customer B accounted for 15% and Customer C accounted for 23%). Customer A and B are provincial government entities. The Company had four customers whose revenues individually were greater than 10% of total revenues for the three months ended September 30, 2023 (three months ended September 30, 2022 – three). Customer A accounted for 41%, Customer B accounted for 26%, Customer C accounted for 13% and Customer D accounted for 12% of the revenue for the three months ended September 30, 2023. (For the three months ended September 30, 2022 – Customer A accounted for 42%, Customer B accounted for 32%, Customer C accounted for 4% and Customer D accounted for 13% of revenue). The Company had four customers whose revenues individually were greater than 10% of total revenues for the nine months ended September 30, 2023 (nine months ended September 30, 2022 – three). Customer A accounted for 37%, Customer B accounted for 25%, Customer C accounted for 15% and Customer D accounted for 13% of the revenue for the nine months ended September 30, 2023. (For the nine months ended September 30, 2022 – Customer A accounted for 40%, Customer B accounted for 34%, Customer C accounted for 3% and Customer D accounted for 15% of revenue). Customer A, B, C and D are provincial government entities.

The following tables set forth details of trade receivables, including aging of trade receivables that are not overdue, as well as an analysis of overdue amounts and related allowance for doubtful accounts:

	September 30, 2023	**December 31, 2022**
	$	$
Total trade receivables	**9,698**	10,256
Less allowance for expected credit losses	**—**	—
Total trade receivables, net	**9,698**	10,256
Of which		
Current	**9,054**	8,349
31-90 days	**307**	1,447
Over 90 days	**337**	460
Total trade receivables, net	**9,698**	10,256

[iii] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due (see Note 2(i)). The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements in relation to its current cash balances, maturity schedules and internal budgets. Refer to Note 17 – Commitments and Contingencies.

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

19. CAPITAL MANAGEMENT

The Company's objective is to maintain sufficient capital base to maintain investor, creditor and supplier confidence and to sustain future development of the business and provide the ability to continue as a going concern (See Note 2[i] – Going Concern). Management defines capital as the Company's shareholders' equity (excluding deficit, contributed surplus and reserve for foreign currency translations) and loans (excluding loan from disposal group). The Board does not establish quantitative return on capital criteria for management but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders. As at September 30, 2023, total managed capital was comprised of share capital and loans of $623,073 (December 31, 2022 - $610,624), contributed surplus of $109,632 (December 31, 2022 - $109,487), and reserve for foreign currency translations of $1,762 (December 31, 2022 – $1,723). There were no changes in the Company's approach to capital management during the three months ended September 30, 2023 (year ended December 31, 2022 – no changes).

20. OPERATING EXPENSES

The following table presents share-based compensation, depreciation and amortization that have not been allocated by nature on the consolidated statements of loss and comprehensive loss:

	For the three months ended		For the nine months ended	
	September 30, 2023	**September 30, 2022**	**September 30, 2023**	**September 30, 2022**
Cost of sales related to inventory production	$ **(106)**	$ 2,291	**50**	$ 7,179
Sales and marketing expenses	**44**	232	**394**	730
Research and development expenses	**(4)**	94	**150**	296
General and administrative expenses	**889**	962	**5,543**	3,048

21. EVENTS AFTER THE REPORTING PERIOD

a) On October 27, 2023, the Company entered into a waiver agreement with its lender, waiving the covenant requiring positive EBITDA from July 1, 2023 until January 31, 2024.

b) On October 27, 2023, the Company entered into a $1,190 demand promissory note with Stone Pine ("the Fourth Stone Pine Promissory Note"). The Fourth Stone Pine Promissory Note bears interest at a rate of prime plus 8.0% per annum, and matures no earlier than January 31, 2025. It is subordinate to the Revolver Loan.

c) On November 8, 2023, the Company entered into a $600 demand promissory note with Stone Pine ("the Fifth Stone Pine Promissory Note"). The Fifth Stone Pine Promissory Note bears interest at a rate of prime plus 8.0% per annum, and matures no earlier than January 31, 2025. It is subordinate to the Revolver Loan.

This is Exhibit "5" referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

BZAM Ltd., formerly The Green Organic Dutchman Holdings Ltd.

Consolidated Financial Statements

For the years ended December 31, 2022 and December 31, 2021

KPMG LLP
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Vaughan, Ontario, L4K 0J3
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BZAM Ltd.

Opinion

We have audited the consolidated financial statements of BZAM Ltd., formerly The Green Organic Dutchman Holdings Ltd., (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2022 and December 31, 2021
- the consolidated statements of loss and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material Uncertainty Related to Going Concern

We draw attention to Note 2(ii) in the financial statements, which indicates that the Entity incurred a net loss from continuing operations of $36,359 thousand and net cash outflows from operating activities of $8,994 thousand during the year ended December 31, 2022 and, as of that date, the Entity's accumulated deficit was $514,201 thousand.

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the "Material Uncertainty Related to Going Concern" section of the auditor's report, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the acquisition-date fair values of long-lived assets and intangible assets acquired through a business combination

Description of the matter

We draw attention to Notes 2(iv)(c),3(a), and 4 to the financial statements. The Entity measures the consideration transferred, the assets acquired and liabilities assumed in a business combination at their acquisition-date fair values. In connection with the acquisition of BZAM Holdings Inc., the Entity recorded Health Canada Licenses, Distribution Channels and Brands ("intangible assets") of $22,078 thousand and long-lived assets of $47,818 thousand.

The Entity's significant assumptions used in determining the acquisition-date fair values of intangible assets include estimated net cash flows attributable to the specific acquired intangible assets, customer attrition rate, and discount rates. The Entity's significant assumptions used in determining the acquisition-date fair values of long-lived assets include estimated construction costs, third party selling prices for land and buildings, current estimated costs to purchase or replace similar assets, and inflation indices.

Why the matter is a key audit matter

We identified the evaluation of the acquisition-date fair values of certain long-lived assets and intangible assets acquired through a business combination as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the assets and the high degree of estimation uncertainty in determining the acquisition-date fair values of certain acquired long-lived assets and intangible assets. In addition, significant auditor judgment and the involvement of those with specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the fair values to possible changes in significant assumptions used.

How the matter was addressed in the audit

The following were the primary procedures we performed to address this key audit matter.

We evaluated the estimated net cash flow attributable to the specific acquired intangible assets by comparing to published reports of industry analysts and peer company analysis.

We compared the estimated customer attrition rate to the expected useful life of similar intangible assets of peer companies.

We involved valuation professionals with specialized skills and knowledge who assisted with the:

- Evaluation of the discount rates by comparing to ranges independently developed using publicly available data for comparable entities
- Evaluation of estimated construction costs by comparing to third party published reports and peer company analysis
- Evaluation of third party selling prices for land and buildings by comparing to publicly available sales transactions
- Evaluation of current estimated costs to purchase or replace similar assets, and inflation indices, such as estimates of normal useful life by asset category, by comparing to publicly available data that was independently sourced to assess appropriateness.

Evaluation of the impairment of non-financial assets of the TGOD cash generating unit

Description of the matter

We draw attention to Notes 2(iv)(b), 3(d), 10 and 11 to the financial statements. During the year, the Entity recorded an impairment charge of $10,677 thousand related to the TGOD cash generating unit ("CGU"). Non-financial assets (other than biological assets and inventories) are assessed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU exceeds its recoverable amount. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of the TGOD CGU was based on its value in use, which was determined to be greater than its fair value less costs of disposal. The TGOD CGU's value in use was estimated by discounting the probability weighted future cash flows expected to be generated from the continuing use of the TGOD CGU. The significant assumptions used by the Entity in estimating the value in use of the TGOD CGU include estimated cash flows, discount rate, and long-term growth rate. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other non-financial assets in the CGU, excluding biological assets and inventories, on a pro-rata basis.

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Why the matter is a key audit matter

We identified the evaluation of the impairment of non-financial assets of the TGOD cash generating unit as a key audit matter. This matter represented a significant risk of material misstatement given the magnitude of the asset values and the high degree of estimation uncertainty in assessing the Entity's significant assumptions. Significant auditor judgment and the involvement of professionals with specialized skills and knowledge were required to evaluate the Entity's use of significant assumptions in assessing the recoverable amount of the CGU.

How the matter was addressed in the audit

The following are the primary procedures we performed to address this key audit matter.

Compared the Entity's previous estimated cash flows to the actual historical cash flows generated by the CGU to assess the Entity's ability to accurately predict cash flows.

Evaluated the estimated cash flows by comparing to the Entity's historical results, published reports of industry analysts and peer company analysis.

Evaluated the long-term growth rate by comparing to published industry data.

Involved valuation professionals with specialized skills and knowledge who assisted in evaluating the discount rate used to determine the recoverable amount, by comparing it against a discount rate range that was independently developed using publicly available market data for comparable companies and Entity specific risk factors.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Pardeep Singh Gill.

Vaughan, Canada
April 28, 2023

BZAM Ltd.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in thousands of Canadian dollars, except common shares outstanding.)

	Notes		As at December 31, 2022		As at December 31, 2021
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**4,650**	$	4,089
Restricted cash	22		**350**		219
Refundable sales taxes receivable			**-**		347
Trade receivables	22		**10,256**		8,833
Biological assets	12		**4,575**		3,149
Inventories	13		**52,416**		20,942
Prepaid expenses and deposits			**3,427**		1,502
Other current assets	14		**1,760**		1,841
Due from related parties			**487**		573
Assets held for sale	5, 7		**9,742**		13,612
		$	**87,663**	$	55,107
Non-current assets					
Property, plant and equipment	10		**129,369**		117,980
Intangible assets	11		**28,325**		15,585
Goodwill	4, 11		**28,692**		3,939
Other assets	14, 20		**395**		1,735
Total assets		**$**	**274,444**	$	194,346
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**29,511**	$	17,664
Sales taxes payable			**1,540**		595
Current portion of loans	8		**5,405**		2,021
Current portion of lease liabilities	16		**1,455**		1,049
Loan payable to disposal group	5		**—**		5,492
Liabilities held for sale	5, 7		**3,669**		2,570
Current portion of contingent consideration	15		**634**		—
			42,214		29,391
Non-current liabilities					
Lease liabilities	16		**10,611**		6,517
Loans	8		**27,213**		18,204
Contingent consideration	15		**16,095**		3,423
			53,919		28,144
Total liabilities		**$**	**96,133**	$	57,535
Shareholders' equity					
Share capital	17		**578,006**		508,504
Contributed surplus	18		**109,487**		108,836
Deficit			**(514,201)**		(478,697)
Reserve for foreign currency translations			**(1,723)**		(969)
Total Shareholders' Equity attributed to BZAM Ltd.		**$**	**171,569**	$	137,674
Non-controlling interests			**6,742**		(863)
Total Shareholders' Equity			**178,311**		136,811
Total Liabilities and Shareholders' Equity		**$**	**274,444**	$	194,346
Total number of common shares outstanding	17		**157,137,836**		74,966,065
Going concern	2				
Commitments and contingencies	20				
Events after the reporting period	26				

The accompanying notes are an integral part of these consolidated financial statements.

Approved and authorized by the Board of Directors on April 28, 2023:

(signed) "Bassam Alghanim" — *Director*

(signed) "Chris Schnarr" — *Director*

BZAM Ltd.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(expressed in thousands of Canadian Dollars, except per share amounts.)

	Notes		For the years ended December 31, 2022		December 31, 2021
Continuing operations					
Revenue		$	**68,802**	$	39,185
Excise duties			**(19,451)**		(8,944)
Net revenue			**49,351**		30,241
Cost of sales			**(45,222)**		(22,465)
Gross profit before change in fair value of biological assets			**4,129**		7,776
Realized fair value adjustment on sale of inventories			**(23,606)**		(8,161)
Unrealized gain on changes in fair value of biological assets	12		**26,229**		12,118
Gross profit		$	**6,752**	$	11,733
Operating expenses					
Sales and marketing expenses		$	**9,673**	$	4,186
Research and development expenses			**494**		528
General and administrative expenses			**22,980**		20,215
Share based compensation	18		**206**		3,381
Depreciation and amortization	10, 11		**8,634**		12,164
Total operating expenses		$	**41,987**	$	40,474
Loss from operations			**(35,235)**		(28,741)
Foreign exchange loss			**(603)**		(648)
Finance costs			**(5,116)**		(6,137)
Accretion expense	8		**(1,522)**		(5,445)
Finance income			**20**		89
Loss on lease termination			**(541)**		—
Revaluation gain of contingent consideration	15		**38,017**		1,851
Loss on disposal of assets			**(4)**		(63)
Gain on debt settlement	8		**1,140**		—
Reversal of impairment / (impairment) charge for non-financial assets	10, 11		**(29,004)**		21,811
Loss on derecognition of investment in joint venture			**—**		(761)
Impairment loss on remeasurement of HemPoland disposal group	5		**(2,489)**		(5,118)
Net loss on disposal of subsidiaries	5, 6		**(1,166)**		—
Loss on assets held for sale			**—**		(17,688)
Debt modification	8		**352**		1,187
Acquisition related costs	4		**(208)**		(317)
Loss before income taxes			**(36,359)**		(39,980)
Deferred income tax recovery			**—**		436
Net loss from continuing operations		$	**(36,359)**	$	(39,544)
Discontinued operations					
Net loss from discontinued operations	5		**(432)**		(2,753)
Net loss from operations			**(36,791)**		(42,297)

The accompanying notes are an integral part of these consolidated financial statements.

BZAM Ltd.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS (CONTINUED)
(*expressed in thousands of Canadian Dollars, except per share amounts*.)

	For the years ended December 31, 2022	December 31, 2021
Other comprehensive loss		
Foreign currency translation loss/(gain)	**754**	1,227
Comprehensive loss	**$ (37,545)**	$ (43,524)
Net loss attributable to:		
BZAM Ltd.	**(35,504)**	(42,138)
Non-controlling interests	**(1,287)**	(159)
Comprehensive loss attributable to:		
BZAM Ltd.	**(36,258)**	(43,365)
Non-controlling interests	**(1,287)**	(159)
Basic and diluted loss per share	**$ (0.43)**	$ (0.77)
Basic and diluted loss per share - Continuing operations	**$ (0.42)**	$ (0.72)
Weighted average number of outstanding common shares	**86,533,945**	55,210,913

The accompanying notes are an integral part of these consolidated financial statements.

BZAM Ltd.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(expressed in thousands of Canadian Dollars, except number of shares.)

		Share Capital		Contributed Surplus								
	Notes	Common Shares [(1)]	Amount	Reserve for share based payments	Reserve for warrants	Other contributed surplus	Escrowed share units	Total Contributed surplus	Reserve for foreign currency translations	Accumulated deficit	Non-Controlling Interests	Total
		#	$	$	$	$	$	$	$	$	$	$
Balance, December 31, 2021		**74,966,065**	**508,504**	**21,653**	**10,375**	**76,768**	**40**	**108,836**	**(969)**	**(478,697)**	**(863)**	**136,811**
Issuance of common shares	17[a]	**12,797,900**	**4,209**	—	—	—	—	—	—	—	—	**4,209**
Share based compensation	18[a,c]	—	—	**206**	—	—	—	**206**	—	—	—	**206**
Restricted share units exercised during period - escrowed	17[c]	**984**	**40**	—	—	—	**(40)**	**(40)**	—	—	—	—
Shares and warrants issued in connection with debt modification	17[b]	**50,000**	**50**	—	—	—	—	—	—	—	—	**50**
Restricted share units exercised during period	17[d]	**219,579**	**615**	**(616)**	—	—	—	**(616)**	—	—	—	**(1)**
Warrants issued in connection with Debt modification	8	—	—	—	**514**	—	—	**514**	—	—	—	**514**
Expiry of Warrants	18[b]	—	—	—	**(3,466)**	**3,466**	—	—	—	—	—	—
Shares issued to settle accounts payable	17[e]	**93,750**	**75**	—	—	—	—	—	—	—	—	**75**
Share cancellation upon share consolidation	17[g]	**(111)**	—	—	—	—	—	—	—	—	—	—
Issuance of common shares in relation to acquisition	4	**65,522,781**	**62,247**	—	—	—	—	—	—	—	—	**62,247**
Shares issued in connection with debt repayment	8, 17[f]	**3,486,888**	**2,266**	—	—	—	—	—	—	—	—	**2,266**
Warrants issued in public offering	18[b]	—	—	—	**587**	—	—	**587**	—	—	—	**587**
Acquisition of BZAM Holdings Inc.	4	—	—	—	—	—	—	—	—	—	**8,029**	**8,029**
Disposal of Mexico	6	—	—	—	—	—	—	—	—	—	**863**	**863**
Comprehensive loss		—	—	—	—	—	—	—	**(754)**	**(35,504)**	**(1,287)**	**(37,545)**
Balance, December 31, 2022		**157,137,836**	**578,006**	**21,243**	**8,010**	**80,234**	—	**109,487**	**(1,723)**	**(514,201)**	**6,742**	**178,311**

(1) The Company completed a consolidation of Common Shares on November 8, 2022 whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio (Note 1). The number of Common Shares in this table reflect that consolidation.

		Share Capital		Contributed Surplus									
		Common Shares [1]	Amount	Reserve for share based payments	Reserve for warrants	Other contributed surplus	Escrowed share units	Shares to be issued	Total Contributed surplus	Reserve for foreign currency translations	Accumulated deficit	Non-Controlling Interests	Total
		#	$	$	$	$	$	$	$	$	$	$	$
Balance, December 31, 2020		48,667,577	468,379	23,258	66,111	11,129	7,972	404	108,874	255	(436,559)	(1,145)	139,804
Issuance of common shares in relation to acquisition	17[h]	12,280,515	19,035	—	—	—	—	—	—	—	—	—	19,035
Issuance of contingent shares in relation to acquisition	17[i]	8,571,429	—	—	—	—	—	—	—	—	—	—	-
Issuance of common shares	17[j]	2,103,546	9,322	—	—	—	—	—	—	—	—	—	9,322
Share based compensation	18[a,c]	—	—	3,381	—	—	—	—	3,381	—	—	—	**3,381**
Exercise of warrants	17[k]	2,419,860	8,684	—	(1,125)	—	—	—	(1,125)	—	—	—	**7,559**
Expiry of stock options		—	—	(4,102)	—	4,102	—	—	—	—	—	—	—
Expiry of warrants	18[b]	—	—	—	(54,881)	54,881	—	—	—	—	—	—	—
Restricted share units exercised during period - escrowed	17[l]	31,493	1,276	—	—	6,656	(7,932)	—	(1,276)	—	—	—	—
Restricted share units exercised during period	17[o]	193,790	584	(584)	—	—	—	—	(584)	—	—	—	—
Shares issued to settle accounts payable	17[m]	424,171	704	(300)	—	—	—	(404)	(704)	—	—	—	—
Shares and warrants issued in connection with debt modification	17[n]	273,684	520	—	270	—	—	—	270	—	—	—	790
Comprehensive loss		—	—	—	—	—	—	—	—	(1,227)	(42,138)	(159)	(43,524)
Elimination of non-controlling interest on disposal of Denmark		—	—	—	—	—	—	—	—	3	—	441	444
Balance, December 31, 2021		74,966,065	508,504	21,653	10,375	76,768	40	—	108,836	(969)	(478,697)	(863)	136,811

(1) The Company completed a consolidation of Common Shares on November 8, 2022 whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio (Note 1). The number of Common Shares in this table reflect that consolidation.

An unlimited number of common shares are authorized for issue.

The accompanying notes are an integral part of these consolidated financial statements.

BZAM Ltd.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in thousands of Canadian dollars)

	Notes	For the years ended December 31, 2022	December 31, 2021
OPERATING ACTIVITIES			
Net loss from operations		**$ (36,791)**	$ (42,297)
Items not affecting cash:			
(Reversal of impairment) / Impairment of property, plant and equipment	10	**19,643**	(17,765)
Reversal of impairment of intangible assets		**9,363**	(4,046)
Loss on assets held for sale		**—**	17,688
Impairment loss on remeasurement of disposal group		**2,489**	5,118
Share based compensation	18	**206**	3,381
Depreciation of property, plant and equipment	10	**6,973**	12,037
Amortization of intangible assets	11	**1,661**	1,716
Realized fair value adjustment on sale of inventories		**15,419**	8,161
Unrealized gain on change in fair value of biological assets	12	**(26,229)**	(12,118)
Foreign exchange loss		**603**	—
Accretion expense	8	**1,522**	5,445
Revaluation gain of contingent consideration	15	**(38,017)**	(1,851)
Loss (gain) on disposal of assets	10	**4**	63
Loss on derecognition on investment in joint venture		**—**	761
Loss on disposal of subsidiary	5, 6	**1,166**	—
Deferred financing costs expensed		**—**	750
Deferred income tax recovery		**—**	(804)
Write-down of deposit		**—**	1,564
Gain on debt settlement		**(1,140)**	—
Loss on lease termination		**541**	—
Provision recorded on inventory	13	**11,507**	—
Debt modification	8	**(352)**	(1,187)
Changes in non-cash operating working capital items	19	**22,438**	5,346
Net cash used in operating activities		**$ (8,994)**	$ (18,038)
INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(1,124)**	(9,121)
Net proceeds from the disposition of the Valleyfield Assets		**—**	25,512
Net cash inflow on deposits	14[b]	**450**	5,761
Proceeds on disposal of assets	10	**2,003**	1,698
Transfer to/(from) restricted cash	22[c]	**219**	403
Cash acquired from business combination	4	**1,210**	307
Net cash inflow on sale of investment		**—**	1,242
Proceeds on disposal of HemPoland, net	5	**2,191**	—
Additions to intangible assets	11	**—**	(6)
Net cash provided from investing activities		**$ 4,949**	$ 25,796
FINANCING ACTIVITIES			
Proceeds from issuance of shares, net of share issue costs	17	**4,796**	9,322
Proceeds from borrowings, net of costs	8	**6,120**	6,790
Proceeds from the exercise of stock options and warrants		**—**	7,559
Interest received		**20**	55
Interest paid on lease liabilities	16	**(1,201)**	(535)
Interest paid on debt		**(3,942)**	(4,496)
Principal payments of lease liabilities	16	**(532)**	(704)
Principal payments of debt	8	**—**	(32,200)
Net proceeds/(repayments) of borrowings under the Revolver Loan	8	**1,583**	766
Net cash provided/(used) by financing activities		**$ 6,844**	$ (13,443)
Net cash inflow (outflow)		**$ 2,799**	$ (5,685)
Net effects of foreign exchange		**(2,238)**	(597)
Cash, beginning of period		**4,089**	11,212
Cash related to assets held for sale		**—**	(841)
Cash and cash equivalents, end of period		**$ 4,650**	$ 4,089

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF ACTIVITIES

BZAM Ltd. ("Company"), formerly The Green Organic Dutchman Holdings Ltd., was incorporated on November 16, 2016, under the *Canada Business Corporations Act* ("CBCA"). On January 25, 2023 the Company's board of directors (the "Board") authorized a change in the Company's name from "The Green Organic Dutchman Holdings Ltd." to "BZAM Ltd."(the "Name Change"). The Name Change took effect at the open of the market on February 23, 2023. The Company is a reporting issuer domiciled in Canada whose common shares (the "Common Shares") are publicly traded on the Canadian Securities Exchange ("CSE") under the symbol "BZAM" and on the OTCQX under the symbol "BZAMF". The Company also has three classes of warrants listed on the CSE under the symbols "BZAM.WR", "BZAM.WA" and "BZAM.WB". The Company's head office is located at 200 Burrard Street, Suite 1570, Vancouver, BC, V6C 3L6 and its registered office is located at Suite 402, 5520 Explorer Road, Mississauga, ON, L4W 5L1. These consolidated financial statements for the years ended December 31, 2022 and December 31, 2021 ("Consolidated Financial Statements") include the financial statements of BZAM Ltd. and its subsidiaries from the date the Company gained control of each subsidiary through to the date of disposition (if applicable).

The Company's wholly-owned Canadian subsidiaries, The Green Organic Dutchman Ltd. ("TGOD"), Galaxie Brands Corporation ("Galaxie") and BZAM Holdings Inc. ("BZAM Holdings") are licensed producers under the *Cannabis Act* (Canada) and hold licences to produce cannabis plants, cannabis plant seeds, dried cannabis, fresh cannabis, cannabis oils, cannabis topicals, cannabis extracts and edible cannabis and sell such cannabis products within Canada to provincially authorized retailers or distributors and federally licensed entities. The Company owns cannabis cultivation facilities near Hamilton, Ontario (the "Hamilton Facility"), in Edmonton, Alberta (the "Edmonton Facility"), in Midway, British Columbia, in Maple Ridge, British Columbia (the "Maple Ridge Facility"). The Company also has leases for and operating licences with facilities holding cultivation and processing licences in Puslinch, Ontario (the "Puslinch Facility"), Saanichton, British Columbia (the "Saanichton Facility") and Pitt Meadows, British Columbia (the "Pitt Meadows Facility"), and had a presence in Valleyfield, Québec (the "Québec Facility") until December 31, 2022. It moved its Québec operations to Vaudreiul, Québec, in January 2023.

In addition to its Canadian operations, the Company, through its subsidiaries and strategic investments, is pursuing a limited international growth strategy, and has established strategic partnerships for the distribution of cannabis derived medical products primarily focused in Germany.

On November 8, 2022, the Company filed articles of amendment to effect a consolidation (the "Consolidation") of all of the issued and outstanding Common Shares. Pursuant to the Consolidation, shareholders of the Company received one post-Consolidation Common Share for every ten pre-Consolidation Common Shares they held (the "Consolidation Ratio"). The Consolidation Ratio also applied to the Common Share purchase warrants (the "Warrants"). Accordingly, effective as of the Consolidation date, the holders of Warrants will be entitled to receive one post-Consolidation Common Share on the exercise of ten Warrants. The Consolidation also applied to the stock options and restricted share units outstanding, which were consolidated at the Consolidation Ratio with the exercise price being adjusted to reflect the Consolidation. The number of Common Share amounts discussed within these Consolidated Financial Statements reflect this Consolidation.

2. BASIS OF PRESENTATION

[i] Statement of compliance

These Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These Consolidated Financial Statements were approved and authorized for issue by the Board on April 28, 2023.

[ii] Going concern

These Consolidated Financial Statements have been prepared on a going concern basis which presumes that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

As of December 31, 2022, the Company had positive working capital of $45,449 (inclusive of non-cash contingent consideration of $634) (December 31, 2021 - $25,716) and an accumulated deficit of $514,201 December 31, 2021 - $478,697). For the year ended December 31, 2022, the Company has incurred a net loss from continuing operations of $36,359 (December 31, 2021 – $39,544), inclusive of a non-cash impairment charge of $29,004 (December 31, 2021 – reversal of previously recognized impairment charges of $21,811). During the year ended December 31, 2022, the Company used cash in operating activities of $8,994 (year ended December 31, 2021 - $18,038) resulting primarily from the loss from operations of $35,235 (year ended December 31, 2021 - $28,741) offset by items not affecting cash such as changes in fair value of biological assets, depreciation, amortization and share based compensation. The Company has insufficient cash on hand to fund its planned operations. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient revenues and positive cash flows from its operating activities and/or obtain sufficient funding to meet its obligations, neither of which is guaranteed to occur. Achieving such revenues, positive cash flows from operating activities or funding may be influenced by matters that are not in the Company's control, and as such, there is no certainty that such revenues, cash flows, or funding will be realized. In addition, the Company currently does not have any commitments in place that would provide the level of revenues, cash flows, or funding required to provide sufficient funding to meet its obligations.

The Company will need to obtain further funding in the form of asset sales, debt, equity or a combination thereof to continue operations for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. If positive operating cash flows are not achieved, debt obligations are not repaid, or adequate funding is not available, the Company will be required to delay, reduce or cease the scope of any or all of its operations. In addition, the terms of the renewed secured revolving credit facility (the "Revolver Loan") require the Company to satisfy various affirmative and negative covenants and to meet certain future financial tests. A failure to comply with these covenants, including a failure to meet the financial tests, would result in an event of default under the Revolver Loan and if not cured would allow the lender to accelerate the repayment of the debt, which could materially and adversely affect the business, results of operations and financial condition of the Company. These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

These Consolidated Financial Statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. Should the Company be unable to generate sufficient cash flow from operating and/or financing activities, the carrying value of the Company's assets could be subject to material adjustments and other adjustments may be necessary to these Consolidated Financial Statements should such events impair the Company's ability to continue as a going concern.

[iii] Basis of measurement

These Consolidated Financial Statements have been presented in thousands of Canadian dollars (unless otherwise noted) on a historical cost basis, except for certain financial instruments that are measured at fair value and biological assets which are recorded at fair value less costs to sell. The Company's functional currency is Canadian dollars.

[iv] Use of estimates and judgments

The preparation of these Consolidated Financial Statements requires the use of estimates and judgments that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods effected.

(a) ***Biological assets and inventory***

In calculating the fair value less costs to sell of the biological assets, management is required to make a number of judgments and estimates, including estimating the stage of growth of the cannabis plants up to the point of harvest, harvesting costs, selling costs, sales price, wastage and expected yields for the cannabis plants. In calculating inventory values, management is required to determine an estimate of indirectly attributable production costs and net realizable value of inventory items.

(b) ***Impairment, estimated useful lives, depreciation and amortization of property, plant and equipment and intangible assets***

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives, residual values, and depreciation rates. The depreciation and amortization methods are judgments based on the Company's assessment of the pattern of use of the assets. The estimate of useful lives and residual values are based on the Company's intended use of the assets. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions.

(i) Cash generating units:

Judgment is required to assess the Company's determination of cash generating units for the purpose of impairment testing.

(ii) Impairment of non-financial assets:

The process to calculate the recoverable amount of each cash generating unit ("CGU") requires use of valuation methods such as the discounted cash flow method which uses significant assumptions of key variables including estimated cash flows, discount rates and long-term growth rate. The Company applies judgment when determining which methods are most appropriate to estimate that value in use and fair value less costs of disposal for each CGU. Please see Notes 10 and 11 for details of the estimates and judgment applied by the Company in connection with the impairment of non-financial assets.

(c) ***Business combinations***

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition based on the facts and circumstances of the transaction in relation to the criteria listed in IFRS 3 Business Combinations. Determining the purchase price of a business combination, including any acquisition-related contingent consideration, and determining the allocation of the purchase price requires estimation of the fair value of the non-cash consideration and fair value of the assets acquired and liabilities assumed. Market based and appraisal values are used. The Company's significant assumptions used in determining the acquisition-date fair values of intangible assets include estimated net cash flows attributable to the specific acquired intangible assets, customer attrition rate, and discount rates. The Company's significant assumptions used in determining the acquisition-date fair values of long-lived assets include estimated construction costs, third party selling prices for land and buildings, current estimated cost to purchase or replace similar assets, and inflation indices.

(d) ***Share based compensation***

Estimates are used to determine the fair value of stock options and restricted stock units of the Company. The Company typically uses a Black Scholes pricing model to determine the valuations. Refer to Notes 17 and 18 for further information.

(e) ***Warrants***

Estimates are used to determine the fair value of warrants issued by the Company. The Company typically uses a Black Scholes pricing model to determine the valuations. Refer to Notes 17 and 18 for further information.

(f) ***Leases***

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Estimates are used to determine the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate for new leases.

(g) ***Assets held for sale***

The determination as to whether a disposal group meets the requirements to be classified as held for sale, and the assets and liabilities to be included within that disposal group, requires management to exercise judgement when making these determinations. Management must also exercise judgment when determining at which date all of the criteria are satisfied to be classified as held for sale. Management must also use estimates when determining the fair value less costs to sell of the disposal group to assess if the carrying value of the disposal group is greater than its recoverable amount.

[v] Basis of consolidation

These Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intercompany balances and transactions are eliminated upon consolidation and preparation of these Consolidated Financial Statements. The Company's primary controlled subsidiaries are as follows:

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

Major subsidiary	Percentage ownership	Functional currency
The Green Organic Dutchman Ltd. ("TGOD")	100%	Canadian Dollar
Medican Organic Inc. ("Medican")	100%	Canadian Dollar
Galaxie Brands Corporation ("Galaxie")	100%	Canadian Dollar
TGOD Europe B.V.	100%	European Euro
BZAM Holdings Inc.	100%	Canadian Dollar
BZAM Cannabis Corp.	58%	Canadian Dollar
Folium Life Science Inc.	80%	Canadian Dollar
BZAM Management Inc.	100%	Canadian Dollar
1005099 Manitoba Ltd.	100%	Canadian Dollar

All shareholdings are of ordinary shares or other equity. Other subsidiaries, while included in the Consolidated Financial Statements, are not material and have not been included in the table above.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combinations

The Company accounts for business combinations using the acquisition method when control is transferred to the Company. The Company measures the consideration transferred, the assets acquired, and liabilities assumed in a business combination at their acquisition-date fair values. Acquisition related costs are recognized as expenses in the periods in which the costs are incurred, and the services are received, except for the costs to issue debt or equity securities which are recognized according to specific requirements. The excess of the consideration transferred to obtain control, over the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed, is recognized as goodwill as of the acquisition date.

Contingent consideration for a business combination is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as an asset or liability is measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

(b) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Depreciation is recognized on a declining basis using the following rates:

Building	2.5 - 5%
Furniture and fixtures	5 - 33%
Production equipment	7 - 100%
Building and leasehold improvements	5 - 20%, or straight line over the lease term if applicable
Computer equipment	20 - 100%
Automobiles	7 - 30%

Residual values, useful lives and depreciation methods of property, plant and equipment are reviewed at least once each financial year and adjusted, if appropriate. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Land is not depreciated.

Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item at the date of disposal and recognized in profit or loss.

Assets and construction in progress are transferred to building, production equipment, and building improvements when available for use and depreciation of the asset commences at that point.

(c) Intangible assets

Finite-lived intangible assets are recorded at cost less accumulated amortization and impairment losses. Amortization is provided on a straight-line basis over the following term:

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

Health Canada Licences	7 - 20 years, in accordance with the estimated useful life of buildings
Technology Licences	6 years
Website	10 years
Customer Relationships	10 years
Distribution Channels	10-20 years
Brands	10-20 years
Other acquired rights	3-5 years

The estimated useful lives and amortization methods of intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The Company does not currently have any intangible assets with indefinite useful lives.

(d) Impairment of non-financial assets

Non-financial assets (other than biological assets and inventories) are assessed for indicators of impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU exceeds its recoverable amount. Goodwill is tested for impairment annually in the fourth quarter or more often if events or circumstances indicate there may be an impairment. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit, or "CGU"). Goodwill arising from a business combination is allocated to the CGU or group of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal, and its value in use. If the carrying amount of an asset or CGU exceeds its recoverable amount, an impairment charge is recognized immediately in profit or loss by the amount by which the carrying amount of the asset or CGU exceeds its recoverable amount. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other non-financial assets in the CGU, excluding biological assets and inventories, on a pro-rata basis. Impairment losses in respect of goodwill are not subsequently reversed. For other non-financial assets excluding biological assets and inventories, an impairment loss is subsequently reversed only to an amount that is the lesser of the revised estimate of recoverable amount, and the carrying amount, net of depreciation or amortization, that would have been recorded at the date of the reversal had no impairment loss been recognized previously. The Company currently has four CGUs being (i) cannabis related activities from production at the Hamilton Facility and Québec Facility, ("TGOD CGU") (ii) the cannabis manufacturing productions at the Puslinch Facility ("Galaxie CGU"), (iii) the newly acquired BZAM Holdings ("BZAM CGU") and (iv) other strategic international investments. For the year ended December 31, 2022, the Company recorded an impairment in relation to the TGOD CGU.

(e) Goodwill

Goodwill represents the excess of the price paid for a business combination over the net fair value of the identifiable assets acquired and liabilities assumed in the business combination and is subsequently measured at historical cost less accumulated impairment losses, if any. Goodwill is not depreciated.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell at harvest, which becomes the initial cost of the harvested cannabis. Any subsequent post-harvest costs, such as depreciation, processing and packaging the inventories to a finished state, are capitalized to inventory as they are incurred to the extent that the aggregated cost of the inventory item is less than its net realizable value and are subsequently recorded within cost of sales related to inventory production costs in the consolidated statement of loss and comprehensive loss. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis.

(g) Biological assets

While the Company's biological assets are within the scope of IAS 41 Agriculture, the direct and indirect costs of biological assets are capitalized using an approach similar to the capitalization criteria outlined in IAS 2 Inventories. Direct and indirect costs of biological assets include the direct cost of seeds and growing materials, and indirect costs such as utilities and supplies used in the growing process. Indirect labour for individuals involved in the growing and quality control process is also included. Certain direct and indirect costs of biological assets, excluding depreciation, are capitalized as they are incurred, and are subsequently recorded in inventories on the consolidated statement of financial position after the biological assets are harvested, and subsequently recorded within the line item 'cost of sales' on the consolidated statement of loss and comprehensive loss in the period that the related product is sold or impaired. The unrealized gain on changes in fair value of biological assets are recorded in a separate line on the consolidated statement of loss and comprehensive loss. Biological assets are measured at their fair value less costs to sell on the consolidated statement of financial position.

(h) Revenue

The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

To determine the amount and timing of revenue to be recognized, the Company follows the five-step model:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognizing revenue when/as performance obligations are satisfied.

Revenue from the direct sale of cannabis products for a fixed price is recognized when the Company transfers control of the good to the customer, which is at the point of shipment for medical cannabis and at the point of delivery for recreational cannabis.

Revenue earned in Canada includes excise duties, which the Company pays as principal, but excludes sales taxes collected on behalf of tax authorities. Revenue is recognized to the extent that it is highly probable that a significant reversal will not occur. Therefore, revenue is stated net of expected price discounts, allowances for customer returns and certain promotional activities and similar items. Generally, payment of the transaction price is due within credit terms that are consistent with industry practices.

Under certain revenue arrangements, the Company provides production or licensing services. For these revenue arrangements, the Company earns a manufacturing or licencing fee, which is recognized as revenue net of associated costs as the Company acts as an agent in the arrangement. The Company does not control pricing or bear inventory, or credit risk associated with the goods in these arrangements, and as such is acting as an agent in these arrangements.

(i) Financial instruments

[i] Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

[ii] Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified and measured at: amortized cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or fair value through profit or loss ("FVTPL"). Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets, if applicable. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest rate method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI. Changes in fair value are recognized in OCI and are never recycled to profit and loss, even if the asset is sold or impaired.

Financial Liabilities

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

[iii] Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. The Company may enter into transactions whereby it transfers assets recognized in its statements of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguish and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Transaction Costs

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

[iv] Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(j) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECLs") on financial assets measured at amortized costs, debt investments measured at FVOCI, and contract assets – the Company had no debt investment measured at FVOCI and no contract assets as at December 31, 2022 and December 31, 2021.

When determining whether the credit risk of a financial asset has increased significantly and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyses, based on the Company's historical experience and informed credit assessment and including forward looking information.

(k) Investments in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Significant influence is usually evidenced by but not limited to, the ability to exercise significant influence through board representation, material transactions with the investee, provision of technical information, and the interchange of managerial personnel.

Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost, inclusive of transaction costs. Subsequent to initial recognition, the Company includes in its consolidated financial statements the Company's share of the income and expenses of equity accounted investees until the date on which significant influence ceases. In accordance with IFRS, the investee's most recent available financial statements are used in the application of the equity method. The Company does not recognize losses exceeding the carrying value of its interest in the associate.

Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses arising from transaction with equity-accounted investees are eliminated against the investment to the extent of the Company's interest in the investee, but only to the extent there is no evidence of impairment.

(l) Research and development

Research costs are expensed as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically, and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred. Subsequent to initial recognition, capitalized development expenditures are measured at costs less accumulated amortization and impairment losses.

(m) Taxes

Income tax expense is comprised of current and deferred tax. It is recognized in net loss except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current taxes

Current tax comprises the expected tax payable or receivable on the taxable earnings for the period and any adjustments to the tax payable or receivable in respect of previous years. Taxable earnings may differ from earnings as reported in the consolidated statement of loss and comprehensive loss because of items of income and expenses that are taxable or deductible in other years and items that will never be taxable or deductible. The Company's receivables and liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes

The Company uses the liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes, and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in profit or loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and are reviewed at the end of each reporting period.

Refundable sales tax receivable

The Company recognizes receivables for refundable input tax credits for various value added taxes paid in conjunction with the laws governing each jurisdiction where the credits are claimed.

(n) Share based compensation

The Company measures equity settled share based payments based on their fair value at the grant date and recognizes compensation expense over the vesting period based on the Company's estimate of equity instruments that will eventually vest. Expected forfeitures are estimated at the date of grant and subsequently adjusted if further information indicates actual forfeitures may vary from the original estimate. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate. For share based payments granted to non-employees, the compensation expense is measured at the fair value of the good and services received except where the fair value cannot be estimated in which case it is measured at the fair value of the equity instruments granted. The fair value of share based compensation to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. Consideration paid by employees or non-employees on the exercise of stock options is recorded as share capital and the related share based compensation is transferred from share based reserve to share capital.

(o) (o) Earnings/(Loss) per share

The Company presents basic and diluted earnings (loss) per share data for its common shares. Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for the effects of all dilutive potential common shares. In a period of losses, the options and warrants are excluded for the determination of dilutive net loss per share because their effect is antidilutive.

(p) Related party transactions

Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is the amount of consideration paid/payable or received/receivable as established and agreed to by the related parties.

(q) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and monetary liabilities denominated in foreign currencies at the reporting date are remeasured to the functional currency of the subsidiary in which the transactions are recorded at the exchange rate at the reporting date and the date they are settled. Non-monetary items that are based on historical cost in the functional currency of the subsidiary in which the amounts are recorded are translated into Canadian dollars using the exchange rate at the date of the transaction. Foreign currency gains and losses due to translating foreign currency transactions are reported in the consolidated statement of loss and comprehensive and loss on a net basis. The effect of currency translation adjustments on cash and cash equivalents is presented separately in the statements of cash flows and separated from investing and financing activities when deemed significant.

(r) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars using average exchange rates for the month during which the transactions occurred. These foreign currency differences are recognized in other comprehensive income in the reserve for foreign currency translations.

(s) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale (or disposal group) are measured at each reporting period at the lower of their carrying amount and fair value less costs to sell ("FVLCS"), except for inventories, biological assets, deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are measured in accordance with the Company's other accounting policies, as applicable.

An impairment loss is recognized for any initial or subsequent write-down of the assets held for sale (or disposal group) to FVLCS. A gain is recognized for any subsequent increases in FVLCS of assets held for sale (or disposal group), but not in excess of any cumulative impairment loss previously recognized for the asset's (or disposal group's) carrying value. A gain or loss not previously recognized by the date of the sale of the non-current assets (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

(t) New accounting pronouncements or policies adopted in 2022

The Company adopted the following new standards and amendment to standards effective January 1, 2022. These changes did not have a material impact on these Consolidated Financing Statements.

i. Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after January 1, 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated.

ii. Amendments to IFRS 3, Business Combinations - Updating a Reference to the Conceptual Framework.

IFRS 3 Business Combinations specifies how an entity should account for the assets and liabilities it acquires when it obtains control of a business. IFRS 3 requires an entity to refer to the Conceptual Framework for Financial Reporting (Conceptual Framework) to determine what constitutes an asset or a liability. Originally, IFRS 3 required an entity to refer to the version of the Conceptual Framework that existed when IFRS 3 was developed. The amendments updated the reference to the Conceptual Framework. They also added to IFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Without the exception, an entity would have recognised some liabilities on the acquisition of a business that it would not recognise in other circumstances. Immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain.

The amendments to are effective for business combinations occurring in reporting periods starting on or after 1 January 2022 with earlier application permitted.

iii. Amendments to IAS 16, Property, Plant and Equipment: Proceeds before intended use, prohibiting reducing the cost of property, plant and equipment by proceeds while bringing an asset to capable operations.

The amendments improve transparency and consistency by clarifying the accounting requirements—specifically, the amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

The amendments are effective for reporting periods beginning on or after 1 January 2022. Earlier application of the amendments was permitted.

(u) New standards, interpretations and amendments not yet adopted by the Company

A number of new standards are effective for annual periods beginning on or after January 1, 2023 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these Consolidated Financial Statements. The following amended standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements:

i. Deferred Tax related to Assets and Liabilities arising from a Single Transaction – (Amendments to IAS 12)

The amendment narrowed the scope of certain recognition exceptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognized deferred tax for all temporary differences related to leases and decommissioning obligations and recognized the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments in the Company's consolidated financial statements.

ii. Definition of Accounting Estimates – (Amendments to IAS 8)

On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*.

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

iii. Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS 2 Practice Statement 2)

On February 12, 2021, the IASB issued *Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS 2 Practice Statement 2 Making Material Judgments)*. The amendments help companies provide useful accounting policy disclosures. The key amendments include:

a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;

b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and,

c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

iv. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020 the IASB published 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' which clarify the Standard's guidance on whether a liability should be classified as either current or non-current.

IAS 1 requires an entity that has an unconditional right to delay settlement of a liability for at least 12 months from the end of the reporting period, then it can be classified as non-current, if not it is classified as current. Some preparers have found this statement confusing and consequently similar liabilities have been classified differently, making comparisons by investors difficult.

The IASB therefore issued amendments to IAS 1 to clarify its previously issued guidance and rectify the above issue.

The amendments elaborate on guidance set out in IAS 1 by:

a. clarifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period
b. stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability
c. adding guidance about lending conditions and how these can impact classification
d. including requirements for liabilities that can be settled using an entity's own instruments.

The amendments are effective for annual periods beginning on or after January 1, 2024 with early adoption permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

v. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

In September 2022, the IASB issued amendments to IFRS 16, adding requirements for accounting for a sale and leaseback after the date of the transaction.

The IASB has now issued additional guidance in IFRS 16 on accounting for sale and leaseback transactions. Previously IFRS 16 only included guidance on how to account for sale and leaseback transactions at the date of the transaction itself. However, the Standard did not specify any subsequent accounting when reporting on the sale and lease back transaction after that date.

As a result, without further requirements, when the payments include variable lease payments there is a risk that a modification or change in the leaseback term could result in the seller-lessee recognising a gain on the right of use they retained even though no transaction or event would have occurred to give rise to that gain.

Consequently, the IASB decided to include subsequent measurement requirements for sale and leaseback transactions to IFRS 16.

The amendments are applicable for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If the amendments are applied in an earlier period, this should be disclosed. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

vi. Non-current Liabilities with Covenants (Amendments to IAS 1)

In November 2022, the IASB issued some amendments to IAS 1 that aim to improve disclosures about long-term debt with covenants.

IAS 1 requires an entity to classify debt as current if it is unable to avoid settling the debt within 12 months after the reporting date. However, the entity may need to comply with covenants during that same period, which may question whether the debt should be classified as non-current. For example, a long-term debt may become current if the entity fails to comply with the covenants during the 12-month period after the reporting date.

The amendments set out in 'Non-current Liabilities with Covenants (Amendments to IAS 1)' state that at the reporting date, the entity does not consider covenants that will need to be complied with in the future, when considering the classification of the debt as current or non-current. Instead, the entity should disclose information about these covenants in the notes to the financial statements.

The IASB want these amendments to enable investors to understand the risk that such debt could become repayable early and therefore improving the information being provided on the long-term debt.

The amendments are applicable for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If the amendments are applied in an earlier period, this should be disclosed. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

vii. IFRS 17, Insurance Contracts, a replacement of IFRS 4, Insurance Contracts

IFRS 17 replaces IFRS 4 and sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of IFRS 17.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted as long as IFRS 9 is also applied. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

4. BUSINESS COMBINATION

Acquisition of BZAM Holdings Inc.

On October 18, 2022, the Company entered into a share exchange agreement (the "BZAM Agreement") to purchase all of the issued and outstanding shares of BZAM Holdings Inc. ("BZAM", the "BZAM Transaction"). BZAM is a licensed producer of cannabis and cannabis related products focused on manufacturing and distribution. Pursuant to the terms of the BZAM Agreement, upon closing of the BZAM Transaction on November 3, 2022, the Company paid an aggregate purchase price of $113,570 (the "Purchase Price"). The Purchase Price was comprised of: (a) 65,522,781 Common Shares valued at $62,247; (b) a contingent consideration valued at $50,552 (the "BZAM Contingent Milestone Shares"), subject to the achievement of certain net revenue and earnings before interest, taxes, depreciation and amortization targets over the twelve months ending December 31, 2023; and (c) 1,120,226 Common Shares (the "BZAM Milestone shares") valued at $771

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

subject to the issuance of the Galaxie Contingent Milestone shares. Contingent consideration of up to $52,601 in BZAM Contingent Milestone Shares could be payable based on performance of the business during the one year following the transaction closing.

The Company elected to measure the non-controlling interest in the BZAM Holdings Inc. subsidiaries at the proportionate share of BZAM Holdings Inc. interest in the subsidiaries identifiable net assets.

The Company's initial allocation of the Purchase Price is as noted in the table below. As the BZAM Transaction is within the measurement period, management will continue to finalize the allocations in relation to any subsequent working capital adjustments. The measurement period is the period from the acquisition date to the date complete information about facts and circumstances that existed as of the acquisition date is received. The measurement period cannot extend beyond one year from date of acquisition. The table below summarizes the estimated fair value of the assets acquired and the liabilities assumed as at the acquisition date:

	Note	Number of Common Shares	Common Share price	Amount
Consideration paid/payable				
Common Shares issued	**(i)**	65,522,781	$0.950	62,247
Contingent consideration				51,323
Total consideration paid/payable				**113,570**
Net assets acquired				
Cash and cash equivalents				1,210
Restricted cash				350
Trade receivables				7,994
Other current assets				989
Prepaid expenses and deposits				1,416
GST receivable				1,263
Inventories				30,072
Property, plant and equipment	**9**			47,818
Assets held for sale				5,573
Brands	**10**			3,130
Distribution Channels	**10**			13,400
Health Canada Licences	**10**			5,548
Goodwill	**10**			28,692
Accounts payable and accrued liabilities				(8,868)
Lease liabilities	**15**			(8,598)
Loans	**8**			(8,391)
NCI				(8,028)
Total identifiable net assets acquired				**113,570**

(i) Closing price of the Common Shares on November 3, 2022, being the date of closing the BZAM Transaction.

The licence acquired is subject to amortization over a period equivalent to the useful life of the BZAM Facilities which have a useful life of 7 to 20 years. The licence consists of BZAM's cultivation, processing, and sales licenses.

Brands acquired under the BZAM Transaction include Table Top, Ness, BZAM, BZAM x Dunn, FRESH, Snackbar and SuperFlower, which are products for distribution in the recreational adult-use market. Such brands are subject to amortization with estimated useful lives of 14 years.

The distribution channels represent a significant intangible asset, which is used to deliver products to customers. The distribution channels include a network of wholesalers and retailers. These channels provide a competitive advantage to the Company, allowing it to reach a broad customer base. The Company expects the distribution channels will continue to provide a competitive advantage and generate future economic benefits. However, changes in market conditions, customer preferences, or technological advancements could impact the Company's ability to realize the expected benefits from these distribution channels. The distribution channels are amortized over their useful lives, which are estimated to be 14 years.

The primary reason for the acquisition and the goodwill is attributed to the achievement of synergies expected from integrating BZAM Holdings and the Company. Goodwill is calculated as the excess of the consideration paid in comparison to the net assets identified as at acquisition date. Goodwill is not tax deductible.

The BZAM Contingent Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2022, this contingent consideration was revalued to $16,095, resulting in a gain on revaluation of $34,457 for the year ended December 31, 2022. The primary reason for the decline in the carrying value of the contingent consideration from the date of recognition to December 31, 2022 is the decline the market price of the

Common Shares as the contingent consideration is contracted to be settled in Common Shares. The BZAM Contingent Milestone Shares are to be released no later than January 31, 2024.

The BZAM Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2022, the contingent consideration for the BZAM Milestone Shares was revalued to $314, resulting in a gain on revaluation of $457 for the year ended December 31, 2022. The BZAM Milestone Shares were released on January 23, 2023 (see Note 26b).

The Company recognized $208 in transaction costs recorded in the acquisition related costs line in the consolidated statement of loss and other comprehensive loss in connection with the BZAM Transaction.

From the date of acquisition, BZAM Holdings Inc. contributed $8,912 of revenue and $8,546 to the net loss before operations of the Company.

Acquisition of Galaxie

On October 29, 2021, the Company entered into a share purchase agreement (the "Galaxie Definitive Agreement") to purchase all of the issued and outstanding shares of Galaxie (the "Galaxie Transaction"). Galaxie is a licensed producer of cannabis and cannabis related products focused on product innovation, branding, manufacturing, and distribution. Pursuant to the terms of the Galaxie Definitive Agreement, upon closing of the Galaxie Transaction on November 17, 2021, the Company paid an aggregate purchase price of $24,270 (the "Galaxie Purchase Price"). The Galaxie Purchase Price was comprised of: (a) 8,000,000 Common Shares valued at $12,400 (the "Escrow Shares"); (b) 4,000,000 Common Shares valued at $6,200 (the "Indemnity Escrow Shares"); (c) 280,515 Common Shares valued at $435 related to the Underlying Shares (as defined below); and (d) up to 8,571,428 Common Shares valued at $5,235 (the "Contingent Milestone Shares"), subject to the achievement of certain financial targets over the twelve months ending December 31, 2022.

The Escrow Shares are subject to an escrow agreement with Computershare Investor Services Inc., as escrow agent, (the "Escrow Agent") whereby one sixth of these shares will be released every four months with the first release starting March 17, 2022. The Indemnity Escrow Shares and Contingent Milestone Shares were placed into an indemnity escrow account with the Escrow Agent, to be released no later than December 31, 2023 and January 31, 2023, respectively, subject to earlier release pursuant to the escrow release terms of an indemnity escrow agreement.

All issued and outstanding options to acquire shares of Galaxie (the "Galaxie Options") vested prior to the closing of the Galaxie Transaction. Each holder of vested Galaxie Options had the option of exercising its Galaxie Options into underlying shares of Galaxie (the "Underlying Shares"). The Underlying Shares were converted into Common Shares at the closing of the Galaxie Transaction based upon the terms set forth in the Galaxie Definitive Agreement. A total of 280,515 Common Shares were issued to holders of Galaxie Options in exchange for the issued and outstanding Underlying Shares. Total consideration issued to the former shareholders of Galaxie was 20,571,428 Common Shares with a fair value of $23,835, with an additional 280,515 Common Shares being issued to holders of Galaxie Options with a fair value of $435.

The Company's final allocation of the Galaxie Purchase Price is as noted in the table below. There were no adjustments made to this purchase price allocation between the initial measurement and the final measurement. The table below summarizes the estimated fair value of the assets acquired and the liabilities assumed as at the acquisition date:

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

	Note	Common Shares issued	Common Share price	Amount
Consideration paid				
Common Shares issued	**(i)**	12,280,515	$1.55	19,035
Contingent consideration	**(ii)**	8,571,428		5,235
Total consideration transferred				**24,270**
Net assets acquired				
Cash and cash equivalents				307
Trade receivables				1,366
Prepaid expenses and deposits				117
Due from related party				503
Inventories				1,172
Accounts payable and accrued liabilities				(2,490)
Property, plant and equipment				14,308
Brands				2,783
Health Canada Licence				4,432
Customer contracts				2,650
Goodwill				3,939
Lease liabilities				(3,665)
Loans				(1,152)
Total identifiable net assets acquired				**24,270**

(i) Closing price of TGOD Common Shares as at acquisition date
(ii) Recorded at fair value, which was determined using the Black-Scholes Pricing Model.

The licence acquired is subject to amortization over a period equivalent to the useful life of the Puslinch Facility which has a useful life of 20 years. The licence consists of Galaxie's cultivation, processing, and sales license.

Brands acquired under the Galaxie Transaction include Cruuzy, which offers a range of high potency products for distribution in the recreational adult-use market, and GRx, which offers high potency CBD products to medical patients. Such brands are subject to amortization with estimated useful lives of 10 years.

The primary reason for the acquisition and the goodwill is attributed to the achievement of synergies expected from integrating Galaxie and the Company to produce cannabis extracts, including cannabis concentrates for consumers. Goodwill is calculated as the excess of the consideration paid in comparison to the net assets identified as at acquisition date. Goodwill is not tax deductible.

The Contingent Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2021, the contingent consideration was revalued to $3,423, resulting in a gain on revaluation of $1,812 for the year ended December 31, 2021. The Contingent Milestone Shares were to be released no later than January 31, 2023. Subsequent to year the Contingent Milestone shares were released (see Note 26b)

The Company recognized $317 in transaction costs recorded in the acquisition related costs line in the consolidated statement of loss and other comprehensive loss in connection with the Galaxie Transaction.

5. DISPOSAL OF HEMPOLAND

On September 6, 2022, the Company completed the sale of HemPoland S.p.a. Z.o.o. ("HemPoland"), its wholly owned hemp cultivation and extraction business based in Poland, for net proceeds of $6,810 which included $1,350 in cash and a $5,460 loan forgiveness for amounts owed to HemPoland by the Company.

As at December 31, 2022 and 2021, the HemPoland assets and liabilities held for sale were as follows:

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

		Disposal Group For the years ended	
		December 31, 2022	December 31, 2021
Cash and cash equivalents	$	-	841
Refundable sales taxes receivable		-	57
Trade receivables		-	446
Prepaid expenses and deposits		-	167
Inventories		-	3,035
Property, plant and equipment		-	1,589
Intangible assets		-	1,985
Loan receivable from the Company		-	5,492
Assets held for sale	**$**	**-**	**13,612**
Accounts payable and accrued liabilities	$	-	695
Lease liabilities		-	1,409
Loans		-	466
Liabilities held for sale	**$**	**-**	**2,570**

The financial results of HemPoland which are also included as net loss from discontinued operations on the consolidated statement of loss and comprehensive loss are as follows:

	For the years ended December 31, 2022	December 31, 2021
Revenue	$ 1,926	$ 6,270
Gross profit	$ 305	$ 2,330
Expenses	$ 1,124	$ 5,398
Loss from discontinued operations	$ (819)	$ (3,068)
Income Tax Recovery	$ 387	$ 315
Loss from discontinued operations, net of tax	$ (432)	$ (2,753)
Basic and diluted loss per share	$ (0.00)	$ (0.00)

Cash flows from (used in) discontinued operations:

	For the years ended December 31, 2022	December 31, 2021
Net cash provided by/(used in) operating activities	$ (147)	$ 1,339
Net cash provided used in investing activities	(46)	(188)
Net cash provided used in financing activities	(410)	(519)
Net cash (outflows) inflows for the year	**$** (603)	**$** 632

Loss on Disposal

During the year ended December 31, 2022, the Company recognized an impairment loss on the remeasurement of the HemPoland disposal group to the lower of its carrying amount and its fair value less costs to sell of $2,489 (December 31, 2021 - $5,118). The loss during the year ended December 31, 2022 was recognized as a result of management's estimate of the fair value less costs to sell during the year ended prior to disposition. Upon final disposition of the disposal group, the Company recognized a loss on disposal of $831 as noted below.

	HemPoland
Proceeds from Sale	6,810
Less: Net assets at Disposal	(5,938)
Add: Reclassification of foreign currency translation reserve applicable to HemPoland	(1,703)
Loss on Disposal	**(831)**

The reclassification of the foreign currency translation reserve applicable to HemPoland represents the cumulative foreign currency differences previously included in shareholders' equity since the date of acquisition.

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

6. DISPOSAL OF MEXICO

On November 23, 2022, the Company completed the sale of its 50% shareholding in The Green Organic Dutchman, S. de R.L de C.V. ("Mexico") for net proceeds of $0. As a result of the disposal a loss on disposal of $335 was recognized.

7. ASSETS HELD FOR SALE

Galaxie Assets

As at December 31, 2022, management was committed to a plan to sell the certain assets and liabilities acquired by the Company as part of the Company's acquisition of Galaxie during the year ended December 31, 2022. Accordingly, the Company has presented these assets and liabilities (which belong to the TGOD operating segment (Note 9)) as held for sale. Efforts to sell the assets have commenced and a sale is expected within the next twelve months.

Impairment losses of $3,656 for write-downs of the assets to the lower of their carrying amount and fair value less costs to sell have been recognized for the year ended December 31, 2022 (year ended December 31, 2021, $Nil). The impairment losses have been applied to reduce the carrying amount of property, plant and equipment, and intangible assets.

As at December 31, 2022, the assets and liabilities were stated at fair value less costs to sell and comprised of the following:

Property, plant and Equipment	1,916
Intangible Assets	2,253
Assets held for sale	**4,169**
Lease Liability	3,669
Liabilities held for sale	**3,669**

Measurement of fair values

The fair value less costs to sell of these assets and liabilities was estimated to be $500 using a market approach (level 2 on the fair value hierarchy), from a non-binding competitive offer which provided reliable information to determine the fair value of the assets.

Maple Ridge Facility

As at December 31, 2022, management was committed to a plan to sell the Company's cultivation facilities and equipment located at the Maple Ridge Facility that were acquired as part of the Company's acquisition of BZAM Holdings. Accordingly, the Company reclassified these assets (which belong to the BZAM operating segment) as held for sale as at December 31, 2022. Efforts to sell the Maple Ridge Facility have commenced and a sale was expected within the next twelve months of reclassifying the assets held for sale. The assets were sold subsequent to December 31, 2022 (Note 26d).

As at December 31, 2022, these assets were stated at fair value less costs to sell and comprised of the following:

Land	1,020
Facilities and capital improvements	3,740
Production and cultivation equipment	448
Furniture and fixtures	221
Computer equipment	144
Assets held for sale	**5,573**

Measurement of fair values

The fair value less costs to sell of the assets and liabilities was estimated to be $5,573. Fair value of the land was estimated using a direct comparison approach using third party selling prices for comparable properties. For facilities and capital improvements, the cost approach was used where fair value was estimated based on the cost to produce assets of similar nature. The other assets were measured using the replacement cost new approach where the cost of acquiring similar assets were used to estimate the fair values of these assets.

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

8. LOANS

The following tables illustrate the continuity schedule and presentation of the Company's loans:

	For the year ended December 31, 2022	For the year ended December 31, 2021
Opening Balance	$ **20,225**	$ 40,755
Additions	**6,200**	7,000
Addition through business combination	**8,391**	1,152
Deferred financing fee	**(644)**	(1,000)
Accretion	**1,522**	5,445
Debt modification	**(352)**	(1,187)
Principal payments	**(4,307)**	(32,200)
Effects of movements in foreign exchange	**—**	(33)
Reclassification to liabilities held for sale	**—**	(473)
Net proceeds related to the borrowing from and to the Revolver Loan	**1,583**	766
Ending Balance	$ **32,618**	$ 20,225

	December 31, 2022	December 31, 2021
Loans	$ **32,618**	$ 20,225
Current portion	**(5,405)**	(2,021)
Long term portion	$ **27,213**	$ 18,204
Revolver Loan	$ **25,018**	$ 19,045
Promissory notes to related parties	**2,600**	1,180
Mortgage	**5,000**	—
	$ **32,618**	$ 20,225

Revolver Loan

On April 22, 2020, the Company closed its Revolver Loan with a commercial lender for gross proceeds of up to $30,000 of which $10,000 was funded on April 22, 2020 and carries a conventional competitive rate. The Revolver Loan was secured by a second lien over the assets of the Company with a first lien over substantially all of the cannabis and cannabis derived inventories and Canadian trade receivables.

On May 27, 2020, the Company executed an amendment with the lender of the Revolver Loan which extended the original term by six months to October, 2021 and allowed the Company to receive $3,000 in gross proceeds from the $20,000 revolving component subject to the same terms of the first $10,000 previously advanced by this lender. In consideration of this, a total of 50,000 warrants exercisable into common shares of the Company were issued to the lender on May 22, 2020 exercisable at $5 per share for 48 months from the date of issuance. The Company received this $3,000 on July 7, 2020.

On October 1, 2020, the Company agreed with this lender of the Revolver Loan to extend the maturity date for the Revolver Loan to December 31, 2021 in exchange for common share purchase warrants of the Company to purchase 50,000 common shares of the Company at a price of $3 per share, expiring November 2, 2025.

On August 10, 2021, the lender provided a further $3,000 term portion advance to the Company under the current facility. The Company incurred $60 of costs related to the transaction.

On September 29, 2021, the Revolver Loan was amended and restated where the lender agreed to provide an additional advance of $1,000, extend the Revolver Loan maturity to June 30, 2023, and reduce the overall Revolver Loan limit from $30,000 to $25,000 total, in exchange for $520 worth of Common Shares of the Company. As part of the debt modification on September 29, 2021, the Company agreed to a financial covenant requiring achievement of positive EBITDA monthly by March 31, 2022, as well as provide $6,000 from the net proceeds of sales from HemPoland.

On November 29, 2021, the Revolver Loan was amended and restated where the lender agreed to provide an additional advance of $3,000, increasing the term portion of the Revolver Loan from $17,000 to $20,000, in exchange for transaction fees of $150, and 300,000 warrants entitling the holder to purchase one Common Share for a period of 60 months at a price of $1.40 per warrant. As part of the November 29, 2021, amendment, the lender agreed to modify the financial covenants noted above. Furthermore, the timing of the financial covenant requiring achievement of positive EBITDA (as defined by the lender) on a monthly basis was extended to April 30, 2022 as well as the net proceeds to be used from the sale of the HemPoland decreased from $6,000 to $4,000 to repay amounts borrowed under the Revolver Loan.

On March 10, 2022, the Company entered into a second amendment to the Amended and Restated Agreement (the "Second Amendment") whereby the Revolver Loan was amended to increase the overall Revolver Loan limit from $25,000 to $30,000, allow certain eligible inventory to be included as collateral to the Revolver Loan, and relax certain covenants set forth in the Amended and Restated Agreement relating to the Revolver Loan. As consideration for the Second Amendment, the Company issued 50,000 Common Shares measured at total value of $50 to the lender.

On April 29, 2022, the Company entered into a third amendment to the Amended and Restated Agreement (the "Third Amendment"), whereby the Revolver Loan was amended to increase the overall Revolver Loan limit from $30,000 to $34,000, increase the term portion of the Revolver Loan from $20,000 to $24,000, amend the EBITDA financial covenant to take effect June 30, 2022, remove the covenant requiring a $6,000 prepayment through funds raised by public issuance of equity securities in the Company, remove the covenant requiring a $4,000 prepayment through funds raised by the sale of HemPoland, and introduce certain prepayment fees in the combined amount of 2% of any prepayments, subject to the satisfaction of the various conditions set out therein.

On November 3, 2022, the Company entered into a fourth amendment to the Amended and Restated Agreement (the "Fourth Amendment") to incorporate the assets of BZAM into the security collateral and, amongst other things: (i) remove the reduction of the limit to the revolving portion of the credit facility as a result of prepayment on the term portion of the credit facility; (ii) amend the EBITDA financial covenant to take effect on the month of April 2023; and (iii) extend the maturity date of the credit facility to March 24, 2024. All other terms of the Amended and Restated Agreement not specifically amended remains the same as before. As consideration for the Fourth Amendment, the Company issued to the lender 700,000 warrants to purchase Common Shares at a price of $0.95 per Common Share for a period of 60 months.

All amendments were accounted for as modifications, not extinguishments of debt.

The Revolver Loan is secured by a first lien over the Hamilton Facility, Edmonton Facility and assets of the Company, including a lien over substantially all of the cannabis and cannabis derived inventories and Canadian trade receivables. As the accounts receivable balance eligible for collateral increases, additional credit is available to the Company up to $10,000.

As at December 31, 2022, the total principal balance outstanding related to the Revolver Loan was $26,805. All covenants within the Amended and Restated Agreement were met.

BZAM Transaction

As a result of the BZAM Transaction the following loans were acquired:

(i) A $5,000 loan (the "BZAM Loan") held by BZAM Cannabis Corp. (the "Borrower") which commenced on May 31, 2021 and is secured against the Borrower's Edmonton Facility property. The BZAM Loan bears interest at 10.00% per annum and matures on May 31, 2026. Interest is calculated and compounded monthly and payable monthly on the last day of each month. The loan may be prepaid on 30 days' notice and will include a prepayment fee. The prepayment fee is equal to the greater of (i) three months interest, and (ii) the aggregate amount of the agent's and lenders' cost of funds incurred as a result of the prepayment. The loan may be renewed beyond the maturity date for a fee of 2% of the outstanding principal amount owing should the lender agree. Security for the loan includes: (i) a first mortgage over the BCC Property, (ii) a general assignment of rents and leases in respect of the BCC Property, (iii) a general security agreement over all Company's present and after acquired personal property, and (iv) a corporate guarantee of BZAM Management Inc.

(ii) Various loans for $3,391. These loans bore an interest rate of 6% and were due on demand in 2023. On November 29, 2022, the Company settled these loans with Common Shares. The Company issued 3,486,888 Common Shares with a fair value of $2,251. On settlement of these loans the Company recognized a gain on settlement of $1,140 in the statement of loss and comprehensive loss.

Accordingly, as at December 31, 2022, these loans no longer existed.

Promissory notes from related parties

In connection with the acquisition of all of the issued and outstanding shares of Galaxie on November 17, 2021 (the "Galaxie Acquisition"), the Company assumed shareholder loans with principal note balances totaling $1,300 (the "Promissory

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

Notes”). The fair value of the shareholder loans at acquisition date was determined to be $1,152, based on the time to maturity. The Promissory Notes are subordinate to the Revolver Loan. On May 17, 2022, Promissory Note #1 and Promissory Note #3, with a total principal note balance of $900 were repaid in full from the consideration for the Puslinch Facility building improvements sale and leaseback (Note 10). Promissory Note #2 remained outstanding as shown below at December 31, 2022, and was repaid in full via Common Shares in January 2023 (see Note 26a).

On October 3, 2022 and October 6, 2022, the Company received funds totalling $2,200 under a demand promissory note with a company controlled by the majority shareholder of BZAM Holdings Inc. prior to the Company’s acquisition of BZAM (“Former Majority BZAM Shareholder”), Stone Pine Capital Ltd. (the “Stone Pine Promissory Note”). The promissory note bore interest at a rate of 12% per annum and demand could only occur after December 1, 2022. The promissory note is subordinated to the Revolver Loan. The note was repaid in full in Common Shares in January 2023 (see Note 26a).

		Principal note balance	Amortized Cost	Agreement Date	Maturity Date	Terms
Promissory Note #2	$	**400**	**400**	2021-10-28	2022-01-31	No interest to maturity, 10% interest compounded monthly if note not repaid in full at maturity
Stone Pine Promissory Note		**2,200**	**2,200**	2022-09-26	On Demand	On demand no earlier than December 1, 2022. 12% interest
Total Promissory Notes to related parties	$	**2,600**	**2,600**			

9. SEGMENTED INFORMATION

The Company’s business activities are conducted through two reportable operating segments which both consist of the production and distribution of cannabis and related products and report to two chief decision makers, the Company’s CEO and CFO. Segment performance is based on two operating segments comprising of the subsidiaries before the BZAM Transaction (“TGOD”) and the subsidiaries acquired as part of the BZAM Transaction (“BZAM”). (There is no comparative information in the table below as BZAM was acquired on November 3, 2022).

[i] Revenue, gross profit and select expenses by segment is as follows:

	For the year ended December 31, 2022			
	TGOD	BZAM	Adjustments and Eliminations	Total
Revenue	$ **60,128**	$ **8,912**	$ **(238)**	$ **68,802**
Gross profit	$ **12,175**	$ **(5,185)**	$ **(238)**	$ **6,752**
Operating expenses, excluding stock-based compensation, depreciation and amortization	$ **29,106**	$ **4,041**	$	$ **33,147**
Share based compensation	$ **206**	$ **—**	$	$ **206**
Depreciation and amortization	$ **8,380**	$ **254**	$	$ **8,634**
Impairment charge for non-financial assets	$ **(31,493)**	$ **—**	$	$ **(31,493)**
Other non-operating income (expense) (excluding impairment)	$ **31,303**	$ **(934)**	$	$ **30,369**
Net loss	$ **(28,007)**	$ **(8,546)**	$ **(238)**	$ **(36,791)**

Inter-segment revenues are eliminated upon consolidation and reflected in the ‘adjustments and eliminations’ column. The write-downs of inventories to net realizable value, disposals of items in property, plant and equipment, and impairments of property, plant and equipment, intangible assets and goodwill recorded during the year were within the TGOD operating segment.

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

[ii] Property, plant and equipment is as follows:

		December 31, 2022
TGOD	$	**82,311**
BZAM		**47,058**
	$	**129,369**

[iii] Intangible assets and goodwill is as follows:

		December 31, 2022
TGOD	$	**6,535**
BZAM		**50,482**
	$	**57,017**

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

10. PROPERTY, PLANT AND EQUIPMENT

Cost:	Land	Buildings	Furniture and fixtures	Production equipment	Leasehold improvements	Computer equipment	Automobiles	Construction in progress	Right-of-use assets	Total
Balance, December 31, 2021	$ 2,775	$ 63,086	$ 420	$ 65,734	$ 9,920	$ 1,374	$ 294	$ -	$ 7,134	$ 150,737
Additions	—	—	1	332	35	54	—	—	2,212	2,634
Additions from the BZAM Transaction	5,290	13,430	44	6,740	8,612	3,877	1,039	—	8,786	47,818
Disposals	—	—	—	(251)	(9,259)	—	(35)	—	—	(9,545)
Lease Termination	—	—	—	—	—	—	—	—	(2,513)	(2,513)
Reclassification to assets held for sale (Galaxie assets)	—	—	—	(152)	—	—	—	—	(3,665)	(3,817)
Balance, December 31, 2022	$ 8,065	$ 76,516	$ 465	$ 72,403	$ 9,308	$ 5,305	$ 1,298	$ —	$ 11,954	$ 185,314
Accumulated depreciation and impairment:										
Balance, December 31, 2021	$ —	$ 8,417	$ 143	$ 22,124	$ 452	$ 845	$ 227	$ —	$ 549	$ 32,757
Depreciation	—	2,789	51	8,279	299	431	32	—	718	12,599
Disposals	—	—	—	(109)	(6,364)	—	(29)	—	—	(6,502)
Impairment	—	5,800	24	4,024	6,198	42	4	—	3,551	19,643
Lease Termination	—	—	—	—	—	—	—	—	(651)	(651)
Reclassification to assets held for sale (Galaxie assets)	—	—	—	(93)	—	—	—	—	(1,808)	(1,901)
Balance, December 31, 2022	$ —	$ 17,006	$ 218	$ 34,225	$ 585	$ 1,318	$ 234	$ —	$ 2,359	$ 55,945
Net book value, December 31, 2022	$ 8,065	$ 59,510	$ 247	$ 38,178	$ 8,723	$ 3,987	$ 1,064	$ —	$ 9,595	$ 129,369

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

Cost:	**Land**	**Buildings**	**Furniture and fixtures**	**Production equipment**	**Leasehold improvements**	**Computer equipment**	**Automobiles**	**Construction in progress**	**Right-of-use assets**	**Total**
Balance, December 31, 2020	$6,855	$61,205	$390	$65,714	$698	$1,352	$366	$250,019	$7,273	$393,872
Additions	—	—	7	586	—	—	38	57	2,039	2,727
Additions from business combination	—	—	159	1,180	9,259	45	—	—	3,665	14,308
Disposals	—	—	—	(965)	—	—	(51)	(2,782)	(3,616)	(7,414)
Transfers	—	5,037	—	1,473	—	—	—	(6,510)	—	—
Derecognition of investment in joint venture	—	—	—	(683)	—	—	—	—	—	(683)
Reclassification to assets held for sale (Valleyfield)	(4,080)	(1,472)	(14)	(244)	(37)	—	—	(240,784)	—	(246,631)
Reclassification to assets held for sale (HemPoland)	—	(1,574)	(114)	(1,245)	—	(21)	(54)	—	(2,078)	(5,086)
Effects of movements in foreign exchange and other	—	(110)	(8)	(82)	—	(2)	(5)	—	(149)	(356)
Balance, December 31, 2021	$2,775	$63,086	$420	$65,734	$9,920	$1,374	$294	$ —	$7,134	$150,737
Accumulated depreciation and impairment:										
Balance, December 31, 2020	$ —	$40,061	$236	$42,479	$504	$1,097	$277	$160,484	$1,471	$246,609
Transfers	—	2,014	—	42	—	—	—	(2,056)	—	—
Depreciation	—	2,380	35	8,388	90	171	28	—	945	12,037
Disposals	—	—	—	(261)	—	—	(1)	(1,806)	(926)	(2,994)
Derecognition of investment in joint venture	—	—	—	(52)	—	—	—	—	—	(52)
Impairment (reversal of impairment)	—	(34,632)	(79)	(27,771)	(109)	(401)	(56)	45,283	—	(17,765)
Reclassification to assets held for sale (Valleyfield)	—	(1,274)	(13)	(207)	(33)	—	—	(201,904)	—	(203,431)
Reclassification to assets held for sale (HemPoland)	—	(125)	(34)	(467)	—	(20)	(20)	—	(882)	(1,548)
Effects of movements in foreign exchange and other	—	(7)	(2)	(27)	—	(2)	(1)	(1)	(59)	(99)
Balance, December 31, 2021	$ —	$8,417	$143	$22,124	$452	$845	$227	$ —	$549	$32,757
Net book value, December 31, 2021	$2,775	$54,669	$277	$43,610	$9,468	$529	$67	$ —	$6,585	$117,980

Impairment of property, plant and equipment

On May 17, 2022, the Company sold its leasehold improvements acquired through the Galaxie Acquisition at the Puslinch Facility for gross proceeds of $3,000 (net proceeds $2,900). The net proceeds were paid $1,940 in cash, $900 repayment of promissory notes owed and $60 set-off for other amounts owing to the purchaser. During the year ended December 31, 2022, the Company tested the leasehold improvements for impairment and recognized an impairment loss of $6,183.

As a result of the classification to held for sale for specific assets in Galaxie, a further impairment loss was recognized for those assets of $1,681 for the year ended December 31, 2022. An impairment loss of $1,922 was also recognised in the same period for some of the remaining Galaxie assets that are not part of the sale and where there would be no future economic benefits to be realized.

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

The Company performs tests for impairment of its property, plant and equipment, a non-financial asset, when there are indicators of impairment. For the TGOD CGU, the events and circumstances that led to the impairment loss in the TGOD CGU was the reduction in the TGOD CGU's forecasted revenues as a result of changes to the Company's internal operational plans.

As a result of the impairment assessment at December 31, 2022, the TGOD CGU, yielded a lower recoverable amount in comparison to the carrying value of its net assets. The recoverable amount of the TGOD CGU was based on its value in use, which was determined to be greater than its fair value less costs of disposal. The TGOD CGU's value in use was estimated by discounting the probability weighted future cash flows expected to be generated from the continuing use of the TGOD CGU using level 3 inputs.

The following table indicates the year-to-date non-cash impairment charges recognized by the Company for its TGOD CGU.

Period ending		Recoverable amount [Value in Use]	Carrying Amount	Impairment for the year then ended
December 31, 2022	$	108,507	119,184	10,677
Total impairment for the year ended, December 31, 2022:				**10,677**

		Recoverable amount [Value in Use]	Carrying Amount	Impairment (recovery) for the period then ended
Valleyfield Assets	$	$43,200	$89,675	46,475
TGOD CGU	$	$181,903	$113,617	(68,286)
Total impairment recovery for the year ended, December 31, 2021:				(21,811)

The significant assumptions used by the Company in estimating the value in use of the TGOD CGU include:

- Estimated cash flows: Estimated cash flows were projected based on industry and market trends in addition to the Company's own internal sources. Estimated cash flows are primarily driven by estimated sales volumes, selling prices and operating costs. The projections were extended for a total of five years (and a terminal period). The present value of future cash flows was estimated using an expected cash flow approach;
- Long-term growth rate: A long-term growth rate has been determined as an inflationary rate for the country in which the CGU operates estimated by management. The long-term growth rate used by management was calculated as 3%; and
- Discount rate: The discount rate is estimated based on the Company's weighted average cost of capital ("WACC") in which the Company's cost of equity and cost of debt are proportionately weighted. The inputs into the WACC are based on the Company's specific borrowing rate, over 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for risk premium to reflect both the increased risk of investing in equities generally and the unsystematic risk on the specified CGU. The discount rate calculated and used by management in calculating the recoverable amount for the TGOD CGU during the year ended December 31, 2022 was 15.5% (December 31, 2021 – 16.5%).

The non-cash impairment charges were allocated pro rata on the basis of the carrying amount of each non-financial asset, excluding biological assets, inventories and certain other assets already recorded at approximate fair values in the CGU. The non-cash impairment charges specific to property, plant and equipment for the year ended December 31, 2022 was $9,857, all of which were related to the TGOD CGU. Refer to Note 11 for non-cash impairment charge for intangible assets.

During the year ended December 31, 2021, the Company completed the sale of the majority of its assets in Valleyfield, Quebec, including all of the industrial and agricultural land, main hybrid greenhouse, rooftop greenhouse, all support buildings and certain related equipment (the "Valleyfield Assets"). As a result of the reclassification of the Valleyfield Assets held for sale, the Company performed an impairment analysis as at March 31, 2021 on its cannabis related activities from production in Canada (the Canadian cash generating unit ("Canadian CGU")). As a result of this impairment assessment, the Company determined that the Valleyfield Assets met the criteria to be tested for impairment separately from the Canadian CGU. The Company tested the Valleyfield Assets for impairment first, then subsequently tested the Canadian CGU for an impairment reversal. The Company recognized a $46,475 impairment loss at March 31, 2021 associated with the Valleyfield Assets recognized in property, plant and equipment, and a $68,286 reversal of previously recognized impairment losses on the Canadian CGU of which $64,240 was allocated to property, plant and equipment and $4,046 allocated to intangible assets. The net impact in the year ended December 31, 2021 to property, plant and equipment was a reversal of impairment of $17,765.

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

11. INTANGIBLE ASSETS AND GOODWILL

A continuity of the intangible assets is as follows:

	Health Canada Licences	Technology Licences	Website	Distribution Channels	Brands	Other acquired rights	Goodwill	Total
Cost:								
Balance, December 31, 2021	**$ 10,302**	**$ 2,613**	**$ 400**	**$ —**	**$ 2,783**	**$ 2,667**	**$ 3,939**	**$22,704**
Additions from the BZAM Transaction	**$ 5,548**	**$ —**	**$ —**	**$ 13,400**	**$ 3,130**	**$ —**	**$ 28,692**	**$50,770**
Reclassification to assets held for sale (Galaxie assets)	**(4,432)**	**—**	**—**	**—**	**—**	**—**	**—**	**(4,432)**
Balance, December 31, 2022	**$ 11,418**	**$ 2,613**	**$ 400**	**$ 13,400**	**$ 5,913**	**$ 2,667**	**$ 32,631**	**$69,042**
Accumulated amortization and impairment:								
Balance, December 31, 2021	**$ 1,752**	**$ 1,186**	**$ 179**	**$ —**	**$ 15**	**$ 48**	**$ —**	**$ 3,180**
Amortization for the period	**584**	**413**	**63**	**160**	**176**	**265**	**—**	**1,661**
Impairment	**2,406**	**113**	**18**	**—**	**2,887**	**—**	**3,939**	**9,363**
Reclassification to assets held for sale (Galaxie assets)	**(2,179)**	**—**	**—**	**—**	**—**	**—**	**—**	**(2,179)**
Balance, December 31, 2022	**$ 2,563**	**$ 1,712**	**$ 260**	**$ 160**	**$ 3,078**	**$ 313**	**$ 3,939**	**$12,025**
Net book value, December 31, 2022	**$ 8,855**	**$ 901**	**$ 140**	**$ 13,240**	**$ 2,835**	**$ 2,354**	**$ 28,692**	**$57,017**

	Health Canada Licences	Technology Licences	Website	Distribution Channels	Brands	Other acquired rights	Goodwill	Total
Cost:								
Balance, December 31, 2020	$5,870	$3,065	$400	$5,869	$1,048	$1,388	$ —	$17,640
Additions	—	6	—	—	—	—	—	6
Additions from business combination	4,432	—	—	—	2,783	2,650	3,939	13,804
Reclassification to assets held for sale	—	(484)	—	(5,562)	(993)	(1,242)	—	(8,281)
Transfers	—	61	—	—	—	(61)	—	—
Effect of movements in foreign exchange	—	(35)	—	(307)	(55)	(68)	—	(465)
Balance, December 31, 2021	$10,302	$2,613	$400	$ —	$2,783	$2,667	$3,939	$22,704
Accumulated amortization and impairment:								
Balance, December 31, 2020	$4,262	$2,106	$297	$943	$169	$930	$ —	$8,707
Amortization for the period	260	488	53	305	69	325	—	1,500
Reclassification to assets held for sale	—	(287)	—	(1,192)	(213)	(1,153)	—	(2,845)
Reversal of impairment	(2,770)	(1,105)	(171)	—	—	—	—	(4,046)
Effect of movements in foreign exchange	—	(16)	—	(56)	(10)	(54)	—	(136)
Balance, December 31, 2021	$1,752	$1,186	$179	$ —	$15	$48	$ —	$3,180
Net book value, December 31, 2021	$8,550	$1,427	$221	$ —	$2,768	$2,619	$3,939	$19,524

Impairment of intangible assets and goodwill

During the year ended December 31, 2022, the Company recognized non-cash impairment charges within its TGOD CGU as described in Note 10, of which $821 related to intangible assets.

During the year ended December 31, 2022, an impairment loss of $1,975 was recognized on classification to held for sale of the Galaxie assets. An impairment loss of $2,627 was also recognized for the brands that would be discontinued by the

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

Company as a result of the sale of the Galaxie assets. Goodwill of $3,939 relating to the Galaxie CGU was also impaired due to the sale of the specific Galaxie assets.

During the year ended December 31, 2021, the Company recognized an impairment recovery within its TGOD CGU as described in Note 10, of which $4,046 related to intangible assets.

12. BIOLOGICAL ASSETS

As at December 31, 2022, the Company's biological assets consisted of cannabis seeds and cannabis plants. The continuity of the Company's biological assets is as follows:

	Capitalized cost	Biological asset fair value adjustment	Amount
Balance, December 31, 2021	$ 1,482	$ 1,667	$ 3,149
Unrealized gain on changes in fair value of biological assets	**—**	**26,229**	**26,229**
Production costs capitalized	**8,857**	**—**	**8,857**
Transfer to inventories upon harvest	**(9,015)**	**(24,645)**	**(33,660)**
Balance, December 31, 2022	**$ 1,324**	**$ 3,251**	**$ 4,575**

	Capitalized cost	Biological asset fair value adjustment	Amount
Balance, December 31, 2020	$ 1,374	$ 610	$ 1,984
Unrealized gain on changes in fair value of biological assets	—	12,118	12,118
Production costs capitalized	7,367	—	7,367
Transfer to inventories upon harvest	(7,259)	(11,061)	(18,320)
Balance, December 31, 2021	$ 1,482	$ 1,667	$ 3,149

The Company measures its biological assets at their fair values less estimated costs to sell. This is determined using a model which estimates the expected harvest yields in grams for plants currently being cultivated, and then adjusts that amount for the estimated net selling price per gram, waste and also for any additional costs to be incurred, such as post-harvest cost.

The following significant unobservable inputs, all of which are classified as level 3 on the fair value hierarchy, were used by management as part of this model:

- Estimated net selling price per gram – calculated as the expected approximate future per gram selling prices of the Company's cannabis products.

- Stage of growth – represents the weighted average number of weeks out of the estimated week growing cycle that biological assets have reached as of the measurement date based on historical experience. The Company accretes fair value on a straight-line basis according to the stage of growth and estimated costs to complete cultivation.

- Yield by plant – represents the expected number of grams of finished cannabis inventories which are expected to be obtained from each harvested cannabis plant based on historical experience.

The inter-relationship between these aforementioned unobservable inputs and the fair-value of the biological assets is such that the carrying value of the biological assets as at December 31, 2022 and December 31, 2021 would increase (decrease) if any of these inputs were to be higher (lower).

Other unobservable, level 3 inputs into the biological asset model include estimated post-harvest costs, costs to complete and wastage. These additional level 3 inputs are not considered to be significant.

The following table quantifies each significant unobservable input, and provides the impact of a 10% increase or decrease in each input would have on the fair value of biological assets:

	As at December 31, 2022	As at December 31, 2021	Impact of 10% change as at December 31, 2022	Impact of 10% change as at December 31, 2021
Estimated net selling price per gram (1)	$1.16 to $5.33	$1.83 to $4.79	$ 738	$ 535
Estimated stage of growth	8 to 9 weeks	8 to 9 weeks	$ 411	$ 824
Estimated yield of agricultural produce by plant (2)	78 to 149 grams	80 to 100 grams	$ 492	$ 357

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

(1) The estimated net selling price per gram is based on expected market price less excise duties.

(2) The estimated yield varies based on the Company's historical experience adjusted for future changes, if any.

The Company's estimates are, by their nature, subject to change. Changes in the significant assumptions described will be reflected in future changes in the gain or loss on biological assets. There were no changes between fair value hierarchy levels during the year ended December 31, 2022.

13. INVENTORIES

The Company's inventories include the following as of December 31, 2022 and December 31, 2021:

		As at December 31, 2022		As at December 31, 2021
Raw Materials and Packaging	$	**7,069**	$	**2,617**
Work-in-progress		**39,121**		**14,946**
Finished Goods		**6,226**		**3,379**
Total Inventories	$	**52,416**	$	**20,942**

During the year ended December 31, 2022, inventories expensed directly to cost of sales were $32,419(year ended December 31, 2021 - $21,581).

During the year ended December 31, 2022, a write-down of inventory of $11,507 was recognized as an expense including $8,187 relating to fair value adjustment and $3,320 expensed directly in cost of sales (year ended December 31, 2021 - $0).

14. OTHER ASSETS

A summary of the Company's other assets is presented as follows:

	Notes	As at December 31, 2022	As at December 31, 2021
Term deposits held as letter of credit collateral	20,14[b], 22	133	935
Term deposits not held as letter of credit collateral		100	100
Other	14[a]	1,922	2,541
		2,155	3,576
Less: Current portion		**(1,760)**	(1,841)
Non current portion		**395**	1,735

[a] Other

Other comprises of deposits paid for goods and services $876 (December 31, 2021 - $1,317), $950 of other amounts receivable from various non-trade debtors (December 31, 2021 - $1,224) and $96 of other assets (December 31, 2021 - $nil).

[b] Deposits reimbursed

During the year ended December 31, 2022, a letter of credit with a value of $450 was cancelled and the corresponding GIC of $452 (after interest) held as collateral was converted to cash. A letter of credit of $350 in respect of the lease for the office space of the Company's headquarters was also cancelled and the deposit paid to the landlord as part of the terms for terminating the lease.

15. CONTINGENT CONSIDERATION

Galaxie Contingent Consideration

As part of the purchase price paid in connection with the Galaxie Acquisition in November 2021, the Company issued up to 8,571,429 Common Shares valued at the date of closing of the Galaxie Acquisition at $5,235 (the "Milestone Shares"). The Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2022, the Milestone Shares were revalued to $320 resulting in a gain on revaluation of $3,103 for the year ended December 31, 2022. Management estimates that only 1,142,857 of the Milestone Shares are expected to remain issued. The Milestone

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

Shares are to be released no later than January 31, 2023, subject to the achievement of certain financial targets (See Note 26b).

BZAM Contingent Consideration

As part of the purchase price paid or payable in connection with the BZAM Transaction in November 2022, the Company recognized contingent consideration payable valued at the date of closing of the BZAM Transaction at $50,552. The BZAM Contingent Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2022, the BZAM Contingent Milestone Shares were revalued to $16,095 resulting in a gain on revaluation of $34,457 for the year ended December 31, 2022. The Contingent Milestone Shares are to be released no later than January 31, 2024, subject to the achievement of certain financial targets.

BZAM Milestone Shares

As part of the purchase price paid or payable in connection with the BZAM Transaction in November 2022, the Company recognised contingent consideration payable of 1,120,226 Common Shares, being the BZAM Milestone Shares, valued at the date of closing of the BZAM Transaction at $771. The BZAM Milestone Shares are subject to revaluation based on the modified probability assessment of asymmetric payment structures model at each period end (combination of level 1 and level 3 inputs on the fair value hierarchy). As at December 31, 2022, the BZAM Milestone Shares were revalued to $314 resulting in a gain on revaluation of $457 for the year ended December 31, 2022. The 1,120,226 BZAM Milestone Shares were released on January 23, 2023 (see Note 26b).

16. LEASES

Below is a summary of the activity related to the Company's lease liabilities:

		For the year ended December 31, 2022	For the year ended December 31, 2021
Opening Balance		$ **7,566**	$ 5,570
Additions	16[a]	**2,212**	2,049
Additions from business combination		**8,598**	3,665
Interest on lease liabilities		**1,164**	535
Interest payments on lease liabilities		**(1,174)**	(535)
Principal payments on lease liabilities		**(149)**	(704)
Extinguishment of lease liabilities	16[b]	**(2,482)**	(1,687)
Reclassification to liabilities held for sale		**(3,669)**	(1,235)
Foreign exchange differences		**—**	(92)
Closing Balance		$ **12,066**	$ 7,566
Current portion lease liabilities		$ **1,455**	$ 1,049
Long-term portion lease liabilities		$ **10,611**	$ 6,517

[a] New leases

Puslinch Lease
In connection with the Galaxie Acquisition, the Company acquired a 20-year lease on the land on which the Puslinch Facility is located, which commenced on December 1, 2020. On May 17, 2022, the Company entered into a sale and leaseback transaction for the leasehold improvements at the Puslinch Facility which was added to the existing 20-year lease.

5520 Explorer Drive lease
On December 18, 2022, the Company entered into a lease for new office space after terminating the lease for the previous headquarters. The lease term is until December 31, 2026.

[b] Leases terminated

Valleyfield lease
In connection with the Québec Facility disposition in Q2 2021, the Company entered into a two-year lease for 80,000 square feet, representing cultivation, processing and manufacturing spaces in the Québec Facility. On September 24, 2021, the lease was terminated and modified to an operating agreement in conjunction with the landlord obtaining its own Health Canada licence.

6205 Airport Road lease
The lease for the Company headquarters was terminated on December 15, 2022.

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

17. SHARE CAPITAL

		For the year ended December 31, 2022		For the year ended December 31, 2021	
		Number of shares	**Amount**	**Number of shares**	**Amount**
Balance - beginning of period [(1)]		**74,966,065**	**$508,504**	**48,667,577**	**$468,379**
Issuance of Common Shares	[a], [j]	**12,797,900**	**4,209**	**2,103,546**	**9,322**
Shares issued in connection with debt modification	[b], [n]	**50,000**	**50**	**273,684**	**520**
Restricted share units exercised during period - escrowed	[c], [l]	**984**	**40**	**31,493**	**1,276**
Issuance of common shares in relation to acquisition	4, [h]	**65,522,781**	**62,247**	**12,280,515**	**19,035**
Issuance of contingent shares in relation to acquisition	[i]	**—**	**—**	**8,571,429**	**—**
Exercise of warrants	[k]	**—**	**—**	**2,419,860**	**8,684**
Shares issued to settle accounts payable	[e], [m]	**93,750**	**75**	**424,171**	**704**
Shares issued in connection with debt repayment	[f]	**3,486,888**	**2,266**	**—**	**—**
Restricted share units exercised during period	[d], [o]	**219,579**	**615**	**193,790**	**584**
Share cancellation	[g]	**(111)**	**—**		
Balance - end of period		**157,137,836**	**$578,006**	**74,966,065**	**$508,504**

The Company completed a consolidation of Common Shares on November 8, 2022 whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio. (Note 1)

(1) Includes 8,571,429 shares that were issued contingent upon certain milestones being achieved in 2022 related to the Galaxie Acquisition.

[i] Authorized

An unlimited number of Common Shares.

[ii] Issued capital

a) During the year ended December 31, 2022, 90,400 Common Shares were issued under the Company's at-the-market prospectus supplement dated December 2, 2020 (the "ATM Supplement"), for gross proceeds of $105 (net proceeds of $102). On December 22, 2022, 12,707,500 Common Shares were issued under the Company's prospectus supplement to the short-form base shelf prospectus dated November 27, 2020, for gross proceeds of $5,083 (net proceeds of $4,693 with $587 being allocated to 12,707,500 warrants that were issued together with each common share).

b) During the year ended December 31, 2022, 50,000 Common Shares were issued to the lender of the Revolver Loan measured at total value of $50 related to the modification (see Note 8).

c) During the year ended December 31, 2022, 984 Common Shares of the Company were issued to former shareholders of HemPoland as a result of the conversion of 984 escrowed restricted share units ("RSUs"), with a total value of $40, issued to such former shareholders. There are no proceeds related to the conversion of such escrowed RSUs.

d) During the year ended December 31, 2022, 219,579 Common Shares of the Company, with a total value of $615, were also issued to certain employees and directors of the Company pursuant to the vesting of RSUs. There are no proceeds related to the conversion of such RSUs.

e) During the year ended December 31, 2022, 93,750 Common Shares were issued to settle $75 in accounts payable balances.

f) During the year ended December 31, 2022, 3,486,888 Common Shares were issued to settle outstanding BZAM minority shareholder loans (see Note 8).

g) During the year ended December 31, 2022, 111 total fractional shares were cancelled in connection with the 10:1 share consolidation the Company enacted on November 8, 2022, whereby ten Common Shares were converted to one new Common Share.

h) On November 17, 2021, 12,280,515 Common Shares were issued as part of the closing of the Galaxie Acquisition.

i) As part of the closing of the Galaxie Acquisition, 8,571,429 Common Shares were held in an indemnity escrow account (the "Indemnity Escrow Account") upon closing of the acquisition, to be released to the former shareholders of Galaxie (the "Vendors") contingent upon achievement of certain financial milestones by December 31, 2022. On January 23, 2023, 1,142,857 Common Shares were issued to the Vendors, with the remaining 7,428,571 Common Shares held in the Indemnity Escrow Account returned to treasury and cancelled (See Note 25b – *Events After the Reporting Period*).

j) During the year ended December 31, 2021, 2,103,546 Common Shares were issued under the Company's ATM Supplement, for gross proceeds of $9,611 (net proceeds of $9,322).

k) During the year ended December 31, 2021, 2,419,860 Common Shares of the Company were issued as a result of the exercise of 2,419,860 previously issued warrants of the Company. The weighted average exercise price was $3.10 per warrant, for aggregate gross proceeds of $7,559.

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

l) During the year ended December 31, 2021, 31,493 Common Shares of the Company were issued as a result of the conversion of 31,493 escrowed restricted share units ("RSUs") issued in connection with the HemPoland consideration. There are no proceeds related to the conversion of such escrowed RSU's.

m) During the year ended December 31, 2021, 424,171 Common Shares of the Company were issued to settle $704 of outstanding accounts payable.

n) On September 30, 2021, 273,684 Common Shares of the Company were issued to the lender of the Revolver Loan in connection to the amendments to the agreement.

o) During the year ended December 31, 2021, 193,790 Common Shares of the Company were issued as a result of the exercise of 193,790 previously issued equity settled RSUs of the Company that were issued at a weighted average fair value of $3.00 per RSU. There are no proceeds related to the exercise of RSUs.

18. CONTRIBUTED SURPLUS

[a] Share based payments

For the year ended December 31, 2022, the Company recorded negative $142, in non-cash share-based compensation expense pursuant to the grant of stock options (year ended December 31, 2021 - $2,339).

The following is a summary of the changes in options issued pursuant to the Company's employee stock option plan ("ESOP"):

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding - beginning of period	**2,460,800**	**$ 10.14**	2,433,940	$ 17.40
Granted	**8,027,899**	**0.92**	1,003,500	2.62
Cancelled/Expired	**(1,980,500)**	**4.48**	(976,640)	20.44
Outstanding, end of period	**8,508,199**	**$ 2.75**	2,460,800	$ 10.14
Exercisable, end of period	**1,546,549**	**$ 10.95**	783,633	$ 20.84

The Company completed a consolidation of Common Shares on November 8, 2022 whereby its issued and outstanding Common Shares were consolidated on a 10:1 ratio (Note 1). The number of Common Shares in this note reflects this consolidation.

Grant date	Options Outstanding #	Options Exercisable #	Exercise Price $	Weighted Average remaining contractual life of outstanding options in years
June 25, 2018 - December 14, 2018	95,500	95,500	$30.80-$69.10	0.48-0.95
January 8, 2019 - August 21, 2019	225,500	225,500	$26.70-$51.30	1.02-1.64
November 18, 2019	36,400	36,400	$8.30	1.88
March 13, 2020 - December 21, 2020	693,533	604,324	$2.60-$5.10	2.20-2.98
March 12, 2021 - August 13, 2021	346,533	209,459	$3.00-$3.60	3.20-3.62
December 2, 2021 - November 25, 2022	7,110,733	375,366	$0.69-$1.40	3.92-4.90
Balance, December 31, 2022	**8,508,199**	**1,546,549**		**4.35**

In determining the amount of share-based compensation, the Company uses the Black-Scholes option pricing model to establish the fair value as at the grant date of options granted. Stock options granted during the respective periods highlighted below were fair valued based on the following weighted average assumptions:

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

	Weighted average for the year ended December 31, 2022	Weighted average for the year ended December 31, 2021
Risk-free interest rate	**3.20%**	0.78%
Expected dividend yield	**Nil**	Nil
Expected annualized volatility	**105%**	85.00%
Expected life of options (years)	**3.50**	3.49
Black-Scholes value of each option	**$0.61**	$0.15

Volatility was estimated by using the historical volatility of the Company. The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the expected life of the options is indicative of future trends, which may also not necessarily be the actual outcome. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based upon the Canada government bonds with a remaining term nearest to the expected life of the options.

[b] Reserve for warrants

The following table reflects the continuity of warrants:

	Number of warrants	Weighted Average Exercise Price	Amount, net of warrant issue costs
	#	$	$
Balance, December 31, 2021	**16,059,144**	**4.70**	**10,375**
Warrants issued under prospectus supplement	**12,707,500**	**0.50**	**587**
Issuance of warrants in connection with debt	**700,000**	**0.95**	**514**
Warrants expired in the period	**(2,060,751)**	**10.00**	**(3,466)**
Balance, December 31, 2022	**27,405,893**	**2.23**	**8,010**

	Number of warrants	Weighted Average Exercise Price	Amount, net of warrant issue costs
	#	$	$
Balance, December 31, 2020	23,081,506	13.70	66,111
Warrants issued in the period	300,000	1.40	270
Warrants exercised in the period	(2,419,860)	3.10	(1,125)
Warrants expired in the period	(4,902,502)	48.00	(54,881)
Balance, December 31, 2021	16,059,144	4.70	10,375

As at December 31, 2022, the following warrants were outstanding:

Expiry Date	Exercise Price	Number of Warrants
	$	**#**
April 1, 2023	3.90	300,000
April 13, 2023	3.90	150,000
April 27, 2023	3.80	1,081,305
May 27, 2024	5.00	50,000
June 12, 2024	5.00	4,571,250
October 23, 2025	3.00	2,487,335
November 2, 2025	3.00	850,000
December 10, 2025	3.50	4,208,503
November 29, 2026	1.40	300,000
November 3, 2027	0.95	700,000
December 22, 2027	0.50	12,707,500
		27,405,893

[c] Restricted share units

Under the Company's RSU plan (the "RSU Plan"), RSUs may be granted up to a fixed maximum of 10,000,000 Common Shares, which entitle the holder to receive one Common Share without payment of additional consideration at the end of the restricted period, as determined by the Board at the time of the grant. The RSUs vest in tranches based on certain performance conditions being met, with share-based compensation expense being recognized from grant date to the expected performance completion date.

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

As at December 31, 2022, 350,375 (December 31, 2021 – 4,651,040) shares of the Company were reserved for issuance under the RSU Plan. For the year ended December 31, 2022, the Company recorded $348 in non-cash share-based compensation related to RSU compensation (year ended December 31, 2021 – $742).

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Number of Units	Weighted Fair Value	Number of Units	Weighted Fair Value
Outstanding - beginning of period	**465,104**	**3.00**	124,384	3.30
Granted	**365,000**	**0.72**	617,010	3.00
Exercised	**(219,579)**	**2.80**	(193,790)	3.00
Forfeited	**(260,150)**	**3.00**	(82,500)	3.00
Outstanding, end of period	**350,375**	**0.77**	465,104	3.00

The accounting fair value of the equity settled RSUs as at the grant date is calculated using the number of RSUs expected to be earned multiplied by the grant date fair market value of a share of the Company's stock. Each reporting period, the number of RSUs that are expected to be earned is re-determined and the fair value of these RSUs is amortized over the remaining requisite service period less amounts previously recognized.

[d] Employee Stock Purchase Plan

The Company has established an employee stock purchase plan which created a reserve of 3,000,000 Common Shares that may be issued from treasury. As at December 31, 2022, no securities were issued under this plan.

19. SUPPLEMENTARY CASH FLOW INFORMATION

The changes in non-cash working capital items are as follows:

	For the years ended December 31, 2022	December 31, 2021
Prepaid expenses and deposits	$ **(447)**	$ 89
Refundable sales taxes receivable	**364**	(244)
Trade receivables	**6,843**	2,110
Capitalized cost of biological assets	**9,173**	7,151
Inventories	**(6,430)**	(10,029)
Deferred financing costs	**—**	—
Deferred revenue	**—**	(150)
Due from related parties	**86**	(70)
Other current assets	**1,050**	(1,007)
Other assets	**182**	1,782
Accounts payable and accrued liabilities	**9,409**	5,119
Sales taxes payable	**2,208**	595
Total	$ **22,438**	$ 5,346

20. COMMITMENTS AND CONTINGENCIES

The Company has the following gross contractual obligations as at December 31, 2022, which are expected to be payable in the following respective periods:

	Carrying amount	Total	Contractual cash flows - 12 months ending [(1)] December 2023	December 2024	December 2025	December 2026	December 2027	Thereafter
	$	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	**29,511**	**29,511**	29,511	-	-	-	-	-
Sales taxes payable	**1,540**	**1,540**	1,540	-	-	-	-	-
Loans	**32,618**	**41,274**	10,110	25,456	500	5,208	-	-
Liabilities held for sale	**3,669**	**10,581**	480	480	490	600	600	7,931
Lease liabilities	**12,066**	**18,619**	2,016	2,046	1,932	1,944	1,870	8,811
Total contractual obligations	**79,404**	**101,525**	**43,657**	**27,982**	**2,922**	**7,752**	**2,470**	**16,742**

[(1)] Contractual cash flows include expected interest payable until the maturity date.

Please see Note 15 for contingent consideration obligations.

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

[a] Construction agreements

In prior years, the Company entered into agreements with the City of Hamilton to facilitate the construction of the Hamilton Facility. Pursuant to these agreements, as at December 31, 2022, the Company had letters of credit in the amount of $133 which may be drawn upon in the event of breaches of the respective agreements. These letters of credit bear conventional rates of interest partially offset by the interest earned on guaranteed investment certificates (“GIC”) securing the letters as collateral. The Company has pledged corresponding GICs as collateral, which have been recorded in other assets. As at December 31, 2022, there have been no material breaches as defined by the agreements and no amounts have been drawn on the letters of credit.

[b] Other contractual commitments

The lease for the office space of the Company’s former headquarters required the issuance of a letter of credit in the amount $350, which may be drawn upon by the landlord in the event of a material breach of the agreement. The lease was terminated on December 15, 2022 and the letter of credit was cancelled with a deposit surrendered to the landlord as part of the lease termination agreement.

[c] Claims and Litigation

From time to time, the Company and/or its subsidiaries may become defendants in legal actions. The Company is subject to an employment related claim by a former employee for which a provision in accounts payable and accrued liabilities has been recognized only to the extent that it is likely to result in future economic outflows.

The Company has been subject to a claim by former warrant holders for approximately $1,250. The claim was settled and paid during the year ended December 31, 2022, for $325. On August 3, 2020, the Company was named as a defendant in a litigation matter commenced in the United States District Court for the Middle District of Georgia relating to a disposed of minority investment in a U.S. based beverage incubation business, seeking, among other things, unquantified compensatory damages and injunctive relief. The case was settled and the Company paid US$75 thousand during the year ended December 31, 2022 in connection with the settlement.

Other than the claims previously described, the Company is not aware of any other material or significant claims against the Company.

21. INCOME TAXES

Income tax expense varies from the amount that would be computed by applying basic federal and provincial tax rates to loss before income taxes, shown as follows:

	For the year ended	
	December 31, 2022	**December 31, 2021**
Expected tax rate	**26.50%**	26.50%
	$	$
Expected tax benefit resulting from loss	**(9,635)**	(10,595)
Permanent differences	**(7,458)**	3,770
Changes in deferred tax benefits not recognized	**143**	141
Differences from statutory tax rate	**16,965**	6,215
Non-taxable foreign exchange	**—**	—
Deferred financing through equity	**—**	—
Other	**(15)**	33
Income tax recovery	**—**	(436)

The following income tax recovery has been recognized for accounting purposes:

	December 31, 2022	**December 31, 2021**
	$	$
Current income tax expense (recovery)	**—**	—
Deferred income tax recovery	**—**	(436)
Income tax recovery	**—**	(436)

Deferred income taxes reflect the impact of loss carry forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax liability, which has been recognized during the year ended December 31, 2022 are as follows:

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

	Opening Balance	Recognized in Equity	Recognized in Other Comprehensive Loss	Recognized in Profit and Loss	Closing Balance
Deferred tax assets	$	$	$	$	$
Non-capital losses	112,373	—	—	**21,403**	**133,776**
Depreciation on property, plant and equipment	8,683	—	—	**10,971**	**19,654**
Contingent Reserves	908	—	—	**(823)**	**85**
Financing Costs	2,532	—	—	**(852)**	**1,680**
Investments	1,008	—	—	**(381)**	**627**
Other	(1)	—	—	**(772)**	**(773)**
Deferred tax liabilities					
Intangible assets	(5,550)	—	—	**(2,115)**	**(7,665)**
Unrealized gain on biological assets	(4)	—	—	**(781)**	**(785)**
Long term liabilities	723	—	—	**(1,142)**	**(419)**
Deferred tax assets not recognized	(120,672)	—	—	**(25,508)**	**(146,180)**
Net deferred tax liability	—	—	—	—	—

The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax liability, which has been recognized during the year ended December 31, 2021 are as follows:

	Opening Balance	Recognized in Equity	Recognized in Other Comprehensive Loss	Recognized in Profit and Loss	Closing Balance
Deferred tax assets	$	$	$	$	$
Non-capital losses	34,892	—	—	77,481	112,373
Depreciation on property, plant and equipment	62,969	—	—	(54,286)	8,683
Contingent Reserves	10	—	—	898	908
Financing Costs	4,316	—	—	(1,784)	2,532
Investments	627	—	—	381	1,008
Other	14	—	—	(15)	(1)
Deferred tax liabilities					
Intangible assets	(941)	—	—	(4,609)	(5,550)
Unrealized gain on biological assets	(1,131)	—	—	1,127	(4)
Long term liabilities	(585)	—	—	1,308	723
Deferred tax assets not recognized	(100,975)	—	—	(19,697)	(120,672)
Net deferred tax liability	**(804)**	—	—	**804**	—

The tax effects of temporary differences and loss carry forwards that give rise to significant portions of the deferred tax asset, which have not been recognized are approximately as follows:

	December 31, 2022	December 31, 2021
	$	$
Non-capital losses	**506,654**	424,202
Financing costs	**6,339**	12,285
Property, plant and equipment	**40,701**	15,235
Other	**2,049**	3,802

The non-capital losses of $506,654 are expected to start expiring as follows:

Year	Non-Capital Losses
	$
2025	5,422
2036	499,756
Indefinitely	1,476
	506,654

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

[a] Fair values

The Company's financial instruments were comprised of the following as at December 31, 2022: cash and cash equivalents; restricted cash; trade receivables; due from related parties; certain other current assets; accounts payable and accrued liabilities; lease liabilities; sales taxes payable; loans and contingent consideration.

The fair values of the financial assets and financial liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The assumption for the instruments recorded at amortized cost that the instruments' fair values approximate their carrying amounts is due to the largely short-term maturities of these instruments.

[b] Fair value hierarchy

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

During the year ended December 31, 2022, there were no transfers of amounts between levels (year ended December 31, 2021 – none).

[c] Management of risks arising from financial instruments

[i] Market risk

Foreign currency risk

Foreign currency risk arises due to fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates. As at December 31, 2022, a portion of the Company's financial assets and liabilities were held in US dollars and European Euros. The Company has not used foreign exchange contracts to hedge its exposure to foreign currency cash flows for the year ended December 31, 2022 as management has determined that this risk is not significant at this time.

Interest rate risk

The Company's exposure to interest rate risk relates to any investments of surplus cash as the Company's debt is fixed at a prescribed rate. The Company may invest surplus cash in highly liquid investments with short terms to maturity that would accumulate interest at prevailing rates for such investments. As at December 31, 2022, the Company had term deposits of $133 bearing interest of 3.4% (December 31, 2021 - $585, bearing interest of 0.80% and 1.00%). The Company also has $350 of restricted cash in a separate account as collateral for corporate credit cards.

[ii] Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit-related losses in the event of non-performance by the counterparties.

The carrying amount of cash and cash equivalents, trade receivables, prepaid expenses and deposits, and other assets represents the maximum exposure to credit risk as at December 31, 2022. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. Credit risk is mitigated by entering into sales contracts with stable, creditworthy parties and through frequent reviews of exposures to individual entities.

The Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date and credit worthiness. The carrying amount of trade receivables is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statements of loss and comprehensive loss. When a trade receivable balance is considered uncollectible, it is written off against the allowance for expected credit losses. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of loss and comprehensive loss. The Company had three customers whose balances individually were greater than 10% of total trade receivables as at December 31, 2022 (December 31, 2021 – two customers). Customer A accounted for 36%, Customer B accounted for 15% and Customer C accounted for 23% of trade receivables as at December 31, 2022 (December 31, 2021 – Customer A accounted for 48% and Customer B accounted for 24%). Customer A, B and C are provincial government entities. The Company had three customers whose revenues individually were greater than 10% of total revenues for the year ended December 31, 2022. Customer A accounted for 35%, Customer B accounted for 24% and Customer C accounted for 21% of the revenue for the year ended December 31, 2022. (For the year ended December 31, 2021 – Customer A accounted for 15%, Customer B accounted for 52% and Customer C accounted for 14% of 2021 revenue)

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

The following tables set forth details of trade receivables, including aging of trade receivables that are not overdue, as well as an analysis of overdue amounts and related allowance for doubtful accounts:

	December 31, 2022	December 31, 2021
	$	$
Total trade receivables	**10,256**	8,833
Less allowance for expected credit losses	**—**	—
Total trade receivables, net	**10,256**	8,833
Of which		
Current	**8,349**	6,447
31-90 days	**1,447**	2,256
Over 90 days	**460**	130
Total trade receivables, net	**10,256**	8,833

[iii] Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due (see note 2(ii)). The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements in relation to its current cash balances, maturity schedules and internal budgets. Refer to Note 20 – Commitments and Contingencies.

23. CAPITAL MANAGEMENT

The Company's objective is to maintain sufficient capital base to maintain investor, creditor and supplier confidence and to sustain future development of the business and provide the ability to continue as a going concern (See Note 2[ii] – Going Concern). Management defines capital as the Company's shareholders' equity (excluding deficit, contributed surplus and reserve for foreign currency translations) and loans (excluding loan from disposal group). The Board does not establish quantitative return on capital criteria for management but rather promotes year over year sustainable profitable growth. The Company currently has not paid any dividends to its shareholders. As at December 31, 2022, total managed capital was comprised of share capital and loans of $610,624 (December 31, 2021 - $528,729), contributed surplus of $109,487 (December 31, 2021 - $108,836), and reserve for foreign currency translations of $1,723 (December 31, 2021 – $969). There were no changes in the Company's approach to capital management during the year ended December 31, 2022 (year ended December 31, 2021 – no changes).

24. OPERATING EXPENSES

Sales and marketing expenses included the following items:

	For the years ended December 31, 2022		December 31, 2021
Personnel costs	**2,061**	$	1,308
Third party marketing expenses	**3,335**		2,468
Travel and promotion expenses	**123**		11
Sales agency costs	**2,143**		182
Other marketing expenses	**1,182**		170
Termination benefits	**829**		47
	9,673		4,186

(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)

Research and development expenses included the following items:

	For the years ended December 31, 2022	December 31, 2021
Personnel costs	**328**	$ 314
Product development	**53**	4
Travel related expenses	**10**	38
Other research and development expenses	**43**	47
Termination benefits	**60**	125
	494	528

General and administrative expenses included the following items:

	For the years ended December 31, 2022	December 31, 2021
Personnel costs	**9,719**	$ 7,184
Office and other administrative expenses	**3,272**	7,730
Third party professional, consulting, legal fees	**6,543**	4,308
Computer and IT expenses	**673**	780
Termination benefits	**2,773**	213
	22,980	20,215

The following table presents share-based compensation, depreciation, and amortization that have not been allocated by nature
on the consolidated statements of loss and comprehensive loss:

	For the years ended December 31, 2022	December 31, 2021
Cost of sales related to inventory production	**33**	$ 8,999
Sales and marketing expenses	**565**	1,029
Research and development expenses	**208**	467
General and administrative expenses	**8,034**	5,050

25. RELATED PARTIES

Key Management Personnel

Key management personnel compensation comprised of the following:

	Transactions for the year ended December 31, 2022	December 31, 2021	Outstanding balances payable as at December 31, 2022	December 31, 2021
Compensation	**1,704**	1,567	**139**	147
Share-based payments	**1,506**	1,328	**-**	-
	3,210	2,895	**139**	147

Compensation of the Company's key management personnel includes salaries and director fees. In addition, key management personnel participate in the ESOP and RSU Plans, in which the share-based payment expense is recorded in line with the Company's accounting policy (Note 3 (n)).

There were no purchases or repayments to related parties during the current period. The Company has certain shareholder loans of $2,600 described in Note 8.

On December 22, 2022, 12,707,500 Common Shares were issued under the Company's prospectus supplement to the short-form base shelf prospectus dated November 27, 2020, for gross proceeds of $5,083. The Former Majority BZAM Shareholder, bought 7,500,000 Common Shares for gross proceeds to the Company of $3,000.

All outstanding balances with these related parties were conducted at the exchange amount. None of the balances are secured. There are no other receivable or payable balances with key management personnel other than $139 of director fees payable (December 31, 2021 – $147 directors fee payable).

26. EVENTS AFTER THE REPORTING PERIOD

a) On January 4, 2023 the Company issued an aggregate of 6,500,000 Common Shares to settle $2,600 of indebtedness of the Company under the Promissory Notes, pursuant to loan settlement agreements with two of the Company's shareholders. The Common Shares issued are subject to a four-month plus one day statutory hold period.

b) On January 23, 2023 in accordance with the earn-out provisions relating to the Galaxie Acquisition, the Company released 1,142,857 Common Shares from the Indemnity Escrow Account to the Vendors. The Common Shares issued had a fair value of $434 on the date of issue. The remaining 7,428,571 Common Shares held in the Indemnity Escrow Account were returned to treasury and cancelled.

   In addition, pursuant to the terms of the definitive agreement for the BZAM Transaction, an aggregate of 1,120,226 Common Shares, being the BZAM Milestone Shares, were issued to the Company's largest shareholder. The BZAM Milestone Shares issued had a fair value of $426 on the date of issue.

c) In January 2023 the Company moved its Quebec operations which where previously in Valleyfield, Québec (the "Québec Facility"), to Vaudreuil, Québec.

d) Subsequent to year end, on April 7, 2023, the Maple Ridge Facility which was classified as assets held for sale as at December 31, 2022, was conditionally sold for cash gross proceeds of $4,000 which are payable 25% in May 2023 and 75% to be paid within one year. The sale has not closed as the conditions are still to be satisfied.

This is Exhibit "6" referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

From: **Keith Adams** <kadams@finalbell.com>
Date: Tue, Nov 21, 2023 at 7:04 PM
Subject: Fw: Draft Deck
To: Robert Meyer <robert@finalbell.com>, Mihai Ionescu <mionescu@sangramoller.com>
Cc: Kiarash Hessami <khessami@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>, Christy Zhou <czhou@finalbell.com>

BZAM draft ppt and consolidation model are attached just in case you want to look through them. We are helping Matt clean up his deck and will provide us with the final for US to leverage and send to our debtors/investors.

The DD readout draft is being sent tonight for a review with you, Kay and Kia in the morning. I have to head to the airport at 9:30 am but will have periods where I can talk. Kia is fully up to speed on this. They have a bit of a nuanced debt structure with collateral, terms, paydown linked to the sale of assets, and linkage to Revolver Note.

We will get pnote similar/pari passu to Stone Pine. The collateral and maturity dates are a bit confusing because they are linked to certain events and cant mature or be called as long as the Revolver is out. The revolver matures 3/31/24 and they see no reason that it won't be extended. They will amend that note to make sure that the nuances for us are covered. We should make if the existing notes are modified in any way where we have a right, at our discretion, to have our pnote modified similarly. Also, there should be a notice and cross-default language in our notes and theirs (Mihai ?)

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

----- Forwarded Message -----
From: Keith Adams <kadams@finalbell.com>
To: Kiarash Hessami <khessami@finalbell.com>; Jimmy Nguyen <jnguyen@finalbell.com>; Matthew Milich <mmilich@bzam.com>
Sent: Tuesday, November 21, 2023 at 06:46:30 PM PST
Subject: Re: Draft Deck

Kia is sending you back the ppt with some suggestions and a couple of requests, mainly surrounding Debt. We do need the a/r and a/p agings for 6/30 and 9/30.

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

On Tuesday, November 21, 2023 at 04:46:37 PM PST, Matthew Milich <mmilich@bzam.com> wrote:

Hi Keith, here is the excel.

From: Keith Adams <kadams@finalbell.com>
Date: Tuesday, November 21, 2023 at 2:04 PM
To: Matthew Milich <mmilich@bzam.com>, Kiarash Hessami <khessami@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>
Subject: Re: Draft Deck

can we get the model also please.

Keith Adams

CFO

415.320.8940

kadams@finalbell.com

On Tuesday, November 21, 2023 at 02:56:34 PM PST, Matthew Milich <mmilich@bzam.com> wrote:

Hi Keith,

As just discussed, here is the draft with the financials added.

Any thoughts for additional slides, just let us know.

Best,

Matt

--

Jimmy Nguyen
Senior Manager, Corporate Development
(805) 304-5624
Final Bell Holdings
7731 Hayvenhurst Ave. Unit B
Van Nuys, CA 91406

This is Exhibit “7” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

From: Sean Bovingdon <sbovingdon@bzam.com>
Date: Tuesday, November 28, 2023 at 7:49 AM
To: Keith Adams <kadams@finalbell.com>, Kiarash Hessami <khessami@finalbell.com>, Matthew Milich <mmilich@bzam.com>
Cc: Christy Zhou <czhou@finalbell.com>
Subject: RE: BZAM disclosure - CRA payment plans

HI Keith,

Hi Keith,
See the breakdown of the AP balances on the right side of each tab in the attached to show June and Sept reconciliation. Have also attached the latest interim FS which will be released after market close today. We just booked it all as current to be conservative.

The monthly payment is part of the decrease in AP through 2024, which is indeed reflected in the cash balance flow in the model.

Regards,
Sean.

Sean Bovingdon
CHIEF FINANCIAL OFFICER

844-256-2926 | BZAM.COM | SBOVINGDON@BZAM.COM
402, 5520 Explorer Drive, Mississauga, Ontario L4W 5L1

From: Keith Adams <kadams@finalbell.com>
Sent: Tuesday, November 28, 2023 1:10 AM
To: Kiarash Hessami <khessami@finalbell.com>; Matthew Milich <mmilich@bzam.com>; Sean Bovingdon <sbovingdon@bzam.com>
Cc: Christy Zhou <czhou@finalbell.com>
Subject: Re: BZAM disclosure - CRA payment plans

Sean, got your message on this. I understand that it is in the A/P and Accrued liabilities on the financial statements.

Can you see the account level balances for 6/30 and 9/30 that ties to the statement? It is hard to understand the major movements. Thw balance goes up $6.1m Q2 to Q3. I assume most of this is related to the payment plans. Is there also and interest and penalty portion included in the liability? We are trying to verify that your cash flow includes the paydown of these plans.? I do see that a/p goes down from Sept 23 to Apr 24. Our calc on the monthly payment is about $490k/mo. We just want to make sure that this is properly reflected in the cash balance. Also, I assume at year-end you will split the amounts between ST and LT.

	Actual 2023	Actual 2023	Actual 2023	Actual 2023	Actual 2023	Actual 2023	Prelim 2023	Prelim 2023	Draft 2023	Projected 2023	Projected 2023	Projected 2023	Projected 2024	Projected 2024	Projected 2024	Projected 2024
Summary P&L	**Jan-23**	**Feb-23**	**Mar-23**	**Apr-23**	**May-23**	**Jun-23**	**Jul-23**	**Aug-23**	**Sep-23**	**Oct-23**	**Nov-23**	**Dec-23**	**Jan-24**	**Feb-24**	**Mar-24**	**Apr-24**
change in A/P							3,924	4,291	(972)	(2,496)	(2,152)	(1,417)	(991)	(682)	(639)	(347)
Liabilities																
Trade and accrued liabilities	$28,633	$28,633	$27,197	$27,197	$27,197	$27,165	$31,089	$35,380	$34,408	$31,912	$29,761	$28,344	$27,352	$26,670	$26,031	$25,684
Other A/P																

Tax	Entity	End Date	Balance	Months	Monthly Pmts
Excise	BMI	6/30/2025	$ 3,129,000	21	$ 149,000
Excise	TGOD	9/30/2024	$ 3,227,000	12	$ 268,917
GST	BMI	6/30/2025	$ 1,472,000	21	$ 70,095
			$ 7,828,000.00		$ 488,011.90

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

On Monday, November 27, 2023 at 07:10:53 PM PST, Sean Bovingdon <sbovingdon@bzam.com> wrote:

The full amount of the liability are in AP in the FS.

Get Outlook for iOS

Sean Bovingdon
CHIEF FINANCIAL OFFICER

844-256-2926 | BZAM.COM | SBOVINGDON@BZAM.COM
402, 5520 Explorer Drive, Mississauga, Ontario L4W 5L1

BZAM

From: Kiarash Hessami <khessami@finalbell.com>
Sent: Monday, November 27, 2023 10:07:44 PM
To: Matthew Milich <mmilich@bzam.com>; Sean Bovingdon <sbovingdon@bzam.com>
Cc: Keith Adams <kadams@finalbell.com>; Christy Zhou <czhou@finalbell.com>
Subject: Re: Fw: BZAM disclosure - CRA payment plans

Hi Matt & Sean,

Further to Christy's email below, could you please let us know where in the financial statements these payment plans are disclosed?

Based on section 3.31 of the disclosure letter, we would anticipate to see these amounts disclosed as liabilities since they have been negotiated under payment plans. According to the disclosure, these payment plans would result in $488k of monthly payments which we did not see in the cash flows within your model and $7.8m sitting in liabilities.

Tax	Entity	End Date	Balance	Months	Monthly Pmts
Excise	BMI	6/30/2025	$ 3,129,000	21	$ 149,000
Excise	TGOD	9/30/2024	$ 3,227,000	12	$ 268,917
GST	BMI	6/30/2025	$ 1,472,000	21	$ 70,095
			$ 7,828,000.00		$ 488,011.90

We would appreciate any colour that you could help provide us and thanks in advance for your help on this matter.

Best,
Kiarash

On Mon, Nov 27, 2023 at 6:37 PM Keith Adams <kadams@finalbell.com> wrote:

Kia, can you add your questions on the CRA payment plans to this email.

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

----- Forwarded Message -----
From: Christy Zhou <czhou@finalbell.com>
To: Matthew Milich <mmilich@bzam.com>
Cc: Keith Adams <kadams@finalbell.com>
Sent: Monday, November 27, 2023 at 06:07:03 PM PST
Subject: BZAM disclosure - CRA payment plans

Hi Matt,

I just spoke with Keith and we would like to see the CRA payment plans referenced in 3.31 of BZAM's draft disclosure letter, including interest amounts. Additionally, can you let us know if this is included in the consolidated financial model?

Many thanks.

Christy

Christy Zhou
Chief Legal Officer
Final Bell Canada

Nanaimo, BC
778-268-3345
czhou@finalbell.com
Sign up for our product inforn

--

Kiarash Hessami
Director of Corporate Accounting

+1 (604) 679-9660

Final Bell Holdings Inc.
7731 Hayvenhurst Ave., Unit B
Van Nuys, CA 91406

The Excel document “AP Aging_consolidated June Sept” is embedded as an attachment in its native format.

This is Exhibit “8” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

EXECUTION VERSION

DISCLOSURE LETTER

TO THE

SHARE EXCHANGE AGREEMENT

between

BZAM LTD.

and

FINAL BELL CANADA INC.

and

FINAL BELL HOLDINGS INTERNATIONAL LTD.

December 5, 2023

This disclosure letter (including any annexes, addendums and supplements hereto, this "**Disclosure Letter**") is referred to in, and is part of, the Share Exchange Agreement (as it may be amended from time to time in accordance with its terms, the "**Agreement**"), dated December 5, 2023, among BZAM Ltd., a corporation formed under the laws of Canada (the "**Purchaser**"), Final Bell Canada Inc., a corporation incorporated under the laws of the Province of Ontario ("**FBC**") and Final Bell Holdings International Ltd., a corporation incorporated under the laws of the Province of British Columbia (the "**FBC Shareholder**").

Capitalized terms used but not defined in this Disclosure Letter shall have the respective meanings ascribed to such terms in the Agreement. Headings and certain excerpts from the Agreement have been inserted for convenience of reference only, do not constitute part of this Disclosure Letter, shall not be deemed to limit any of the disclosures herein, and may not be relied upon for interpreting the matters disclosed herein. Disclosure of any item in any section or sub-section of this Disclosure Letter shall be deemed disclosure also with respect to any other section or sub-section of the Agreement to the extent the applicability of such disclosure to such other representation or warranty is reasonably apparent on the face of such disclosure.

This Disclosure Letter is qualified in its entirety by reference to specific provisions of the Agreement, and is not intended to constitute, and shall not be construed as constituting, representations or warranties of the Purchaser except as and to the extent expressly provided in the Agreement. Reference to any document, contract or agreement, including the Agreement (each, a "**Document**") herein is qualified in its entirety by the text of the Document, as amended, supplemented or modified, which is deemed to include any and all exhibits, schedules, annexes, riders, addendums and other documents attached thereto.

The inclusion of any item in this Disclosure Letter is neither (a) an admission or determination that such item is material or has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or is outside the ordinary course of business or would prevent, delay or impair the consummation of the transactions contemplated by the Agreement, nor (b) a basis for interpreting the terms "material" or "Material Adverse Effect." Notwithstanding anything contained herein or in the Agreement to the contrary, the information disclosed herein is for the benefit only of the parties to the Agreement. The inclusion of any item in this Disclosure Letter shall not be deemed to be an admission or acknowledgement of any liability or obligation with respect to any third Person or that any breach, default or violation has occurred or may occur with respect to any applicable Laws, Contract or obligation and shall not confer or give to any third Person any remedy, claim, liability, reimbursement, cause of action or other right. In disclosing the information under this Disclosure Letter, Purchaser expressly does not waive, and fully reserves to the maximum extent under applicable Law, any solicitor-client privilege associated with such information with respect to the matters disclosed herein.

Items disclosed herein are not necessarily limited to the matters required by the Agreement to be disclosed in this Disclosure Letter. Such additional items that are not required by the Agreement to be disclosed in this Disclosure Letter are set forth for informational purposes only, do not necessarily include other items of a similar nature, and shall not be deemed to be an admission that such items must or should be disclosed. The inclusion of any information in this Disclosure Letter shall not be deemed to be an admission or acknowledgment, in and of itself, that such information is required by the terms of the Agreement to be disclosed. Nothing set forth in this Disclosure Letter shall be deemed to expand in any way the scope or effect of any representation, warranty, covenant or agreement expressly set forth in the Agreement. The Purchaser disclaims, and does not undertake, any duty or obligation to update or modify information disclosed in this Disclosure Letter.

SIGNED on the date first written above.

BZAM LTD.

____
Name: Matt Milich
Title: Chief Executive Officer

Section 1.1

Permitted Encumbrances

- A charge on title exists for $50,000,000.00 with the secured party, Cortland Credit Lending Corporation, for the Property of 1995 Jerseyville Rd. W. Jerseyville, ON. L0R 1R0, Parcel Registration as: PT LT 24, Con 2 Ancaster, as in CD339207 (firstly).
- A charge on title exists for $5,000,000.00 registered with Alberta Government Services Land Titles Office (Registration #212152636) on property located at 8770 – 24th Street Sherwood Park, Edmonton, AB T6P 1X8, further described below:

Lands:

PLAN 8720213
BLOCK 5
LOT 4
EXÇEPTING THEREOUT ALL MINES AND MINERALS
AREA: 2.02 HECTARES (5 ACRES) MORE OR LESS

Section 3.2

Jurisdictions of Qualification

- Alberta, Canada
- Manitoba, Canada
- Ontario, Canada
- Quebec, Canada
- British Columbia, Canada
- New Brunswick, Canada
- Newfoundland, Canada
- Prince Edward Island, Canada
- Nova Scotia, Canada
- Saskatchewan, Canada

Section 3.8

<u>Conduct of Purchaser's Business in Ordinary Course</u>

Not applicable

Section 3.10

Litigation

- *Panni Management and Technology Corporation v. Galaxie Brands Corporation (formerly Green Relief Inc.), the Green Organic Dutchman Holdings Ltd., AOCO Ventures Inc., and Olivier Dufourmantelle.* (2201 02989)

The claimant (Panni) brought an action in Alberta against the defendants (including the Purchaser) in the amount of $84,987.87 for breach of contract, and nonpayment of invoices. The defendants claim that Panni breached the contract by failing to carry out all services as contracted for, and for failing to perform services in a profession and competent manner. The defendants claim set-off against Panni in the amount of $20,000 for having to retain a third party to finish Panni's scope of work.

- *BZAM Cannabis Corp. vs. Go Drywall Ltd.*

On October 14, 2021, BZAM Cannabis Corp. (BCC) commenced an arbitration against Go Drywall Ltd. (Go Drywall) further to a construction services agreement which Go Drywall did not perform seeking $248,936 in damages to recover the deposit of $248,936 advanced by BCC. An award in favor of BCC was issued on January 24, 2023 directing Go Drywall to pay BCC $245,856 with interest from November 28, 2019.

- *1613240 Ontario Ltd., and Amy Stephenson v. The Green Organic Dutchman Holdings Ltd.* (CV-18-605781)

The claimant, Ms. Stephenson, originally claimed $3,000,000.00 against the Purchaser for breach of a fixed employment contract. The majority of Ms. Stephenson's claim is based on share options which (valued at $1.15) are of no current value and are therefore worthless to her claim. However, if Ms. Stephenson establishes an employee relationship she may be entitled to compensation for the remainder of her fixed contract (2 years and 5 months) without any deduction for mitigation income. There is a serious risk that a court would find that the contract supports an employee relationship. If that happens Ms. Stephenson would be entitled to payment of the remainder of her fixed term contract, including any options that vest during that time. Ms. Stephenson's salary was $180,000 with a target bonus of 50 percent. There are 29 months remaining on her contract. Accordingly, Ms. Stephenson could be entitled to up to $652,500 based on her salary and bonus. If the Purchaser can show that no bonuses would have been awarded during her tenure, then the approximate damages would be $435.000. Ms. Stephenson has done little to advance her claim in 4 years and the parties have only recently exchanged documents. As of November 29, Ms. Stephenson, through counsel has put forward a settlement offer of $325,000 plus costs, which is less than the $652,500 that has been provided for in BZAM's financial statements. It is the Purchaser's hope that this action will either be settled for a reasonable amount in the near future or administratively dismissed by the Court for delay within the year.

Section 3.11

Title to Assets

- **PPSA Registrations for Secured Party: Cortland Credit Lending Corporation:**

Debtor	Secured Party	File No. & Reg No.	Collateral Classifications	Expiry
The Green Organic Holdings Ltd.	Cortland Credit Lending Corporation, as Agent	761293674 20200330 0933 1590 0499 20211001 1048 1590 7859	I, E, A, O, MV	2026-03-30
The Green Organic Dutchman Ltd.	Cortland Credit Lending Corporation, as Agent	761293791 20200330 0934 1590 0500 20211001 1048 1590 7858	I, E, A, O, MV	2026-03-30
The Green Organic Hemp Ltd.	Cortland Credit Lending Corporation, as Agent	761293548 20200330 0932 1590 0498 20211001 1048 1590 7860	I, E, A, O, MV	2026-03-30
10050999 Manitoba Ltd.	Cortland Credit Lending Corporation, as Agent	302355638 202218504401	I, E, A, O, MV	2025-11-03
BZAM Holdings Inc.	Cortland Credit Lending Corporation, as Agent	180186P	I, E, A, O, MV	2025-11-03

Folium Life Science Inc.	Cortland Credit Lending Corporation, as Agent	180213P	I, E, A, O, MV	2025-11-03
BZAM Management Inc.	Cortland Credit Lending Corporation, as Agent	180207P	I, E, A, O, MV	2025-11-03
BZAM Cannabis Corp.	Cortland Credit Lending Corporation, as Agent	22110312237	I, E, A, O, MV	2025-11-03
BZAM Cannabis Corp.	Cortland Credit Lending Corporation, as Agent	22110320719	Land Charge	Infinity
BZAM Cannabis Corp.	Linde Canada Inc.	23080906551	Equipment supplied by the secured party, together with all related accessories, parts, components and attachments and all proceeds of or relating to any of the foregoing as well as all present or after acquired property that may be derived from the sale or other disposition of the collateral.	2029-08-09

Section 3.12

<u>No Options, etc.</u>

Not applicable

Section 3.15(c)

Compliance with Law – Security Clearances under Cannabis Laws

Name	Title	Site
Bassam Alghanim	Chairman	Corp
Keith Merker	Director	Corp
Wendy Kaufman	Director	Corp
V. Sherry Tross	Director	Corp
Chris Schnarr	Director	Corp
Matthew Milich	Chief Executive Officer	Corp
Sean Bovingdon	Chief Financial Officer	Corp
Jordan Winnett	Chief Commercial Officer	Corp
Rosanna Mastropietro	Corporate Secretary	Corp
Jennifer Hoffman	Sr. Quality Assurance Manager	Ancaster
Leo Wong	VP of Operation	Ancaster
Zhila Moradi	Sr.Regulatory Manager	Ancaster
Kristopher LeBlanc	Master Grower	Ancaster
Frank Stinellis	Security Manager	Ancaster
Jason Riley	Processing Supervisor	Ancaster
Serge Aubin	Packaging Lead	Ancaster
Gabriel Mercuri	Processing Associate	Ancaster
Jonathan Gowing	Cultivation Supervisor	Ancaster
Gregory Whittington	Cultivation	Ancaster
Ryan Bessey	Processing Production Coordinator	Ancaster
Brian Johnson	Packaging Lead	Ancaster
Brian Brownlee	General Manager	Ancaster
Joseph Aidan Kennah	Maintenance Assistant	Ancaster
Erik Sandell	QA Supervisor	Ancaster
Laryn Cassandra Papp	IPM Technician	Ancaster
Justin Thompson	Packaging Lead	Ancaster
John O'Sullivan	Enwave Machine Operator	Ancaster
David Cruickshanks	Greenhouse Technician	Ancaster
Hector Forero	Greenhouse Technician	Ancaster
Raina Desai	Quality Program and Supply Technician	Ancaster
Jagruti Desai	Regulatory Specialist	Ancaster
Jacob Couchman	Maintenance Technician	Ancaster

Name	Title	Site
Chelsea Young	Cultivation Supervisor	Ancaster
Mandy Leonetti	Operations / Logistics Manager	Ancaster
Chan Say	Packaging Machine Operator	Ancaster
Tracie Krouse	Processing Supervisor	Ancaster
Megan VanDyk	Cultivation Supervisor	Ancaster
Mariana Moreno Luviano	Regulatory Associate	Ancaster
Emily Jackson	Cultivation Lead	Ancaster
Christophe Placier	General Manager	Vaudreuil
Emilie Gourley	Packaging supervisor	Vaudreuil
Felix Perron	Associates, operation	Vaudreuil
Danielle Pautet	Manufacturing Tech	Vaudreuil
Payal Choudhary	QA Supervisor	Pitt Meadows
Matin Agahi	Production Supervisor	Pitt Meadows
Christina Lewis	Production Team Lead	Pitt Meadows
Leo Wong	VP of Operation	Pitt Meadows
Satnam Sidhu	Manager	Pitt Meadows
Logan Dunn	General Manager	Pitt Meadows
Rohan DeSouza	Ops Manager	Pitt Meadows
Brendon Foote	Security	Pitt Meadows
Kyle Ristic	Ops Manager	Saanichton
Leah Racher	Plant Manager	Saanichton
Emily Harding	Lead Plant Technician	Saanichton
Janek Kobylarz	QA Specialist	Saanichton

Section 3.17

Required Purchaser Authorizations

- Standard filings required to be made with the CSE pursuant to Section 3 of CSE Policy 6.

- Health Canada security clearance of any individuals that will be joining the board of directors or as officers of the Purchaser that do not already have a security clearance under Health Canada.

- Notifications of the transaction will also be required to be given to the following provincial licensing boards (the "**Provincial Boards**"):

    - Alberta Gaming, Liquor and Cannabis, which may require financial background information with respect to incoming directors and officers.
    - Alcohol and Gaming Commission of Ontario.
    - The Société Québécoise du Cannabis.
    - Liquor, Gaming and Cannabis Authority of Manitoba.

- Standard filings with the applicable securities commissions in Canada with respect to the prospectus-exempt distribution of the Consideration Shares.

Section 3.18

<u>Third Party Consents</u>

- Consent required from Cortland Credit Lending Corporation in accordance with Section 8(m) of the Credit Agreement between the Purchaser and Cortland Credit Lending Corporation dated March 31, 2020, as amended and restated in September 29, 2021, November 30, 2021, March 9, 2022, April 27, 2022, November 3, 2022, June 30, 2023, and August 30, 2023.

Section 3.19

Material Contracts

- Amended and restated credit agreement dated as of September 29, 2021, as amended by a first amendment dated as of November 30, 2021, a second amendment dated as of March 9, 2022, a third amendment dated as of April 29, 2022, a fourth amendment dated as of November 3, 2022, a fifth amendment dated as of June 30, 2023, and a sixth amendment dated as of August 30, 2023 between Cortland Credit Lending Corporation and The Green Organic Dutchman Ltd.

- Secured demand promissory note for $2,500,000 issued by the Purchaser to Stone Pine Capital Ltd., dated March 3, 2023.

- Secured demand promissory note for $1,325,000 issued by the Purchaser to Stone Pine Capital Ltd., dated August 30, 2023.

- Secured demand promissory note for $1,190,000 issued by the Purchaser to Stone Pine Capital Ltd., dated October 27, 2023.

- Secured demand promissory note for $600,000 issued by the Purchaser to Stone Pine Capital Ltd., dated November 8, 2023.

- Secured demand promissory note for $2,000,000 issued by the Purchaser to Stone Pine Capital Ltd. dated November 30, 2023.

- Secured demand promissory note for $900,000 issued by the Purchaser to Stone Pine Capital Ltd. dated December 4, 2023.

- Amended and Restated Joint Venture Agreement, dated July 1, 2023 and as thereafter amended, between Northwest Confections Canada Inc., and BZAM Management Inc.

Section 3.26

Owned Real Property

- For the Property of 1915 Jerseyville Rd. W. Jerseyville, ON. L0R 1R0, Parcel Registration as: PT LT 24, Con 2 Ancaster, as in CD339207 (firstly), a charge on title exists for $50,000,000.00 with the secured party Cortland Credit Lending Corporation. This is in connection with the credit facility provided to the Purchaser by Cortland.
- Property located at 8770 – 24th Street Sherwood Park, Edmonton, AB T6P 1X8, a charge on title exists for $5,000,000.00 registered with Alberta Government Services Land Titles Office (Registration #212152636).

Section 3.27(a)

Purchaser Leases

- Lease 5000 Chemin Murphy, Vaudreuil, QC, J7V 8P2
- Leases 19100 Airport Way, Units 517/518/519, Pitt Meadows, BC V3Y 0E2
- Lease 1759 Sean Heights, Saanichton, BC V8M 0A5
- Subleases 455 Fenelon, Suite #311/360, Dorval QC Suite #311
- Sublease 200 Burrard Street, Suite 1570, Vancouver, BC V6C 3L6
- Sublease 5520 Explorer Drive, Suite 402, Mississauga, Ontario L4W 5L1

Section 3.28(g)

Environmental Matters

- Limited Phase One Environmental Site Assessment on 1995 & 1997 Jerseyville Road West, Ancaster, City of Hamilton, Ontario, conducted by Landtek Limited on January 19, 2017.

- Designated Substances and Hazardous Materials Survey for 1915 Jerseyville Road West, Ancaster, Ontario, prepared by the Ledcor Group dated November 6, 2017.[1]

- Memorandum re Comments on the Environmental Impact Statement for 1916 Jerseyville Road, from Cathy Plosz, Planning and Economic Development Department of Hamilton Ontario to Alaina Baldassarra, Development Planning, Heritage and Design, dated November 23, 2017

- Designated Substances and Hazardous Materials Survey for 1995 Jerseyville Road West, Ancaster, Ontario, prepared by the Ledcor Group dated September 5, 2018.

- Environmental Compliance Approval by the Ontario Ministry of the Environment, Conservation and Parks issued July 31, 2019.

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[1] Note: 1915, 1995 and 1997 Jerseyville Road West all refer to different entrances to the same property on Jerseyville Road West.

Section 3.29

<u>Employee Matters</u>

(d) Outstanding Workplace Safety and Insurance Assessments, Penalties, etc.

- Not applicable

(g) Actions, Suits, Proceedings, etc.

- See Section 3.10

Section 3.30

Employee Benefit Plans

A. **Employee Benefit Plan**

- The Employee Benefit Plan information and details are as follows:
  - Purchaser's Share Option Plan dated May 12, 2021.
  - Purchaser's Amended and Restated Restricted Share Unit Plan dated October 9, 2020.
  - Annual Group Benefits with Industrial Alliance, Effective Date of May 1, 2023 Group Policy Number 27601 (the "**Industrial Alliance Policy**"): $1,344,079 (taxes not included) based on current employee base and premiums negotiated.
  - Annual Health Care Spending Account (HCSA) and Wellness account, via the Industrial Alliance Policy, cost (note this expense is entirely based off usage and this is an annualized estimate based off 2023 usage):
    - HCSA Total = $172,746
    - Wellness Total: $66,851
    - Total: $239,607
  - Based on the underlying assumptions of the HCSA, Wellness and Group Benefits, the total cost (taxes not includes) is: $1,583,686
  - Telus Health, which acts as an Employee Family Assistance Program (EFAP) and Virtual Care is $40,017

B. **Retirement Plans**

- Retirement Savings Plan with Industrial Alliance, Effective Date of May 1, 2023 Group Policy Number 44360 (the "**Retirement Plan**") has a total asset value of $2,100,000 with an average employer annual cost, estimated off of 2023 contributions, of $516,796.

Section 3.31

<u>Tax Matters</u>

The Company is current with all its tax returns and filings, and current with all due payments, (for all taxes – income, HST, QST, GST, excise, payroll withholdings) with the exception of:

- Past periods excise taxes due for BMI, which are under a 24 month payment plan with CRA through to June 2025, balance remaining $3.129 Million.

- Past periods excise taxes due for TGOD, which are under a 12 month payment plan with CRA through to September 2024, balance remaining $3.227 Million.

- Past periods GST due for BMI, which are under a 24 month payment plan with CRA through to June 2025, balance remaining $1.472 Million.

Section 3.34

<u>No Broker</u>

Pursuant to an engagement letter dated November 23, 2023, Clarus Securities Inc. shall be paid a transaction fee equal to 3.0% of the purchase price, being equal to 2,700,000 Purchaser Shares.

This is Exhibit "9" referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

FBC DISCLOSURE LETTER

Reference is made to the Share Purchase Agreement dated December 5, 2023 entered into among BZAM Ltd., Final Bell Canada Inc., Final Bell Holdings International Ltd., (the "**Agreement**").

Capitalized terms used in this FBC Disclosure Letter have the meanings specified in the Agreement unless otherwise required by the context of this FBC Disclosure Letter or unless such terms are otherwise defined in this FBC Disclosure Letter. References to Articles or Sections in this FBC Disclosure Letter are references to the relevant Articles or Sections of the Agreement unless otherwise required by the context of this Disclosure Letter.

Final Bell Canada Inc. and the FBC Shareholder are entitled to make certain disclosures in writing to the Purchaser pursuant to the terms of the Agreement; such disclosures are provided as of the date of this FBC Disclosure Letter (unless indicated otherwise) and are set forth in the attached Schedules. The Schedules form an integral part of this FBC Disclosure Letter for all purposes of it and are organized by reference to Sections of the Agreement.

The purpose of this FBC Disclosure Letter is to set out the qualifications, exceptions and other information called for in the Agreement. The Parties acknowledge and agree that this FBC Disclosure Letter and the information and disclosures contained in it do not constitute or imply, and will not be construed as: (i) any representation, warranty, covenant or agreement which is not expressly set out in the Agreement; (ii) an admission of any liability or obligation of Final Bell Canada Inc. or Final Bell Holdings International Ltd.; (iii) an admission that the information is material or a standard of materiality; or (iv) an addition or modification to the scope of any of the representations and warranties set out in the Agreement.

The disclosure of any information in this FBC Disclosure Letter that is not strictly required under the Agreement has been made for informational purposes only. The inclusion of an item in any Schedule of this Disclosure Letter is deemed to be made for purposes of each of the representations and warranties in the Agreement.

This FBC Disclosure Letter and all information contained in it is confidential information and is subject to the confidentiality and non-disclosure obligations contained in the Agreement.

Dated as of December 5, 2023

Schedule 4.2 – Jurisdictions

(i) Final Bell Canada Inc.

- Ontario

(ii) Final Bell Corp.

- Canada
- Ontario (EP registered)
- Alberta (EP registered)
- Quebec (EP registered)

Schedule 4.5 – Conflicts with Contracts

(i) Consent required from Golden Iris International Limited ("**GI**"), the senior lender under a senior secured loan agreement among the FBC Shareholder, the guarantors party thereto (which includes FBC) and GI, dated as of August 17, 2022 (the "**Senior Loan**").

(ii) Termination right of Peace Naturals Project Inc. under the Fourth Amended and Restated Manufacturing Services Agreement dated August 25, 2023 between FBC and The Peace Naturals Project Inc. (PNP) in respect of a change of control (the "**Peace Naturals Agreements**").

(iii) Termination right of Aphaea LLC under the Trademark License and Manufacturing Agreement dated November 2, 2021 between FBC and Aphaea, LLC. (Sherbinskis) in respect of a change of control (the "**Aphaea Agreement**").

(iv) Consent required under the lease with respect to Unit 3, 1100 Bennett Road, Bowmanville, Ontario, the lease with respect to Unit 5, 1100 Bennett Road, Bowmanville, Ontario, and the sublease with respect to Units 1-3, 1100 Bennett Road, Bowmanville, Ontario (collectively, the "**Lease**") in respect of a change of control.

(v) The Sales, Distribution and Marketing Agreement dated November 11, 2022 between Final Bell Corp. and Rose Lifescience Inc. provides that Final Bell Corp. and its affiliates shall not, at any time during the Term of this Agreement, either directly or indirectly, distribute Product into the legal recreational market in Quebec through any party other than Rose Lifesciences Inc. "Product" means the entire line of cannabis products and brands sold, distributed and controlled by Final Bell and any affiliate and other subsidiaries of Final Bell…with the exception of products that are manufactured pursuant to certain co-manufacturing services agreements.

Schedule 4.7 – Undisclosed Liabilities

1) Reimbursement of security posted by Starseed Medicinal Inc. with the Canada Revenue Agency at the time of the sale of Starseed Medicinal Inc. to Final Bell Canada Inc. – outstanding balance approximately CAD $42,000.

2) Final Bell Canada Inc. currently owes approximately CAD $535,630.50 in royalty payments under the Trademark License and Manufacturing Agreement dated November 2, 2021 and Amending Agreement to the Trademark License and Manufacturing Agreement dated May 5, 2022 between Final Bell Canada Inc. and Aphaea, LLC. (Sherbinskis).

3) Under the Trademark License and Manufacturing Agreement dated June 17, 2021 between Final Bell Canada Inc. and Little Farma Inc., Final Bell Canada Inc. owes a minimum quarterly royalty agreement that stood at CAD $725,000 as of September 30, 2023 and will accrue at CAD $100,000 a quarter until termination on February 28 2024. Settlement discussions are ongoing.

Schedule 4.8 – Bank Accounts

FINAL BELL CANADA INC.

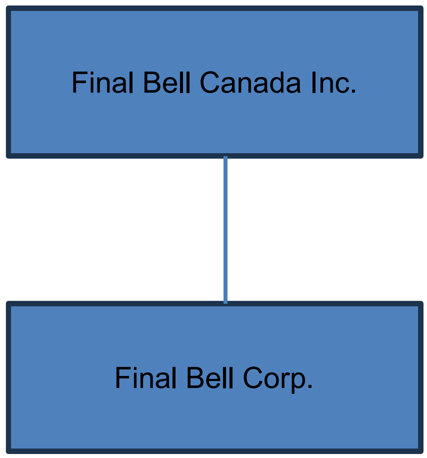
Alterna Savings – 319 Mcrae Avenue, Ottawa ON
Account #: 00646 842 100010733872

FINAL BELL CORP.:

Alterna Savings – 319 Mcrae Avenue, Ottawa ON
Account #: 00646 842 100010685467

Individuals authorized to draw on above accounts:
Jennifer Maccarone, Greg Boone

Schedule 4.9 – Organizational Chart



Schedule 4.11 – Transactions Out of the Ordinary Course

N/A

Schedule 4.12 – Litigation

(i) Freyja Jorgensen v. Final Bell Canada, HRTO File No. 2023-53071, commenced May 31 2023. Freyja Jorgensen (the "Applicant"), a former employee of FBC, commenced a proceeding at the Human Rights Tribunal of Canada in the amount of CAD $123,201. FBC has filed a response and estimates that its exposure is between CAD $0 and CAD $50,000.

(ii) Thanasi Tambakos, Silvia Vassileva, Christian Tambakos, by his Litigation Guardian, Silvia Vassileva, and Gabriella Tambakos by her Litigation Guardian Silvia Vassileva v. Spectrum Cannabis Canada Ltd. (F.K.A. Mettrum Ltd.), Final Bell Corp. (F.K.A. Starseed Medicinal Inc., and Mettrum (Bennett North) Ltd.), Agripharm Corp., and Canopy Growth Corporation, CV-23-00695168-0000, issued February 23 2023. This action claims that the defendants were negligent in the cultivation, production, testing, processing, manufacture, distribution, marketing and sale of the medical marijuana products affected by a recall of products produced, marketed and sold by the defendant, Mettrum Ltd. The claim is for approximately CAD $475,000.

(iii) See Schedule 4.17(a)(ii)

Schedule 4.17(a)(i) and (ii) – Correspondence or Notice from Health Canada or other Governmental Authority

Health Canada Compliance Email C-2023-02441 re: “Mochi” products, dated November 3, 2023.

Schedule 4.17(b) – Investigations, Inspections, Audits, and Other Proceedings

The CRA is currently auditing the income tax returns of Final Bell Corp. from January 1, 2020 to December 31, 2021. Final Bell Canada Inc. has provided notice to Starseed Holdings Inc. and to Entourage Health Corp. (formerly WeedMD Inc.) in accordance with indemnification provisions contained in the share purchase agreement dated March 15, 2021 that was entered into among Starseed Holdings Inc., WeedMD Inc. and Final Bell Canada Inc.

It is anticipated that any penalties or other costs incurred as a result of such audit relating to the period between January 1, 2020 and June 15, 2021 will be covered by the indemnification obligations of Starseed Holdings Inc. and Entourage Health Corp. (formerly WeedMD Inc.).

On November 27, 2023, the CRA notified Final Bell Corp. that it has been selected for an audit with respect to the administration of the Excise Act, 2001 for the period July 1, 2021 to June 30, 2023. The audit will consist of a review of the B300 Excise Duty Returns for such period.

See also Schedule 4.17(a)(i) and (ii).

Schedule 4.17(c) – Individuals Holding Security Clearances

1) Greg Boone, CEO
2) Jennifer Maccarone, COO
3) Christy Zhou, CLO
4) Roland Law, Quality Manager
5) Ruben Cuevas, Facilities Manager
6) Jennifer Graham, Sr. Project Manager
7) Adrian Joseph Caterina, Process Lead
8) Charley McEvoy, Operations Manager
9) Chas Sibbett, Operations SUpervisor
10) Christopher Robert Valois, Process Lead
11) Dave Choi, VP Business Development
12) Harold MacDonald, Operations Consultant
13) Kelsey Erin Ujfalussy, Process Lead
14) Kevin Risko, Operations SUpervisor
15) Neil Cadney Fuller, Senior Process Technician
16) Rebecca Theodoridis, QA Associate, AQAP
17) Robert Rivait, QA Associate
18) Roland Law, QAP
19) Steven White, Third Party Maintenance
20) Dion Linton, Senior Processing Technician

Schedule 4.18 – FBC Governmental Authorizations

1. Health Canada Licence No. LIC-ZOTV09QHPG-2022 issued to Final Bell Corp., effective October 25, 2022 to October 27, 2027, for (i) standard cultivation, (ii) standard processing, and (iii) sale for medical purposes, issued under the Cannabis Act.

2. Health Canada Licence No. LIC-E5FM5PUXBF-2020-5 issued to Final Bell Corp., effective March 24, 2022 to February 7, 2025, for research issued under the Cannabis Act.

3. Canada Revenue Agency Cannabis Licence No. 780639324 RD0001 issued under the Excise Act on November 22, 2023.

4. AGLC Cannabis Representative Registration issued to Final Bell Corp. on February 13, 2023.

Schedule 4.19 – FBC Required Authorizations

1. Approval of Health Canada to completion of the transaction in respect of the following Licenses:
   a. LIC-ZOTV09QHPG-2022
   b. LIC-E5FM5PUXBF-2020-5

2. Notice to Canada Revenue Agency in respect of Cannabis Licence number 780639324 RD0001 under the Excise Act.

3. Approval of AGLC in respect of the AGLC Cannabis Representative Registration issued to Final Bell Corp. on February 13, 2023

4. Notice to Ontario, and Saskatchewancannabis boards in respect of the change of ownership of Final Bell Corp.

Schedule 4.20 – FBC Third Party Consents

Consent pursuant to the Lease.

Consent pursuant to the Senior Loan.

Consent and waiver of the termination right pursuant to the Peace Naturals Agreement.

Consent and waiver of the termination right pursuant to the Aphaea Agreement.

Schedule 4.21 – FBC Material Contracts

Final Bell Corp. and/or Final Bell Canada Inc. are party to the following Material Contracts:

1. The Trademark License and Manufacturing Agreement dated November 2, 2021 and Amending Agreement to the Trademark License and Manufacturing Agreement dated May 5, 2022 between Final Bell Canada Inc. and Aphaea, LLC. (Sherbinskis)

2. The Trademark License and Manufacturing Agreement dated June 17, 2021 between Final Bell Canada Inc. and Little Farma Inc.

3. The Brand License and Manufacturing Agreement dated February 9, 2023 between Final Bell Corp. and Cookies Creative Consulting, LLC.

4. The License and Services Agreement dated November 16, 2023 between Dreamfields Canada Operations Inc. and Final Bell Corp. (Jeeter)

5. The Offtake Supply Agreement dated February 9, 2023 between Final Bell Corp. and Noya Cannabis Inc.

6. The Preroll Input Supply Agreement dated December 22, 2022 between Final Bell Corp. and Noya Cannabis Inc.

7. The License and Services Agreement dated July 14, 2022 between Final Bell Corp. and PAX Labs (Canada) Inc.

8. The Fourth Amended and Restated Manufacturing Services Agreement dated August 25, 2023 between Final Bell Corp. and The Peace Naturals Project Inc.

9. The Amended and Restated Manufacturing Services Agreement dated April 29, 2022 between Final Bell Corp. and Greentec Holdings Ltd.

10. The Contract Manufacturing Agreement dated August 28, 2023 between Final Bell Corp. and Tweed Inc.

11. The Manufacturing Services Agreement dated December 12, 2022 between Final Bell Corp. and Organigram Inc.

12. The Manufacturing Services Agreement dated June 26, 2023 between Atlas Global Brands and Final Bell Corp.

13. The First Amended Manufacturing Services Agreement dated October 24, 2023 between Final Bell Corp. and Bzam Management Inc.

14. The Distribution agreement dated September 26, 2023 between Final Bell Corp. and Maqabim Distributors Ltd.

15. The Distribution Agreement dated July 4 2023 between Final Bell Corp. and Valiant Distribution Canada Inc.

16. The Distribution Agreement dated January 1, 2023 between Final Bell Corp. and 10926671 Canada Ltd. (Open Fields Distribution) (Manitoba)

17. The Distribution Agreement dated January 17, 2023 between Final Bell Corp. and Open Fields Distribution (Saskatchewan)

18. The Cannabis Product Supply Agreement dated April 4, 2022 between Final Bell Corp. and 9374-2187 Qc Inc. dba Medicibis.

19. The Sales, Distribution and Marketing Agreement dated November 11, 2022 between Final Bell Corp. and Rose Lifescience Inc.

20. The Genetic Purchase and Laboratory Services Agreement dated May 5, 2022 between Final Bell Corp. and 101265496 Saskatchewan Ltd. (Mother Labs).

21. The Offtake Supply Agreement dated March 1, 2023 between Final Bell Corp. and Lyonleaf Cannabis Inc.

22. The Processing Services Agreement dated September 17, 2021 between Final Bell Corp. and Cannapiece Corp.

23. The Final Bell Data Sharing Agreement dated July 1, 2022 between Final Bell Corp. and Cannabolic Marketing Corp. (CMC)

24. The Cabanalytics Data License Agreement dated May 1, 2022 between Final Bell Corp. and High Tide Inc.

25. The Data License Agreement dated October 1, 2022 between Final Bell Corp. and TS Programs Ltd.

26. The Amending Agreement to Data License Agreement dated January 1, 2023 between Final Bell Corp. and Hifyre Inc.

27. The Data License Agreement dated May 1, 2023 between Final Bell Corp. and Nova Cannabis Analytics Limited Partnership.

28. The Business Data License Agreement dated May 5, 2023 between Final Bell Corp. and Sparq Retail Cannabis Dispensary & Delivery.

29. Licensed Producer Supply Agreement for Non-Medical Cannabis between Final Bell Corp. and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the *Cannabis Distribution Act*, SBC 2018, c 28 (BCLDB) dated March 31, 2021.

30. The Master Cannabis Supply Agreement dated June 22, 2021 and Amending Agreement to Master Cannabis Supply Agreement re Insurance Requirements dated March 7, 2023 between Ontario Cannabis Retail Corporation, as purchaser, and Final Bell Corp., as supplier.

31. Cannabis Purchase and Sale Agreement dated September 27, 2022 between Final Bell Corp. and the Yukon Liquor Corporation.

32. The Term Sheet dated October 7, 2023 between Final Bell Corp. and Wagner Dimas.

33. The Leases set out in Schedule 4.28.

34. The share purchase agreement dated March 15, 2021 among Starseed Holdings Inc., WeedMD Inc. and Final Bell Canada Inc.

35. The Senior Loan.

Schedule 4.22 – Breach of Material Contracts

See Schedule 4.7.

Schedule 4.24 – FBC Insurance

Commercial General Liability policy effective from June 15, 2023 until June 15, 2024 with Strategic Underwriting Manager.

Product Recall Liability policy effective from June 15, 2023 until June 15, 2024 with Next Wave Insurance Canada.

Schedule 4.26 – FBC Intellectual Property

(i) Licensed Intellectual Property

Mark	Registration / Application #	Jurisdictions	Owner
SHERBINSKIS	1987175	Canada	APHAEA, LLC
MOCHI	1868158	Canada	APHAEA, LLC
COOKIES	1881704	Canada	Cookies Creative Consulting & Promotions, LLC
COOKIES DESIGN	1881708	Canada	Cookies Creative Consulting & Promotions, LLC
C. BITE DESIGN	1881714	Canada	Cookies Creative Consulting & Promotions, LLC
BEURRE BLANC	2098405	Canada	Final Bell Holdings, LLC
FINAL BELL	2098408	Canada	Final Bell Holdings, LLC
PAX	1937404	Canada	Pax Labs, Inc.
PAX DESIGN	2142108	Canada	Pax Labs, Inc.
ERA PRO	1989692	Canada	Pax Labs, Inc.
ANIMAL	N/A	Canada	Final Bell Holdings International
SEV7N*	1977922	Canada	Seven Leaf Canada
SOVEREIGN*		Canada	Seven Leaf Canada

*Assigned to Final Bell Corp. June 15 2023. Subject to call right after September 30, 2025

In addition, Final Bell Corp. is in the business of providing manufacturing services to third parties and has entered into a number of co-manufacturing agreements in the ordinary course of its business pursuant to which licenses are granted to it in order to permit it to perform its obligations under such agreements.

(ii) Owned Intellectual Property

N/A

Schedule 4.28 – FBC Leases

- Lease agreement regarding Unit 4, 1100 Bennett Road, Bowmanville, Ontario dated August 1, 2013 between S&A Developments Limited (Landlord) and Mettrum Ltd. (Tenant), as amended pursuant to an amendment and extension of lease dated February 14, 2014 between S&A Developments Limited and Mettrum Ltd. (Original Tenant), as further amended by an amendment and assignment of lease dated November 8, 2016 among S&A Developments Limited (Landlord), Mettrum Ltd., Mettrum (Bennett North) Ltd., and Mettrum Health Corp. (Indemnifier), as further amended by an amendment dated December 2019 between S&A Developments Limited (Landlord), Starseed Medicinal Inc.. (Tenant, formerly known as Mettrum Ltd.), WeedMD Inc. (Indemnifier) and Final Bell Canada Inc. (Indemnifier and letter of credit provider), as further amended by an amendment and consent to transfer dated June 14, 2021 between S&A Developments Limited (Landlord), Final Bell Corp. (Tenant, formerly known as Starseed Medicinal Inc.), WeedMD Inc. (Indemnifier) and Final Bell Canada Inc. (Indemnifier and letter of credit provider), as may be further amended from time to time. The leased premises contain approximately 13,504 square feet.
    - Annual basic rent: $380,160
    - Estimated additional rent: $10 psf

- Sublease agreement dated August 27, 2021 between Gamma-Dynacare Medical Laboratories (Sublandlord), Final Bell Canada Inc. (Subtenant) and 14th Round Inc. (Indemnitor) with respect to the sublease of the property and premises known as the North Lab located at Units 1-3, 1100 Bennett Road, Bowmanville, Ontario on the ground floor containing approximately 12,305 square feet.
    - Annual basic rent: $123,050
    - Estimated additional rent: $10 psf

- Lease agreement dated March 3, 2023 between S&A Developments Limited (Landlord) and Final Bell Canada Inc. (Tenant) regarding Unit 5 (Meeting Rooms 1 & 2/Common Area), 1100 Bennett Road, Bowmanville, Ontario on the ground floor containing approximately 3,178 square feet.
    - Annual basic rent: $57,204
    - Estimated additional rent: $10 psf

- Residential Tenancy Agreement dated May 1, 2023 between Raquel Padilla, Kristin Padilla, Final Bell Corp., and Greg Boone

    - Annual monthly rent: $3,100

Schedule 4.29 – FBC Ten Largest Customers and Suppliers

(i) Customers

Final Bell Canada Inc. - Largest Customers
Calendar YTD as of October 31, 2023

Customer	Sales ($CAD)
Ontario Cannabis Store	$17,163,968
Peace Naturals Project Inc.	10,605,465
AGLC	2,187,234
British Columbia Liquor Distribution Branch	1,988,992
PAX Labs (Canada) Inc.	1,118,532
Organigram Inc.	825,081
Open Fields Distribution	766,467
NSLC Cannabis	680,103
Manitoba Liquor and Lotteries	361,019
PINNRZ	330,189
Cannabis New Brunswick.	197,407
Cannabis Yukon	176,080
Nuna Cannabis Store	144,719
Atlas / GreenSeal Cannabis Company	141,940
Avant Craft Cannabis Inc	125,136
Other	462,661
Total	**$37,274,993**

(ii) Suppliers

Final Bell Canada Inc. - Largest Suppliers
Calendar YTD as of October 31, 2023

Supplier	Invoices ($CAD)
14th Round Inc	$10,558,251
PINNRZ	2,921,164
Noya Cannabis (1826458 Ontario)	2,884,132
Valens Agritech	2,356,078
PAX Labs (Canada) Inc.	2,252,778
Nighthawk Cannabis Inc.	1,917,974
Long Employment Agency	1,196,467
Taima Extracts Inc	982,811
Lune Rise Farms Inc	898,542
LyonLeaf Cannabis Inc.	735,517
S & A DEVELOPMENTS LIMITED	666,573
CannaPiece Corp	543,459
High North Laboratories, Inc.	337,454
Health Canada	303,623
Medisun Inc	263,256
Other	6,414,211
Total	**$35,232,290**

Schedule 4.31 – FBC List of Employees & Terms of Employment

First Name	Last Name	Start Date	Position	Promotion Date	Benefit Plan	Accrual Untaken ($ amount)	Hourly Rate	Days Untaken
Jennifer	Maccarone	03-May-21	Chief Operating Officer		A	32364.65	96.15	42.08
Ruben	Cuevas	03-May-21	Facilities Manager		B	-59.04	38.46	
David	Choi*	03-May-21	VP of Bus. Dev.		A	12327.15	84.13	18.32
Greg	Boone	03-Jun-21	Chief Executive Officer		A	44006.74	115.38	47.68
Jennifer	Graham	01-Oct-21	Senior Manager, Product Commercialization		B	844.07	48.07	2.19
Samuel	Hunt	10-Jan-22	Territory Manager		B	64.67	38.94	0.2
Christy	Zhou	24-Jan-22	Chief Legal Officer		A	27103.08	105.77	32.03
Katherine	Sochon	15-Feb-22	Graphic Designer		B	2975.16	34.66	10.73
Bernadette	Saraceni	24-May-22	Senior Product Manager		B	5527.8	40.86	16.91
Harold	McDonald	31-Oct-22	Production Specialist		B	1626.81	43.27	4.7
Michelle	McNutt	02-Jan-23	Accounting Specialist		B	-164.91	26.44	
Lana	Mackenzie	01-Feb-23	VP Sales		A	3087.47	84.13	4.59
Mallory	Bodnar	01-Apr-23	Manager, Special Projects		B	279.18	43.27	0.8
Pooja	Patel	24-Apr-23	Sales Coordinator		B	880.57	36.06	3.05
Alicia	Hachey	31-Jul-23	Scheduler		B	-278.03	28.82	
Katrina	Skwara	14-Aug-23	Territory & Key Account Manager		B	850.02	43.75	2.43
Stephanie	Paraschos	06-Sep-23	HR Coordinator		B	429.95	31.25	1.72
Charley	McEvoy	17-May-21	Operations Manager	01-Nov-22	B	7788.15	40.87	23.82
John	Scanga	07-Jun-21	Supply Chain Manager		B	5476.58	36.06	18.98
Dion	Linton	15-Jun-21	Senior Processing Technician		B	699.17	20	4.37
Chas	Sibbett	15-Jun-21	Team Lead Solventless	15-Mar-21	B	561.02	33.65	2.08
Roland	Law	07-Jun-21	Quality Manager/QAP		B	2612.43	38.46	8.49
Rebecca	Theodoridis	05-Jul-21	Quality Assurance Associate/AQAP		B	2196.07	28.85	9.52
Kelsey	Ujfalussy	16-Aug-21	Process Lead	17-Aug-22	B	329.54	24.04	1.71
Adrian	Caterina	16-Aug-21	Process Lead	17-Aug-22	B	-696.9	24.04	
Chase	Douglas	23-Aug-21	Process Technician	05-Jun-23	B	247.6	20	1.55

First Name	Last Name	Start Date	Position	Promotion Date	Benefit Plan	Accrual Untaken ($ amount)	Hourly Rate	Days Untaken
Elijah	Zdanowicz	07-Sep-21	Senior Process Technician	07-Feb-21	B	850.75	20	5.32
Taylor	Williams	01-Nov-21	Inventory Coordinator	07-Nov-22	B	1536.41	29.81	6.44
Mariana	Garcia	03-Jan-22	Process Technician	TBD	B	895.45	20	5.6
Connor	Lowe	12-Jan-22	Process Technician		B	535.54	18	3.72
Amanda	Sidock	17-Jan-22	Administrative / Customer Service	TBD	B	812.48	25	4.06
James	Doorensple et	24-Jan-22	Shipping and Logistics Coordinator	01-Dec-22	B	-644.35	24.04	
Nathan	Johnston	07-Feb-22	Senior Process Technician	13-Feb-23	B	-42.97	20	
Dalton	Buzzell	07-Feb-22	Material Handler	07-Nov-22	B	7.47	20	0.05
Carly	Thistel	15-Feb-22	Operations Coordinator	03-Apr-23	B	308.89	26.44	1.46
Ben	Delbel	04-Apr-22	Process Technician		B	478.97	20	2.99
Kyle	Williams	18-Apr-22	Process Lead	19-Jun-23	B	676.71	20	4.23
Samuel	LeBlanc	25-Apr-22	Senior Process Technician	05-Jun-23	B	-17.94	20	
Chris	Valois	16-May-22	Process Technician	19-Jun-23	B	588.26	22.6	3.25
Neil	Fuller	24-May-22	Senior Process Technician	13-Feb-23	B	1440	20	9
Kevin	Risko	23-May-22	Process Technician	19-Jun-23	B	1468.47	33.65	5.45
Zachary	Eves	30-May-22	QA Associate	TBD	B	404.93	22.6	2.24
Giulia	Ricciardi	May 30,2022	Administrative Coordinator	19-Jun-23	B	270.76	23.08	1.47
Robert	Rivait	02-Aug-22	Quality Assurance Associate		B	1997.37	28.85	8.65
Tyler	Kofman	03-Oct-22	Senior Process Technician	TBD	B	723.48	20	4.52
Patricia	Kalloo	24-Oct-22	Process Technician	TBD	B	-304.52	20	
Sarah	Dempsey	24-Oct-22	Team Lead	TBD	B	209.08	20	1.31
Julie	Modrezeje wska	31-Oct-22	Customer Logistics Manager	05-Sep-23	B	1171.87	34.62	4.23
Morgan	Kelly	13-Mar-22	Inventory Technician		B	88.1	20	0.55
Ryan	Robinson	03-Jul-23	Process Technician		B	526.11	18	3.65
Savior	Udum	03-Jul-23	Process Technician		B	491.43	18	3.41
Brent	Lawlor	12-Jul-23	Logistics Coordinator		B	254.7	20	1.59
Kirk	Thompson	26-Jul-23	Process Technician		B	389.54	18	2.71
Justin	Lawlor	03-Oct-23	Process Technician		B	95.76	18	0.67

***Bonus entitlement – see agreement**

Schedule 4.31(c) – FBC Employees with Negotiated Termination

Greg Boone – see agreement
Jennifer Maccarone – see agreement
Christy Zhou – see agreement
Dave Choi – see agreement

One employee is presently on salary continuance until December 31, 2023.

Schedule 4.31(j) – Actions, Suits or Proceedings

See Schedule 4.12.

Schedule 4.32 – FBC Employee Benefit Plans

Benefits at a glance

The following plan design applies to all alternates, except where differences are noted below.

Benefit Plan	Account	
2 Classes	001 - Final Bell Canada " FOR ILLUSTRATIVE PURPOSES ONLY "	
Class	**A - Management**	**B - All Other Employees**
Basic Life & Accidental Death & Dismemberment	2.0x annual earnings, $500,000 maximum; NEL $250,000 Reduces by 50% at age 65 Basic Life terminates at age 70 or earlier retirement (OER) AD&D Enhanced Plan II; terminates at age 70 OER	Flat $50,000; NEL $250,000 Reduces by 50% at age 65 Basic Life terminates at age 75 or earlier retirement (OER) AD&D Enhanced Plan II; terminates at age 71 OER
Dependent Life	Spouse: $10,000; Each child: $5,000 Live birth; 21/25 Terminates at age 70 OER	Spouse: $10,000; Each child: $5,000 Live birth; 21/25 Terminates at age 75 OER
Extended Health Care	OVERALL: Nil deductible; Unlimited maximum; limits apply to some benefits; 100% coinsurance DRUGS: Prescription; Pay Direct Drug Card; Voluntary Generic; Unlimited maximum; 100% coinsurance; Nil deductible; nil per prescription deductible; no dispensing fee cap; vaccines; contraceptives PROFESSIONAL SERVICES: Enhanced; $500 maximum per practitioner; 100% coinsurance HOSPITAL: private; 100% coinsurance VISION: $250/2 years maximum; 1 eye exam/2 years; 100% coinsurance MEDICAL SERVICES & SUPPLIES: surgical stockings; orthopaedic shoes & orthotics; hearing aids; wigs POOLED: 100% coinsurance; Private Duty Nursing: $10,000 per calendar year Out of Country: $5,000,000 lifetime maximum; 60 days; Trip Cancellation Terminates at age 65 OER	OVERALL: Nil deductible; Unlimited maximum; limits apply to some benefits; 80% coinsurance DRUGS: Prescription; Pay Direct Drug Card; Mandatory Generic; Unlimited maximum; 80% coinsurance; Nil deductible; nil per prescription deductible; no dispensing fee cap; vaccines; contraceptives PROFESSIONAL SERVICES: Enhanced; $500 maximum per practitioner; 80% coinsurance HOSPITAL: semi-private; 100% coinsurance VISION: $250/2 years maximum; 1 eye exam/2 years; 100% coinsurance MEDICAL SERVICES & SUPPLIES: surgical stockings; orthopaedic shoes & orthotics; hearing aids; wigs POOLED: 100% coinsurance; Private Duty Nursing: $10,000 per calendar year Out of Country: $5,000,000 lifetime maximum; 60 days; Trip Cancellation Terminates at age 75 OER
Dental	Nil deductible; Recall 1/6 months; Current fee guide Basic Services: 100% coinsurance; 6 units plus 1 per recall scaling; child & adult fluoride Major Services: 50% coinsurance; unlimited maximum Orthodontic services: NA Terminates at age 65 OER	Nil deductible; Recall 1/6 months; Current fee guide Basic Services: 80% coinsurance; 6 units plus 1 per recall scaling; child & adult fluoride Major Services: 50% coinsurance; $1,500/calendar year maximum combined with basic Orthodontic services: NA Terminates at age 75 OER
Long Term Disability	66.7% of the first $5,000; 50.0% of remaining to a maximum of $10,000;	66.7% of the first $5,000; 50.0% of remaining to a maximum of $6,000;
	NEL $3,500; 119 days; 2 year own occupation; Primary offsets; To age 65 Non-taxable Terminates at age 65 less the elimination period OER	NEL $3,500; 112 days; 2 year own occupation; Primary offsets; To age 65 Non-taxable Terminates at age 65 less the elimination period OER
Health Care Spending Account	$500 allocation per employee	NA
Included	Manulife Vitality; Cost Plus	Manulife Vitality; Cost Plus

Premium Summary – Alternate Plans*

Benefit Plan	Manulife Proposed Monthly Premium
2 Classes	
Account 001 - Class A	$2,384.58
Account 001 - Class B	$974.61
Total	**$3,359.19**
Please note: Based on a 16 Months renewal period.	

** Premiums do not include any optional benefits*
*** plus sales taxes (if applicable)*

Full updated documents for Policy (124167) Plan Sponsor (Final Bell Canada Inc.) AIM-2023-11690 have been provided.

One employee is presently on salary continuance until December 31, 2023.

<u>Schedule 4.33 – FBC Outstanding Tax Matters</u>

See schedule 4.17(b)

Schedule 4.36 – No Predecessors

FBC is guarantor to the obligations of the FBC Shareholder under the Senior Loan.

This is Exhibit “10” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

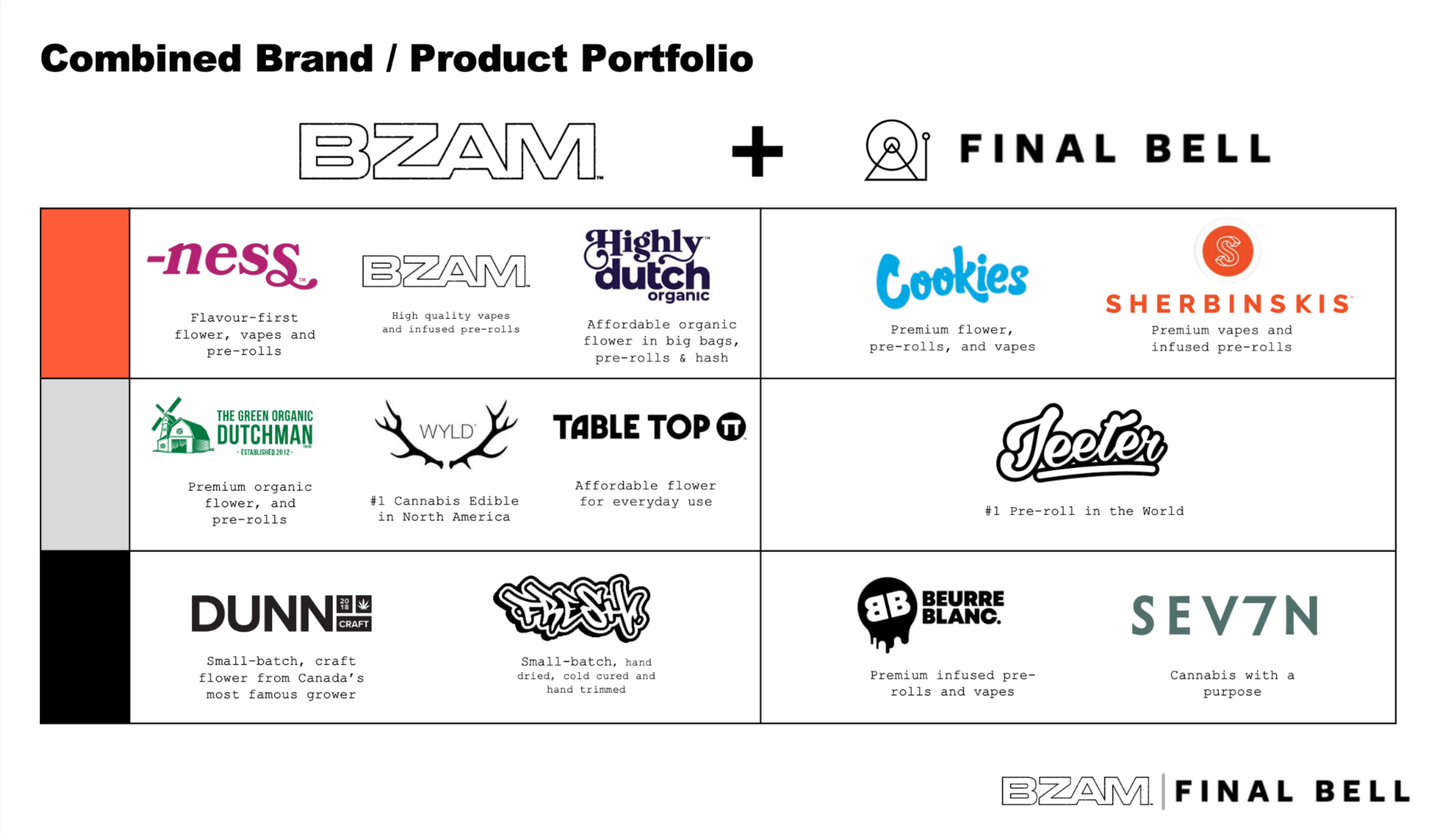
BRENDAN BOHN

FINALBELL

BZAM Due Diligence Readout

BZAM BACKGROUND

- BZAM Ltd. was incorporated on November 16, 2016.
- Holds licenses to produce and sell cannabis products within Canada.
- The Company owns cultivation facilities near Hamilton, Ontario and in Edmonton, Alberta and has operating licenses for cultivation and processing in British Columbia and Québec.
- Is pursuing an international growth strategy through the distribution of cannabis derived medical products in Germany, Australia and the UK.
- BZAM is currently the 6th largest licensed producer and is projected to become the 5th largest through the combination with FB Canada with a clear path to becoming a top 3 player.
- Cultivation, production, and sales infrastructure has led to the successful launch of hundreds of SKUs across multiple categories.
- BZAM.CN is currently listed on the CSE and is trading at $0.14



DEAL RATIONALE

The rationale for this deal is as follows:

1. FB Canada has been a significant cash drain on our group, mainly in the form of accruing intercompany balances as they've scaled their business. The combined entity will continue to procure all packaging and hardware through 14R but will gain access to banking facilities necessary to pay us as their supplier. This transaction will transform the cash flow profile of FBHI.
2. The enlarged BZAM will increase their business with 14R, as 14R will gradually produce all packaging and hardware for the enlarged group - not just for the current FB Canada SKU's.
3. This deal creates a new dominant player in Canada, with a portfolio of leading brands, efficient manufacturing technology and supply chain management.
4. FBHI will stand to make significant profits on brand royalties (animal, dosist, etc.) and 14R supplies.
5. As a non-control investor, we have immediate access to liquidity shareholding when markets improve.
6. This is an important demonstration of FBHI's ability to build a capital-efficient business of scale and substance.
7. This transaction creates a pathway for us to exit plant-touching businesses and become eligible for a potential U.S. listing or trade sale to non-cannabis buyers.

The proposed deal is structured as follows:

1. Execute a share swap: 100% of FB Canada for 90m new shares in BZAM, which equates to 33% ownership of the enlarged entity. This will make us the second largest shareholder, Stone Pine Capital (37% post deal).
2. BZAM will assume a total of CAD 8m in debt owing to FBHI/14R, split into CAD 4m AP which will be repaid over 120 days and CAD 4m senior secured note due 3/31/25.
3. We will be entitled to one board seat. The BZAM board will be reduced to 5 in total, one being the Chairman, Bessam (owner of Stone Pine), one being our nominee and 3 being independents.

Both sides are keen to execute this transaction before the annual cannabis trade show MJ Biz, end of November.

DUE DILIGENCE ANALYSIS

In conducting this due diligence analysis, we focused on four key questions that we believe are integral in assessing this transaction:

1. What are the quality of BZAM's earnings and operating cash?
2. Does BZAM have necessary capital resources available?
3. What are the dilution risks in FBHI's ownership in BZAM?
4. Are there any other potential risks that need to be identified?

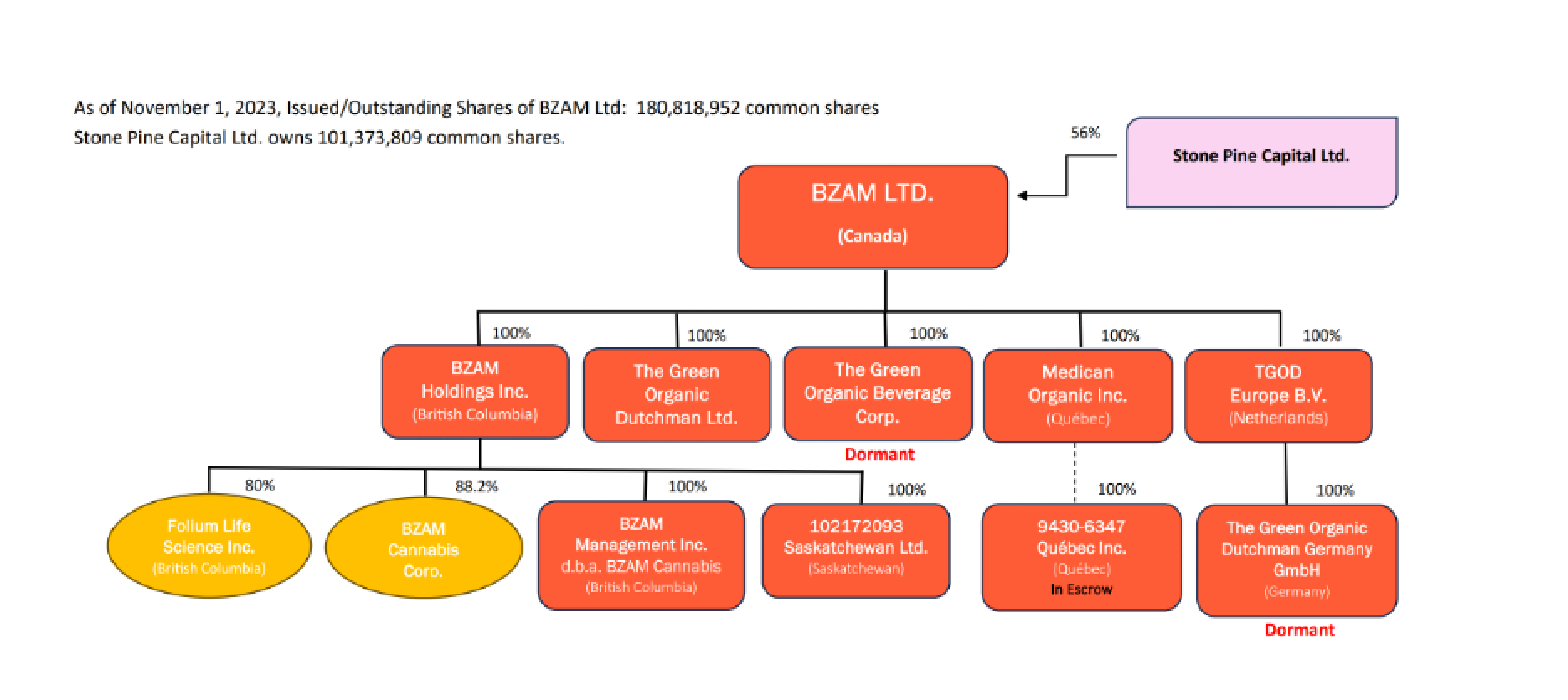
Summary of key findings:

1. Our trend analysis of historical BZAM financials showed positive growth in earnings and is further demonstrated in the pro-forma statements including FB Canada and the Jeeter launch. The spike in growth is justified through $4.4M in cost saving synergies found through labour, lease, and restructuring costs. We noted that projected revenues are conservative by not accounting for international revenues or including FBHI brands in new markets. Positive EBITDA figures in early 2024 eliminate the covenant compliance risk on the Cortland Credit Facility loan. We concluded that operating cash flows and quality of earnings are reasonable to have a fully funded plan.
2. The revolving Cortland loan has available funds of $6.0M which can be drawn. BZAM has necessary eligible inventory and accounts receivable to access the full amount of the revolving loan if needed. Stone Pine's promissory notes are due on demand once the credit facility has been repaid. BZAM has sufficient debt capacity based on the payment proposal presented, however FBHI will want to position pari-passu to the Stone Pine notes in order to have security against the proposed promissory note of $4.0M.
3. The 90M shares issued to FBHI will result in a 33% ownership in BZAM and allow access to earnings without any cash being needed. Based on exercise prices and BZAM.CN's current trading price of $0.14, we've identified a total of 1.2M options which may be exercised and dilute FBHI's holdings down by 0.1%. There are currently no other debt or equity instruments outstanding which pose a threat of dilution. Current trading volumes of BZAM.CN are low and therefore the stock is considered to have limited liquidity for the time being.
4. Working capital management and the risks associated with integration may lead for the financial projections to be lower than expected. There is currently no reason to believe that any of these risks will occur or that they will have a material effect on FBHI.

CORPORATE RECORDS – ORG. CHART

BZAM Holdings (“BZAM”) merged with The Green Organic Dutchman Holdings Ltd. ("TGOD") in November 2022. The combined entity resulting from the Transaction became the sixth largest Canadian cannabis company based on June to August 2022 retail sales, with scale and breadth across major provinces and a complete portfolio of market leading brands and products.

Stone Pine Capital Ltd. is the largest shareholder holding 56% of the common shares outstanding and having outstanding debt owing of $5,615,000



SECURITIES/SHAREHOLDER INFORMATION – FBHI PROPOSED HOLDINGS

		Total Outstanding	*FBHI Ownership %*
Common Shares		180,818,952	
FBHI Issuance	90,000,000		
Post FBHI Issuance		270,818,952	*33.2%*
RSUs issued to employees [1]	187,500		
Stock Options [2]	976,354		
Diluted Common Shares		**271,982,806**	***33.1%***
			Change of 0.1%

[1] 10,000,000 RSUs are allowed to be issued under the current RSU plan

[2] Current number of exercisable options were included. Rest of options have not fully vested and are out of the money.

CORPORATE FINANCE – CAPITAL RESOURCES

BZAM's current sources of debt:

Lender	Type	Interest Rate	Amount	Amount Used	Amount Available
Cortland Credit Lending Corporation[1]	Term Loan	greater of i) 12% and ii) TD Prime Rate + 8.05%	$ 21,000,000	$ 21,000,000	$ -
Cortland Credit Lending Corporation[1]	Revolver Loan	greater of i) 12% and ii) TD Prime Rate + 8.05%	$ 13,000,000	$ 6,963,000	$ 6,037,000
Stone Pine Capital Ltd.[2]	Secured Demand Promissory Note	10%	$ 2,500,000	$ 2,500,000	$ -
Stone Pine Capital Ltd.[2]	Secured Demand Promissory Note	10%	$ 1,325,000	$ 1,325,000	$ -
Stone Pine Capital Ltd.[2]	Secured Demand Promissory Note	greater of i) 12% and ii) TD Prime Rate + 8.05%	$ 1,190,000	$ 1,190,000	$ -
Stone Pine Capital Ltd.[2]	Secured Demand Promissory Note	greater of i) 12% and ii) TD Prime Rate + 8.05%	$ 600,000	$ 600,000	$ -
			Totals	**$ 33,578,000**	**$ 6,037,000**

[1] The Cortland Credit Facility:

- Maximum credit facility of $34,000,000 consisting of current term loan amount of $21,000,000 and a current revolving amount of $6,963,000
- $6,037,000 is still available to be drawn from the Revolver Loan.
- The credit facility is secured against the real property of BZAM.
- The credit facility has a liens with the Edmonton facility that is currently listed for sale based on the 6th amendment signed 8.30.2023.
- The sale of this facility is estimated to complete at $10,476,000 of which, $3,000,000 will be used to repay the overadvance of the revolver loan, $1,000,000 to pay down the term loan, and any net proceeds (if any) can be received by Stone Pine.
- The resulting outcome of the Edmonton facility sale will be a current term loan amount of $20,000,000 and a maximum revolving limit of $14,000,000. The revolving loan has been tested and BZAM is able to maximize this amount if needed based on eligible inventory and eligible accounts receivable.
- The Cortland loan matures on 3/24/2024, **however, BZAM has confidence in the renewal as it is a policy of the lender to renew the term every 15 months.**
- If BZAM allows the loan to mature, the Stone Pine PNotes will be callable on demand once all interest payments and principal outstanding are repaid.
- Current interest rates are the greater of i) 12% and ii) TD Prime Rate (7.2%) + 8.05%.

[2] Stone Pine Pnotes:

- Held by BZAM's largest investor and Chairman.
- Pnotes are secured against BZAM's subsidiaries.
- **Each note is due on demand, however, cannot be recalled unless the principal and all outstanding interest of the Cortland Credit Facility has been fully repaid.**
- Stone Pine has the rights to any net proceeds (if any) from the Edmonton facility sale once all aforementioned payments are made to Cortland.
- The 3rd and 4th Pnotes have been signed and issued subsequent to the 9.30.2023 financial statements.
- The first two Pnotes bare interest at 10% while the last two Pnotes have the same interest rates as Courtland.

[3] FBHI will be asking to structure its $4,000,000 secured promissory note to be pari-passu with the Stone Pine note and have the right to be amended if the Stone Pine notes ever are. FBHI should also add a clause to have the outstanding accounts payable amount (if any) automatically converted to a secured promissory note if the Cortland loan is ever repaid in full.

FINANCIAL INFORMATION – TRENDED INCOME STATEMENT ($K)

CDN$	Actual	Actual	Actual	Pro-Forma Combined Forecast					Actual	Actual	YTD	Fcst
Income Stmt	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**Q1 2024**	**Q2 2024**	**Q3 2024**	**Q4 2024**	**2021**	**2022**	**2023**	**2024**
Gross Revenue	35.0	30.0	29.6						39.2	68.8	94.6	0.0
Less: Excise Tax/Duties	(10.9)	(10.7)	(9.2)						(8.9)	(19.5)	(30.8)	0.0
Jeeter Net Revenue				*0.0*	*3.2*	*4.0*	*4.3*	*6.3*				*17.8*
FB Canada Net Revenue				*9.8*	*8.2*	*9.4*	*9.8*	*9.4*				*36.8*
BZAM Net Revenue				*18.1*	*20.4*	*21.3*	*21.9*	*22.4*				*86.0*
Total Net Revenue	**24.1**	**19.3**	**20.4**	**27.9**	**31.8**	**34.7**	**36.0**	**38.1**	**30.3**	**49.3**	**63.8**	**140.6**
% growth		-20%	6%	37%	14%	9%	4%	6%		63%	29%	120%
Cost of Sales (COS)	(21.0)	(16.2)	(20.6)	(21.4)	(22.8)	(24.9)	(25.8)	(27.0)	(22.5)	(45.2)	(57.8)	(100.5)
GM before Bio Assets and Non-recurring	3.1	3.1	(0.2)	6.5	9.0	9.8	10.2	11.1	7.8	4.1	6.0	40.1
% of Revenue	12.9%	16.1%	-1.0%	23.3%	28.3%	28.2%	28.3%	29.1%	25.7%	8.3%	9.4%	28.5%
Inventory Value Adj to FV	(4.6)	(7.9)	(7.2)						(8.2)	(23.6)	(19.7)	0.0
Change in FV of Biological Assets	4.5	6.6	6.8						12.0	26.2	17.9	0.0
COGS Adjustments	(0.1)	(1.3)	(0.4)	0.0	0.0	0.0	0.0	0.0	3.8	2.6	(1.8)	0.0
GM $K	**3.0**	**1.8**	**(0.6)**	**6.5**	**9.0**	**9.8**	**10.2**	**11.1**	**11.6**	**6.7**	**4.2**	**40.1**
GM %	**12.4%**	**9.3%**	**-2.9%**	**23.3%**	**28.3%**	**28.2%**	**28.3%**	**29.1%**	**38.3%**	**13.6%**	**6.6%**	**28.5%**
Opex	14.6	12.1	13.0	7.6	7.0	7.3	7.2	7.2	40.4	42.0	39.7	28.7
Operating Income	**(11.6)**	**(10.3)**	**(13.6)**	**(1.1)**	**2.0**	**2.5**	**3.0**	**3.9**	**(28.8)**	**(35.3)**	**(35.5)**	**11.4**
Other I&E												
Foreign Exchange				0.2					(0.6)	(0.6)	0.0	0.0
Interest Expense	(1.7)	(1.8)	(1.8)	1.3	1.3	1.3	1.3	1.3	(6.1)	(5.1)	(5.3)	5.2
Accretion expense				0.5					(5.5)	(1.5)	0.0	0.0
Tax	0.0								0.0	0.0	0.0	0.0
Revaluation of Contingent Consideration	(3.5)	19.4							1.9	38.0	15.9	0.0
Impairment	(1.7)	(70.1)	(2.0)						16.7	(31.5)	(73.8)	0.0
Loss on disposal									(17.7)	(1.2)	0.0	0.0
Loss from Discontinued Operations									(2.8)	(0.4)	0.0	0.0
Misc	(0.8)	(2.7)	(0.2)	(6.2)	(4.0)	(3.5)	(3.5)	(3.6)	(11.6)	(6.4)	(3.7)	(14.6)
Total O I&E	**(7.7)**	**(55.2)**	**(4.0)**	**(4.4)**	**(2.7)**	**(2.2)**	**(2.2)**	**(2.3)**	**(25.1)**	**(8.1)**	**(66.9)**	**(9.4)**
Net Loss	**(19.3)**	**(65.5)**	**(17.6)**	**(5.5)**	**(0.7)**	**0.3**	**0.8**	**1.6**	**(42.3)**	**(36.8)**	**(102.4)**	**2.0**
EBITDA												
Net Income	**(19.3)**	**(65.5)**	**(17.6)**	**(5.5)**	**(0.7)**	**0.3**	**0.8**	**1.6**	**(42.3)**	**(36.8)**	**(102.4)**	**2.0**
Add Back: Loss from Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8	0.4	0.0	0.0
Add Back: Depr & Amort	12.2	12.2	12.2						12.2	12.2	36.6	0.0
Foreign Exchange	0.0	0.0	0.0	(0.2)	0.0	0.0	0.0	0.0	0.6	0.6	0.0	0.0
Interest Expense	1.7	1.8	1.8	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	6.1	5.1	5.3	(5.2)
Revaluation of Contingent Consideration	3.5	(19.4)	0.0	0.0	0.0	0.0	0.0	0.0	(1.9)	(38.0)	(15.9)	0.0
Impairment	1.7	70.1	2.0	0.0	0.0	0.0	0.0	0.0	(16.7)	31.5	73.8	0.0
Loss on disposal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.7	1.2	0.0	0.0
Biological assets inventory reval	0.1	1.3	0.4	0.0	0.0	0.0	0.0	0.0	(3.8)	(2.6)	1.8	0.0
Inventory Provisions at Cost	3.3	3.3							3.3	3.3	6.6	0.0
Share-based Compensation	3.4	3.4							3.4	0.6	6.8	0.0
Non-recurring Restructuring Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.6	0.0	0.0
Misc	(10.5)	(7.2)	(6.2)	6.2	4.9	4.9	5.0	5.0	(4.0)	(0.1)	(23.9)	19.8
Adj EBITDA	**(3.9)**	**0.0**	**(7.4)**	**(0.8)**	**2.9**	**3.9**	**4.5**	**5.3**	**(22.6)**	**(18.0)**	**(11.3)**	**16.6**

Revenue

- Conservative revenue numbers used.
- Potential international revenue has not been forecasted.
- FBHI brands in new markets have not been forecasted.

Gross Margin

- Positive forecasted gross margin numbers while using conservative revenue projections.

Operating Expenses

- $4.4M in cost saving synergies found through labour, lease, and restructuring costs

FINANCIAL INFORMATION – TRENDED BALANCE SHEET ($K)

CDN$	Actual	Actual	Actual	Pro-Forma Combined Forecast					Actual	Actual	YTD	Fcst
ASSETS	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**Q1 2024**	**Q2 2024**	**Q3 2024**	**Q4 2024**	**2021**	**2022**	**2023**	**2024**
Cash + Restricted Cash	2.1	3.0	5.6	7.7	6.6	6.9	7.3	9.2	4.3	5.0	5.6	9.2
Receivables	14.7	10.8	11.0	18.3	20.0	22.1	22.8	23.4	9.1	10.3	11.0	23.4
Biological Assets	5.0	4.8	5.1	4.8	4.0	4.1	4.0	4.1	3.1	4.6	5.1	4.1
Inventory	46.7	43.8	38.2	51.0	50.5	50.1	50.0	47.6	20.9	52.4	38.2	47.6
Prepaid expenses and deposits	3.4	3.3	5.5	4.5	4.5	4.5	4.5	4.5	1.5	3.4	5.5	4.5
Receivables from Related Parties	0.6	0.0	1.8	0.0	0.0	0.0			0.1	0.6	1.8	0.0
Assets held for sale	8.0	6.8	10.4	0.0	0.0	0.0			13.6	9.7	10.4	0.0
Other Current Assets	2.0	1.7	0.0	1.0	1.1	1.1	1.1	1.0	2.5	1.6	0.0	1.0
Total Current Assets	**82.5**	**74.2**	**77.6**	**87.3**	**86.7**	**88.8**	**89.7**	**89.8**	**55.1**	**87.6**	**77.6**	**89.8**
Property, Plant & Equip (PP&E)	125.7	90.7	75.8	75.0	73.5	72.0	70.4	68.9	118.0	129.4	75.8	68.9
Intangibles	27.7	19.8	19.3	20.2	20.1	20.0	20.0	19.9	15.6	28.3	19.3	19.9
Goodwill	28.7	0.0	0.0	0.0					4.0	28.7	0.0	0.0
Other	0.4	0.4	0.4	2.6	2.7	2.7	2.7	2.7	1.6	0.4	0.4	2.7
Total Non-current Assets	**182.5**	**110.9**	**95.5**	**97.8**	**96.3**	**94.7**	**93.1**	**91.5**	**139.2**	**186.8**	**95.5**	**91.5**
Total Assets	**265.0**	**185.1**	**173.1**	**185.1**	**183.0**	**183.5**	**182.8**	**181.3**	**194.3**	**274.4**	**173.1**	**181.3**
Liabilities												
Accts Pay and Accrued Liabilities	27.2	27.6	33.7	36.5	34.6	34.2	32.3	29.4	17.7	29.5	33.7	29.4
Sales Tax Payable	3.0	3.1	3.4	5.5	5.5	5.6	5.7	5.7	0.6	1.5	3.4	5.7
Due to Related Parties			1.0								1.0	
Current Portion of Loans	31.6	32.3	31.3	27.0	27.5	28.0	28.3	28.1	2.0	5.4	31.3	28.1
Current Portion of Leases	1.7	1.8	2.4						1.0	1.5	2.4	0.0
Loan Payable to disposal group		0.0		4.0	4.0	4.0	4.0	4.0	5.5		0.0	4.0
Liabilities held for sales	3.7	0.0							2.6	3.7	0.0	0.0
Current Portion of Contingent Consideration	19.4	0.0								0.6	0.0	0.0
Total Current Liabilities	**86.6**	**64.8**	**71.8**	**73.0**	**71.6**	**71.8**	**70.3**	**67.2**	**29.4**	**42.2**	**71.8**	**67.2**
Lease Liabilities	10.4	12.4	11.4	15.0	14.7	14.4	14.1	13.8	6.5	10.6	11.4	13.8
Loans	5.0	5.0	5.0	12.5	12.5	12.5	12.5	12.5	18.2	27.2	5.0	12.5
Contingent Consideration									3.4	16.1	0.0	0.0
Total Non-Current	**15.4**	**17.4**	**16.4**	**27.5**	**27.2**	**26.9**	**26.6**	**26.3**	**28.1**	**53.9**	**16.4**	**26.3**
Total Liabilities	**102.0**	**82.2**	**88.2**	**100.5**	**98.8**	**98.7**	**96.9**	**93.5**	**57.5**	**96.1**	**88.2**	**93.5**
Shareholder Equity	157.3	99.5	82.7	82.4	82.0	82.6	83.7	85.6	137.7	171.6	82.7	85.6
Non-Controlling Interest (NCI)	5.7	3.4	2.2	2.2	2.2	2.2	2.2	2.2	(0.9)	6.7	2.2	2.2
Shareholder Equity	**163.0**	**102.9**	**84.9**	**84.6**	**84.2**	**84.8**	**85.9**	**87.8**	**136.8**	**178.3**	**84.9**	**87.8**
Total Liabilities & Shareholder Equity	**265.0**	**185.1**	**173.1**	**185.1**	**183.0**	**183.5**	**182.8**	**181.3**	**194.3**	**274.4**	**173.1**	**181.3**

Cash

- Positive increase in ending cash being driven from operating cash flows

Working Capital

- Room for better AR and AP figures. Changes to collection and repayment policies can positively impact available cash
- High inventory numbers put company at risk of asset impairment. Higher turnover ratio would lead to more cash.

Debt

- $6,037,000 revolver loan funds still available to be drawn from which lowers the risk of FBHI cash collections on BZAM invoices.

FINANCIAL INFORMATION – WORKING CAPITAL ($K)

CDN$	Actual	Actual	Actual	Pro-Forma Combined Forecast					Actual	Actual	YTD	Fcst
Working Capital Summary	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**Q1 2024**	**Q2 2024**	**Q3 2024**	**Q4 2024**	**2021**	**2022**	**2023**	**2024**
Receivables	14.7	10.8	11.0	18.3	20.0	22.1	22.8	23.4	9.1	10.3	11.0	23.4
Biological Assets	5.0	4.8	5.1	4.8	4.0	4.1	4.0	4.1	3.1	4.6	5.1	4.1
Inventory	46.7	43.8	38.2	51.0	50.5	50.1	50.0	47.6	20.9	52.4	38.2	47.6
Receivables from Related Parties	0.6	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.1			
Other Current Assets	2.0	1.7	0.0	1.0	1.1	1.1	1.1	1.0	2.5			
Prepaid expenses and deposits	3.4	3.3	5.5	4.5	4.5	4.5	4.5	4.5	1.5	3.4	5.5	4.5
Accts Pay and Accrued Liabilities	(27.2)	(27.6)	(33.7)	(36.5)	(34.6)	(34.2)	(32.3)	(29.4)	(17.7)	(29.5)	(33.7)	(29.4)
Sales Tax Payable	(3.0)	(3.1)	(3.4)	(5.5)	(5.5)	(5.6)	(5.7)	(5.7)	(0.6)	(1.5)	(3.4)	(5.7)
Total Working Capital	**42.2**	**33.7**	**24.5**	**37.6**	**40.0**	**42.1**	**44.4**	**45.5**	**18.9**	**39.7**	**22.7**	**44.5**
Change	**0.3**	**(8.5)**	**(9.2)**	**13.1**	**2.4**	**2.1**	**2.3**	**1.1**		**20.8**	**(17.0)**	**21.8**
Working Capital Changes												
Receivables	4.4	(3.9)	0.2	7.3	1.7	2.1	0.7	0.6		1.2	0.7	12.4
Biological Assets	0.4	(0.2)	0.3	(0.3)	(0.8)	0.1	(0.1)	0.1		1.5	0.5	(1.0)
Inventory	(5.7)	(2.9)	(5.6)	12.8	(0.5)	(0.4)	(0.1)	(2.4)		31.5	(14.2)	9.4
Receivables from Related Parties	0.0	(0.6)	1.8							(0.1)	0.0	
Other Current Assets	0.4	(0.3)	(1.7)	1.0	0.1	(0.0)	0.0	(0.1)		(2.5)	0.0	
Prepaid expenses and deposits	0.0	(0.1)	2.2	(1.0)	0.0	0.0	0.0	0.0		1.9	2.1	(1.0)
Accts Pay and Accrued Liabilities	2.3	(0.4)	(6.1)	(2.8)	1.9	0.4	1.9	2.9		(11.8)	(4.2)	4.3
Sales Tax Payable	(1.5)	(0.1)	(0.3)	(2.1)	0.0	(0.1)	(0.1)	0.0		(0.9)	(1.9)	(2.3)
Total Working Capital Changes	**0.3**	**(8.5)**	**(9.2)**	**14.9**	**2.4**	**2.1**	**2.3**	**1.1**	**0.0**	**20.8**	**(17.0)**	**21.8**

Net Revenue	24.1	19.3	20.4	27.9	31.8	34.7	36.0	38.1	30.3	49.3	63.8	140.6
A/R balanace	14.7	10.8	11.0	18.3	20.0	22.1	22.8	23.4	9.1	10.3	11.0	23.4
DSO	**54.9**	**50.4**	**48.5**	**59.0**	**56.6**	**57.3**	**57.0**	**55.3**	**108.1**	**75.2**	**46.6**	**15.0**
Inventory Balance	46.7	43.8	38.2	51.0	50.5	50.1	50.0	47.6	20.9	52.4	38.2	47.6
DOH	**174.4**	**204.2**	**168.5**	**164.5**	**142.9**	**129.9**	**125.0**	**112.4**	**248.3**	**382.6**	**161.7**	**121.9**

Raw materials and packaging	5.3	6.5	5.8						2.6	7.1	5.8	0.0
Work-in-progress	35.5	32.5	27.9						15.0	39.0	27.9	0.0
Finished Goods	5.9	4.7	4.6						3.4	6.2	4.6	0.0
Total Inventory	**46.7**	**43.7**	**38.3**	**0.0**					**21.0**	**52.3**	**38.3**	**0.0**

- Inventory holdings of 168.5 Days on Hand (DOH) of inventory with a significant amount in WIP. This is down $14m YoY but still represents a large number.
- WIP includes flower which has been grown and harvested
- BZAM's target is to have DOH of 150.0, which is still high and has room to be further refined

FINANCIAL INFORMATION – FINANCIAL STATEMENTS AND MD&A

Q3 2023

- Unpublished in draft form

Q2 2023

- Q2 2023 MANAGEMENT DISCUSSION & ANALYSIS

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- Q2 2023 FINANCIAL STATEMENTS

  READ MORE →

- Q2 2023 MANAGEMENT'S INFORMATION CIRCULAR

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Q1 2023

- Q1 2023 MANAGEMENT DISCUSSION & ANALYSIS

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- Q1 2023 FINANCIAL STATEMENTS

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Q4 2022

- Q4 2022 MD&A

  READ MORE →

- Q4 2022 FINANCIAL STATEMENTS

  READ MORE →

SUMMARY

- FBHI will eliminate the cash drain from FB Canada and begin to generate more cash flows in 14R.
- The relationship with BZAM will permit FBHI to benefit from their strong market position and increase production demands.
- Aligns with FBHI's strategic pathway to exit the plant-touching business
- BZAM's strong operational cash flow projections combined with access to readily available capital, demonstrate their ability to execute on their business plan.
- FBHI will seek to obtain pari-passu to Stone Pine in order to secure the investment in BZAM.
- FBHI's 33% ownership in BZAM will enable access to profits without the need for additional capital.

This is Exhibit "11" referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

BZAM LTD.

- and -

FINAL BELL CANADA INC.

- and -

FINAL BELL HOLDINGS INTERNATIONAL LTD.

SHARE EXCHANGE AGREEMENT

December 5, 2023

ARTICLE 1 INTERPRETATION **1**

1.1 Definitions 1
1.2 Gender and Number 10
1.3 Certain Phrases and Calculation of Time 10
1.4 Headings 11
1.5 Disclosure Letters and Exhibits 11
1.6 Purpose of the Disclosure Letters 11
1.7 Currency 11
1.8 Knowledge 11
1.9 Accounting Terms 11
1.10 Instruments and Statutes 11
1.11 Governing Law; Venue 11

ARTICLE 2 SHARE EXCHANGE **12**

2.1 Purchase and Sale 12
2.2 Purchase Price 12
2.3 Hold Period 12
2.4 Allocation of Purchase Price 12
2.5 *Intentionally Deleted* 12
2.6 Purchase of Entire Interest 12
2.7 Delivery of Purchased FBC Shares 13
2.8 Acknowledgements 13
2.9 Joint Tax Election 13
2.10 Agreement to be Bound 14

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER **14**

3.1 Incorporation, Corporate Power and Registration 14
3.2 Qualification 14
3.3 Due Authorization and Enforceability of Obligations 14
3.4 No Conflict with Authorizations, Laws, etc. 15
3.5 No Conflict with Contracts 15
3.6 Purchaser Financial Statements 15
3.7 No Undisclosed Liabilities 15
3.8 Conduct of Purchaser’s Business in Ordinary Course 16
3.9 Capitalization of the Purchaser 17
3.10 Litigation 17
3.11 Title to Assets 17
3.12 No Options, etc. 17
3.13 Condition of Assets 18
3.14 Collectability of Accounts Receivable 18
3.15 Compliance with Law 18
3.16 Governmental Authorizations 20
3.17 Required Purchaser Authorizations 20
3.18 Third Party Consents 20
3.19 Material Contracts 20
3.20 No Breach of Material Contracts 21
3.21 Related Party Transactions 22
3.22 Insurance 22
3.23 Books and Records 22
3.24 Intellectual Property 22
3.25 Information Technology 23
3.26 Owned Property 23
3.27 Leases and Leased Property 24
3.28 Environmental Matters 24
3.29 Employee Matters 25

3.30 Employee Benefit Plans 27
3.31 Tax Matters 28
3.32 Anti-Corruption 28
3.33 Privacy Laws 29
3.34 No Broker 29
3.35 Reporting Issuer 29
3.36 Consideration Shares 29
3.37 Material Facts 30

ARTICLE 4 REPRESENTATIONS AND WARRANTIES CONCERNING FBC 30

4.1 Incorporation, Corporate Power and Registration 30
4.2 Qualification 30
4.3 Due Authorization and Enforceability of Obligations 30
4.4 No Conflict with Authorizations, Laws, etc. 31
4.5 No Conflict with Contracts 31
4.6 FBC Financial Statements 31
4.7 No Undisclosed Liabilities and Indebtedness 31
4.8 Bank Accounts and Powers of Attorney 32
4.9 Subsidiaries 32
4.10 Capitalization of FBC 32
4.11 Conduct of Business in Ordinary Course 32
4.12 Litigation 34
4.13 Title to Assets 34
4.14 No Options, etc. 34
4.15 Condition of Assets 34
4.16 Collectability of Accounts Receivable 34
4.17 Compliance with Law 34
4.18 Governmental Authorizations 36
4.19 Required Authorizations 36
4.20 Third Party Consents 37
4.21 Material Contracts 37
4.22 No Breach of Material Contracts 38
4.23 Related Party Transactions 38
4.24 Insurance 38
4.25 Books and Records 38
4.26 Intellectual Property 39
4.27 Information Technology 40
4.28 Leases and Leased Property 40
4.29 Customers and Suppliers 41
4.30 Environmental Matters 41
4.31 Employee Matters 42
4.32 Employee Benefit Plans 44
4.33 Tax Matters 45
4.34 Anti-Corruption 46
4.35 Privacy Laws 46
4.36 No Predecessors 47
4.37 No Broker 47
4.38 Government Grants and Subsidies 47
4.39 Material Facts 47

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE FBC SHAREHOLDER 47

5.1 Authorization 47
5.2 Title 47
5.3 Consents 48
5.4 No Brokers 48
5.5 Conflicts 48

5.6 Litigation 48

ARTICLE 6 CLOSING 48

6.1 Closing 48
6.2 Effective Time 49
6.3 FBC Closing Documents 49
6.4 Purchaser Closing Documents 49
6.5 Survival of Representations and Warranties 49

ARTICLE 7 PURCHASER'S CONDITIONS PRECEDENT 49

7.1 Purchaser's Conditions 49
7.2 Waiver 52
7.3 Covenant of FBC and the FBC Shareholder 52

ARTICLE 8 FBC SHAREHOLDER'S CONDITIONS PRECEDENT 52

8.1 FBC Shareholder's Conditions 52
8.2 Waiver 54
8.3 Covenant of the Purchaser 54

ARTICLE 9 COVENANTS 55

9.1 FBC Conduct of Business Prior to Closing 55
9.2 Purchaser Conduct of Business Prior to Closing 55
9.3 Actions to Satisfy Closing Conditions 56
9.4 Consents, Approvals and Authorizations 56
9.5 Access for Investigation 57
9.6 Delivery of Books and Records and Cooperation 58
9.7 Notification of Untrue Representation or Warranty or Breach 58
9.8 Disclosure of Confidential Information 58
9.9 Exclusive Dealing 58
9.10 Public Communications 58
9.11 Tax Matters 59

ARTICLE 10 INDEMNITY 60

10.1 Indemnification 60
10.2 Limitations on Indemnification 61
10.3 Indemnification Procedures 62

ARTICLE 11 TERMINATION 62

11.1 Termination 62
11.2 Agreement of No Further Force or Effect 63
11.3 Remedies; Injunctive Relief 63

ARTICLE 12 GENERAL 64

12.1 Expenses 64
12.2 Assignment 64
12.3 Notices 64
12.4 Severability 64
12.5 Entire Agreement 65
12.6 Waiver 65
12.7 Further Assurances 65
12.8 Third Party Beneficiaries 65
12.9 Amendment 65
12.10 Counterparts 65
12.11 Language 65

SHARE EXCHANGE AGREEMENT

This **SHARE EXCHANGE AGREEMENT** is dated December 5, 2023 and made among:

BZAM LTD., a corporation incorporated under the laws of Canada (the "**Purchaser**");

FINAL BELL CANADA INC., a corporation incorporated under the laws of Ontario ("**FBC**"); and

FINAL BELL HOLDINGS INTERNATIONAL LTD., a corporation incorporated under the laws of British Columbia (the "**FBC Shareholder**").

RECITALS:

(A) The Purchaser is a company whose common shares are listed on the CSE (as hereinafter defined).

(B) The FBC Shareholder is the beneficial and legal owner of all of the issued and outstanding FBC Shares (as defined herein).

(C) The Purchaser wishes to purchase and acquire all of the issued and outstanding FBC Shares from the FBC Shareholder in exchange for the Consideration Shares (as hereinafter defined), upon and subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties (each, a "**Party**" and, together, the "**Parties**") covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement the following words and phrases will have the following meanings:

"**Accounts Payable**" means all accounts payable, trade payables, obligations to make payment, book payables and other amounts, due, owing or accruing due, together with any security interest, letters of credit or other credit support documents granted by any FBC Entity as security therefor.

"**Accounts Receivable**" means all accounts receivable, trade receivables, rights to receive payment, book debts and other amounts, due, owing or accruing due to any FBC Entity, together with any security interest, letters of credit or other credit support documents granted in favour of any FBC Entity as security therefor.

"**Acquisition Proposal**" has the meaning set forth in Section 9.9(a).

“**Affiliate**” with respect to any specified Person at any time, means each Person directly or indirectly, through one or more intermediaries, controlling, controlled by or under direct or indirect common control with, such specified Person at such time.

“**Agreement**” means this Share Exchange Agreement and all of the schedules, exhibits and other documents attached hereto or delivered pursuant to the terms hereof, as it may from time-to-time be supplemented or amended.

“**Anti-Corruption Legislation**” has the meaning set forth in Section 4.34(a).

“**Applicable Securities Laws**” means all applicable Canadian securities laws relevant to the issuance of securities of the Purchaser or the purchase and sale of the FBC Shares pursuant to the terms of this Agreement, including the published rules and policies of the CSE.

“**Authorization**” means, with respect to any Person, any Order, permit, approval, consent, waiver, licence or other authorization issued, granted, given or authorized by, or made applicable under the authority of, any Governmental Authority having jurisdiction over the Person.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in the City of Toronto, Ontario, Canada are closed during regular banking hours.

“**Cannabis** and **cannabis**” includes cannabis products as defined in the Cannabis Regulations with reference to Schedule 4 of the Cannabis Act and industrial hemp as defined in the Industrial Hemp Regulations made under the Cannabis Act.

“**Cannabis Laws**” means, collectively: (i) the laws of Canada and each of the provinces and territories therein applicable to the production, manufacture, cultivation, importation, exportation, advertisement, marketing, promotion, sale and/or distribution of cannabis and/or related products, including, without limitation, the *Cannabis Act* (Canada), the Cannabis Regulations and the *Excise Act, 2001* (Canada); and (ii) the respective regulations and rules made and forms prescribed under such laws, together with all applicable and legally enforceable published policy statements, orders and rulings of the applicable Governmental Authority in each such jurisdiction.

“**Cannabis Regulations**” mean the *Cannabis Regulations* (Canada), as amended from time to time.

“**Claims**” means claims, demands, complaints, grievances, actions, applications, suits, causes of action, charges, indictments, prosecutions, information or other similar processes.

“**Closing**” has the meaning set forth in Section 6.1.

“**Closing Date**” has the meaning set forth in Section 6.1.

“**Closing Period**” means the period between the close of business on the Execution Date and the Closing.

“**Confidentiality Agreement**” means the confidentiality agreement between FBC Shareholder and the Purchaser dated October 31, 2023.

“**Consideration Shares**” has the meaning set forth in Section 2.2(b).

“**Contract**” means any contract, agreement, option, lease, license, deed, mortgage, note, indenture, commitment or other instrument of any kind, whether written or oral, and other legal binding agreements, arrangements, understandings, commitments and undertakings, to which a Person is a party or a beneficiary or pursuant to which any of its property or assets are or may be affected.

“**CSE**” means the Canadian Securities Exchange.

"**Damages**" means any losses, liabilities, damages or out-of-pocket expenses (including reasonable legal fees and expenses) whether resulting from an action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third Person, including a Governmental Authority, or a cause, matter, thing, act, omission or state of facts not involving a third Person.

"**Disclosure Letters**" means, collectively, the FBC Disclosure Letter and the Purchaser Disclosure Letter.

"**Drop Dead Date**" means January 30, 2024, or such other date as the Parties may mutually approve in writing.

"**Effective Time**" means 9:00 a.m. (Eastern Time) on the Closing Date (or such other time as may be agreed to by the Parties).

"**Employee**" means any full-time or part-time employee of any FBC Entity including any such employee on disability (long-term or short-term), workplace safety and insurance, workers' compensation, pregnancy or parental or other statutory or approved leave.

"**Employee Contracts**" means any written or verbal employment Contract for employment between FBC and any Employee.

"**Employee Plans**" has the meaning set forth in Section 4.32(a).

"**Environmental Authorization**" means all Authorizations issued pursuant to any Environmental Laws in connection with the operation of the FBC Business or the ownership and use by any FBC Entity of the property and assets (including the Leased Properties) of FBC.

"**Environmental Claim**" means any Claim alleging or asserting any violation of any Environmental Law or Environmental Authorization, or liability for response costs or remedial action under an Environmental Law related to any Environmental Release.

"**Environmental Laws**" mean all Laws, regulations, ordinances or written decisions relating to environmental matters and relating to the protection of workers and public health, including any Laws having as a purpose or effect the protection of the environment, ground water, endangered species of flora and fauna, air, land or natural resources (including soil, land surface or subsurface strata, surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere)), the prevention or reduction to acceptable levels of pollution and emissions or the provision of remedies in respect of damage arising therefrom and the generation, use, handling, release, treatment, storage, disposal or transportation of Environmentally Hazardous Substance.

"**Environmental Release**" means any emission, discharge, release, deposit, issuance, spray, injection, abandonment, escape, spill, leak, seepage, disposal or exhaust (other than exhaust from a vehicle) of an Environmentally Hazardous Substance, or other occurrence or event defined as such in any Environmental Laws.

"**Environmentally Hazardous Substance**" means any material or substance that could reasonably be expected to impair the quality of the environment or that causes or could reasonably be expected to cause an adverse effect on the environment for any use which can be made of it and as to which liabilities or standards of conduct are imposed pursuant to Environmental Laws, including any material or substance that is deemed pursuant to any Environmental Law to be "hazardous", "toxic", "deleterious", "caustic", "dangerous", a "contaminant", a "hazardous waste", a "source of contaminant", a "pollutant" , or words of similar meaning and regulatory effect under any Environmental Law, and any of the following substances: asbestos, urea formaldehyde, hydrocarbons, lead and polychlorinated biphenyls and any material or equipment containing one of these substances.

"**Equity Interests**" of a Person means options, warrants, calls, pre-emptive rights, subscriptions or other rights, restricted share awards, restricted share unit awards, agreements, arrangements, understandings or commitments of any kind relating to the issued or unissued shares in the capital of such Person, or other equity interests of such Person.

"**Execution Date**" means the date of this Agreement.

"**Exemptions**" has the meaning set forth in Section 2.7(a).

"**FB Indemnified Losses**" has the meaning set forth in Section 10.1(b).

"**FB Indemnified Parties**" has the meaning set forth in Section 10.1(b).

"**FB Payment Plan**" means the payment plan in connection with the unsecured promissory note in the principal amount of $4,000,000 owed by FBC to the FBC Affiliated Vendor, guaranteed by the Purchaser, which shall be payable in accordance with Schedule A of this Agreement and subject to any additional terms as may be determined by the parties, acting reasonably.

"**FBC**" has the meaning set forth in the preamble of this Agreement.

"FBC Affiliated Vendor" means 14th Round Inc., which is a wholly-owned subsidiary of the FBC Shareholder.

"**FBC Books and Records**" means all books of account, financial statements, tax records, personnel records of Employees, historic documents relating to the FBC Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information relating to any FBC Entity (whether in written, electronic or other form).

"**FBC Business**" means the business carried on by the FBC Entities on the Execution Date in Canada, consisting of operating the FBC Facilities.

"**FBC Disclosure Letter**" means the disclosure letter delivered by the FBC Shareholder to the Purchaser on the Execution Date.

"**FBC Entities**" means FBC and Final Bell Corp.

"**FBC Facilities**" means the licensed cannabis facility and office space located at 1100, Unit 3, Bennett Rd, Bowmanville, Ontario L1C 3K.

"**FBC Financial Statements**" means, collectively, (a) the unaudited financial statements of FBC for the twelve months ended December 31,2022, and (b) the unaudited interim financial statements of FBC for the nine months ended September 30, 2023, all prepared in accordance with IFRS.

"**FBC IP**" has the meaning set forth in Section 4.26(a).

"**FBC Material Authorizations**" has the meaning set forth in Section 4.18.

"**FBC Material Contracts**" has the meaning set forth in Section 4.21.

"**FBC Promissory Note**" means the secured promissory note in the form set out as Schedule B of this Agreement, executed by FBC in favor of the FBC Affiliated Vendor on Closing, guaranteed by the Purchaser, in the aggregate principal amount of $4,000,000, owed by FBC to the FBC Affiliated Vendor, bearing interest at zero percent (0%) and with a maturity date no earlier than March 31, 2025. For greater clarity: (i) this note shall rank pari passu with all secured debts owed by the Purchaser to Stone Pine and bear the same maturity date as the secured debts owed by the Purchaser to Stone Pine and to the Senior Lender; and (ii) all such secured debts owed to Stone Pine and the FBC Affiliated Vendor shall be subordinated to the secured debts owed to the Senior Lender, in accordance with the terms of the Subordination Agreement and the Intercreditor Agreement.

"**FBC Reference Date**" means September 30, 2023.

"**FBC Shareholder**" has the meaning set forth in the preamble to this Agreement.

"**FBC Shares**" means: (i) 295 class A common shares; (ii) the 295 class B common shares; (iii) the 30 class C common shares; (iv) the 100 class D common shares; (v) 100 class E common shares; (vi) the 30 class F common shares; (vii) 100 class G common shares; (viii) 20 class H common shares; and (ix) the 30 class I common shares in the capital of FBC, and FBC Share means any one of them.

"**FBC Specified Representations**" has the meaning set forth in Section 7.1(a).

"**Fundamental Representations**" means the representations and warranties of the FBC Shareholder set forth in Sections 5.1, 5.2, and 5.3.

"**Golden Iris Release**" means the agreement evidencing the release of the FBC Entities as guarantors of the loan between the FBC Shareholder and Golden Iris International Ltd, and related general security agreement and PPSA registration.

"**Governmental Authority**" means any (a) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, arbitrator, tribunal, bureau or agency, domestic or foreign, (b) any subdivision or authority of any of the above, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or tax authority under or for the account of any of the above.

"**GST/HST**" means goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada).

"**Healthcare Data Requirements**" has the meaning set forth in Section 3.33(a) or Section 4.35, as applicable.

"**IFRS**" means generally accepted accounting principles in Canada from time to time including, for the avoidance of doubt, the standards prescribed in Part I of the CPA Canada Handbook – Accounting (which incorporates International Financial Reporting Standards, as issued by the International Accounting Standards Board) as the same may be amended, supplemented or replaced from time to time.

"**Indebtedness**" means with respect to FBC, (i) any liability for borrowed money (including bank loans, lines of credit and loans from related parties), or evidenced by an instrument for the payment of money, or incurred in connection with the acquisition of any property, products, services, assets or securities (including "earnouts", holdbacks, vendor notes or any other similar form of contingent or deferred payment obligation, and any conditional sale or other title retention agreement), or relating to a capitalized lease obligation, (ii) any change of control payments, bonuses, severance, termination and retention obligations, and similar amounts for which FBC becomes liable in connection with the Transaction contemplated by this Agreement, (iii) profit sharing bonus accruals; bonuses and incentives payable; and all accrued but unpaid salaries, wages and benefits, accrued matching RRSP contributions, accrued profit sharing payments, banked vacation pay and banked hours, and (iv) the employer portion of any payroll Taxes payable in connection with any amounts referred to in clause (ii) or (iii).

"**Indemnified Loss**" shall mean a Purchaser Indemnified Loss or a FB Indemnified Loss, as the case may be.

“**Indemnified Party**” shall mean a Purchaser Indemnified Party or a FB Indemnified Party, as the case may be.

“**Industrial Hemp Regulations**” mean the Industrial Hemp Regulations made under the *Cannabis Act*, as amended from time to time.

“**Information Technology**” means computer hardware, software in source code and object code form (including documentation, interfaces and development tools), websites, databases, telecommunications equipment and facilities and other information technology systems owned, licensed, used or held by a Person.

“**Intellectual Property**” means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, slogans, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of, and symbolized by, and all registrations, applications and renewals for, any of the foregoing, (b) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content and URLs, (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights and (d) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re- examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority-issued indicia of invention ownership (including inventor’s certificates, petty patents and patent utility models).

“**Intercreditor Agreement**” means the intercreditor agreement to be entered into between Stone Pine and the FBC Affiliated Vendor, with respect to: (i) the ranking of any secured debts owed by the Purchaser to Stone Pine to be pari passu with the FBC Promissory Note; and (ii) the acknowledgement of the subordination following Closing, of all secured debts owed by the Purchaser to the FBC Affiliated Vendor and the FBC Affiliated Vendor, to the secured debts owed by the Purchaser to the Senior Lender.

“**ITA**” means the *Income Tax Act (Canada)*, RSC 1985, c 1 (5th Supp).

“**Laws**” means any and all (a) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws of any Governmental Authority and (b) Orders.

“**Leased Properties**” means the lands and premises set out and described in Section 4.29(a) of the FBC Disclosure Letter by reference to their municipal address and proper legal description.

“**Leases**” means the leases and offers to lease in respect of the Leased Properties set out and described in Section 4.29(a) of the FBC Disclosure Letter.

“**Liabilities**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“**Lien**” means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, restriction, assignment, trust or deemed trust, title defect or objection, title retention agreement, option or encumbrance of any nature or kind whatsoever, whether contractual, statutory or otherwise arising, any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation.

"**Lock-up Agreement**" means an agreement to be entered into between the Purchaser and the FBC Shareholder pursuant to which the FBC Shareholder will covenant not to sell, transfer or otherwise dispose of:

i. with respect to 1/3 of the Consideration Shares, for a period ending on the 4-month plus a day anniversary of the date of issuance of such Purchaser Shares;

ii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 8-month anniversary of the Closing Date; and

iii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 12-month anniversary of the Closing Date.

"**Material Adverse Effect**" means, (a) in respect of a Party, any effect or change that is, individually or together with other effects or changes, materially adverse to (1) the results of operations and financial condition of the business of such Party and, if applicable, its subsidiaries, taken as a whole, or; (2) the Party's ability to consummate the transactions contemplated by this Agreement, and (b) in respect of the Party's assets, an effect that is individually or together with other effects or changes, materially adverse to such assets, taken as a whole; provided that a "Material Adverse Effect" does not include any effect or change arising from (i) any change affecting the cannabis industry as a whole, (ii) changes in applicable Laws, (iii) changes in IFRS, (iv) any change in general economic, business, regulatory, political (including the outbreak or escalation of war or acts of terrorism) or market conditions or in national or global financial or capital markets, (v) any natural disaster, or (vi) this Agreement or the completion of the transactions contemplated by this Agreement other than, in respect of each of clauses (i), (ii), (iii), (iv), and (v), any such effect that specifically relates to or disproportionately affects in an adverse manner the Party's business.

"**Merged Entity**" means the Purchaser and the resulting group of subsidiaries following the completion of the Transaction contemplated by this Agreement.

"**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

"**Order**" means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Authority.

"**Ordinary Course**" means, with respect to an action taken by a Person, that such action is (i) consistent with the past practices of the Person and is taken in the ordinary course of business of the normal operations of the Person or its business, and (ii) would be similar in nature to actions customarily taken in the ordinary course of the day to day operations of other Persons that are in the same line of business as such Person.

"**Parties**" means, collectively, the Purchaser, FBC and the FBC Shareholder and **Party** means any one of them.

"**Permitted Encumbrances**" means (a) Liens for Taxes, assessments or governmental charges or levies which relate to obligations not yet due or delinquent, the validity of which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS have been made in the FBC Books and Records or the Purchaser Books and Records, as the case may be, (b) easements, servitudes, encroachments and other minor imperfections of title which do not, individually or in the aggregate, detract from the value of or impair the use or marketability of any real property, (c) undetermined or inchoate Liens arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Laws or of which written notice has not been given in accordance with applicable Laws, (d) Liens set out and described in Section 4.11 of the FBC Disclosure Letter or Section 1.1 of the Purchaser Disclosure Letter but only to the extent such Liens conform to their description in such Disclosure Letter and (e) Liens that would not reasonably be expected to have a Material Adverse Effect.

“**Person**” includes an individual, sole proprietor, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any other entity, or any trustee, executor, administrator or other legal representative thereof.

“**Personal Information**” means information about an identifiable individual other than such individual’s business contact information where such business contact information is collected, used or disclosed for the purposes of contacting such individual in that individual’s capacity as an employee or an official of an organization and for no other purpose.

“**Pre-Closing Tax Period**” means any Tax or fiscal period ending on or before the Closing, and with respect to a Straddle Period, the portion of a Straddle Period up to and immediately prior to the Closing.

“**Privacy Laws**” means the *Personal Information Protection and Electronic Documents Act* (Canada) and any similar Laws relating to the collection, use, disclosure or storage of Personal Information applicable in Canada.

“**Purchase Price**” has the meaning set forth in Section 2.2.

“**Purchased FBC Shares**” means the FBC Shares to be purchased by the Purchaser pursuant to Article 2, being all of the issued and outstanding shares in the capital of FBC.

“**Purchaser**” has the meaning set forth in the preamble of this Agreement.

“**Purchaser Books and Records**” means all books of account, financial statements, tax records, personnel records of the Purchaser Employees, historic documents relating to the assets or business of the Purchaser Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information of a Purchaser Entity (whether in written, electronic or other form).

“**Purchaser Disclosure Letter**” means the disclosure letter delivered by the Purchaser to the FBC Shareholder on the Execution Date.

“**Purchaser Disclosure Record**” means all documents filed by or on behalf of the Purchaser on the System for Electronic Document Analysis Retrieval prior to the date hereof that are publicly available on the date hereof.

‘**Purchaser Employee**” means any full-time or part-time employee of the Purchaser or any Purchaser Entity, including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“**Purchaser Employee Contracts**” means any written or verbal employment Contract for employment between any Purchaser Entity and any other Person engaged in the business of any Purchaser Entity.

“**Purchaser Employee Plans**” has the meaning set forth in Section 3.30(a) of this Agreement.

“**Purchaser Entities**” means, collectively, the Purchaser and its subsidiaries.

“**Purchaser Financial Statements**” means the audited consolidated financial statements of the Purchaser for the years ended December 31, 2022 and 2021, and the unaudited financial statements of the Purchaser for the three and nine months ended September 30, 2023, all prepared in accordance with IFRS.

“**Purchaser Indemnified Losses**” has the meaning set forth in Section 10.1(a).

“**Purchaser Indemnified Parties**” has the meaning set forth in Section 10.1(a).

“**Purchaser IP**” has the meaning set forth in Section 3.24(a).

“**Purchaser Leased Properties**” means the lands and premises leased by the Purchaser as set out the Purchaser Disclosure Record.

“**Purchaser Leases**” means the leases and offers to lease in respect of the Purchaser Leased Properties set out and described in Section 3.27(a) of the Purchaser Disclosure Letter.

“**Purchaser Material Authorizations**” has the meaning set forth in Section 3.16.

“**Purchaser Material Contracts**” has the meaning set forth in Section 3.19.

“**Purchaser Owned Properties**” means the lands and premises owned by the Purchaser as set out the Purchaser Disclosure Record.

“**Purchaser Reference Date**” means September 30, 2023.

“**Purchaser Shares**” means common shares in the capital of the Purchaser, and Purchaser Share means any one of them.

“**Purchaser Specified Representations**” has the meaning set forth in Section 8.1(a).

“**Release Date**” has the meaning set forth in Section 6.5(a).

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval, the electronic filing system for the disclosure documents of issuers across Canada.

“**Senior Lender**” means the Purchaser’s Canadian senior secured lender.

“**Stone Pine**” means Stone Pine Capital Ltd.

“**Stone Pine Amendments**” means any amendments to any documents evidencing secured debts owed by the Purchaser to Stone Pine, to reflect the amendment of the maturity date under such documents to March 31, 2025, cross-call provisions, prepayments to be made under such documents to require concurrent prepayments to be made under the FBC Promissory Note, and such other matters as may be agreed to by the Parties, acting reasonably.

“**Straddle Period**” means any taxation period of FBC ending after the Closing Date that commenced before the Closing Date. Where necessary to allocate Taxes under this Agreement with respect to a Straddle Period: (i) the amount of any real property, personal property, ad valorem, intangible, and other Taxes imposed on a periodic basis for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be equal to the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediate proceeding period) multiplied by a fraction, the numerator of which is the number of calendar days during the Straddle Period that are in the Pre-Closing Tax Period and the denominator of which is the number of calendar days in the entire Straddle Period, and (ii) the amount of any Taxes (other than Taxes allocable under clause (i) of this definition) for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be computed on the basis of a “closing of the books,” as if such taxable period ended as of the end of the day on the Closing Date and all such Taxes were calculated in accordance with the past practices of FBC in preparing Tax Returns, except to the extent otherwise required by applicable Law; provided, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period beginning after the Closing Date in proportion to the number of calendar days in each period.

"**Subordination Agreement**" means the subordination agreement to be entered into between the Senior Lender and the FBC Affiliated Vendor, with respect to the subordination following Closing, of all secured debts owed by the Purchaser to the FBC Affiliated Vendor, to the secured debts owed by the Purchaser to the Senior Lender.

"**Tax**" means any taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value- added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions.

"**Tax Return**" means any return (including any information return), report, statement, schedule, notice, election, designation, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection or payment of any Tax, or in connection with the administration, implementation or enforcement of, or compliance with, any Law relating to any Tax.

"**Transaction**" means, collectively, the purchase and sale of the Purchased FBC Shares, the issuance of the Consideration Shares, and all other transactions contemplated by this Agreement.

"**Transaction Documents**" means this Agreement, the FBC Promissory Note, the FB Payment Plan, the Subordination Agreement, the Intercreditor Agreement, the Lock-Up Agreement and all other agreements, certificates and other instruments or documents given pursuant to this Agreement.

1.2 Gender and Number

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, (a) words in the singular number include the plural and are to be construed as if the plural had been used and *vice versa*, and (b) words importing the use of any gender include all genders where the context or party referred to so requires, and the rest of the sentence is to be construed as if the necessary grammatical changes had been made.

1.3 Certain Phrases and Calculation of Time

In this Agreement, unless otherwise specified:

(a) the words "including" and "includes" mean "including (or includes) without limitation";

(b) "Article" and "Section" followed by a number mean and refer to the specified Article or Section of this Agreement;

(c) the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding"; if the last day of any such period is not a Business Day, such period will end on the next Business Day; and

(d) when calculating the period of time "within" which or "following" which any act or event is required or permitted to be done, notice given or steps taken, the date which is the reference date in calculating such period is to be excluded from the calculation. If the last day of any such period is not a Business Day, such period will end on the next Business Day.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement.

1.5 Disclosure Letters and Exhibits

The Disclosure Letters and the exhibits attached to this Agreement are incorporated by reference into this Agreement and form an integral part hereof.

1.6 Purpose of the Disclosure Letters

The purpose of the Disclosure Letters is to set out the qualifications, exceptions and other information called for in this Agreement. The disclosure of any fact or item in any section of a Disclosure Letter shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and warranties of FBC and the FBC Shareholder or the Purchaser, as the case may be, that are contained in the corresponding Section of this Agreement; and (ii) any other representations and warranties of the FBC and the FBC Shareholder or the Purchaser, as the case may be, contained in this Agreement, where it is reasonably apparent that such matter is pertinent to such other representation or warranty.

1.7 Currency

In this Agreement, unless otherwise specified, all references to dollars or to $ are references to Canadian dollars.

1.8 Knowledge

Where any representation or warranty in this Agreement is expressly qualified by reference to the knowledge of a Party (or similar phrases), it is deemed to refer to the actual knowledge of such Party or, if such Party is not an individual, of any officer or director of such Party, in each case after due inquiry.

1.9 Accounting Terms

All accounting and financial terms and references not defined in this Agreement are to be interpreted in accordance with IFRS.

1.10 Instruments and Statutes

Any agreement, instrument or statute (including any specific provision) defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute (including any specific provision and in the case of a statute any regulations promulgated thereunder) as amended, restated, replaced, modified, qualified or supplemented, including (in the case of agreements and instruments) by waiver or consent and (in the case of statute) by succession of comparable successor statutes and all attachments thereto and instruments incorporated therein.

1.11 Governing Law; Venue

This Agreement shall be governed by and interpreted and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to applicable choice of law provisions thereof. The Parties agree that any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby will be brought in a suitable court located in the Province of British Columbia and each Party irrevocably submits to the exclusive jurisdiction of those courts.

ARTICLE 2
SHARE EXCHANGE

2.1 Purchase and Sale

Subject to the terms and conditions hereof, the FBC Shareholder covenants and agrees to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from the FBC Shareholder, the Purchased FBC Shares at the Closing.

2.2 Purchase Price

In consideration for the acquisition of the Purchased FBC Shares, the Purchaser will pay a purchase price (the "**Purchase Price**") equal to the sum of the following:

(a) Cash – The payment on Closing of $100 in cash.

(b) Consideration Shares – The issuance on Closing of ninety million (90,000,000) Purchaser Shares (the "**Consideration Shares**"), to the FBC Shareholder, at a deemed price per Purchaser Share of $0.15.

2.3 Hold Period

The FBC Shareholder acknowledges that in addition to what is contemplated under the Lock-up Agreement, all Purchaser Shares comprising the Consideration Shares may be subject to a restrictive hold period of four (4) months plus a day in length, if determined to be applicable by a Governmental Authority under Applicable Securities Laws.

2.4 Allocation of Purchase Price

The Parties agree to allocate the Purchase Price on a basis to be agreed between the Parties prior to Closing. In conjunction therewith, each of the Parties will review with their respective legal, accounting and financial advisors the most tax effective structure for allocating the Purchase Price with respect to the Transaction. The Parties agree to execute and file all Tax Returns, and prepare all financial statements, on the basis of such allocation and agree not to take any position inconsistent therewith in any Tax Return, in any Tax refund claim, in any litigation or otherwise.

2.5 *Intentionally Deleted*

2.6 Purchase of Entire Interest

It is the understanding of the parties hereto that this Agreement provides for the purchase of all of the issued and outstanding FBC Shares at the Effective Time, whether same are owned as at the date hereof or to be acquired after the date hereof and prior to the Effective Time, and the FBC Shareholder therefore covenants and agrees with the Purchaser that, if prior to the Effective Time, it acquires any further FBC Shares, in addition to those set forth in this Agreement, then such FBC Shares shall be subject to the terms of this Agreement, and FBC Shares shall be delivered or such rights shall be transferred to the Purchaser at the Effective Time, without the payment of any additional or further consideration.

2.7 Delivery of Purchased FBC Shares

Subject to the fulfilment of all of the terms and conditions hereof (unless waived as herein provided), at the Effective Time, the FBC Shareholder shall be deemed to have delivered to the Purchaser certificates or equivalents representing all of the FBC Shares to the Purchaser.

2.8 Acknowledgements

The FBC Shareholder hereby acknowledges and agrees with the Purchaser as follows:

(a) The transfer of the FBC Shares to the Purchaser, and the issuance of the Consideration Shares to the FBC Shareholder will be made pursuant to appropriate exemptions (the "**Exemptions**") from the prospectus (or equivalent) requirements of applicable securities laws;

(b) As a consequence of acquiring the Consideration Shares pursuant to the Exemptions:

(i) the Purchaser is relying on an exemption from the requirements to provide the FBC Shareholder with a prospectus and to, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Securities Laws, including statutory rights of rescission or damages, will not be available to the FBC Shareholder;

(ii) the FBC Shareholder may not receive information that might otherwise be required to be provided to the FBC Shareholder, and the Purchaser is relieved from certain obligations that would otherwise apply under the *Securities Act* (Ontario) if the Exemptions were not being relied upon by the Purchaser;

(iii) there is no government or other insurance covering the Consideration Shares;

(iv) there are risks associated with the acquisition of the Consideration Shares; and

(v) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Shares;

(c) The FBC Shareholder is knowledgeable of, or has been independently advised as to, the applicable Law of that jurisdiction which applies to the sale of the FBC Shares and the issuance of the Consideration Shares, which may impose restrictions on the resale of such Consideration Shares in that jurisdiction and it is the responsibility of the FBC Shareholder to become aware of what those resale restrictions are, and to comply with them before selling or distributing any of the Consideration Shares, as applicable; and

(d) The Consideration Shares may be subject to certain resale restrictions under applicable Law, and the FBC Shareholder agrees to comply with such restrictions and acknowledges that the certificates for the Consideration Shares may bear an applicable legend or legends respecting restrictions on transfers as required under applicable Law if and as required by Section 2.7 of this Agreement (or legend notation on each applicable Consideration Share, if applicable, issued electronically in a direct registration system), and that the FBC Shareholder have been advised to consult its own legal advisor with respect to applicable resale restrictions and that each is solely responsible for complying with such restrictions.

2.9 Joint Tax Election

The Purchaser and the FBC Shareholder, within 10 Business Days after the Closing Date (or at such later date as may be requested by the FBC Shareholder), shall jointly make and execute an election (a "**Section**

85 Election"), in the prescribed form and within the prescribed time limits, to have section 85 of the Tax Act apply in respect of the disposition of the FBC Shares by the FBC Shareholder in consideration for, inter alia, the Consideration Shares issuable to the FBC Shareholder and, in this regard, the aggregate "elected amount" for purposes of a Section 85 Election will be an amount determined by the FBC Shareholder within the limits prescribed under the Tax Act. The FBC Shareholder will be solely responsible for filing the Section 85 Elections within the time prescribed by the Income Tax Act. The Purchaser shall reasonably cooperate with the FBC Shareholder if it determines that a Section 85 Election which has been filed should be amended, supplemented or replaced.

2.10 Agreement to be Bound

Each Person who becomes a FBC Shareholder subsequent to the Execution Date, or acquires additional FBC Shares subsequent to the Execution Date, must concurrently with becoming a FBC Shareholder or acquiring such additional FBC Shares execute and deliver to the Purchaser an agreement in form and substance satisfactory to the Purchaser, agreeing to be bound by this Agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser makes the following representations to the FBC Shareholder, and acknowledges and agrees that the FBC Shareholder is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

3.1 Incorporation, Corporate Power and Registration

(a) The Purchaser is a corporation validly existing and in good standing under the federal laws of Canada and has all necessary corporate power, authority and capacity to own or lease its property and to carry on its business as presently conducted.

(b) Subject to Section 3.2, neither the nature of the Purchaser Entities' business nor the location or character of the assets owned or leased by the Purchaser Entities requires any Purchaser Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

3.2 Qualification

Each Purchaser Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter. The jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter include all jurisdictions in which (a) the nature of the Purchaser Entities' business makes such qualification necessary, (b) the Purchaser Entity owns or leases any material property or assets which form part of the Purchaser Entity's business or (c) the Purchaser Entity conducts the Purchaser Entity's business, in each case except as would not have a Material Adverse Effect.

3.3 Due Authorization and Enforceability of Obligations

(a) The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.

(b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser.

(c) This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

(a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by the Purchaser or necessary to the ownership of the assets owned by the Purchaser Entities or the operation of the Purchaser Entities' business;

(b) result in or require the creation of any Lien upon any of the assets owned by the Purchaser Entities;

(c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or

(d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to the Purchaser Entities.

3.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

(a) result in a material breach or a material violation of, or materially conflict with, any Purchaser Material Contract; or

(b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any Purchaser Material Contract, or (ii) the acceleration of any debt or other obligation of the Purchaser, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any Purchaser Entity.

3.6 Purchaser Financial Statements

The Purchaser Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

(a) the financial position of the Purchaser Entities on a consolidated basis as at such dates; and

(b) the results of operation and changes in financial position of the Purchaser Entities on a consolidated basis for the periods then ended.

3.7 No Undisclosed Liabilities

Since the Purchaser Reference Date, no Purchaser Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities reflected or reserved against in the applicable Purchaser Financial Statements; (b) current liabilities incurred since the Purchaser Reference Date in the Ordinary Course; or (c) liabilities that are not material to any Purchaser Entity, taken as a whole.

3.8 Conduct of Purchaser's Business in Ordinary Course

Except as set out in Section 3.8 of the Purchaser Disclosure Letter or as set out in the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the Purchaser Reference Date, the Purchaser Entities' business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, the Purchaser Entities have not, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

(a) sold, transferred or otherwise disposed of any assets other than inventory sold in the Ordinary Course;

(b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;

(c) made any capital expenditures in excess of $250,000;

(d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds $250,000;

(e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value to a Purchaser Entity;

(f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;

(g) made any bonus or other extraordinary payment to a Purchaser Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;

(h) suffered any extraordinary loss, damage or destruction in respect of any of its assets, whether or not covered by insurance;

(i) terminated or suffered the termination of, any Purchaser Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;

(j) declared or paid any dividends or declared or made any other distribution on the Purchaser Shares or other securities of any of the Purchaser Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchaser Shares or other securities of the Purchaser Entities;

(k) written off as uncollectible any accounts receivable or any part thereof;

(l) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;

(m) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;

(n) compromised or settled any litigation or governmental action relating to assets owned or used by a Purchaser Entity (including the Purchaser Owned Properties and Purchaser Leased Properties);

(o) cancelled or reduced any insurance coverage on its business, property and assets;

(p) made any change in any method of accounting or auditing practice except in each case as required by IFRS;

(q) made any change in the method of billing or the credit terms made available to its customers;

(r) amended its organizational documents or structure; or

(s) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

3.9 Capitalization of the Purchaser

The authorized capital of the Purchaser consists of an unlimited number of Purchaser Shares. As at the Execution Date, there are 180,818,952 Purchaser Shares issued and outstanding. In addition, as at the Execution Date, there are issued and outstanding (i) options to purchase, in the aggregate, 6,240,000 Purchaser Shares, (ii) warrants exercisable for, in the aggregate, 48,096,811 Purchaser Shares and (iii) restricted share units entitling certain employees of the Purchaser to, in the aggregate, 187,500 Purchaser Shares. Except as set forth in this Section 3.9, no other Purchaser Shares are issued and outstanding as at such date and there are no existing Equity Interests in, the Purchaser or any of its subsidiaries obligating the Purchaser or such subsidiary to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, the Purchaser or such subsidiary or securities convertible into or exchangeable for such shares or Equity Interests or other securities. All of the outstanding Purchaser Shares were duly authorized and validly issued, and are fully paid and non-assessable.

3.10 Litigation

Except as set out in Section 3.10 of the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any arbitration, administrative or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, current or pending, or, to the knowledge of the Purchaser, threatened against the Purchaser Entities' business or any of the Purchaser Entities' assets, including the Purchaser Owned Properties, the Purchaser Leased Properties, or the Purchaser IP, or in respect of any employment matters.

3.11 Title to Assets

Except as set out in Section 3.11 of the Purchaser Disclosure Letter, each Purchaser Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the Purchaser Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

3.12 No Options, etc.

Except as set out in Section 3.12 of the Purchaser Disclosure Record, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition from the Purchaser Entities of any of the property and assets other than pursuant to purchase orders for inventory sold in the Ordinary Course.

3.13 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of the Purchaser Entities are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

3.14 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the Purchaser Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the Purchaser Books and Records, copies of which have been provided to the FBC, and are not subject to any defence, counterclaim or set off.

3.15 Compliance with Law

(a) Each Purchaser Entity:

(i) is conducting its business in compliance with all applicable Laws, in all material respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating to in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business;

(ii) has not received, since the Purchaser Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the Purchaser Entities' business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any Purchaser Material Authorization; and

(iii) has, or has had on its behalf, since the Purchaser Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the Purchaser Entities' business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the Purchaser Entities' business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

(b) To the knowledge of the Purchaser, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws.

(c) The individuals listed in Section 3.15(c) of the Purchaser Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual's respective association with any Purchaser Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance

(d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all cannabis products sold or stored by the Purchaser Entities:

(i) meet the applicable specifications for the product;

(ii) are fit for the purpose for which they are intended by the Purchaser Entities, and of merchantable quality;

(iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with the Purchaser Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;

(iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;

(v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the Purchaser Material Authorizations in accordance in all material respects with the terms of such Authorization; and

(vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).

(e) All of the marketing and promotion activities of all Purchaser Entities relating to the Purchaser Entities' business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.

(f) (i) Each Purchaser Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any Purchaser Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the Purchaser's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any Purchaser Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.

(g) Each Purchaser Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states)

3.16 Governmental Authorizations

The Purchaser Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Purchaser Owned Properties and Purchaser Leased Properties). All such Authorizations are set out in Purchaser Disclosure Record (the "**Purchaser Material Authorizations**"). Each Purchaser Material Authorization is valid, subsisting and in good standing. The Purchaser is not in default or breach of any Purchaser Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the Purchaser, threatened to revoke or limit any Purchaser Material Authorization.

3.17 Required Purchaser Authorizations

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 3.17 of the Purchaser Disclosure Letter.

3.18 Third Party Consents

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a Purchaser Material Contract binding on or affecting the Purchaser Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 3.18 of the Purchaser Disclosure Letter.

3.19 Material Contracts

Except for the Contracts listed in the "Material Contracts" section of the Purchaser's annual information form dated April 18, 2022, and as otherwise set out under Section 3.19 of the Purchaser Disclosure Letter (collectively, the "**Purchaser Material Contracts**"), no Purchaser Entity is a party to or bound by any Contract material to its business or the ownership of its assets including:

(a) any distributor, sales or advertising Contract;

(b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by a Purchaser Entity of more than $250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of a Purchaser Entity;

(c) any Contract that expires, or may be renewed at the option of any Person other than a Purchaser Entity so as to expire, more than one year after the Execution Date;

(d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;

(e) any Contract for capital expenditures in excess of $250,000 in the aggregate;

(f) any confidentiality, secrecy or non-disclosure Contract or any Contract limiting the freedom of a Purchaser Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on its business;

(g) any Contract pursuant to which a Purchaser Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;

(h) any Contract with any Affiliate of a Purchaser Entity or any other Person with whom a Purchaser Entity does not deal at arm’s length within the meaning of the ITA;

(i) any Contract relating to grants or other forms of assistance received by a Purchaser Entity from any Governmental Authority;

(j) any Contract pursuant to which any Purchaser Entity grants or receives a licence to use any Purchaser IP, other than: (A) those in which grants of Purchaser IP rights are incidental to such Contract; (B) those granting rights to Purchaser IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;

(k) any Contract pursuant to which any Purchaser Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;

(l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other Person in excess of $250,000 in the aggregate;

(m) any Contract for Indebtedness of a Purchaser Entity in excess of $250,000 in the aggregate; or

(n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all Purchaser Material Contracts are available in the Purchaser Disclosure Record.

3.20 No Breach of Material Contracts

Each of the Purchaser Entities has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any Purchaser Material Contract. Each of the Purchaser Material Contracts is in full force and effect, unamended, to the knowledge of the Purchaser, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any Purchaser Material Contract. To the knowledge of the Purchaser, all of the covenants to be performed and the obligations to be fulfilled by any party to such Purchaser Material Contract, including the applicable Purchaser Entity, have been fully performed and fulfilled in all material respects. No consent or notice is required for a valid assignment to the Purchaser of any Purchaser Material Contract.

3.21 Related Party Transactions

Except as set out the Purchaser Disclosure Record or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting the Purchaser Entities have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by a Purchaser Entity to any Affiliate of a Purchaser Entity in relation to such Contracts are recorded on the Purchaser Books and Records at their fair market value.

3.22 Insurance

The Purchaser Entities maintain such policies of insurance as are appropriate to their business and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. No Purchaser Entity is in default in any material respect with respect to any of the provisions contained in the insurance policies.

3.23 Books and Records

(a) All accounting and financial Purchaser Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such Purchaser Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the FBC in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the Purchaser Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the Purchaser Entities.

(b) Purchaser Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by Purchaser's current Information Technology.

3.24 Intellectual Property

(a) The Purchaser Disclosure Record sets out a true, correct and complete description of (i) all of the registered Intellectual Property owned or used by a Purchaser Entity in connection with a Purchaser Entity's business (collectively, the "**Purchaser IP**"), and (ii) all licenses or similar agreements or arrangements to which any Purchaser Entity is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of a Purchaser Entity's business as presently conducted.

(b) One of the Purchaser Entities is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the Purchaser IP, free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities have not assigned, licensed or otherwise conveyed any of the Purchaser IP.

(c) The Purchaser Entities have maintained or caused to be maintained the rights to any of the registered Purchaser IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered Purchaser IP owned by a Purchaser Entity and subject to expiration on or prior to the Closing Date.

(d) The Purchaser IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the Purchaser IP. In the past five years, no Purchaser Entity has received written notice of any alleged infringement or misappropriation from any Person with respect to the Purchaser IP. During such period, no Purchaser Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.

(e) The Purchaser Entities have the full right and authority to use the Purchaser IP in connection with the conduct of their business in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The Purchaser IP is sufficient to conduct the Purchaser Entities' business as presently conducted. All licenses to which a Purchaser Entity is a party relating to Purchaser IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of a Purchaser Entity thereunder. No royalty or other fees is required to be paid by any Purchaser Entity to use and exploit any of the Purchaser IP rights and, to the Purchaser's knowledge, there are no restrictions on the ability of any Purchaser Entity to use any of the Purchaser IP rights

(f) To the knowledge of the Purchaser, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the Purchaser IP.

(g) To the knowledge of the Purchaser, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of a Purchaser Entity owns or has claimed an ownership interest in any of the Purchaser IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.

(h) Each Purchaser Entity has used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect Purchaser IP and confidential information relating thereto. To the knowledge of the Purchaser, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent the Purchaser Entities from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

3.25 Information Technology

(a) The Information Technology owned, licensed, used or held for use in connection with the Purchaser Entities' businesses is sufficient for the conduct of the Purchaser Entities' businesses in the Ordinary Course after Closing. The Purchaser Entities use reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.

(b) In the past three years, no notice of a defect or default has been sent or received by a Purchaser Entity in respect of any license or lease under which the Purchaser Entities receive Information Technology.

3.26 Owned Property

Except as set out in Section 3.26 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Purchaser Entities are the absolute registered and beneficial owner of, and have good and marketable title to, the Purchaser Owned Properties free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities are not the owner of, or party to any agreement, option or right to own, any real property or any interest in any real property used in connection with the Purchaser Entities' business, other than the Purchaser Owned Properties.

3.27 Leases and Leased Property

(a) Except as set out in Section 3.27(a) of the Purchaser Disclosure Letter, no Purchaser Entity is a party to, or under any agreement to become a party to, any real property lease other than the Purchaser Leases. Each Purchaser Lease is in good standing, creates a good and valid leasehold estate in favour of the Purchaser Entities in the Purchaser Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Purchaser Lease pursuant to which a Purchaser Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any Purchaser Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Purchaser Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable Purchaser Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the Purchaser, all of the covenants to be performed by any party (other than the applicable Purchaser Entity) under the Purchaser Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable Purchaser Entity of any of the Purchaser Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Purchaser Leased Property.

(b) Each applicable Purchaser Entity has adequate rights of ingress and egress to, from and over the Purchaser Leased Properties in the Ordinary Course and the Purchaser Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the Purchaser, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any Purchaser Entity to carry on business in the Ordinary Course.

3.28 Environmental Matters

(a) The Purchaser Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Purchaser Owned Properties.

(b) Except as permitted under applicable Laws, no Purchaser Entity has used or permitted to be used at any of the Purchaser Owned Properties or Purchaser Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the Purchaser there has not been any such use.

(c) Except as permitted under Environmental Laws, no Purchaser Entity has caused or permitted, and the Purchaser does not have any knowledge of any Environmental Release on or from the Purchaser Owned Properties or Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity.

(d) No Purchaser Entity has been required in writing by any Governmental Authority to: (i) alter any of the Purchaser Owned Properties or Purchaser Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which, in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.

(e) There are no pending or, to the knowledge of the Purchaser, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties.

(f) Neither the Purchaser nor any Purchaser Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any Purchaser Entity or the Purchaser Entities' business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the Purchaser nor any Purchaser Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the Purchaser, no Purchaser Entity nor the Purchaser Entities' business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.

(g) Section 3.28(g) of the Purchaser Disclosure Letter contains a complete and accurate list of all reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the Purchaser or the Purchaser Entities have been provided to FBC. To the knowledge of the Purchaser, there are no other reports or material documents relating to environmental matters affecting any Purchaser Entity or any of the Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control which have not been made available to FBC.

(h) To the knowledge of the Purchaser, there are not any underground storage tanks located on the Purchaser Owned Properties or Purchaser Leased Properties.

(i) No Authorizations issued to any Purchaser Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.

(j) No unbudgeted work or additional expenditure is required or planned in relation to the Purchaser Entities' business, the Purchaser Owned Properties, the Purchaser Leased Properties or any other assets of any Purchaser Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

3.29 Employee Matters

(a) No Purchaser Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any Purchaser Entity.

(b) Except as disclosed in Section 3.29(b) of the Purchaser Disclosure Letter, there are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any Purchaser Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the Purchaser Entities' business which are currently outstanding.

(c) To the knowledge of the Purchaser, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for a Purchaser Entity and no Purchaser Entity is unionized and does not have an employee association.

(d) Each Purchaser Entity has observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.

(e) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon the Purchaser Entities to do or refrain from doing any act or which place a financial obligation upon a Purchaser Entity.

(f) In the past three years, no Purchaser Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.

(g) Except as set out in 3.29(g) of the Purchaser Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, pending, or, to the knowledge of the Purchaser, threatened against or affecting the Purchaser Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser Entities or the Purchaser Entities' business. To the knowledge of the Purchaser, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any Purchaser Entity in respect of employment matters.

(h) All Purchaser Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements

(i) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the Purchaser Entities, threatened against or directly or indirectly affecting a Purchaser Entity's business, a Purchaser Entity or any of their respective operations. No Purchaser Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Purchaser Employees. There are no charges or complaints pending, or to the knowledge of the Purchaser, threatened with respect to or relating to a Purchaser Entity before any Governmental Authority in relation to unlawful employment practices. No Purchaser Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of a Purchaser Entity or any of its business concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the Purchaser Entity, threatened.

3.30 Employee Benefit Plans

(a) Section 3.30 of the Purchaser Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any Purchaser Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any Purchaser Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Purchaser Employee Contracts containing any such provisions (collectively, the "**Purchaser Employee Plans"**). None of the Purchaser Employee Plans is a registered pension plan under the ITA.

(b) Each Purchaser Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Purchaser Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.

(c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any Purchaser Entity pursuant to the terms of any Purchaser Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.

(d) There is no pending termination or winding-up procedure in respect of any of the Purchaser Employee Plans, and no event has occurred or circumstance exists under which any of the Purchaser Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.

(e) No Purchaser Employee Plan has a deficit and the liabilities of all Purchaser Entities in respect of all Purchaser Employee Plans are properly accrued and reflected in the Purchaser Financial Statements in accordance with IFRS.

(f) The Purchaser Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Purchaser Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the Purchaser, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.

(g) No promises or commitments have been made by any Purchaser Entity to amend any Purchaser Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.

(h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Purchaser Employee Plan.

(i) No Purchaser Entity has any obligation to provide retirement benefits for any current, former or retired employees of any Purchaser Entity or to any other Person.

(j) None of the Purchaser Employee Plans require or permit retroactive increases or assessments in premiums or payments.

(k) No Purchaser Entity contributes, nor is any Purchaser Entity required to contribute, to any multi-employer pension or benefit plan. None of the Purchaser Employee Plans is a multi-employer pension or benefit plan.

(l) Each of the Purchaser Employee Plans can be amended or terminated without restrictions and any applicable Purchaser Entities have the unrestricted power and authority to amend or terminate the Purchaser Employee Plans.

3.31 Tax Matters

(a) Other than as set out in Section 3.31 of the Purchaser Disclosure Letter, the Purchaser Entities have paid or made arrangements for the payment of all Taxes in respect of any Pre-Closing Tax Period.

(b) All Tax Returns of the Purchaser Entities that are required to be filed prior to the Closing Date have or will have been timely filed. All material Taxes shown to be due on such Tax Returns have or will be timely paid on or before the Closing Date. Each such Tax Return is true, correct and complete in all material respects.

(c) The Purchaser Entities have properly withheld and paid or remitted to the relevant Governmental Authority, in all material respects, all Taxes required to have been withheld and paid or remitted.

(d) No written agreement or document extending the period of assessment or collection of any Tax payable which relates to the assets of the Purchaser Entities or the Purchaser Entities' businesses is currently in effect.

(e) The Purchaser is duly registered for HST under Part IX of the *Excise Tax Act* (Canada).

(f) The Purchaser is a "taxable Canadian corporation" and a "public corporation" within the meaning of the ITA.

3.32 Anti-Corruption

(a) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under Anti-Corruption Legislation.

(b) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Person acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the knowledge of the Purchaser, no change, fact, event, circumstance, condition or omission has occurred that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

3.33 Privacy Laws

(a) Each Purchaser Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the Purchaser Entities in connection with the operation of the Purchaser Entities' business (the "**Healthcare Data Requirements**"). No Purchaser Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the Purchaser Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.

(b) The Purchaser Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.

(c) No Purchaser Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

3.34 No Broker

Other than as set out in Section 3.34 of the Purchaser Disclosure Letter, the Purchaser has carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the FBC Shareholder.

3.35 Reporting Issuer

The Purchaser is a reporting issuer not in default (or the equivalent) under Applicable Securities Laws in each of the provinces and territories of Canada, and the Purchaser Shares are listed for trading on the CSE. No order ceasing or suspending trading in any securities nor prohibiting the sale of any securities of the Purchaser has been issued by any Governmental Authority or is outstanding against the Purchaser and, to the knowledge of the Purchaser, no investigation or proceeding for such purposes are pending or threatened. To the knowledge of the Purchaser it is not, and will not be at the time of Closing, in default under any of its obligations as a reporting issuer with securities regulatory authorities or the CSE.

3.36 Consideration Shares

The Consideration Shares to be issued pursuant to this Agreement will, immediately following their issuance to the FBC Shareholder, (a) be duly and validly authorized and issued as fully paid and non-assessable Purchaser Shares in accordance with applicable Law and (b) be subject to resale restrictions, as applicable under Applicable Securities Laws. Subject to the truth of the representations and warrants of the FBC

Shareholder, the distribution of the Consideration Shares to the FBC Shareholder will be exempt from the prospectus requirements of Applicable Securities Laws.

3.37 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES CONCERNING FBC

The FBC Shareholder makes the following representations to the Purchaser solidarily and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

4.1 Incorporation, Corporate Power and Registration

(a) Each FBC Entity is a corporation or sole proprietorship, as applicable, validly existing and in good standing under its jurisdiction of incorporation (or existence, as applicable) and has all necessary corporate power, authority and capacity to own or lease its property and to carry on the FBC Business as presently conducted.

(b) Subject to 4.2, neither the nature of the FBC Business, nor the location or character of the assets owned by any FBC Entity, requires any FBC Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

4.2 Qualification

Each FBC Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 4.2 of the FBC Disclosure Letter. The jurisdictions set out in Section 4.2 of the FBC Disclosure Letter include all jurisdictions in which (a) the nature of the assets owned by each FBC Entity or the FBC Business makes such qualification necessary, (b) each FBC Entity owns or leases any material property or assets which form part of FBC Business, or (c) the FBC Business is conducted, in each case except as would not have a Material Adverse Effect.

4.3 Due Authorization and Enforceability of Obligations

(a) FBC has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.

(b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of FBC.

(c) This Agreement constitutes a valid and binding obligation of FBC enforceable against it in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by FBC of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

(a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by any FBC Entity or necessary to the ownership and use of the assets owned by any FBC Entity or the operation of the FBC Business;

(b) result in or require the creation of any Lien upon any of the assets owned by any FBC Entity, other than in respect of the FBC Promissory Note;

(c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or

(d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to any FBC Entity.

4.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, or as otherwise set forth in Section 4.5 of the FBC Disclosure Letter, the execution, delivery and performance by FBC of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

(a) result in a material breach or a material violation of, or materially conflict with, any FBC Material Contract; or

(b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any FBC Material Contract, (ii) the acceleration of any debt or other obligation of any FBC Entity, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any FBC Entity.

4.6 FBC Financial Statements

The FBC Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

(a) the financial position of the FBC Entities on a consolidated basis as at such dates; and

(b) the results of operation and changes in financial position of the FBC Entities on a consolidated basis for the periods then ended.

4.7 No Undisclosed Liabilities and Indebtedness

Since the FBC Reference Date, no FBC Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities reflected or reserved against in the applicable FBC Financial Statements; (b) current liabilities incurred since the FBC Reference Date in the Ordinary Course; or (c) liabilities that are not material to any FBC Entity, taken as a whole, and liabilities listed in Section 4.7 of the FBC Disclosure Letter. Other than the amounts owed under the FBC Promissory Note and pursuant to the FB Payment Plan, there shall be no outstanding Indebtedness owing by FBC to the FBC Shareholder or any Affiliates of the FBC Shareholder at Closing, provided that, notwithstanding anything in this Agreement to the contrary, any new Accounts Payable that are generated in the Ordinary Course, and approved in advance in writing by the Purchaser, following the date hereof and through to the Closing Date, payable to FBC Shareholder or its Affiliates, shall be for the account of the Purchaser and the Purchaser shall pay such Accounts Payable when due.

4.8 Bank Accounts and Powers of Attorney

Section 4.8 of the FBC Disclosure Letter sets forth a correct and complete listing of the name, address and bank account numbers for each bank or other financial institution in which any FBC Entity has an account or safe deposit box and the names of all individuals authorized to draw on the account(s) or that have access to the safety deposit box(s). No FBC Entity has granted any Person a power of attorney.

4.9 Subsidiaries

Section 4.9 of the FBC Disclosure Letter sets forth a complete and accurate organizational chart of the FBC Entities. All of the issued and outstanding shares of each FBC Entity other than FBC have been issued in accordance with all applicable laws (including Applicable Securities Laws). Other than the FBC Entities, no FBC Entity has any subsidiaries (as such term is defined in Applicable Securities Laws).

4.10 Capitalization of FBC

(a) The authorized capital of FBC consists of an unlimited number of FBC Shares.

(b) As at the Execution Date, the only issued and outstanding shares in the capital of FBC are the Purchased FBC Shares. In addition, as at the Execution Date, no options, warrants or other rights to purchase or acquire shares or other securities of FBC and no securities or obligations convertible into or exchangeable for shares or other securities of FBC have been authorized or agreed to be issued.

(c) Except as set forth in this Section 4.10, no other FBC Shares are issued and outstanding and there are no existing Equity Interests in, FBC or any of its subsidiaries obligating FBC to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, FBC or securities convertible into or exchangeable for such shares or Equity Interests or other securities.

(d) All of the outstanding FBC Shares were duly authorized and validly issued and are fully paid and non-assessable.

(e) All transfer restrictions affecting the transfer of the Purchased FBC Shares to the Purchaser will have been complied with or effectively waived on Closing.

(f) None of the FBC Entities is a reporting issuer (as such term is defined in the *Securities Act* (Ontario)) and there is no published market for the Purchased FBC Shares.

(g) No FBC Entity is party to, or subject to, or affected by, any unanimous shareholders' agreement or declaration; and (ii) there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the securities of any FBC Entity.

4.11 Conduct of Business in Ordinary Course

Except as set out in Section 4.11 of the FBC Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the FBC Reference Date, the FBC Business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, no FBC Entity has, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

(a) sold, transferred or otherwise disposed of any assets, other than inventory sold in the Ordinary Course;

(b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;

(c) made any capital expenditures in excess of $250,000;

(d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds $250,000;

(e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value pertaining it;

(f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;

(g) made any bonus or other extraordinary payment to an Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;

(h) suffered any extraordinary loss, damage or destruction in respect of the FBC Business or any of its assets, whether or not covered by insurance;

(i) terminated or suffered the termination of, any FBC Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;

(j) declared or paid any dividends or declared or made any other distribution on the Purchased FBC Shares or other securities of any of the FBC Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchased FBC Shares or other securities of the FBC Entities;

(k) written off as uncollectible any Accounts Receivable or any part thereof;

(l) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;

(m) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;

(n) compromised or settled any litigation or governmental action relating to assets owned or used by a FBC Entity (including the Leased Properties);

(o) cancelled or reduced any insurance coverage on its business, property or assets;

(p) made any change in any method of accounting or auditing practice except in each case as required by IFRS;

(q) made any change in the method of billing or the credit terms made available to its customers;

(r) amended its organizational documents or structure; or

(s) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

4.12 Litigation

Except as set out in Section 4.12 of the FBC Disclosure Letter, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits, proceedings, grievances, arbitrations, investigations, audits or other alternative dispute resolution processes at law or in equity, by any Person (including any FBC Entity or the FBC Shareholder), nor any arbitration, administrative or other proceeding by or before any Governmental Authority, current or pending, to the knowledge of the FBC Shareholder, threatened against any FBC Entity or any property or assets used by any FBC Entity, including the Leased Properties, or FBC IP, or in respect of any regulatory matters or employment matters.

4.13 Title to Assets

Each FBC Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the FBC Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

4.14 No Options, etc.

Except for the Purchaser under this Agreement, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition of any FBC Entity or any of the property and assets of any FBC Entity, other than pursuant to purchase orders for inventory sold in the Ordinary Course.

4.15 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of FBC or leased for use by FBC are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

4.16 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the FBC Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the FBC Books and Records, copies of which have been provided to the Purchaser, and are not subject to any defence, counterclaim or set off.

4.17 Compliance with Law

(a) Each of the FBC Entities:

(i) is, other than as disclosed in Section 4.17(i) of the FBC Disclosure Letter, conducting the FBC Business in compliance with all applicable Laws, in all material respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the FBC Business;

(ii) has not received, since the FBC Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority, other than as disclosed in Section 4.17(ii) of the FBC Disclosure Letter, (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the FBC Business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the FBC Business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any FBC Material Authorization; and

(iii) has, or has had on its behalf, since the FBC Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the FBC Business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the FBC Business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

(b) To the knowledge of the FBC Shareholder, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws, other than as disclosed in Section 4.17(b) of the FBC Disclosure Letter.

(c) The individuals listed in Section 4.17(c) of the FBC Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual’s respective association with any FBC Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance.

(d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Cannabis products sold by any FBC Entity, directly or indirectly, or stored in inventory for any FBC Entity:

(i) meet the applicable specifications for the product;

(ii) are fit for the purpose for which they are intended, and of merchantable quality;

(iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with FBC Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;

(iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;

(v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the FBC Material Authorizations in accordance in all material respects with the terms of such Authorization; and

(vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).

(e) All of the marketing and promotion activities of all FBC Entities relating to the FBC Business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.

(f) (i) Each FBC Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any FBC Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the FBC Shareholder's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any FBC Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.

(g) Each FBC Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states).

4.18 Governmental Authorizations

The FBC Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Leased Properties). All such Authorizations are set out in Section 4.18 of the FBC Disclosure Letter (the "**FBC Material Authorizations**"). Each FBC Material Authorization is valid, subsisting and in good standing. FBC is not in default or breach of any FBC Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the FBC Shareholder, threatened to revoke or limit any FBC Material Authorization.

4.19 Required Authorizations

There is no requirement for any FBC Entity, FBC or the FBC Shareholder to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 4.19 of the FBC Disclosure Letter.

4.20 Third Party Consents

There is no requirement for any FBC Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a FBC Material Contract binding on or affecting the FBC Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents**,** except for the filings, notifications and consents set out in Section 4.20 of the FBC Disclosure Letter.

4.21 Material Contracts

Except for the FB Payment Plan and the FBC Promissory Note to be entered into at Closing and the Contracts set out in Section 4.21 of the FBC Disclosure Letter (collectively, the "**FBC Material Contracts**"), FBC is not a party to or bound by any Contract material to it including:

(a) any distributor, sales or advertising Contract;

(b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by any FBC Entity of more than $250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of any FBC Entity;

(c) any Contract that expires, or may be renewed at the option of any Person other than any FBC Entity so as to expire, more than one year after the Execution Date;

(d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;

(e) any Contract for capital expenditures in excess of $250,000 in the aggregate;

(f) any confidentiality, secrecy or non-disclosure Contract limiting the freedom of any FBC Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on business;

(g) any Contract pursuant to which any FBC Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;

(h) any Contract with any Person with whom any FBC Entity or the FBC Shareholder do not deal at arm's length within the meaning of the ITA;

(i) any Contract relating to grants or other forms of assistance received by any FBC Entity from any Governmental Authority;

(j) any Contract pursuant to which any FBC Entity grants or receives a licence to use any FBC IP, other than: (A) those in which grants of FBC IP rights are incidental to such Contract; (B) those granting rights to FBC IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;

(k) any Contract pursuant to which any FBC Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;

(l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other Person in excess of $250,000 in the aggregate;

(m) any Contract for Indebtedness of a FBC Entity in excess of $250,000 in the aggregate; or

(n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all FBC Material Contracts have been provided to the Purchaser.

4.22 No Breach of Material Contracts

Each FBC Entity has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any FBC Material Contract, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. Each of the FBC Material Contracts is in full force and effect, unamended, to the knowledge of the FBC Shareholder, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any FBC Material Contract, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. To the knowledge of the FBC Shareholder, all of the covenants to be performed and the obligations to be fulfilled by any party to such FBC Material Contract, including the applicable FBC Entity, have been fully performed and fulfilled in all material respects, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. No consent or notice is required for a valid assignment to the Purchaser of any FBC Material Contract.

4.23 Related Party Transactions

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting any FBC Entity have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by any FBC Entity in relation to such Contracts are recorded on the FBC Books and Records at their fair market value.

4.24 Insurance

Each FBC Entity maintains such policies of insurance as are appropriate to the FBC Business and the Leased Properties, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. Section 4.24 of the FBC Disclosure Letter is a list of insurance policies which are maintained by or on behalf of all FBC Entities setting out, in respect of each policy, a description of the type of policy, the name of insurer, the coverage, the expiration date, the annual premium and any pending claims. No FBC Entity is in default in any material respect with respect to any of the provisions contained in such insurance policies or has failed to give any material notice or to present any material claim under any insurance policy in a due and timely fashion. True, correct and complete copies of all insurance policies held by or on behalf of all FBC Entities and the most recent inspection reports received from insurance underwriters have been delivered to the Purchaser.

4.25 Books and Records

(a) All accounting and financial FBC Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such FBC Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the Purchaser in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the FBC

Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the FBC Entities.

(b) FBC Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by FBCs current Information Technology.

4.26 Intellectual Property

(a) Section 4.26(a) of the FBC Disclosure Letter sets out a true, correct and complete list, and, where appropriate, a description of (i) all of the registered Intellectual Property owned or used by all FBC Entities (collectively, the "**FBC IP**") and (ii) all licenses or similar agreements or arrangements to which FBC is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of the FBC Business as presently conducted.

(b) The applicable FBC Entity is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the FBC IP, free and clear of all Liens other than Permitted Encumbrances. No FBC Entity has assigned, licensed or otherwise conveyed any of the FBC IP.

(c) Each applicable FBC Entity has maintained or caused to be maintained the rights to any of the registered FBC IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered FBC IP subject to expiration on or prior to the Closing Date.

(d) The FBC IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the FBC IP. In the past five years, no FBC Entity has received written notice of any alleged infringement or misappropriation from any Person with respect to the FBC IP. During such period, no FBC Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.

(e) The applicable FBC Entity has the full right and authority to use, and the Purchaser will be entitled to continue to use after the Closing Date, the FBC IP in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The FBC IP is sufficient to conduct the FBC Business as presently conducted. All licenses to which any applicable FBC Entity is a party relating to FBC IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of any FBC Entity thereunder. No royalty or other fees is required to be paid by any FBC Entity to use and exploit any of the FBC IP rights and, to the FBC Shareholder's knowledge, there are no restrictions on the ability of any FBC Entity to use any of the FBC IP rights.

(f) To the knowledge of the FBC Shareholder, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the FBC IP.

(g) To the knowledge of the FBC Shareholder, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of any FBC Entity owns or has claimed an ownership interest in any of the FBC IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.

(h) All applicable FBC Entities have used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect FBC IP and confidential information relating thereto. To the knowledge of the FBC Shareholder, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent any FBC Entity from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

4.27 Information Technology

(a) The Information Technology owned, licensed, used or held for use in connection with the FBC Business is sufficient for the conduct of the FBC Business in the Ordinary Course after Closing. Each FBC Entity uses reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.

(b) In the past three years, no notice of a defect or default has been sent or received by any FBC Entity in respect of any license or lease under which any FBC Entity receives Information Technology.

4.28 Leases and Leased Property

(a) No FBC Entity is a party to, or under any agreement to become a party to, any real property lease other than the Leases, true, correct and complete copies of which have been provided to the Purchaser. Each Lease is in good standing, creates a good and valid leasehold estate in favour of the applicable FBC Entity in the Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Lease pursuant to which a FBC Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any FBC Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable FBC Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the FBC Shareholder, all of the covenants to be performed by any party (other than the applicable FBC Entity) under the Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable FBC Entity of any of the Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Leased Property. Section 4.28(a) of the FBC Disclosure Letter contains a list of all of the Leases setting out, in respect of each Lease, the identity of the lessor and the lessee, a description of the leased premises (by municipal address and proper legal description), the term of the Lease, the rental payments under the Lease (specifying any breakdown of base rent and additional rents), any rights of renewal and the term thereof, and any restrictions on assignment.

(b) Each applicable FBC Entity has adequate rights of ingress and egress to, from and over the Leased Properties in the Ordinary Course and the Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the FBC Shareholder, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any FBC Entity to carry on business in the Ordinary Course.

4.29 Customers and Suppliers

Section 4.29 of the FBC Disclosure Letter sets out a true, correct and complete list of the ten largest customers (or, if the FBC Entities have fewer than ten customers, all of the customers) and ten largest suppliers of the FBC Entities by dollar amount for the 12-month period ending the FBC Reference Date. Such list includes the approximate value of the sales and purchases for each such customer and supplier during that time. To the knowledge of the FBC Shareholder, no such supplier or customer has any intention to change its relationship or the terms upon which it conducts business with FBC Business.

4.30 Environmental Matters

(a) The FBC Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Leased Properties.

(b) Except as permitted under applicable Laws, no FBC Entity has used or permitted to be used at any of the Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any FBC Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the FBC Shareholder there has not been any such use.

(c) Except as permitted under Environmental Laws, no FBC Entity has caused or permitted, and the FBC Shareholder does not have any knowledge of any Environmental Release on or from the Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any FBC Entity.

(d) No FBC Entity has been required in writing by any Governmental Authority to: (i) alter any of the Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which, in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.

(e) There are no pending or, to the knowledge of the FBC Shareholder, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any FBC Entity or any Leased Properties.

(f) Neither the FBC Shareholder nor any FBC Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any FBC Entity or the FBC Business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the FBC Shareholder nor any FBC Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the FBC Shareholder, no FBC Entity nor the FBC Business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.

(g) There are not any reports or material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any FBC Entity or any Leased Properties currently or formerly owned, leased or used by any FBC Entity or over which any FBC Entity has or had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the FBC Shareholder or the FBC Entities have been provided to Purchaser. To the knowledge of the FBC Shareholder, there are no other reports or material documents relating to environmental matters affecting any FBC Entity or any of the Leased Properties currently or formerly owned, leased or used by any FBC Entity or over which any FBC Entity has or had charge, management or control which have not been made available to Purchaser.

(h) To the knowledge of the FBC Shareholder, there are not any underground storage tanks located on the Leased Properties.

(i) No Authorizations issued to any FBC Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.

(j) No unbudgeted work or additional expenditure is required or planned in relation to the FBC Business, the Leased Properties, or any other assets of any FBC Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

4.31 Employee Matters

(a) No FBC Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any FBC Entity.

(b) Section 4.31 of the FBC Disclosure Letter includes a complete list of all Employees. The list includes each Person’s:

(i) position or title with all applicable FBC Entities;

(ii) material terms and conditions of employment, including reference to any Employee Plans to which such Person participates and a summary of such Person’s benefits thereunder;

(iii) current wages, salaries or hourly rate of pay and bonus (whether monetary or otherwise) paid since the beginning of the most recently completed financial year or payable in the current financial year to such Person;

(iv) the date upon which the wage, salary, rate or bonus in Section 4.31(b)(iii) became effective;

(v) the date upon which such Person was first hired or engaged;

(vi) the Employee Plans in which the Person participates; and

(vii) accrued vacation, if any.

(c) Except as disclosed in Section 4.31(c) of the FBC Disclosure Letter, no employee of any FBC Entity has any written agreement as to length of notice or termination payment required to terminate his or her employment, other than such as results by Law from the employment of an employee without an agreement as to notice or termination, and there are no outstanding amounts owed to any Employees pursuant to any employment, consulting or similar type agreement relating to any FBC Entity.

(d) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any FBC Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the FBC Business which are currently outstanding.

(e) To the knowledge of the FBC Shareholder, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for any FBC Entity and no FBC Entity is unionized or has an employee association.

(f) No complaint, grievance, claim, proceeding, civil action, work order or investigation has been filed, made or commenced against any FBC Entity in respect of, concerning or affecting any of the Employees.

(g) All FBC Entities have observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.

(h) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon any FBC Entity to do or refrain from doing any act or which place a financial obligation upon any FBC Entity.

(i) In the past three years, no FBC Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.

(j) Except as set out in Section 4.31(j) of the FBC Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the FBC Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the FBC Shareholder any investigation by) any Governmental Authority, pending, or, to the knowledge of the FBC Shareholder, threatened against or affecting the FBC Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the FBC Entities or the FBC Business. To the knowledge of the FBC Shareholder, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any FBC Entity in respect of employment matters.

(k) All FBC Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements.

(l) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the FBC Shareholder, threatened against or directly or indirectly affecting any FBC Entity or its operations. No FBC Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Employees. There are no charges or complaints pending, or threatened with respect to or relating to any FBC Entity before any Governmental Authority in relation to unlawful employment practices. No FBC Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of any FBC Entity concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the FBC Shareholder, threatened.

4.32 Employee Benefit Plans

(a) Section 4.32 of the FBC Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any FBC Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any FBC Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Employee Contracts containing any such provisions (collectively, the "**Employee Plans"**). None of the Employee Plans is a registered pension plan under the ITA.

(b) Each Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.

(c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any FBC Entity pursuant to the terms of any Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.

(d) There is no pending termination or winding-up procedure in respect of any of the Employee Plans, and no event has occurred or circumstance exists under which any of the Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.

(e) No Employee Plan has a deficit and the liabilities of all FBC Entities in respect of all Employee Plans are properly accrued and reflected in the FBC Financial Statements in accordance with IFRS.

(f) The FBC Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the FBC Shareholder, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.

(g) No promises or commitments have been made by any FBC Entity to amend any Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.

(h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Employee Plan.

(i) No FBC Entity has any obligation to provide retirement benefits for any current, former or retired employees of any FBC Entity or to any other Person.

(j) None of the Employee Plans require or permit retroactive increases or assessments in premiums or payments.

(k) No FBC Entity contributes, nor is any FBC Entity required to contribute, to any multi-employer pension or benefit plan. None of the Employee Plans is a multi-employer pension or benefit plan.

(l) Each of the Employee Plans can be amended or terminated without restrictions and any applicable FBC Entities have the unrestricted power and authority to amend or terminate the Employee Plans.

4.33 Tax Matters

(a) Each of the FBC Entities have (i) properly completed, maintained appropriate supporting documentation for, and timely filed all Tax Returns required to be filed by it on or prior to the date hereof, and all such Tax Returns are true, correct and complete in all respects, (ii) has timely paid all Taxes required to be paid by it for which payment was due, (iii) has established an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portions thereof prior to the FBC Reference Date (which accrual or reserve as of the FBC Reference Date is fully reflected on the face of the FBC Financial Statements (rather than in any notes thereto) and will establish an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portion thereof through the Closing Date), (iv) has no liability for Taxes in excess of the amount so paid or accruals or reserves so established, other than as set out in Section 4.33 of the FBC Disclosure Letter, and (v) since the FBC Reference Date, has not incurred any liability for Taxes outside the ordinary course of business. The FBC Entities have provided to the Purchaser correct and complete copies of all Tax Returns with respect to the FBC Entities, that were filed or received for all taxable years remaining open under the applicable statute of limitations.

(b) Except as set forth in Schedule 4.33 of the FBC Disclosure Letter: (A) the FBC Entities are not delinquent in the payment of any Tax or in the filing of any Tax Returns and no claims for assessment or collection of Taxes of for deficiencies for any Tax have been threatened, claimed, proposed or assessed against the FBC Entities or any of its officers, employees or agents in their capacity as such; and (B) there is no action by any Governmental Authority pending or, to FBC's knowledge threatened, against the FBC Entities.

(c) Any government assistance and Tax refunds claimed or received by any FBC Entity, including under section 125.7 and subsection 153(1.02) of the ITA, and all subsidies, government assistance and Tax refunds claimed or received by any FBC Entity were claimed and received in accordance with applicable Law and no FBC Entity is liable to repay any such amounts.

(d) No claim has ever been made by a Governmental Authority in the United States in respect of Taxes and no FBC Entity is liable for Tax in the United States.

(e) Each of FB and FBC is registered under Part IX of the Excise Tax Act, R.S.C., 1985, c. E-15, in respect of GST/HST, and FB and FBC's registration numbers are 787522945RT0001 and 78063924RT0001, respectively.

(f) No FBC Entity has entered into or been contractually obligated to enter into a “reportable transaction” within the meaning of section 237.3 of the Tax Act or “notifiable transaction” within the meaning of section 237.4.

4.34 Anti-Corruption

(a) No FBC Entity nor, to its knowledge, any of their respective shareholders, directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act*, the US *Foreign Corrupt Practices Act of 1977*, the UK *Bribery Act, 2010* and any related or similar rules, regulations or guidelines made, issued, administered or enforced by any Governmental Authority thereunder and any other applicable Laws of similar purpose and scope (collectively, "**Anti-Corruption Legislation**").

(b) Neither any FBC Entity nor the FBC Shareholder, nor, to its knowledge, any of their directors, officers, employees or other Persons acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the FBC Shareholder's knowledge, no change, fact, event, circumstance, condition or omission has occurred in respect of the FBC Business that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

4.35 Privacy Laws

(a) Each FBC Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the FBC Entities in connection with the operation of the FBC Business (the "**Healthcare Data Requirements**"). No FBC Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the FBC Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.

(b) The FBC Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.

(c) No FBC Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

4.36 No Predecessors

Except as set out in Section 4.36 of the FBC Disclosure Letter, FBC has not merged with any corporation, or by amalgamation, dissolution, arrangement or otherwise, in such a manner that FBC is or may become liable for any liabilities (contingent or otherwise) of any kind whatsoever of that corporation.

4.37 No Broker

The FBC Entities have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder’s fee or other like payment against the Purchaser.

4.38 Government Grants and Subsidies

FBC has not received any refundable or non-refundable grants and subsidies received by any FBC Entity from any Governmental Authority, including pursuant to any program set up in connection with the COVID-19 pandemic, and such list shall include the amounts in question, the date on which funds were received, the name of the programs in question as well as whether such funds are refundable or non-refundable.

4.39 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE FBC SHAREHOLDER

The FBC Shareholder makes the following representations to the Purchaser on a solidary basis and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

5.1 Authorization

The FBC Shareholder has the capacity to enter into this Agreement and each Transaction Document to which it is a party, to perform all of its agreements and obligations hereunder and thereunder in accordance with their terms and to consummate the Transactions. The FBC Shareholder has the capacity to sell to the Purchaser all of its FBC Shares without any restriction other than restrictions on sales of securities under Applicable Securities Laws. The FBC Shareholder has duly executed and delivered this Agreement and each Transaction Document to which it is a party and, assuming the due authorization, execution and delivery by all parties thereto (other than the FBC Shareholder), this Agreement and the Transaction Documents constitute valid and binding obligations of the FBC Shareholder, enforceable against the FBC Shareholder in accordance with their respective terms, except as such enforceability may be subject to applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and similar Laws affecting the enforcement of creditors’ rights and remedies generally and by general principles of equity.

5.2 Title

The FBC Shareholder is the record and beneficial owner of the FBC Shares and has good and marketable title to such FBC Shares, free and clear of all Liens, including pre-emptive rights, rights of first refusal or “put” or “call” rights created by statute, any FBC Entity’s constating documents or otherwise. The FBC Shareholder does not, nor does any other Person, own or have any interest in any shares in the capital of any FBC Entity other than the FBC Shareholder’s ownership of the FBC Shares. Immediately following the Closing, the Purchaser will be the legal and beneficial owner of, and have good and marketable title to, all of the issued and outstanding FBC Shares, free and clear of all Liens. Except pursuant to this Agreement, there is no agreement pursuant to which the FBC Shareholder has, directly or indirectly, granted any option, warrant or other right to any Person to acquire any FBC Shares.

5.3 Consents

Except as set out in Section 4.19 and 4.20 of the FBC Disclosure Letter, no consent, waiver, approval, order or authorization of, or registration, declaration or filing with, or notice to any Governmental Authority or any other Person is required by, or with respect to, the valid and lawful authorization, execution, delivery and performance by the FBC Shareholder of this Agreement or the consummation of the Transactions.

5.4 No Brokers

The FBC Shareholder have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

5.5 Conflicts

The execution, delivery and performance by the FBC Shareholder of this Agreement and the Transaction Documents to which it is party and the consummation of the Transactions do not and will not conflict with or result in any material violation of or material default under (with or without notice or lapse of time, or both) or give rise to a right of termination, cancellation, modification or acceleration of any material obligation or loss of any material benefit under, or result in the imposition or creation of any Lien upon the FBC Shares or any of the FBC Shareholder's properties or assets (tangible or intangible) under, (a) any agreement of the FBC Shareholder, (b) any Authorization held by the FBC Shareholder that is necessary to the ownership by the FBC Shareholder of the FBC Shares or to the FBC Business, or (c) any Law applicable to the FBC Shareholder.

5.6 Litigation

No Claim is pending or, to the FBC Shareholder's knowledge, threatened, against the FBC Shareholder with respect to its execution, delivery and performance of this Agreement or any Transaction Document to which such FBC Shareholder is to be a party or the consummation of the Transactions. No Claim is pending or, to the FBC Shareholder's knowledge, threatened against it before any arbitrator or court or other Governmental Authority which (a) if adversely determined, would be reasonably likely to result in payments, penalties or fines payable by any FBC Shareholder, or (b) challenges the validity of this Agreement or any Transaction Document or any action taken or to be taken in connection herewith or therewith, including the FBC Shareholder; sale and transfer of the FBC Shares hereunder.

ARTICLE 6
CLOSING

6.1 Closing

Unless this Agreement is earlier terminated in accordance with its terms, the Transaction will be consummated as soon as practicable after all the conditions established in Article 7 and Article 8 of this Agreement have been satisfied or waived. The closing of the Transaction (the "**Closing**") will be completed at the Effective Time on the fifth (5th) Business Day following the date on which the conditions set out in Article 7 and Article 8 of this Agreement have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at such time) or such other date prior to the Drop Dead Date as may be agreed to by the Parties (the "**Closing Date**"), at the offices of Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, Ontario, or at such other location and time as is mutually agreed to by the Purchaser and the FBC Shareholder. Notwithstanding the location of the Closing, each Party agrees that the Closing may be completed by undertakings or the email exchange of documents between the respective legal counsel for the Purchaser and the FBC Shareholder, provided such undertakings and exchanges are satisfactory to each Party's respective legal counsel.

6.2 Effective Time

The transfer of the FBC Shares is deemed to take effect at the Effective Time on the Closing Date.

6.3 FBC Closing Documents

At the Closing, FBC and the FBC Shareholder will deliver, or cause to be delivered, to the Purchaser the documents set forth in Section 7.1, and such other documents as the Purchaser may reasonably require to effect the Transaction.

6.4 Purchaser Closing Documents

At the Closing, the Purchaser will deliver, or cause to be delivered, to FBC and the FBC Shareholder the documents set forth in Section 8.1, and such other documents as FBC and the FBC Shareholder may reasonably require to effect the Transaction.

6.5 Survival of Representations and Warranties

(a) The representations and warranties made by each Party and contained in this Agreement (which for clarity, are made as of the date of this Agreement to be brought down only to the Closing Date), or contained in any document or certificate given in order to carry out the transactions contemplated hereby shall survive the Closing until the 12 month anniversary of the Closing Date (the "**Release Date**"). A Party has no obligation or liability for indemnification under this Agreement or otherwise with respect thereto after the Release Date. All of the covenants contained in this Agreement that by their nature are required to be performed after the Closing shall survive the Closing until fully performed or fulfilled.

(b) Notwithstanding Section 6.5(a), any representation, warranty, covenant or obligation, and any obligation or liability for indemnification or otherwise with respect thereto, that would otherwise terminate on the Release Date will continue to survive if a notice of Claim shall have been given under Section 10.3, on or prior to the Release Date until the related claim for indemnification has been satisfied or otherwise resolved, but such survival shall only be with respect to the matters covered by such notice of Claim.

ARTICLE 7
PURCHASER'S CONDITIONS PRECEDENT

7.1 Purchaser's Conditions

The obligation of the Purchaser to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

(a) (i) the representations and warranties contained in Section 4.1 *[Incorporation, Corporate Power and Registration]*, Section 4.3 *[Due Authorization and Enforceability of Obligations]*, Section 4.10 *[Capitalization of the Purchaser]*, Section 4.13 *[Title to Assets]* (collectively, the "**FBC Specified Representations**") and in Article 5 shall be true and correct as of the Closing Date other than for *de minimis* inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of FBC and the FBC Shareholder contained in this Agreement (other than the FBC Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of FBC and the FBC Shareholder to be so true and correct (read for purposes of this Section 7.1(a) without any materiality, a Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect, and (iii) each of FBC, the FBC Shareholder, and the three individuals set out in the last sentence of Section 10.2(f), shall have each executed and delivered a certificate to that effect;

(b) each of FBC and the FBC Shareholder shall have fulfilled, performed or complied with in all material respects all covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and each of FBC and the FBC Shareholder shall have executed and delivered a certificate of a senior officer to that effect;

(c) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;

(d) the consents, approvals and notices listed in Sections 4.19 and 4.20 of the FBC Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;

(e) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;

(f) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to FBC;

(g) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, (ii) the right of the Purchaser to acquire the FBC Shares, or (iii) the Purchaser from operating the FBC Business after Closing on substantially the same basis as currently operated;

(h) each of FBC and the FBC Shareholder shall have delivered or caused to be delivered to the Purchaser the following:

  (i) certified copies of (A) the notice of articles, articles and/or by-laws, as applicable, of such Party, (B) as applicable, the resolutions of the shareholders and/or the board of directors of such Party approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to the Purchaser, acting reasonably;

  (ii) a certificate of status, compliance, good standing or like certificate with respect to such Party issued by appropriate government officials of its jurisdiction of incorporation;

  (iii) executed copies of the Transaction Documents executed by FBC and/or the FBC Shareholder, as applicable;

  (iv) the certificates referred to in Sections 7.1(a) and 7.1(b);

(v) certificate(s) representing the FBC Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence authorizing the transfer of the FBC Shares to the Purchaser acceptable to the Purchaser, acting reasonably;

(vi) a direction with respect to the registration of the Consideration Shares; and

(vii) the FBC Books and Records.

(i) the CSE shall not oppose the issuance of the Consideration Shares or the completion of the Transaction as contemplated herein;

(j) the issuance and delivery of the Consideration Shares to the FBC Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;

(k) FBC and the FBC Shareholder shall have delivered a copy of the FBC Financial Statements in a form and substance satisfactory to the Purchaser, acting reasonably;

(l) FBC and the FBC Shareholder shall have arranged for the irrevocable transfer and assignment to FBC of any asset or entity which is necessary or incidental to the ongoing operation of the FBC Business and that is held by a party not dealing at arm’s length with FBC as at the Execution Date, other than in respect of ongoing brand licensing agreements between the Merged Entity and FBC Shareholder following Closing;

(m) employment agreements executed by Greg Boone and Jennifer Maccarone with the Merged Entity, in form and substance agreed to by the parties thereto, acting reasonably;

(n) executed resignations effective as at the Closing Date for all of the directors and officers (with the exception of Greg Boone and Jennifer Maccarone) of FBC;

(o) executed releases from each of the directors and officers of FBC of Claims they may have against FBC arising out of any cause existing as at or prior to Closing, in form and substance agreed to by the Purchaser and the FBC Shareholder, acting reasonably;

(p) executed release from the FBC Shareholder, and all subsidiaries of the FBC Shareholder except for the FBC Entities, of any and all amounts owed to it by the FBC Entities, save and except for the amounts owed under the FBC Promissory Note and as part of the FB Payment Plan;

(q) the executed Subordination Agreement;

(r) the executed Intercreditor Agreement;

(s) the executed Stone Pine Amendments;

(t) the executed Golden Iris Release;

(u) the executed Lock-up Agreement from the FBC Shareholder;

(v) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2;

(w) all other documentation and evidence reasonably requested by the Purchaser in order to establish the due authorization and completion by FBC and the FBC Shareholder of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of FBC and the FBC Shareholder required to effectively carry out their respective obligations under this Agreement.

7.2 Waiver

The conditions set forth in this Article 7 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the Purchaser to Closing.

7.3 Covenant of FBC and the FBC Shareholder

Each of FBC and the FBC Shareholder covenants to deliver all of the Closing documentation required to be delivered by each such party as set out in Section 7.1 that is within its control.

ARTICLE 8
FBC SHAREHOLDER'S CONDITIONS PRECEDENT

8.1 FBC Shareholder’s Conditions

The obligation of FBC Shareholder to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

(a) (i) the representations and warranties of the Purchaser contained in Sections 3.1 *[Incorporation, Corporate Power and Registration]*, 3.3 *[Due Authorization and Enforceability of Obligations]*, 3.9 *[Capitalization of the Purchaser]*, 3.35 *[Reporting Issuer]* and 3.36 *[Consideration Shares]* (the “**Purchaser Specified Representations**”) shall be true and correct as of the Closing Date other than for de minimis inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of the Purchaser contained in this Agreement (other than the Purchaser Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of the Purchaser to be so true and correct (read for purposes of this Section 8.1(a) without any materiality, Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect; and (iii) the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;

(b) the Purchaser shall have fulfilled, performed or complied with in all material respects all other covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;

(c) the CSE has provided any necessary approval in respect of the Transaction and this Agreement and the Purchaser Shares (including the Consideration Shares) shall have been conditionally approved for listing, subject to customary conditions, on the CSE following completion of the Transactions contemplated herein;

(d) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the FBC and the FBC Shareholder, acting reasonably;

(e) the consents, approvals and notices listed in Sections 4.19 and 4.20 of the FBC Disclosure Letter shall have been obtained on terms acceptable to the FBC Shareholder, acting reasonably;

(f) the executed Subordination Agreement;

(g) the executed Intercreditor Agreement;

(h) the executed Stone Pine Amendments;

(i) effective on the Closing Date, change of corporate name of FBC to a name which excludes the use of “Final Bell”;

(j) the entering into of licensing arrangements between the Merged Entity and the FBC Shareholder for certain brands owned by the FBC Shareholder and/or its Affiliates, to be utilized by FBC for a target license fee of at least 10% and higher for certain brands, net of customary taxes and fees owed for licenses of this nature, and on such other terms as acceptable to the Parties thereto;

(k) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;

(l) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to the Purchaser;

(m) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, or (ii) the right of the FBC Shareholder to sell the FBC Shares;

(n) the Purchaser shall have delivered or caused to be delivered to FBC and the FBC Shareholder the following:

  (i) certified copies of (A) the articles and by-laws of the Purchaser, (B) the resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to FBC and the FBC Shareholder, acting reasonably;

  (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government officials of its jurisdiction of incorporation dated within five (5) Business Days of the Closing Date;

  (iii) executed copies of the Transaction Documents executed by the Purchaser;

(iv) the certificates referred to in Sections 8.1(a) and 8.1(b); and

(v) the Consideration Shares;

(o) the Purchaser Shares shall continue to be listed for trading on the CSE;

(p) the issuance and delivery of the Consideration Shares to the FBC Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;

(q) executed resignations and releases of Greg Boone as director of the FBC Shareholder, and Jennifer Maccarone as Chief Operating Officer of the FBC Shareholder, of any Claims they may have against FBC Shareholder for any matter, in form and substance agreed to by the FBC Shareholder, acting reasonably;

(r) executed releases from each of the directors and officers of FBC of Claims they may have against FBC Shareholder arising out of any cause existing at or prior to Closing, in form and substance agreed to by the Purchaser and the FBC Shareholder, acting reasonably;

(s) the FBC Shareholder shall be entitled to nominate one (1) individual to the board of directors of the Merged Entity effective as of the Closing Date, subject to compliance with the regulations of the CSE and applicable securities laws, and the receipt of all applicable regulatory approvals on or before the Closing Date;

(t) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2; and

(u) all other documentation and evidence reasonably requested by FBC and the FBC Shareholder in order to establish the due authorization and completion by the Purchaser of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of the Purchaser required to effectively carry out their respective obligations under this Agreement.

8.2 Waiver

The conditions set forth in this Article 8 are for the exclusive benefit of FBC and the FBC Shareholder and may be waived by FBC and the FBC Shareholder in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the FBC and the FBC Shareholder to Closing.

8.3 Covenant of the Purchaser

The Purchaser covenants to deliver all of the Closing documentation set out in Section 8.1 that is within its control.

ARTICLE 9
COVENANTS

9.1 FBC Conduct of Business Prior to Closing

During the Closing Period, FBC shall:

(a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;

(b) not, without the prior written consent of the Purchaser, enter into any contract in respect of its business or assets, other than in the ordinary course of business;

(c) maintain payables and other liabilities at levels consistent with past practice;

(d) not, without the prior written consent of the Purchaser, engage in any extraordinary material transactions;

(e) not, without the prior written consent of the Purchaser, make any distributions, dividends or special bonuses;

(f) not, without the prior written consent of the Purchaser, repay any shareholders' loans;

(g) make all commercially reasonable efforts to preserve the goodwill of FBC and its relationships with customers, suppliers, and others having business dealings with FBC;

(h) not, without the prior written consent of the Purchaser, hire, engage, or retain any new employees or independent contractors to be employed, engaged or retained in connection with the FBC Business that provides for annual remuneration in an amount exceeding $90,000 for each employee or independent contractor;

(i) not, without the prior written consent of Purchaser, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;

(j) continue in full force all of its existing insurance policies;

(k) comply in all material respects with all Laws applicable to the FBC Business; and

(l) apply for, and maintain in good standing, all permits and authorizations relevant to the FBC Business.

9.2 Purchaser Conduct of Business Prior to Closing

During the Closing Period, the Purchaser shall:

(a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;

(b) not, without the prior written consent of FBC, enter into any contract in respect of its business or assets, other than in the ordinary course of business;

(c) maintain payables and other liabilities at levels consistent with past practice;

(d) not, without the prior written consent of FBC, engage in any extraordinary material transactions;

(e) not, without the prior written consent of FBC, make any distributions, dividends or special bonuses;

(f) not, without the prior written consent of FBC, repay any shareholders' loans;

(g) make all commercially reasonable efforts to preserve the goodwill of the Purchaser and its relationships with customers, suppliers, and others having business dealings with the Purchaser;

(h) not, without the prior written consent of FBC, hire, engage, or retain any new employees, directors or independent contractors to be employed, engaged or retained in connection with the Purchaser Entities' business that provides for annual remuneration in an amount exceeding $90,000 for each employee, director or independent consultant, as applicable, or increase the remuneration of any employees or directors;

(i) not, without the prior written consent of FBC, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;

(j) continue in full force all of its existing insurance policies;

(k) comply in all material respects with all Laws applicable to the Purchaser Entities' business; and

(l) apply for, and maintain in good standing, all permits and authorizations relevant to the Purchaser Entities' business.

9.3 Actions to Satisfy Closing Conditions

(a) FBC and the FBC Shareholder shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 7.1.

(b) The Purchaser shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 8.1.

9.4 Consents, Approvals and Authorizations

(a) FBC and the FBC Shareholder shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 4.19 or Section 4.20 of the FBC Disclosure Letter. Such consents shall be on such terms as are acceptable to the Purchaser and the FBC Shareholder, acting reasonably.

(b) The Purchaser shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 3.17 or Section 3.18 of the Purchaser Disclosure Letter. Such consents shall be on such terms as are acceptable to FBC and the FBC Shareholder, acting reasonably.

(c) Each Party hereby covenants that it shall promptly prepare, file and diligently pursue until received all necessary Authorizations and make such necessary filings as are required to be obtained under applicable Law or the rules, policies and guidelines of the CSE with respect to this Agreement and the Transaction. Each Party shall offer the other Parties a reasonable opportunity to review and comment on any such filing or other such submission.

(d) FBC and the FBC Shareholder represent and warrant that any information or disclosure relating to FBC that is furnished in writing by FBC for inclusion in any filing or submission made pursuant to this Section 9.4 will comply in all material respects with all applicable laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that any filing or submission made pursuant to this Section 9.4 shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that FBC of the FBC Shareholder shall not be responsible for the accuracy of any information relating to the Purchaser that is furnished in writing by the Purchaser for inclusion in any filing or submission made pursuant to this Section 9.4).

(e) Each Party shall keep the other Parties fully informed regarding the status of such consents, approvals and authorizations, and the other Parties, their representatives and counsel shall have the right to participate in any substantive discussions with any other applicable Governmental Authority in connection with the Transaction and provide input into any applications for approval and related correspondence, which will be incorporated by such Party, acting reasonably. A Party will provide notice to the other Parties (and their counsel) of any proposed substantive discussions with any applicable Governmental Authority in connection with the Transaction. Promptly after any such consent, approval and authorization has been obtained by a Party and any such filing has been made by such Party, such Party shall notify the other Parties of same.

(f) Without limiting the generality of the foregoing, the Purchaser shall promptly make all filings required by the CSE to obtain applicable Authorizations. If the approval of the CSE is conditional on the making of customary deliveries to the CSE, the Purchaser shall ensure that such filings are made as promptly as practicable and in any event within the time frame contemplated in the conditional approval letter from the CSE. The Purchaser shall offer FBC and the FBC Shareholder a reasonable opportunity to review and comment on any such filing.

9.5 Access for Investigation

(a) The Purchaser will permit FBC, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the business of the Purchaser and to all the Purchaser Books and Records and to the properties and assets of Purchaser. Purchaser will also provide FBC and the FBC Shareholder with any financial and operating data and other information with respect to Purchaser as FBC or the FBC Shareholder reasonably requests to enable FBC or the FBC Shareholder to confirm the accuracy of the matters represented and warranted by Purchaser in Article 3.

(b) FBC will permit the Purchaser, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the FBC Business and to all the FBC Books and Records and to the properties and assets of FBC. FBC will also provide the Purchaser with any financial and operating data and other information with respect to FBC or the FBC Business as the Purchaser reasonably requests to enable the Purchaser to confirm the accuracy of the matters represented and warranted by FBC or the FBC Shareholder in Articles 4 and 5.

9.6 Delivery of Books and Records and Cooperation

At Closing, the FBC Shareholder will cause to be delivered to the Purchaser all of the FBC Books and Records, including copies of all of its insurance policies. The Purchaser shall cooperate with and assist FBC Shareholder in the filing of any Tax Returns with respect to Taxes of FBC for any Pre-Closing Tax Period, including allowing the FBC Shareholder reasonable access to all relevant FBC Books and Records following Closing.

9.7 Notification of Untrue Representation or Warranty or Breach

During the Closing Period, each Party will promptly notify the other Parties in writing if any such Party acquires knowledge of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, or if such Party acquires knowledge of the occurrence of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition, or if the respective Disclosure Letters require updating. During the Closing Period, each Party will promptly notify the other Parties of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event of which it has knowledge that would reasonably be expected to make the satisfaction of the conditions to Closing set forth herein impossible, or of any update to the respective Disclosure Letters. For clarity, no notice given pursuant to this Section 9.6 shall be deemed to cure any breach of, affect or otherwise diminish any representation or warranty made in this Agreement unless the non-breaching Parties specifically agrees thereto in writing.

9.8 Disclosure of Confidential Information

The Parties acknowledge that the Confidentiality Agreement continues to apply and that any information provided by one Party to the other Parties that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Agreement.

9.9 Exclusive Dealing

Each Party agrees that, during the period from the date this Agreement is entered into to earlier of: (i) the Closing; and (ii) the termination of this Agreement, each Party will not, nor will they permit any Affiliates, associates, agents, consultants, advisors or representatives of any such Party to:

(a) directly or indirectly, solicit any proposal relating to the acquisition by any third party of all or any portion of the securities of the Party or the Parties' assets (an "**Acquisition Proposal**");

(b) directly or indirectly, engage in or continue any discussions or negotiations with any other Person regarding any such Acquisition Proposal, or otherwise encourage or facilitate any efforts by any other Person to engage in such an Acquisition Proposal;

(c) sell, transfer or dispose of any of its material assets or businesses; or

(d) with respect to the FBC Shareholder, sell, transfer or dispose of the Purchased FBC Shares.

9.10 Public Communications

(a) The Purchaser and FBC Shareholder shall agree on the text of press releases by which each of the Purchaser and FBC Shareholder will announce (i) the execution of this Agreement and (ii) the completion of the Transaction contemplated herein. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the transactions contemplated herein without the consent of the other

Party (which consent shall not be unreasonably withheld, conditioned or delayed), and neither Party shall make any filing with any Governmental Authority (except as contemplated by this Section 9.9) with respect to this Agreement or the transactions contemplated herein without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that is required to make disclosure by Laws shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.

(b) Without limiting the generality of the foregoing and for greater certainty, each of the Parties acknowledges and agrees that the Purchaser and the FBC Shareholder shall file, in accordance with Applicable Securities Laws, this Agreement, together with a material change report related thereto, under the Purchaser's profile on SEDAR.

9.11 Tax Matters

(a) FBC shall be responsible for all Tax Returns for all FBC Entities for any Pre-Closing Tax Period for which Tax Returns have not been filed as of the Closing Date. Each such Tax Return shall be prepared in a manner consistent with (i) Law, (ii) the FBC Financial Statements, and (iii) the past practices and procedures of FBC, and each such Tax Return shall be accompanied with a statement setting forth the amount of Taxes on such Tax Return that are attributable to the Pre-Closing Tax Period for which the FBC is responsible for pursuant to Section 9.11(c). FBC shall provide to the Purchaser a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities. The Purchaser shall notify FBC in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. FBC shall consider in good faith all such comments.

(b) The Purchaser will cause to be prepared and filed on a timely basis all Tax Returns for all FBC Entities for all Straddle Periods. The Purchaser shall prepare each such Tax Return on a basis consistent with (i) Law, (ii) the FBC Financial Statements, and (iii) the past practices and procedures of FBC. The Purchaser shall provide to FBC a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities, together with a statement setting forth the amount of Taxes on such Tax Returns that are attributable to a Pre-Closing Tax Period for which FBC is responsible for pursuant to Section 9.11(c). FBC shall notify the Purchaser in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. The Purchaser shall consider in good faith all such comments.

(c) Except as required by Law, the Purchaser and a FBC Entity shall not, without the prior written consent of the FBC Shareholder (not to be unreasonably withheld, conditioned or delayed), refile, amend or otherwise modify any Tax Return filed for any Pre-Closing Tax Period.

ARTICLE 10
INDEMNITY

10.1 Indemnification

(a) Subject to subsection (c) below, the FBC Shareholder shall indemnify and save harmless the Purchaser and its respective directors, officers, agents, employees and shareholders (collectively referred to as the "**Purchaser Indemnified Parties**"), harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense ("**Purchaser Indemnified Losses**") which may be made or brought against the Purchaser Indemnified Party or which the Purchaser Indemnified Party may suffer or incur as a result of, in respect of or arising out of:

(i) any non-performance or non-fulfilment of any covenant or agreement on the part of FBC or the FBC Shareholder contained in this Agreement that are required to be performed on or before Closing and not waived or in any document given by the FBC Shareholder in order to carry out the transactions contemplated hereby;

(ii) any Misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by FBC or the FBC Shareholder contained in this Agreement or contained in any document or certificate given by the FBC Shareholder in order to carry out the transactions contemplated hereby; and

(iii) all costs and expenses including, without limitation, reasonable legal fees incidental to or in respect of the foregoing.

(b) Subject to subsection (c) below, the Purchaser hereby agrees to indemnify and save the FBC Shareholder and its respective directors, officers, agents, employees and shareholders (collectively referred to as the "**FB Indemnified Parties**"), harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense ("**FB Indemnified Losses**") which may be made or brought against the FB Indemnified Party or which the FB Indemnified Party may suffer or incur as a result of, in respect of or arising out of:

(i) any non-performance or non-fulfilment of any covenant or agreement on the part of the Purchaser in this Agreement or in any document given in order to carry out the transactions contemplated hereby;

(ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby; and

(iii) all costs and expenses including, without limitation, reasonable legal fees incidental to or in respect of the foregoing.

(c) The obligations of indemnification in respect of subsections 10.1(a) and 10.1(b), will be subject to the limitations set out under Section 10.2.

(d) The amount of the FBC Shareholder's liability for any Claim in respect of the FBC Shareholder's indemnification obligations set forth in this Section 10.1(a) shall be fully and finally satisfied as follows: (i) by return to the Purchaser of such number of Consideration Shares issued to the FBC Shareholder as are equal to any remaining amount owing to the Purchaser by the FBC Shareholder, calculated in accordance with Section 10.1(f) or; (ii) at the option of the FBC Shareholder, in cash.

(e) Notwithstanding the foregoing Section 10.1(d), if it is determined that: (i) the return of any of the Consideration Shares to satisfy indemnification obligations owed pursuant to this Section 10.1 constitutes an “issuer bid” under National Instrument 62-104 – *Take-Over Bids and Issuer Bids*; or (ii) a relevant prospectus exemption is not available to allow for the sale of the Consideration Shares back to the Merged Entity to address any indemnification obligations owed pursuant to this Section 10.1; then any such any indemnification obligations owed will be settled by the FBC Shareholder in cash.

(f) If applicable, the number of Consideration Shares to be returned in accordance with Section 10.1(c), shall be determined by dividing (i) the applicable amount of the FBC Shareholder’s liability for such Claim by (ii) the higher of the deemed issue price per Consideration Share set out in Section 2.2(b) (as adjusted for any stock splits, combinations and the like) and the market price of the Consideration Shares at the time of the Claim in respect of the FBC Shareholder’s indemnification obligations, rounded down to the nearest whole share.

10.2 Limitations on Indemnification

(a) Notwithstanding the foregoing, no obligation to indemnify a Purchaser Indemnified Party for Purchaser Indemnified Losses, or a FB Indemnified Party for FB Indemnified Losses, under this Agreement will arise in respect of subsections 10.1(a) and 10.1(b), as applicable, until the aggregate amount of all of Purchaser Indemnified Losses or FB Indemnified Losses, as the case may be, in respect of which a claim for indemnity has been made exceeds the sum of $300,000 (the "**Liability Deductible**") and, in such case, such indemnity shall only apply to the amount in excess of the Liability Deductible.

(b) The maximum aggregate liability of any Indemnified Party under this Agreement for Indemnified Losses suffered is limited to 20% of the Purchase Price, other than for a claim by the Purchaser pursuant to Section 10.1 hereof in respect of one or more Fundamental Representations in which case the maximum liability for such Indemnified Losses shall be 50% of the Purchase Price, subject to the Liability Deductible.

(c) Neither the Purchaser nor the FBC Shareholder will have any liability for, or obligation with respect to, any special, indirect, consequential, punitive or aggravated Damages resulting from any Claims, unless: (a) such Damages have been awarded to a third Person by a court of competent jurisdiction; and (b) in the case of any special or consequential Damages, to the extent that such Damages have been determined by a court of competent jurisdiction to be reasonably foreseeable.

(d) The limitations set forth above in Sections 10.2(a) and (b) shall not apply with respect to any portion of Damages that have been determined by a court of competent jurisdiction to have resulted primarily and directly from the fraud or the willful misconduct of a Party or its officers, directors, employees, agents, affiliates, representatives, successors or assigns.

(e) If the amount of Indemnified Losses incurred by an Indemnified Party at any time subsequent to the making of a payment pursuant to an Indemnity claim is reduced by any recovery, settlement or otherwise under any insurance coverage or under any claim, recovery, settlement or payment by or against any other Person, the Indemnified Party will promptly repay to the Indemnifying Party the amount of the reduction (less any costs, expenses (including Taxes) or premiums incurred in connection therewith). Upon making full payment of an Indemnity Claim, the Indemnifying Party will, to the extent of the payment, be subrogated to all rights of the Indemnified Party against any third party that is not an affiliate of the Indemnified Party in respect of Indemnified Losses to which the indemnify payment relates. Until the Indemnified Party recovers full payment of its Indemnified Losses, any and all claims of the Indemnifying Party against any such third party on account of the payment for Indemnity Losses will be postponed and subordinated in right of payment to the Indemnified Party's right against that third party.

(f) Notwithstanding anything to the contrary in this Agreement, the FBC Shareholder shall not be liable under this Article 10 for any Purchaser Indemnified Losses pursuant to Section 10.1(a)(ii) if the Purchaser Indemnified Party seeking indemnification for such losses had knowledge of or FBC had knowledge of any such Misrepresentation, inaccuracy, incorrectness or breach on or before Closing. For clarity, the term "knowledge" as used in the paragraph as relating to FBC shall mean the knowledge of Greg Boone, Jennifer Maccarone, or Qingru Zhou.

10.3 Indemnification Procedures

(a) In the case of Claims made by a third party with respect to which indemnification is sought, the Indemnified Party shall give prompt notice, and in any event within 15 days, to the Indemnifying Party of any such Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defence.

(b) The Indemnifying Party shall have the right, at its sole expense, to have carriage of any negotiations with respect to, and to dispute and contest any Claims provided that it so notifies the Indemnified Party within 10 Business Days of receiving such notice and provided further that such dispute is prosecuted or negotiations conducted by the Indemnifying Party reasonably and in good faith.

(c) The Indemnifying Party and the Indemnified Party shall cooperate with each other in any proceedings with respect to any Claims.

(d) The rights and benefits provided in this Article 10 are supplemental to any other rights, actions or causes of action which may arise pursuant to any other Section of this Agreement.

(e) Any Claim pursuant to the provisions of this Article 10 must be commenced within the time periods provided for herein.

(f) The amount of any loss or Damage which may be claimed by a party pursuant to the provisions of this Article 10 shall be calculated after giving effect to any insurance proceeds received by the Indemnifying Party in relation to the subject matter of the Claim.

ARTICLE 11
TERMINATION

11.1 Termination

This Agreement may be terminated at any time prior to the Closing by:

(a) mutual written agreement of the Parties;

(b) the written notice of the Purchaser to FBC and the FBC Shareholder if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(b) shall not be available to the Purchaser if the failure of the Purchaser to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Drop Dead Date;

(c) the written notice of the Purchaser to FBC and the FBC Shareholder if there has been a violation or breach by FBC or the FBC Shareholder of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 7.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the Purchaser or, in the case of a covenant breach, cured by FBC and the FBC Shareholder to the reasonable satisfaction of the Purchaser within ten (10) Business Days after notice of such breach is given by the Purchaser (except that no cure period will be provided for a breach by FBC or the FBC Shareholder that, by its nature, cannot be cured);

(d) the written notice of the FBC Shareholder to the Purchaser if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(d) shall not be available to the FBC Shareholder if the failure of FBC or the FBC Shareholder to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;

(e) the written notice of the FBC Shareholder to the Purchaser if there has been a violation or breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 8.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the FBC Shareholder or, in the case of a covenant breach, cured by the Purchaser to the reasonable satisfaction of the FBC Shareholder within ten (10) Business Days after notice of such breach is given by the FBC Shareholder (except that no cure period will be provided for a breach by the Purchaser that by its nature cannot be cured); or

(f) any of the Parties if: (i) there shall be any applicable Law that makes consummation of the Transaction contemplated by this Agreement illegal or otherwise prohibited; or (ii) any Governmental Authority shall have issued and Order restraining or enjoining the Transaction contemplated by this Agreement, and such Order shall have become final and non-appealable.

11.2 Agreement of No Further Force or Effect

In the event of the termination of this Agreement by a Party as provided in Section 11.1, written notice thereof shall forthwith be given by the terminating Party to the other Parties, and this Agreement shall thereupon terminate and will be of no further force or effect, except as otherwise expressly contemplated hereby and provided that the provisions of Article 1, Section 9.8, Section 9.10, Article 12, and this Section 11.2 shall survive any termination hereof; and provided further that (a) such termination shall not relieve any Party of any liability for any breach of this Agreement (other than non-willful breaches of representations, warranties and covenants, as to which no Party shall be liable hereunder) and (b) upon such termination, the Parties shall comply with all of the provisions of the Confidentiality Agreement.

11.3 Remedies; Injunctive Relief

The Parties agree that irreparable harm would occur for which money Damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

ARTICLE 12
GENERAL

12.1 Expenses

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, brokers, investment advisers, consultants and accountants) incurred in connection with this Agreement and the transactions contemplated herein are to be paid by the Party incurring such expenses.

12.2 Assignment

No Party to this Agreement may assign any of its respective rights under this Agreement without the prior consent of each of the other Parties. Any attempt to assign any of the rights, duties or obligations in this Agreement without such written consent is void. This Agreement and each of the terms and provisions hereof will enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, as applicable.

12.3 Notices

Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by email or other means of electronic communication capable of producing a printed copy, or sending by overnight courier, the notice to the following address or number:

If to the Purchaser:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, BC V3Y 0E2

Attention: Matt Milich, Chief Executive Officer
Email: mmilich@bzam.com

If to FBC (prior to closing) or the FBC Shareholder:

Final Bell Holdings International Ltd.
#1000, 925 West Georgia Street
Vancouver, British Columbia V7C 3L2

Attention: Robert Meyer, Chief Executive Officer
Email: robert@finalbell.com

(or to such other address or number as any Party may specify by notice in writing to another Party).

Any notice delivered or sent by email or other means of electronic communication capable of producing a printed copy on a Business Day will be deemed conclusively to have been effectively given on the day the notice was sent or, if such day is not a Business Day, on the next following Business Day. Any notice sent by overnight courier will be deemed conclusively to have been effectively given on the second Business Day after it is deposited with the courier service.

12.4 Severability

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, then such covenant or other provision will be severed from and will not affect any other covenant or other provision of this Agreement, and this Agreement will be construed as if such invalid, illegal, or unenforceable covenant or provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

12.5 Entire Agreement

This Agreement, the Confidentiality Agreement and the exhibits and schedules attached hereto contain the entire agreement among the Parties with respect to the subject matter hereof, and expressly supersede and terminate all prior offers, arrangements and understandings, both written and oral, expressed or implied, with respect thereto.

12.6 Waiver

The failure or delay by a Party in enforcing, or insisting upon strict performance of, any provision of this Agreement does not constitute a waiver of such provision or in any way affect the enforceability of this Agreement (or any of its provisions) or deprive a Party of the right, at any time or from time to time, to enforce or insist upon strict performance of that provision or any other provision of this Agreement. Any waiver by a Party of any provision of this Agreement is effective only if in writing and signed by a duly authorized representative of such Party.

12.7 Further Assurances

The Parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances as may be necessary to give full effect to the provisions and intent of this Agreement.

12.8 Third Party Beneficiaries

Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding.

12.9 Amendment

This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

12.10 Counterparts

This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument and delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the Execution Date.

12.11 Language

The Parties acknowledge that it is their express wish that this agreement and all documents related thereto be drawn up in the English language only. Les parties reconnaîssent qu'ill est de leur volonté expresse que la présente convention et tous les documents s'y rapportant soient rédigés en anglais seulement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

BZAM LTD.

By: ______________________
Name: Matt Milich
Title: Chief Executive Officer

FINAL BELL CANADA INC.

By: ______________________
Name:
Title:

FINAL BELL HOLDINGS INTERNATIONAL LTD.

By: ______________________
Name:
Title:

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

BZAM LTD.

By: ______________________________
Name: Matt Milich
Title: Chief Executive Officer

FINAL BELL CANADA INC.

DocuSigned by:
Greg Boone
18EDE32FA6CC485...

By: ______________________________
Name: Greg Boone
Title: GB

FINAL BELL HOLDINGS INTERNATIONAL LTD.

DocuSigned by:
FE82A36B667C4D2...

By: ______________________________
Name: Kay Jessel
Title: Executive Director

SCHEDULE A

FB Payment Plan

PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA Cdn. $4,000,000.00

•, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of 14th Round Inc. (the "**Lender**"), in immediately available funds, at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 or such other location as the Lender shall designate in writing, four million dollars ($4,000,000.00) advanced by the Lender to the Borrower on •, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall mature on December 15, 2024 and shall be payable in accordance with the payment schedule at Exhibit "A" hereto.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to zero percent (0%) per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**".

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

If the Borrower fails to pay any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: ______________________

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

14TH ROUND INC.

By: ______________________

Name:

Title:

GUARANTEE AGREEMENT

The undersigned hereby declares that it has read the promissory note between Final Bell Canada Inc. (the "**Borrower**") and 14th Round Inc. (the "**Lender**") dated as of •, 2023 (the "**Note**"), and agrees that it is liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Lender, the prompt payment and performance when due, owing, and so obliged, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the payment obligations of the Borrower under the Note (the "**Obligations**") and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Lender in endeavoring to collect or secure performance of all or any part of the Obligations from, or in prosecuting any action against, the Borrower of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). This Guarantee is a guarantee of payment, performance and collection. The Guarantor hereby waives any right to require the Lender to sue the Borrower or any other person obligated for all or any part of the Guaranteed Obligations.

In addition, to the extent that the Borrower is unable to make payments to the Lender as a result of banking or other similar restrictions, the undersigned agrees to make such payments in accordance with the Borrower's payment obligations.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note.

For the purposes of any notice to be sent in accordance with the Note, the undersigned's address shall be:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, British Columbia
V3Y 0E2
Attention: Matt Milich, Chief Executive Officer

BZAM LTD.

Per: ______________________________

Name:

Title:

Exhibit "A"

Due Date	Amount
15-Jan-24	$333,333
15-Feb-24	$333,333
15-Mar-24	$333,333
15-Apr-24	$333,333
15-May-24	$333,333
15-Jun-24	$333,333
15-Jul-24	$333,333
15-Aug-24	$333,333
15-Sep-24	$333,333
15-Oct-24	$333,333
15-Nov-24	$333,333
15-Dec-24	$333,333
	$4,000,000

SCHEDULE B
FBC PROMISSORY NOTE

SECURED DEMAND PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA Cdn. $4,000,000.00

•, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of 14th Round Inc. (the "**Lender**"), in immediately available funds, at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 or such other location as the Lender shall designate in writing, four million dollars ($4,000,000.00) advanced by the Lender to the Borrower on •, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until at least March 31, 2025.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to zero percent (0%) per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**". For greater certainty, no payments on account of the Principal Amount shall be required to be made by the Borrower until demand by the Lender for payment in full of the Indebtedness hereunder.

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

The Indebtedness hereunder is secured by a security interest in the collateral specified in the security agreement dated on or about the date hereof by and between the Borrower and Lender (the "**Security Agreement**"). In accordance with the terms of an intercreditor agreement entered into between Stone Pine Capital Ltd. and the Lender, and a subordination agreement entered into between Cortland Credit Lending Corporation and the Lender: (i) the Security Agreement and Indebtedness are hereby postponed and subordinated in right of payment to the prior payment in full of any and all Senior Indebtedness, except and to the extent as may be expressly permitted by the terms of such Senior Indebtedness; and (ii) the Security Agreement and the Indebtedness shall rank pari passu with all secured debts owed by the BZAM Ltd. and its subsidiaries, to Stone Pine. For the purposes of this Note, "**Senior Indebtedness**" shall mean all amounts due in connection with indebtedness of the Merged Entity under the amended and restated credit agreement dated September 29, 2021 (as amended) to the Senior Lender and the other lenders party thereto.

If the Borrower fails to pay on demand any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower acknowledges that the security granted pursuant to the Security Agreement secures all Indebtedness evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: ______________________

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

14TH ROUND INC.

By: ______________________

Name:

Title:

GUARANTEE AGREEMENT

The undersigned hereby declares that it has read the promissory note between Final Bell Canada Inc. (the "**Borrower**") and 14th Round Inc. (the "**Lender**") dated as of •, 2023 (the "**Note**"), and agrees that it is liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Lender, the prompt payment and performance when due, owing, and so obliged, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the payment obligations of the Borrower under the Note (the "**Obligations**") and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Lender in endeavoring to collect or secure performance of all or any part of the Obligations from, or in prosecuting any action against, the Borrower of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). This Guarantee is a guarantee of payment, performance and collection. The Guarantor hereby waives any right to require the Lender to sue the Borrower or any other person obligated for all or any part of the Guaranteed Obligations, or otherwise to enforce its payment against the Collateral securing all or any part of the Guaranteed Obligations.

In addition, to the extent that the Borrower is unable to make payments to the Lender as a result of banking or other similar restrictions, the undersigned agrees to make such payments in accordance with the Borrower's payment obligations.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note.

For the purposes of any notice to be sent in accordance with the Note, the undersigned's address shall be:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, British Columbia
V3Y 0E2
Attention: Matt Milich, Chief Executive Officer

BZAM LTD.

Per: ____________________________

Name:

Title:

This is Exhibit "12" referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA Cdn. $8,000,000.00

January 5, 2024

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of Final Bell Holdings Inc. (the "**Lender**"), in immediately available funds, at 7720 Airport Business Park Way, Van Nuys, California, 91406, United States of America or such other location as the Lender shall designate in writing, eight million dollars ($8,000,000.00) (the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date. The Borrower and the Lender acknowledge that the Borrower has made a payment equal to $525,559, in connection with amounts owing under this Note.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall mature on June 15, 2027 (the "**Maturity Date**").

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from (a) the date of the advance through to March 31, 2025, at a rate per annum equal to zero percent (0.0%) per annum; and (b) April 1, 2025 through to the Maturity Date, at a rate per annum equal to ten percent (10.0%) per annum (plus any additional interest as provided for in par. (c) below), such interest to be calculated monthly in arrears and payable on the 15th day of each subsequent calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**".

The Principal Amount of this Note shall be paid, together with interest, on the 15th day of each month, commencing January 15, 2024, as follows:

(a) From January 1, 2024 to June 30, 2024, $1,000,000 of the Principal Amount shall be paid in monthly installments in accordance with the payment schedule provided at Exhibit A; and

(b) From July 1, 2024 and ending on the Maturity Date, the remaining $7,000,000 of the Principal Amount shall be paid in equal monthly installments of $194,444.44, with blended payments of principal and interest, in the same amount, commencing with the payment due on April 15, 2025, *provided that* with respect to payments made pursuant to this par. (b):

(i) in the event that positive Quarterly Operating Cashflow (as hereinafter defined) of the Borrower is insufficient to pay such monthly installments in the amount set forth in par. (b) from July 2024 through to March 2025, the Principal Amount shall not be payable until such time as positive Quarterly Operating Cashflow of the Borrower is sufficient to pay monthly installments in the amount set forth in par. (b), in which case the Borrower will make a balloon payment on the Maturity Date for the balance of the Principal Amount outstanding at such time plus all accrued unpaid interest; and

(ii) in the event that positive Quarterly Operating Cashflow of the Borrower remains insufficient to pay such monthly installments in the amount set forth in par. (b) from April 2025 through to the Maturity Date, no such monthly payment shall be payable until such time as positive Quarterly Operating Cashflow of the Borrower is sufficient to pay monthly installments in the amount set forth in par. (b), in which case the Borrower will make a balloon payment on the Maturity Date for the balance of the Principal Amount outstanding at such time plus all accrued unpaid interest; and

Notwithstanding subpar. (i) and subpar. (ii) above, the Borrower shall make, and the Lender shall be entitled to receive, the Minimum 2024 Payment (as hereinafter defined) as payment of principal and interest, as applicable, towards the Note.

(c) From April 1, 2025, to the extent that a required monthly payment referred to in par. (b) is not paid, the unpaid balance of such monthly payment (each, a "**Balance**") shall immediately accrue interest at a rate of 18% per annum in respect of any such unpaid Balance. Monthly installments may be adjusted such that the outstanding Principal Amount at such time shall be payable in equal monthly installments (or otherwise) through to and including the Maturity Date, as may be agreed to by the Lender and the Borrower.

The following terms shall have the following meanings for the purposes of this Note:

1. "**Minimum 2024 Payment**" means an amount equal to $79,167, plus interest in accordance with the terms of this Note, payable on a monthly basis.
2. "**Quarterly Operating Cashflow**" shall be defined as: (i) the Borrower's net income; *plus* (ii) depreciation and amortization; *minus* (iii) net working capital and adjustments (to add back all non-cash items and all non-recurring, one-time expenses); and *minus* (iv) all capital expenditures, in each case without duplication, as set forth in the most recently completed quarterly financial statements of the Borrower.

The Borrower agrees to provide the Lender with (i) annual financial statements of the Borrower prepared in accordance with IFRS as prepared to support the audited financial statements of the Borrower's parent, BZAM Ltd. ("**BZAM**") as soon as available, but in any event within 120 days after the end of each fiscal year the Borrower, and (ii) quarterly interim financial statements of the Borrower prepared in accordance with IFRS as prepared to support the unaudited interim financial statements of BZAM as soon as available, but in any event within 60 days after the end of each fiscal quarter, all in reasonable detail, fairly presenting in all material respects the financial position and results of operations of Borrower in order to determine Quarterly Operating Cashflow (for clarity, such financial statements shall at minimum include an income statement, balance sheet and cashflow statement, together with an adjusted EBITDA calculation consistently prepared in accordance with the methodologies utilized in BZAM's publicly filed MD&A).

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

If the Borrower fails to pay any amounts due and payable hereunder, and such default remains uncured for thirty (30) days from written notice of such default (the "**Cure Period**"), all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

All notices under this Note must be in writing and addressed to the other party at its address set forth below (or to any other address that the receiving party has designated). Unless otherwise agreed herein, all notices must be delivered by overnight courier or electronic mail. Notice will be deemed given upon the first to occur of (i) the day of confirmation of delivery by the courier; or (ii) the day of confirmed electronic transmission to the addressee of the notice if sent during regular business hours, or the following business day if sent after regular business hours:

To the Borrower:	Final Bell Canada Inc. Canada Attn: Chief Executive Officer Email: With a copy to: Cortland Credit Lending Corporation c/o Cortland Credit Group Inc. 200 Bay St., Suite 3230 Royal Bank Plaza South Tower Toronto, ON, M5J 2J2 Attention: Bruce Sherk Telephone: (416) 407-4440 Email: bsherk@cortlandcredit.ca
To the Lender:	Final Bell Holdings Inc. 7720 Airport Business Park Way Van Nuys, California, 91406 USA Attn: Chief Executive Officer Email: ir@finalbell.com

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: DocuSigned by: Greg Boone 18EDE32FA6CC485...

Name: Greg Boone

Title: President

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

FINAL BELL HOLDINGS INC.

By: DocuSigned by: Ariel Wessling 07D9394E513049F...

Name: Ariel Wessling

Title: VP of Finance

By: DocuSigned by: 1B56DA825902463...

Name: Jordan Gielchinsky

Title: President

Exhibit "A"

Due Date	Amount
15-Jan-24	$79,167
15-Feb-24	$79,167
15-Mar-24	$ 79,167
15-Apr-24	$79,167
15-May-24	$79,167
15-Jun-24	$79,167
	$1,000,000

* Amounts have been adjusted in respect of pre-payments in the amount of $525,559 as accepted by the Lender.

This is Exhibit “13” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: BZAM Ltd. (the "**Issuer**").

Trading Symbol: BZAM

Number of Outstanding Listed Securities: **273,578,952**

Date: February 7, 2024

Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

On January 8, 2024, the Issuer announced that further to the news release dated December 6, 2023, it has completed the acquisition of all the issued and outstanding shares of Final Bell Canada Inc. ("FBC") from Final Bell Holdings International Ltd. ("FBHI"), the ("Transaction"). The Transaction combines BZAM's cultivation, production and sales infrastructure with the portfolio of international brands that FBC is bringing to the market.

Under the terms of the Agreement, FBHI, the sole shareholder of FBC, will receive 90,000,000 common shares of the Issuer (the "BZAM Shares") at a deemed price of $0.15 per BZAM Share, representing approximately one-third of the issued and outstanding shares of the Issuer following the close of the Transaction.

The BZAM Shares issued to FBHI are subject to a lock-up, with 1/3 of the BZAM Shares being released on the 4-month, 8-month, and 12-month anniversaries of the date of issuance of such shares. As part of the Transaction, FBC will retain an unsecured promissory note issued to FBHI, or an affiliate, in the amount of $8 million, bearing zero percent interest until March 31, 2025 and ten percent interest thereafter until the maturity date of June 15, 2027.

On January 9, 2024, following the completion of the Transaction, the Issuer, through its wholly-owned subsidiary The Green Organic Dutchman Ltd, had entered into a Second Amended and Restated Credit Agreement (the "SARCA") with its Canadian lender to incorporate the assets of FBC into the security collateral and, amongst other things: (i) amend the EBITDA financial covenant to take effect on a rolling three month average basis; (ii) repay $1 million on the fixed portion of the facility from the proceeds of sale of the Edmonton property, such repayment amount then becoming available under the revolving portion of the facility and (iii) allow for the unsecured promissory note issued to FBHI, the prior affiliate of FBC. All other terms of its amended and restated credit agreement dated September 29, 2021 (as amended) not specifically amended will remain materially the same as before.

2. Provide a general overview and discussion of the activities of management.

There were certain changes to the board of directors of the Issuer (the "Board") and management of the Issuer in connection with the closing of the Transaction. Greg Boone has joined the Issuer as President, Jennifer Maccarone has joined as Vice President of Operations, while Christy Zhou assumes the role of Chief Legal Officer at BZAM. In addition, FBHI appointed a nominee, being Kay Jessel, to the Board.

On January 25, 2024, the Issuer announced that Sean Bovingdon, Chief Financial Officer, will be leaving his position on April 30, 2024 to pursue other opportunities. He will remain in his role to ensure a smooth transition. In connection with the transition, Mr. Bovingdon stepped down from the Board effective immediately. Matt Milich, the Issuer's Chief Executive Officer, has been appointed to the Board, who joined the existing BZAM Board members Bassam Alghanim, remaining as Chair of the Board, Chris Schnarr, Wendy Kaufman, Sherry Tross, Keith Merker and Kay Jessel.

In addition to the activity set forth herein, the Issuer's management continues to review its business and opportunities available in the marketplace to maximize shareholder value. Aside from completing the Transaction set forth in item#1, no decisions related to any strategic transactions or changes to its operations have been reached at this time. There can be no assurance as to what, if any, transactions or alternatives might be pursued by the Issuer at this time.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

There were no new products or services that were offered during the month.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

There were no products or services that were discontinued during the month.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Aside from the business relationships entered into in the normal course of business from time to time during the last month, and business relationships held by FBC as a result of the acquisition of FBC, the Issuer has no further new business relationships to report.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None noted.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was

determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Aside from the Transaction noted in Item #1, there were no acquisitions or dispositions of assets by the Issuer during the month.

8. Describe the acquisition of new customers or loss of customers.

There were no material acquisitions of new customers or losses of customers during the month.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

In connection with the Transaction, the Issuer acquired rights to certain trademarks licensed by FBC for use in Canada, including trademarks associated with the brands COOKIES, SHERBINSKIS, and JEETER.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

In addition to the changes to the executive team noted in Item #2, as a result of the Transaction, the Issuer has executed on planned structural cost reductions across the business in order to maintain efficient operations. As a result, due to position redundancy, the Issuer has proceeded in the termination of specific employees across the organization.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None noted.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None noted.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

Aside from the indebtedness incurred and/or repaid in the normal course of business, the Issuer has no further indebtedness to report.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds
Common Shares	60,000	Issuance of Common Shares underlying RSUs	No proceeds on issuance.
Common Shares	2,700,000	Consideration to Clarus Securities, exclusive financial advisor to the Issuer, with compensation of 3% of the purchase price, upon successful completion of the Transaction.	No proceeds on issuance.
Common Shares	90,000,000	BZAM Shares in connection with the closing of the Transaction.	Deemed issuance price $13,500,000. No proceeds on issuance.

15. Provide details of any loans to or by Related Persons.

    None Noted.

16. Provide details of any changes in directors, officers or committee members.

    Please refer to Item #2.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

    The trends and risks which are likely to impact the Issuer are detailed in the Issuer's most recently filed quarterly management's discussion and analysis for the three and nine months ended September 30, 2023 and in the Issuer's other public filings; all of which are available under the Issuer's SEDAR+ profile at www.sedarplus.ca, and which are incorporated into this report by reference thereto.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: February 7, 2024

Matt Milich
Name of Director or Senior Officer

/s/ "Matt Milich
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer BZAM Ltd.	For Month End 24/01/31	Date of Report YY/MM/D 24/01/07
Issuer Address 518 – 19100 Airport Way		
City/Province/Postal Code Pitt Meadows, BC V3Y 0E2	Issuer Fax No. ( )	Issuer Telephone No. (905) 304-4201
Contact Name Matt Milich	Contact Position CEO	Contact Telephone No. 905-304-4201
Contact Email Address mmilich@bzam.com	Web Site Address www.bzam.com	

54495952.1

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF KEITH ADAMS

LAX O'SULLIVAN LISUS GOTTLIEB LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8

Andrew Winton LSO#: 54473I
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bbohn@lolg.ca
Tel: 416 956 5084

Lawyers for Final Bell Holdings International Ltd.

TAB 2

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

REPLY AFFIDAVIT OF KEITH ADAMS

I, Keith Adams, of the City of Los Angeles, in the State of California, MAKE OATH AND SAY:

1. I am Chief Financial Officer ("**CFO**") of Final Bell Holdings International Ltd. ("**Final Bell**"), and, as such, have knowledge of the matters contained in this Affidavit.

2. I have reviewed the affidavit of Matthew Milich, CEO of BZAM Ltd. ("**BZAM**"), sworn March 25, 2024 (the "**Responding Milich Affidavit**") and the affidavit of Deepak Alappatt of Cortland Credit Lending Corporation ("**Cortland**") sworn March 25, 2024.

3. I am surprised that BZAM did not adduce evidence from its former CFO, Sean Bovingdon, whom I believe has greater knowledge about BZAM's financial condition than Mr. Milich and provided representations to Final Bell during the due diligence process.

BZAM Never Suggested that its Financial Disclosure was Unreliable

4. In deciding to enter into the December 5, 2023 share exchange agreement with BZAM (the "**Share Exchange Agreement**"), Final Bell relied on the financial information disclosed to it by BZAM, including its projections about its future cash flows following its purchase of FBC. This included information contained in the financial model prepared by BZAM for the combined company (the "**BZAM/FB Spreadsheet**")[1] as well as the PowerPoint deck containing financial information drawn from BZAM's financial model (the "**Project Tower PowerPoint**").[2]

5. The future cash flows of the integrated company were particularly important to Final Bell's decision to enter into the Share Exchange Agreement, because we were aware that BZAM's historic financial statements showed insufficient cash flow to fund its operations. BZAM representations about its future cash flows were therefore critical to Final Bell's decision to accept equity in BZAM in exchange for FBC.

6. Mr. Milich's suggestion that Final Bell should not have relied on BZAM's financial disclosure during the due diligence period is completely inconsistent with my vast experience as a CFO, having been involved in numerous transactions over the course of my career. For example, at paragraph 31 of his Affidavit, Mr. Milich testified that BZAM never represented that the financial models it provided to Final Bell should be "relied upon at all" by Final Bell. Mr. Milich's suggestion that a party to an M&A transaction cannot rely on the financial disclosure provided to it to by the counterparty during the due diligence process is wholly inconsistent with regular business practices in my experience over the past forty years.

---

[1] Attached as Exhibit "2" to my affidavit sworn March 18, 2024.
[2] Attached as Exhibit "1" to my affidavit sworn March 18, 2024.

7. Furthermore, the Share Exchange Agreement expressly provided that Final Bell was relying on representations and warranties made by BZAM which, in my experience, is standard in an M&A transaction. The Share Exchange Agreement included representations and warranties by BZAM that there were no material undisclosed liabilities that it had not informed Final Bell about. My understanding, based on discussions with Mr. Milich and Mr. Bovingdon of BZAM, as well as the representations and warranties set out in the Share Exchange Agreement, were that the financial disclosures and other disclosure documents that BZAM provided to us were accurate, contained all relevant information, and could be relied upon by Final Bell. Final Bell also relied on BZAM's Officer's Bring-Down Certificate. The Officer's Bring Down-Certificate is a certification, signed by Mr. Milich, in which he affirmed that the representations and warranties made in the Share Exchange Agreement were true at the time of closing. A copy of BZAM's Officer's Bring Down Certificate is attached as **Exhibit "1"**.

8. In addition, contemporaneous emails from BZAM's senior management did not suggest that its financial disclosure could not, or should not, be relied upon by Final Bell. For example, on November 23, 2023, Mr. Milich sent Final Bell multiple iterations of the Project Tower PowerPoint. Mr. Milich's email did not include any suggestion that BZAM's forward-looking financial information in the Project Tower PowerPoint was inaccurate or could not be relied upon by Final Bell as part of its due diligence review. Similarly, the Project Tower PowerPoint itself contains no such disclaimer. A copy of Mr. Milich's email is attached as **Exhibit "2"**.

9. At paragraph 58 of his affidavit, Mr. Milich testified that it "defies credulity" that Final Bell considered the Project Tower PowerPoint to be a representation from BZAM that Final Bell could rely on. However, Mr. Milich's contemporaneous emails during the due diligence process never suggested that BZAM's financial disclosure was unreliable. For example, on November

20, 2023, I emailed Mr. Milich and Mr. Bovingdon to request a "board deck that I could leverage" containing financial information. Mr. Milich responded the same day and attached a draft of the Project Tower PowerPoint writing, "we are adding the pro-forma financials when we finish them". Mr. Milich's email did not suggest that the information he was providing me or the pro-forma financials that were sent later should not be relied upon by Final Bell or that it was intended for BZAM's internal purposes only. A copy of Mr. Milich's email is attached as **Exhibit "3"**.

10. On November 13, 2023, I emailed Mr. Milich and asked him to send me BZAM's "proforma Income statement, Balance Sheet, and Cash Flow by month through 2024 ASAP." Mr. Milich responded by email the next day, writing: "[W]e are working hard in parallel on a proforma model for the combination which will be incorporating the latest, in-progress 2024 budget/forecast. I'm assuming we will want to review the proforma together, so anticipating you will be able to see the 2024 numbers, debt schedule, etc. as part of that." Nowhere in his email did Mr. Milich suggest that the financial model and proforma financial statements he would be sending were unreliable or incomplete. On the contrary, his email suggests that the model would contain all relevant financial information. A copy of my email exchange with Mr. Milich is attached as **Exhibit "4"**.

11. Mr. Milich also testified that I acknowledged the unreliability of BZAM's financial models in an email sent to Mr. Milich during the due diligence process. Mr. Milich referenced an email I sent on November 21, 2023, in which I acknowledged the challenges of producing a financial model: "[h]ow is the model coming? Never easy. Just when you think you have it, something else pops its ugly head up." (attached as Exhibit "P" to Mr. Milich's affidavit). My acknowledgment of the inherent challenges in financial modelling was not at all intended to

suggest that I expected the financial disclosure from BZAM to be inaccurate or unreliable. I was acknowledging the process involved in creating an accurate and reliable model, which is what we reasonably expected BZAM to provide to us, takes time alongside management input, assumptions and review.

12. Mr. Milich testified at paragraph 76 of his affidavit sworn in support of BZAM application for CCAA protection that as of the week of February 25, 2024, BZAM expected to have only $1,848,000 of cash on hand. In contrast, the BZAM/FB Spreadsheet and Project Tower PowerPoint represented to Final Bell that BZAM expected to end Q1 2024 with just under $6 million in cash. It is not possible for a cash flow discrepancy of more than $4 million to be just a forecasting error. While I did not expect BZAM's representation about its future cash flows to be perfect, BZAM's cash position as set out in Mr. Milich's affidavit in support of his application for CCAA protection is totally different than what BZAM represented during the due diligence process.

13. Mr. Milich testified at paragraph 60 of his affidavit that the standalone BZAM model "formed no part" of the Transaction PowerPoint attached as Exhibit "10" to my March 18 affidavit that the Final Bell board relied on in deciding to enter into the Share Exchange Agreement. However, this evidence conflicts with the contemporaneous emails from Mr. Bovingdon. In an email to me sent November 30, 2023, Mr. Bovingdon attached the BZAM model and stated that it was used by Clarus Securities Inc. ("**Clarus**") to create the financial model contained in the BZAM/FB Spreadsheet. Mr. Bovingdon's email to me is attached as **Exhibit "5"**. It is evident from my communications with Mr. Bovingdon that he understood that the information BZAM was providing to Clarus was intended to be presented to Final Bell to inform its decision whether to enter into the Share Exchange Agreement.

14. The financial disclosure in the BZAM/FB Spreadsheet was incorporated into the Transaction PowerPoint that Final Bell's board of directors relied on. Although the Transaction PowerPoint was not prepared by BZAM, it was largely based on models prepared by BZAM and Clarus. In addition, the Final Bell board was also sent a copy of the Project Tower PowerPoint prepared by BZAM as part of the materials it reviewed before entering into the Share Exchange Agreement.

More Thorough Due Diligence Could Not Have Uncovered BZAM's Misrepresentations

15. Final Bell conducted extensive due diligence on BZAM before entering into the Share Exchange Agreement. This included reviewing BZAM's audited and unaudited financial statements, its management information circulars, and its management's discussion and analysis reports ("**MD&As**"). I also had extensive discussions with BZAM's management, including Mr. Bovingdon, about BZAM's financial situation. However, our due diligence relied on BZAM making accurate and timely representations to Final Bell about its financial condition including the survival of their representations through the closing date.

16. During the due diligence period, I worked with Mr. Bovingdon, who was my primary point of contact at BZAM regarding financial issues, to conduct a review of BZAM's finances. Final Bell did not just accept the numbers provided to it by BZAM as given; rather, we interrogated and challenged those numbers to try to verify their accuracy. For example, on November 20, 2023, I emailed Mr. Bovingdon with concerns about BZAM's cash flow statement, as some of the numbers provided to us did not add up. A copy of this email is attached as **Exhibit "6"**.

17. In addition, Final Bell did not accept the early financial models provided by BZAM at face value. Instead, we reviewed the model and the financial information contained therein. The original model provided to us by BZAM was “hard coded”, meaning it only contained the final values without the relevant formulas showing how the raw financial data was converted into BZAM’s disclosure of the future financial condition of the company. Final Bell insisted on receiving a non-hard coded version of the model so it could test the information provided by BZAM. An email from Kiarash Hessami, Director of Corporate Accounting at Final Bell, to Mr. Bovingdon and Mr. Milich of BZAM, requesting a non-hard coded version of the BZAM financial model is attached as **Exhibit “7”**. The version with the formulas was provided without hesitation or issue.

18. Furthermore, Final Bell’s due diligence was not limited by a need by Final Bell to close the transaction quickly. In fact, it was BZAM that was pushing for a fast closing. On November 22, 2023, I was copied on an email from Mr. Milich to Final Bell’s CEO, Robert Meyer. Mr. Milich was pushing to execute the Share Exchange Agreement within the next five days: “Overall, we are working as hard as possible to pull everything together for a board meeting on Saturday, November 25th to seek approval for the transaction so that we are in a position to execute the Share Exchange Agreement by Monday, November 27th if that is feasible on your end.” A copy of this email is attached as **Exhibit “8”**.

19. Final Bell’s detailed review of the financial information and models BZAM provided to it could not have caught misrepresentations by BZAM. If there was additional information that Final Bell should have been aware of that was not included in the final information and models BZAM provided to us, I would have expected this information to be reflected in BZAM’s disclosure letter attached as **Exhibit “8”** to my affidavit dated March 18, 2024.

BZAM Never Represented that the Credit Available from Cortland was in Doubt

20. Contrary to the Responding Milich Affidavit, BZAM never suggested that the $5-7 million in credit available to it through BZAM's revolving credit facility with Cortland Credit Lending Corporation (the "**Cortland Credit Facility**") was at risk of not being renewed or extended past March 2024. In addition, BZAM never suggested that the status of BZAM's or the combined company's drawdown against its accounts receivable was in doubt such that the full $5-7 million credit facility would not be available to BZAM. In any event, per its pro forma cash flow, the combined company cash balance was not dependent on a drawdown of the $5-7 million available through the Cortland Credit Facility. I deny that Mr. Milich gave me the explanation about the Cortland Credit Facility as described in paragraph 73 of his responding affidavit.

21. Furthermore, none of the financial models or PowerPoints shared with Final Bell by BZAM suggested that the availability of credit under the Cortland Credit Facility was in question or might be significantly reduced in only a matter of months. My understanding was that the acquisition of FBC would only have improved BZAM's accounts receivable situation, improving the credit available through the Cortland Credit Facility.

FBC's Financial Position Does not Explain BZAM's Misrepresentations

22. Mr. Milich appears to suggest that Final Bell was a motivated seller because FBC was in a difficult financial position. This is incorrect.

23. Paragraph 81 of the Responding Milich Affidavit refers to an email I sent on November 15, 2023 where I explain to the Final Bell team that the cash flow we are providing to BZAM for FBC is "going to show a terrible cash position."[3] This does not mean that FBC was not a

[3] Exhibit "FF" of Responding Milich Affidavit

valuable business. It just meant that FBC was cash constrained because of a variety of factors including an escalation of intercompany debts due to its inability to move cash outside of Canada to pay intercompany payables, as well as the exclusion of intercompany receivables from the borrowing base calculation for a credit facility that a FBC affiliate had entered into with East West Bank. The business plan that Final Bell would have relied on if we kept the FBC business would have been cash constrained and so we would have not been able to fund all of its potential growth due to Final Bell's inability to fund its incremental working capital requirements. In fact, the rationale for BZAM's acquisition of FBC was that the combined entity would be able to fund FBC's incremental working capital requirements and therefore unlock its full revenue potential.

24. A spreadsheet containing the following financial information about FBC as of September 30, 2023 including its balance sheet, accounts receivable aging and accounts payable aging is attached as **Exhibit "9"**.

Final Bell did not Improperly Withdraw $1 Million from FBC

25. At paragraph 89 of the Responding Milich Affidavit, Mr. Milich testified that Final Bell improperly withdrew $1,000,000 from FBC outside of the ordinary course of business and in contravention of the terms of the Share Exchange Agreement. This claim is simply false. All transactions between Final Bell and its subsidiaries, including FBC, prior to closing were done in the ordinary course of business and were consistent with the terms of the Share Exchange Agreement.

SWORN by Keith Adams of the City of Los Angeles, in the State of California, before me at the City of Toronto, in the Province of Ontario, on April 1, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be) **BRENDAN BOHN**	**KEITH ADAMS**

OFFICER'S BRING-DOWN CERTIFICATE

BZAM LTD.
(the "**Purchaser**")

TO: Final Bell Canada Inc. and Final Bell Holdings International Ltd. (collectively, "**FBC**")

RE: Share exchange agreement among the Purchaser and FBC, dated December 5, 2023 (the "**Exchange Agreement**")

Reference is made to the Exchange Agreement. All capitalized terms used but not defined herein shall have the meaning ascribed to such term in the Exchange Agreement. This certificate is delivered pursuant to subsections 8.1(a) and (b) of the Exchange Agreement.

I, Matt Milich, Chief Executive Officer of the Purchaser, hereby certifies for and on behalf of the Purchaser (without personal liability), to the best of my knowledge, information and belief, after due enquiry, that:

1. I am the Chief Executive Officer of the Purchaser, and as such have full and complete knowledge of the business and affairs of the Purchaser and the matters set out in this certificate;

2. I have made such enquiries and investigations as I consider necessary or advisable for the purpose of verifying the matters set out below;

3. The representations and warranties of the Purchaser contained in Sections 3.1 [*Incorporation, Corporate Power and Registration*], 3.3 [*Due Authorization and Enforceability of Obligations*], 3.9 [*Capitalization of the Purchaser*], 3.35 [*Reporting Issuer*] and 3.36 [*Consideration Shares*] (the "**Purchaser Specified Representations**") of the Exchange Agreement are true and correct as of the date hereof, other than for de minimis inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date;

4. The representations and warranties of the Purchaser contained in the Exchange Agreement (other than the Purchaser Specified Representations) are true and correct as of the date hereof (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of the Purchaser to be so true and correct (without any materiality, Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect; and

5. The Purchaser has fulfilled, performed or complied with in all material respects all the covenants contained in the Exchange Agreement to be fulfilled, performed or complied with by it at or prior to the date hereof.

I acknowledge that FBC is relying on this certificate in connection with the sale of the Purchased FBC Shares.

[*Signature page follows*]

DATED the 5th day of January, 2024.

BZAM LTD.

By: ______________________

Name: Matt Milich

Title: Chief Executive Officer

Subject: Re: Revised Deck, AR/AP Schedules
Date: Thursday, November 23, 2023 at 5:13:54 PM Pacific Standard Time
From: Kiarash Hessami
To: Matthew Milich
CC: Keith Adams, Jimmy Nguyen, Sean Bovingdon
Attachments: image001.png

Thanks Matt - we'll review this internally and let you know if we have any further comments.

Best,
Kia

On Thu, Nov 23, 2023 at 4:56PM Matthew Milich <mmilich@bzam.com> wrote:

> Hi Kia,
>
> Please find attached the further updated deck, including the balance sheet slide.
>
> Best,
>
> Matt
>
> ---
>
> **From:** Matthew Milich <mmilich@bzam.com>
> **Date:** Thursday, November 23, 2023 at 2:32 PM
> **To:** Kiarash Hessami <khessami@finalbell.com>
> **Cc:** Keith Adams <kadams@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>, Sean Bovingdon <sbovingdon@bzam.com>
> **Subject:** Revised Deck, AR/AP Schedules
>
> Hi Kia,
>
> Please find attached latest version of the deck with most suggestions implemented.

We noticed some minor fixes needed in the B/S when creating that slide, so working on those now.

The AR/AP Schedules that reconcile to the FS are also attached (note the draft 9/30 FS you have is being revised a bit to align with the attached).

Best,

Matt

--

Kiarash Hessami
Director of Corporate Accounting

+1 (604) 679-9660

Final Bell Holdings Inc.
7731 Hayvenhurst Ave., Unit B
Van Nuys, CA 91406

Subject: Re: I am "on clock" for the DD report and the consolidated model
Date: Monday, November 20, 2023 at 7:24:14 PM Pacific Standard Time
From: Matthew Milich
To: Keith Adams, Sean Bovingdon
Attachments: Project Tower v6.pptx

Here is the current draft of the deck (reviewed with Greg already).

We are adding the pro-forma financials when we finish them (hopefully by tomorrow morning) and should have some graphics like you mention once we have those.

From: Keith Adams <kadams@finalbell.com>
Date: Monday, November 20, 2023 at 9:13 AM
To: Sean Bovingdon <sbovingdon@bzam.com>, Matthew Milich <mmilich@bzam.com>
Subject: I am "on clock" for the DD report and the consolidated model

Just a poke, please remember to pass the prelim Q3 MD&A to me as soon as you can.

Also, do you have a board deck that I could leverage with the financials trended graphically, etc.

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

Subject: Re: Clarus List
Date: Wednesday, November 15, 2023 at 11:50:06 AM Pacific Standard Time
From: Matthew Milich
To: Keith Adams
CC: Edward M. Drake, Greg Boone, Paul Yang, Alex Lamarche, Jennifer Maccarone, Jimmy Nguyen, Keith Adams, Robert Meyer, Kay Jessel
Attachments: image.png, 1699928624209blob.jpg, 1699932960811blob.jpg

Hi Keith, just a quick update – the items below should be posted now:

Insurance Summary
Outstanding Securities Reconciliation
Ancaster Appraisal
Trademark Summary
Licence Summary

From: Matthew Milich <mmilich@bzam.com>
Date: Tuesday, November 14, 2023 at 9:06 AM
To: Keith Adams <kadams@finalbell.com>
Cc: Edward M. Drake <edrake@clarussecurities.com>, Greg Boone <gboone@finalbell.com>, Paul Yang <pyang@clarussecurities.com>, Alex Lamarche <alamarche@clarussecurities.com>, Jennifer Maccarone <jmaccarone@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>, Keith Adams <kadams@finalbell.com>, Robert Meyer <robert@finalbell.com>, Kay Jessel <kay@finalbell.com>
Subject: Re: Clarus List

Hi Keith,

For **05. Financial Information**, we are in the middle of our 2024 budget/forecast process (normally would complete for final review/approval in 1st week of December). Having said that, we are working hard in parallel on a proforma model for the combination which will be incorporating the latest, in-progress 2024 budget/forecast. I'm assuming we will want to review the proforma together, so anticipating you will be able to see the 2024 numbers, debt schedule, etc. as part of that. To cover a couple other queries:

1. We can provide revenue detail by segment/category, putting something together.
2. You are correct, we generally don't sell bulk flower, however in 2023 there were some bulk sales to clear out older inventory after getting everything transitioned to SAP, taking account of old inventory from both sides of the BZAM / TGOD merger, etc. In 2024 we generally don't anticipate selling bulk flower,

For **02 Securities and Shareholder Info**, a reconciliation is being prepared now.

For **04 Operations and Material Agreements**, will work on this.

For **06 Labour Employment and Employee Relations**, will work on this.

For **07 Insurance**, requesting the summary now. Regarding the parent company query, the parent company was originally called The Green Organic Dutchman Holdings Ltd and the name changed to BZAM Ltd subsequent to the BZAM/TGOD transaction.

For **08 Real and Personal Property**, will have the latest appraisal of the Ancaster facility posted ASAP and look at / work on if anything else needed.

For **09 Intellectual Property**, will have the latest trademark portfolio listing posted ASAP and look at / work on if anything else needed.

For **10.1 Licences**, will have a summary put together and posted asap.

Best,

Matt

From: Keith Adams <kadams@finalbell.com>
Date: Monday, November 13, 2023 at 5:52 PM
To: Matthew Milich <mmilich@bzam.com>
Cc: Edward M. Drake <edrake@clarussecurities.com>, Greg Boone <gboone@finalbell.com>, Paul Yang <pyang@clarussecurities.com>, Alex Lamarche <alamarche@clarussecurities.com>, Jennifer Maccarone <jmaccarone@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>, Keith Adams <kadams@finalbell.com>, Robert Meyer <robert@finalbell.com>, Kay Jessel <kay@finalbell.com>
Subject: Re: Clarus List

Matt,

05. Financial Information only includes tax returns. Some data I can get from Statements and MD&A.

- it would be great to see revenue detail by segment or legal entity (historic and proforma)
  - Also revenue by product category - Flour, vapes, preroll, edibles, etc
  - I assume that BZAM does not sell any bulk flower. All is used internally. If it does, can you provide more info on this?

- Can we get your proforma Income statement, Balance Sheet, and Cash Flow by month through 2024 ASAP?
- Also, do you have a 13-week cash projection?
  - Any major cash outlays (maturing of debt, payment for licenses, legal settlement, tax payments, etc)
- Do you have a debt roll forward schedule and a schedule that cash outlays for each debt instrument?

Re the Data Room: when do you think you will populate:

- **02 Securities and Shareholder Info**
  - **The MD&A dated 12/31/22 doesn't tie to the data room. Can you reconcile please?**

OUTSTANDING SHARE DAT

As of the date of this MD&A, the Company had the following securities issued a

Common Shares (1)
Warrants (2)
RSUs issued to employees
Stock options

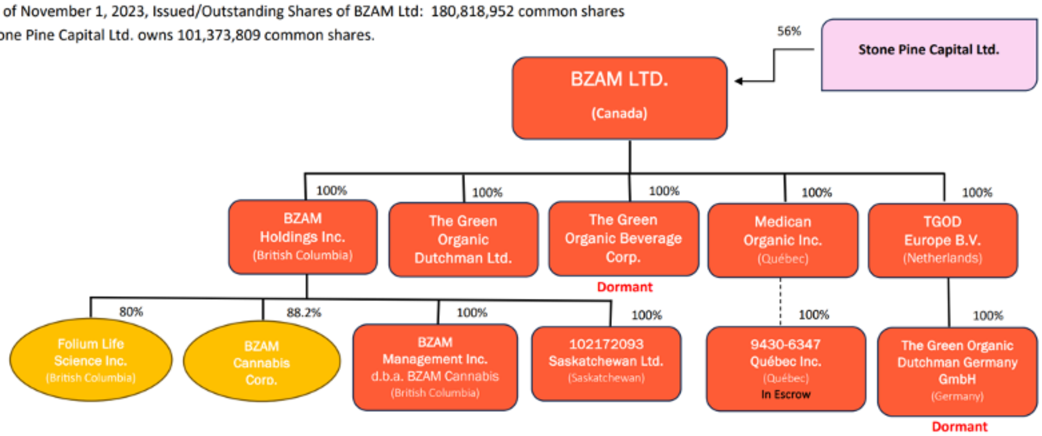
Notes:

(1) The Company completed the Consolidation on November 8, 2022 whereby its issued a
10:1 ratio.
(2) The Consolidation Ratio also applies to the Warrants which are currently exercisable
Accordingly, effective as of the Consolidation date, the holders of Warrants will be entitle
the exercise of ten Warrants.

See the Company's Consolidated Financial Statements for a detailed descripti
convertible into one Common Share.

- **04. Operations and Material Contracts**?
  - currently, it is empty.
- **06. Labour Employment and Employee Relations**
  - We don't need individual salaries except for anyone Change of Control or Severance Agreements
  - Also, can we see total Salary and Headcount by Entity to gain some understanding of staffing levels
- **07. Insurance**
  - Can you ask your Broker(s) for a summary of coverages including name of the insurer, renewal dates, retention, policy limits, and annual premiums
  - on the D&O, the Berkley policy-insured entity is Green Organic Dutchman Holdings Ltd.
    - $5m coverage, claims based, expires 12/31/2023, annual premium $635k
      - please confirm that this is CDN $ for both the coverage and premium
    - Why is this not with the parent company - BZAM Ltd

As of November 1, 2023, Issued/Outstanding Shares of BZAM Ltd: 180,818,952 common shares
Stone Pine Capital Ltd. owns 101,373,809 common shares.



-
  - Excess D&O – XL Insurance (Canada), CDN $5m coverage, assume claims based, expires 11/1/2024, annual premium $180k,
    - Same question: insured party: BZAM Limited fka Green Organic Dutchman Holdings Ltd
  - Please confirm no
    - E&O policy,
    - Business Interuption Policy,
    - Umbrella Policy
    - Key Man Life

- **08 Real and Personal Property**
  - empty
- **09. Intellectual Property**
  - Empty
- **10.1 Licenses and Permits**
  - Can we get a summary schedule Summary schedule:

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

On Monday, November 13, 2023 at 05:14:36 PM PST, Matthew Milich <mmilich@bzam.com> wrote:

Thanks Jimmy, appreciate the update and the continued effort!

From: Jimmy Nguyen <jnguyen@finalbell.com>
Date: Monday, November 13, 2023 at 1:27 PM
To: Matthew Milich <mmilich@bzam.com>
Cc: Edward M. Drake <EDrake@clarussecurities.com>, Keith Adams <kadams@finalbell.com>, Greg Boone <gboone@finalbell.com>, Paul Yang <pyang@clarussecurities.com>, Alex Lamarche <alamarche@clarussecurities.com>, Jennifer Maccarone <jmaccarone@finalbell.com>
Subject: Re: Clarus List

Hi Matthew and Clarus Team,

From: Sean Bovingdon
To: Keith Adams; Kiarash Hessami; Ariel Wessling
Cc: Matthew Milich
Subject: FW: Proforma Model
Date: November-30-23 11:12:54 AM
Attachments: bzam_39434bcc-7873-4e07-a88a-62774a4ece1e.png
BZAM Standalone.xlsx

Hi Keith,

As requested, please find the BZAM standalone model that Clarus used in the combination model. Please let me know fi you need anything else.

Regards,
Sean.

Sean Bovingdon
CHIEF FINANCIAL OFFICER

844-256-2926 | BZAM.COM | SBOVINGDON@BZAM.COM
402, 5520 Explorer Drive, Mississauga, Ontario L4W 5L1

From: Alex Lamarche <alamarche@ClarusSecurities.com>
Sent: Wednesday, November 29, 2023 2:25 PM
To: Matthew Milich <mmilich@bzam.com>; Sean Bovingdon <sbovingdon@bzam.com>; Edward M. Drake <EDrake@ClarusSecurities.com>; Paul Yang <pyang@ClarusSecurities.com>
Subject: RE: Proforma Model

Hi Matt,

Please see the attached – this is the BZAM standalone model with accompanying 3 financial statements

Thank you,
Alex

We are looking to just have all the calculations behind the tabs that were already provided in the model that you shared with us for our own modelling purposes. Even if you send us the same model and break links that would be very helpful.

Subject: RE: SEA
Date: Monday, November 20, 2023 at 8:07:04 PM Pacific Standard Time
From: Sean Bovingdon
To: Keith Adams
CC: Christy Zhou, Mihai Ionescu, Matthew Milich
Attachments: image001.png, bzam_39434bcc-7873-4e07-a88a-62774a4ece1e.png

Ok, I will take a look. THanks.

Sean Bovingdon
CHIEF FINANCIAL OFFICER

844-256-2926 | BZAM.COM | SBOVINGDON@BZAM.COM
402, 5520 Explorer Drive, Mississauga, Ontario L4W 5L1

From: Keith Adams <kadams@finalbell.com>
Sent: Monday, November 20, 2023 10:52 PM
To: Sean Bovingdon <sbovingdon@bzam.com>
Cc: Christy Zhou <czhou@finalbell.com>; Mihai Ionescu <mionescu@sangramoller.com>; Matthew Milich <mmilich@bzam.com>
Subject: Re: SEA

Sean, you might want to check your cash flow statement. I can't get the subsections to tie out to the line items. For example, Sept 30 3mo Financing Activities add up to $0.1m and the total on the statement says ($3.2m).

Also, the maturity dates on the Stone promissory notes are there. This might be because of the way they were issued to be immediately due and then amended. I think I understand why. But, there is no mention that these are secured.

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

On Monday, November 20, 2023 at 06:55:46 PM PST, Matthew Milich <mmilich@bzam.com> wrote:

Hi Keith,

Yes, we can get those. We are just trying to get the MD&A done for you before the day is over.

Side note – we did post various export agreements to the Data Room today in part response to the queries yesterday.

The Stone Pine Promissory Notes are secured, in second position to Cortland. You can find the documents related to this in the Data Room. Have attached them here for convenient reference.

The FB International promissory note would be pari-passu any Stone Pine secured debt.

Best,

Matt

From: Keith Adams <kadams@finalbell.com>
Date: Monday, November 20, 2023 at 4:46 PM
To: Matthew Milich <mmilich@bzam.com>, Sean Bovingdon <sbovingdon@bzam.com>

Cc: Christy Zhou <czhou@finalbell.com>, Mihai Ionescu <mionescu@sangramoller.com>
Subject: Re: SEA

Matt or Sean,

Can I/we get an a/r and a/p aging dated 9/30/23.

Also, I am trying to figure out the maturity dates on these notes. Are they interest-paying or PIK? Please confirm that these are not secured. We need to understand how our note will fall in the maturity schedule and how to make the pari-passu if our note is secured (per LOI) and these notes are not.

- **Promissory notes from related parties:** On January 3, 2023, a promissory the Company in connection with the Galaxie Acquisition was settled in fu promissory note (the "Stone Pine Promissory Note") in the amount of $ Company issued to Stone Pine Capital Ltd. ("Stone Pine"), a company con of the Galaxie Promissory Note and the Stone Pine Promissory Note the C and comprehensive loss for the three and six months ended June 30, 2023 re
  - On **March 8, 2023**, the Company received **funds totalling $2,50** Promissory Note"). It bears interest at a rate of **10% per annum**.
    - **What is the maturity date?**
  - On August 23, 2023, the Company **received funds totalling $1,3** Promissory Note"). It bears interest at a rate of **10% per annum.**
    - **What is the maturity date?**
  - **Does not appear to be Secured against any assets**
- **21. EVENTS AFTER THE REPORTING PERIOD**
  - b) On October 27, 2023, the Company entered into a **$1,190** Promissory Note"). This promissory note bears interest at the same ra
  - c) On November 8, 2023, the Company entered into a $**600 dem** Note"). This promissory note bears interest at the same rate as the Re

Keith Adams

CFO

415.320.8940

kadams@finalbell.com

On Monday, November 20, 2023 at 06:11:26 PM PST, Matthew Milich <mmilich@bzam.com> wrote:

Thanks Keith, will keep an eye out for it.

From: Keith Adams <kadams@finalbell.com>
Date: Monday, November 20, 2023 at 2:53 PM
To: Matthew Milich <mmilich@bzam.com>
Cc: Christy Zhou <czhou@finalbell.com>, Mihai Ionescu <mionescu@sangramoller.com>, Robert Meyer <robert@finalbell.com>
Subject: SEA

fyi, We are planning to have a redline version for you today/tonight minus the disclosure schedules.

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

Subject: Re: BZAM Model
Date: Tuesday, November 28, 2023 at 4:14:43 PM Pacific Standard Time
From: Kiarash Hessami
To: Matthew Milich
CC: Sean Bovingdon, Keith Adams, Jimmy Nguyen
Attachments: image001.png

Thanks Matt

On Tue, Nov 28, 2023 at 3:53PM Matthew Milich <mmilich@bzam.com> wrote:

> Hi Kia,
>
> We'll try to get you something like that in the course of the day tomorrow.
>
> Best,
>
> Matt
>
> ---
>
> **From:** Kiarash Hessami <khessami@finalbell.com>
> **Date:** Tuesday, November 28, 2023 at 3:08 PM
> **To:** Matthew Milich <mmilich@bzam.com>, Sean Bovingdon <sbovingdon@bzam.com>
> **Cc:** Keith Adams <kadams@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>
> **Subject:** BZAM Model
>
> Hi Matt & Shaun,
>
> Is it possible to get a non-hardcoded version of your model?
>
> We are looking to just have all the calculations behind the tabs that were already provided in the model that you shared with us for our own modelling purposes. Even if you send us the same model and break links that would be very helpful.

Best,

Kiarash

--

Kiarash Hessami
Director of Corporate Accounting

+1 (604) 679-9660

Final Bell Holdings Inc.
7731 Hayvenhurst Ave., Unit B
Van Nuys, CA 91406

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Kiarash Hessami
Director of Corporate Accounting

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Final Bell Holdings Inc.
7731 Hayvenhurst Ave., Unit B
Van Nuys, CA 91406

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From: Matthew Milich <mmilich@bzam.com>
Date: Wednesday, November 22, 2023 at 2:25 PM
To: Robert Meyer <robert@angsanainvest.com>
Cc: Keith Adams <kadams@finalbell.com>, Kay Jessel <kay@finalbell.com>, Ariel Wessling <awessling@finalbell.com>, Kiarash Hessami <khessami@finalbell.com>, Christy Zhou <czhou@finalbell.com>, "Mihai @ attorney Final Bell (Canadian Exchange lawyer) Ionescu" <mionescu@sangramoller.com>
Subject: Re: Clarification

Hi Robert,

Thanks for the mail and the Thanksgiving wishes. Funny enough, was in the middle of writing you when your mail came through. Let's get on the phone and chat through the items below and one or two others as needed, in particular:

1. Revisions to Section 2.2 – the changes in the purchase price section don't seem to work mechanically. A&B will talk through with Mihai and that should resolve it, but happy to chat through with you if necessary.
2. Addition of Working Capital Adjustment – as you allude to, we don't think this addition works for us (and doesn't appear to be how a typical working capital adjustment would be if there

were one). We should talk through this, shouldn't be hard to overcome, and your suggestion below is a good one.

3. Removal of indemnification provisions – these changes are a bit too drastic. A&B will talk through with Mihai and I think we will get to a reasonable solution, given these things are pretty standard. We can chat through this as well if needed.
4. Payment Plan – we should probably get on the phone and work out the payment plan. The proposal put into the draft SEA is more aggressive than what we are thinking. Have posted below what we currently baked into the proforma model. We can chat through and figure something out here I believe.
5. Royalties – happy to discuss, just wasn't expecting these as I don't think I saw them in the cost structure for these inhouse branded products.

Overall, we are working as hard as possible to pull everything together for a board meeting on Saturday, November 25th to seek approval for the transaction so that we are in a position to execute the SEA by Monday, November 27th if that is feasible on your end. Let me know whenever you are available and we can hop on the phone. I can make myself available anytime this afternoon / evening or we can chat in the morning PST tomorrow if that is better for you.

Best,

Matt

<u>Payment Plan in Proforma Model</u>

Due Date	Amount
15-Jan-24	$166,667
15-Feb-24	$166,667
15-Mar-24	$166,667
15-Apr-24	$166,667
15-May-24	$166,667
15-Jun-24	$166,667
15-Jul-24	$333,333
15-Aug-24	$333,333
15-Sep-24	$333,333
15-Oct-24	$666,667
15-Nov-24	$666,667
15-Dec-24	$666,667
	$ 4,000,000

From: Robert Meyer <robert@angsanainvest.com>
Date: Wednesday, November 22, 2023 at 1:43 PM
To: Matthew Milich <mmilich@bzam.com>
Cc: Keith Adams <kadams@finalbell.com>, Kay Jessel <kay@finalbell.com>, Ariel Wessling <awessling@finalbell.com>, Kiarash Hessami <khessami@finalbell.com>, Christy Zhou <czhou@finalbell.com>, Mihai Ionescu <mionescu@sangramoller.com>
Subject: Clarification

Hi Matt

First off, I would like to wish you and your nearest and dearest a Happy Thanksgiving.

To avoid any misunderstanding, I thought I would share my thoughts on a couple of points that I believe are still 'up in the air'.

1) net working capital adjustment

We agreed the deal based on our 10/1/23 balance sheet. I think that having a net working capital adjustment feature to bridge from that balance sheet to the closing balance sheet would be in our mutual interest. This enshrines the balance sheet values we agreed upon at the point of our initial handshake. Shall we see what that adjustment might be (in BZAM's favour of not) before we decide on this point? I am not looking to 'win' here - just to make sure we stay on the fairway.

2) royalties

Our business model is based on bringing brands to markets they are not native to. Such is the case for Jeeter, Sherbs, Cookies etc.
We have to pay these brands' royalties to be able to include them in our exclusive offering for any given market, eg Canada.
As FB Canada becomes part of BZAM, these commitments survive. We don't have a choice to not charge the newly merged entity these royalties - because we have to pay them on our end.
The same logic applies to our brands (dosist, animal etc). There are real costs against the royalties that we charge. Acquisition costs, brand management costs etc.
We don't have a choice but to charge the customary 15% for this - but as an affiliate I am prepared to reduce our royalties for in-house brands from 15% (which we charge everywhere else) to 10% as a token of kinship.

I trust that these points won't be an obstacle to the successful closing of Project Tower. Happy to discuss at your convenience.

Best wishes
Robert

Balance Sheet
Final Bell Canada Inc.
As at 30 September 2023

Account	30 Sep 2023	
Assets		
Bank		
Chequing	4,332,493.46	
Member share	15.00	
Total Bank	**4,332,508.46**	
Current Assets		
Account Receivable	102,908.06	
Accounts Receivable	5,705,576.54	[FX]
Amounts owed from Suppliers	2,885.27	
Deposit on Lease	46,358.82	
Excise Taxes Receivable	150,000.00	
Inventory - FG's	37,913,330.00	
Inventory Adjustment (Manual)	(26,072,935.50)	
Investment in Starseed	2,500,000.00	
Prepaid Expenses	9,575.72	
Total Current Assets	**20,357,698.91**	
Fixed Assets		
Accum Amort. - Computer Software	(6,779.95)	
Accum. Amort - Computer Equipment	(22,443.35)	
Accum. Amort - Leasehold Improvements	(241,405.83)	
Accum. Amort. - Furn. & Fixtures	(4,376.13)	
Accum. Amort. - Machinery & Equipment	(162,955.38)	
Computer Equipment	24,423.71	
Computer Software	18,079.87	
Furniture & Fixtures	10,540.10	
Leasehold Improvements	592,819.70	
Machinery & Equipment	476,312.40	
Total Fixed Assets	**684,215.14**	
Non-current Assets		
Accumulated Depreciation - ROU Asset	(82,774.56)	
Licenses	1,360.30	
Right-of-Use (ROU) Asset	1,076,069.41	
Total Non-current Assets	**994,655.15**	
Total Assets	**26,369,077.66**	
Liabilities		
Current Liabilities		
Accounts Payable	17,859,904.05	[FX]
Accrued Liabilities	(63,000.00)	
Accrued Payroll	(63,732.57)	
Accrued Taxes	2,181,430.05	
Amounts owed to Employees	(773.14)	
Due to/from 14th Round	5,818,489.64	
Due to/from FBHI	(50,400.00)	
Due to/from Final Bell Corp (US)	58,147.66	
Due to/from Health Canada	172,361.30	
Due to/from WeedMD	(42,000.00)	
HST Payable/(Receivable)	1,624,614.35	
Promissory Note Interest Payable	1,087,113.84	
Promissory Note Payable	7,049,375.00	
Rounding	(237.43)	
Unearned Revenue	1,463,560.77	
Total Current Liabilities	**37,094,853.52**	
Non-current Liabilities		
Lease Liability	977,379.82	
Total Non-current Liabilities	**977,379.82**	
Total Liabilities	**38,072,233.34**	
Net Assets	**(11,703,155.68)**	
Equity		
Current Year Earnings	(7,014,364.23)	
Founder Shares	1,000.00	
Member Share - Alterna	15.00	
Retained Earnings	(4,689,806.45)	
Total Equity	**(11,703,155.68)**	

[FX] Exchange rates used to convert foreign currency into CAD are shown below. Rates are provided by XE.com unless otherwise stated.
30 Sep 2023
0.736491 USD (United States Dollar) – on 1 Oct 2023

Aged Payables Summary

Final Bell Canada Inc.
As at 30 September 2023
Ageing by due date

Contact	Current	< 1 Month	1 Month	2 Months	3 Months	Older	Total
Aged Payables							
14th Round Inc	**740,878.40 [FX]**	**1,072,769.32 [FX]**	**1,394,707.39 [FX]**	**501,791.61 [FX]**	**2,077,958.46 [FX]**	**6,786,843.03 [FX]**	**12,574,948.21**
Abstrax Tech	18,908.17 [FX]	27,094.27 [FX]	0.00	0.00	0.00	0.00	46,002.44
Amanda Sidock	0.00	282.87	0.00	0.00	0.00	0.00	282.87
Atlanticann Medical Inc.	0.00	0.00	0.00	(2,057.05)	0.00	0.00	(2,057.05)
Auxly Ottawa Inc.	101,962.16	0.00	0.00	0.00	0.00	0.00	101,962.16
Avantor	156.16	0.00	84.30	0.00	0.00	0.00	240.46
Bell Canada	105.03	0.00	0.00	0.00	0.00	0.00	105.03
BZAM	0.00	33,961.56	0.00	0.00	0.00	0.00	33,961.56
Canadian Bank Note	14,087.88	11,235.24	0.00	0.00	0.00	0.00	25,323.12
CANADIAN IPG CORPORATION	11,880.22	7,526.27	0.00	0.00	0.00	0.00	19,406.49
Canadian Linen & Uniform Service	1,307.19	885.37	0.00	0.00	0.00	0.00	2,192.56
Cannabis New Brunswick.	0.00	0.00	0.00	862.50	0.00	1,150.00	2,012.50
Cannabolic Marketing Corp	10,243.45	8,475.00	0.00	0.00	0.00	0.00	18,718.45
CannaPiece Corp	12,809.12	41,270.31	0.00	0.00	0.00	0.00	54,079.43
Cannara Biotech (Quebec) Inc	0.00	282.50	0.00	0.00	0.00	0.00	282.50
Carly Boomer Photography	0.00	550.00	0.00	0.00	0.00	0.00	550.00
Charley McEvoy	0.00	385.67	0.00	0.00	0.00	0.00	385.67
Chas Sibbett	0.00	372.29	0.00	0.00	0.00	0.00	372.29
Commercial Custom Brokers Inc	16,914.18	10,022.95	0.00	0.00	0.00	0.00	26,937.13
Connect Logistics	0.00	382.15	0.00	0.00	0.00	0.00	382.15
Consolidated Bottle	10,118.02	0.00	0.00	0.00	0.00	0.00	10,118.02
Cookies Creative Consulting	0.00	81,219.12 [FX]	0.00	0.00	0.00	0.00	81,219.12
Cronos Growing Company Inc	92,307.33	0.00	0.00	0.00	0.00	0.00	92,307.33
Crown Hill Packaging LTD	14,780.40	0.00	0.00	0.00	0.00	0.00	14,780.40
David Choi	0.00	9,287.00	0.00	0.00	0.00	0.00	9,287.00
Durham Regional Pest Control Services	610.20	282.50	0.00	0.00	0.00	0.00	892.70
Enbridge Gas	162.10	0.00	0.00	0.00	0.00	0.00	162.10
Entourage Brands Corp	21,000.00	0.00	0.00	0.00	0.00	0.00	21,000.00
EPAC Flexible Packaging	6,771.23	8,652.41	0.00	0.00	0.00	0.00	15,423.64
Eurofins Experchem Laboratories Inc.	197.75	0.00	0.00	0.00	0.00	0.00	197.75
Executive Leadership Solutions	0.00	7,500.00	0.00	0.00	0.00	0.00	7,500.00
GFL Enviromental Services Inc.	0.00	692.49	0.00	0.00	0.00	0.00	692.49
Giulia Ricciardi	0.00	58.45	0.00	0.00	0.00	0.00	58.45
GLOBAL INDUSTRIAL CANADA	4,641.90	1,527.40	0.00	0.00	0.00	0.00	6,169.30
GMP Preroll Cones Inc	0.00	9,055.82	0.00	0.00	0.00	0.00	9,055.82
Goat Transport	7,493.66	4,474.80	0.00	0.00	0.00	0.00	11,968.46
Greenfield Global Inc.	3,242.81	3,242.81	0.00	0.00	0.00	0.00	6,485.62
GreenPaths Inc	322.05	0.00	0.00	0.00	0.00	0.00	322.05
HB Transport Inc.	1,500.00	0.00	0.00	0.00	0.00	0.00	1,500.00
Health Canada	0.00	1,903.00	0.00	0.00	0.00	0.00	1,903.00
Hifyre Inc	0.00	13,560.00	0.00	0.00	0.00	0.00	13,560.00
High North Laboratories, Inc.	35,963.38	22,218.06	203.40	0.00	0.00	0.00	58,384.84
HighTide Inc.	0.00	24,125.50	0.00	0.00	0.00	0.00	24,125.50
Iron Mountain	406.00	518.32	0.00	0.00	0.00	0.00	924.32
James Doorenspleet	0.00	1,272.30	0.00	0.00	0.00	0.00	1,272.30
John Scanga	0.00	43.17	0.00	0.00	0.00	0.00	43.17
Kanalink Ltd	29,075.14	27,623.04	0.00	0.00	0.00	0.00	56,698.18
Katrina Skwara	0.00	1,438.06	0.00	0.00	0.00	0.00	1,438.06
Kevin Risko	0.00	251.88	0.00	0.00	0.00	0.00	251.88
Linde Canada Inc	3,339.28	2,136.08	0.00	0.00	0.00	0.00	5,475.36
Lune Rise Farms Inc	50,138.37	1,356.00	0.00	0.00	0.00	0.00	51,494.37
LyonLeaf Cannabis Inc.	89,552.50	0.00	0.00	0.00	0.00	0.00	89,552.50
MLT Aikins	0.00	2,194.50	0.00	0.00	0.00	0.00	2,194.50
Morgan Kelly	0.00	75.00	0.00	0.00	0.00	0.00	75.00
Muskoka Grown Ltd	0.00	0.00	0.00	0.00	(4,116.82)	0.00	(4,116.82)
NBLE Consulting	4,980.00	0.00	0.00	0.00	0.00	0.00	4,980.00
Newfoundland Labrador Liquor Corporation	754.60	0.00	0.00	0.00	0.00	0.00	754.60
Nighthawk Cannabis Inc.	273,073.50	0.00	0.00	0.00	0.00	0.00	273,073.50
Norton Rose Fulbright	1,999.86	8,980.95	0.00	0.00	0.00	0.00	10,980.81
Noya Cannabis (1826458 Ontario)	975,126.55	0.00	0.00	0.00	0.00	0.00	975,126.55
O2O	0.00	452.00	452.00	0.00	0.00	0.00	904.00
Ontario Ice Cream Incorporated	672.35	0.00	0.00	0.00	0.00	0.00	672.35
Oscan Electrical Supplies	2,288.25	0.00	0.00	0.00	0.00	0.00	2,288.25
Pathogenia Inc	8,032.50	3,307.50	0.00	0.00	0.00	0.00	11,340.00
PAX Labs (Canada) Inc.	0.00	0.00	0.00	231,110.19	400,834.73	566,074.10	1,198,019.02
PINNRZ	253,112.86	93,737.57	67,061.37	0.00	0.00	0.00	413,911.80
Plant Products Inc	0.00	661.35	0.00	0.00	0.00	0.00	661.35
Plascon Plastics	58,185.35 [FX]	10,678.08 [FX]	0.00	0.00	0.00	0.00	68,863.43
Premium Fire Protection	372.90	0.00	0.00	0.00	0.00	0.00	372.90
Purolator Inc	10,035.96	6,109.26	0.00	0.00	0.00	0.00	16,145.22
Rob Woods	420.00	0.00	0.00	0.00	0.00	0.00	420.00
Rogers	126.58	0.00	0.00	0.00	0.00	0.00	126.58
S & A DEVELOPMENTS LIMITED	0.00	4,013.45	0.00	0.00	0.00	0.00	4,013.45
Saini Logistics Solutions	13,457.50	6,820.00	0.00	0.00	0.00	0.00	20,277.50
Sensitech Canada Inc	1,199.36	1,199.10	0.00	0.00	0.00	0.00	2,398.46
Silver Chef Rentals	87.48	0.00	0.00	0.00	0.00	0.00	87.48
Smarter IT Services	7,363.10	0.00	0.00	0.00	0.00	0.00	7,363.10
SNDL Inc.	0.00	105,085.68	0.00	0.00	0.00	0.00	105,085.68
Spicers Canada ULC	1,320.97	0.00	0.00	0.00	0.00	0.00	1,320.97
Sun Labels & Systems Inc	25,774.41	16,182.52	0.00	0.00	0.00	0.00	41,956.93
Supreme Basics	551.60	906.61	0.00	0.00	0.00	0.00	1,458.21
Supreme Rosin	1,514.20	0.00	0.00	0.00	0.00	0.00	1,514.20
Taima Extracts Inc	149,636.63	91,919.85	0.00	0.00	0.00	0.00	241,556.48
TJ Micro	0.00	2,179.32	0.00	0.00	0.00	0.00	2,179.32
Tradescope Electrical	775.17	0.00	0.00	0.00	0.00	0.00	775.17
Trans-Ontario Express	3,803.84	4,959.29	0.00	0.00	0.00	0.00	8,763.13
Trans-Pro Logistics Inc.	4,816.00	1,243.00	0.00	0.00	0.00	0.00	6,059.00
Tree of Life Inc	357.89	0.00	0.00	0.00	0.00	0.00	357.89
Trellis Insights Inc	0.00	565.00	0.00	0.00	0.00	0.00	565.00
ULINE CANADA CORPORATION	2,255.74	5,897.78	0.00	0.00	0.00	0.00	8,153.52
University of Guelph	169.80	169.80	0.00	0.00	0.00	0.00	339.60
Valens Agritech	609,617.60	309,331.29	0.00	0.00	0.00	0.00	918,948.89
Wagner Dimas Inc	0.00	7,289.29 [FX]	0.00	0.00	0.00	0.00	7,289.29
Waste Management	2,295.97	0.00	0.00	0.00	0.00	0.00	2,295.97
Total Aged Payables	**3,715,052.60**	**2,121,892.17**	**1,462,508.46**	**731,707.25**	**2,474,676.37**	**7,354,067.13**	**17,859,903.98**
Total	**3,715,052.60**	**2,121,892.17**	**1,462,508.46**	**731,707.25**	**2,474,676.37**	**7,354,067.13**	**17,859,903.98**
Percentage of total	**20.80%**	**11.88%**	**8.19%**	**4.10%**	**13.86%**	**41.18%**	**100.00%**

[FX] Exchange rates used to convert foreign currency into CAD are shown below. Rates are provided by XE.com unless otherwise stated.
30 Sep 2023
0.736491 USD (United States Dollar) – on 1 Oct 2023

Aged Receivables Summary

Final Bell Canada Inc.
As at 30 September 2023
Ageing by due date

Contact	Current	< 1 Month	1 Month	2 Months	3 Months	Older	Total	
14th Round Inc	0.00	6,307.44	9,461.16	3,153.72	3,153.72	97,506.50	119,582.54	2%
AGLC	240,168.96	0.00	0.00	0.00	0.00	0.00	240,168.96	4%
Atlas / GreenSeal Cannabis Company	6,087.63	130,783.26	6,559.65	813.60	0.00	0.00	144,244.14	3%
Auxly Charlottetown Inc.	0.00	0.00	0.00	30,509.46	285.12	0.00	30,794.58	1%
Avant Craft Cannabis Inc	0.00	22,691.96	31,564.13	5,259.92	36,752.23	1,573.06	97,841.30	2%
Black Rose Organics	0.00	0.00	0.00	0.00	0.00	7,437.91	7,437.91	0%
British Columbia Liquor Distribution Branch	314,414.10	308,101.50	187,897.50	0.00	0.00	0.00	810,413.10	14%
Endless Sky	18,230.44	0.00	0.00	0.00	0.00	0.00	18,230.44	0%
Entreprise Teedy Inc	4,117.02	0.00	3,293.62	0.00	0.00	0.00	7,410.64	0%
HighTide Inc.	45,045.00	0.00	0.00	0.00	0.00	0.00	45,045.00	1%
Hortican Inc.	1,774.11	0.00	0.00	0.00	0.00	0.00	1,774.11	0%
Loosh Inc	7,910.00	0.00	0.00	0.00	0.00	0.00	7,910.00	0%
Manitoba Liquor and Lotteries	36,504.59	7,004.56	1,022.93	0.00	0.00	0.00	44,532.08	1%
Newfoundland Labrador Liquor Corporation	8,440.86	0.00	0.00	0.00	0.00	0.00	8,440.86	0%
NSLC Cannabis	233,404.37	0.00	0.00	0.00	0.00	0.00	233,404.37	4%
Nuna Cannabis Store	12,247.40	15,222.81	7,331.08	0.00	40,621.66	0.00	75,422.95	1%
Ontario Cannabis Store	2,304,844.97	6,271.41	1,970.45	10,042.56	2,095.23	0.00	2,325,224.62	41%
Open Fields Distribution	60,124.05	0.00	0.00	24,232.95	0.00	0.00	84,357.00	1%
Organigram Inc.	29,104.20	27,194.64	0.00	0.00	0.00	0.00	56,298.84	1%
PAX Labs (Canada) Inc.	7,165.76	99,693.27	66,871.83	58,056.70	0.00	0.00	231,787.56	4%
Peace Naturals Project Inc.	585,183.44	304,743.19	0.00	53,392.50	0.00	77,937.24	1,021,256.37	18%
Peak Processing	0.00	7,185.99	0.00	0.00	0.00	0.00	7,185.99	0%
PINNRZ	9,605.00	27,255.87	0.00	0.00	0.00	0.00	36,860.87	1%
Sophia's Garden (Artisan) Inc	35,595.00	4,571.98	0.00	0.00	0.00	0.00	40,166.98	1%
St. Peter's Drinks Inc	3,380.96	0.00	0.00	0.00	0.00	0.00	3,380.96	0%
The Flowr Group Okanagan	0.00	6,404.37	0.00	0.00	0.00	0.00	6,404.37	0%
Total	**3,963,347.86**	**973,432.25**	**315,972.35**	**185,461.41**	**82,907.96**	**184,454.71**	**5,705,576.54**	100%
Percentage of total	**69.46%**	**17.06%**	**5.54%**	**3.25%**	**1.45%**	**3.23%**	**100.00%**	

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

REPLY AFFIDAVIT OF KEITH ADAMS

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Lawyers for Final Bell Holdings International Ltd.

TAB 3

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

AFFIDAVIT OF KEITH ADAMS

I, Keith Adams, of the City of Los Angeles, in the State of California, MAKE OATH AND SAY:

1. I am Chief Financial Officer ("**CFO**") of Final Bell Holdings International Ltd. ("**Final Bell**"), and, as such, have knowledge of the matters contained in this Affidavit.

2. I have reviewed the security for costs motion records of BZAM Ltd. and Cortland Credit Lending Corporation in which they collectively request that Final Bell post approximately $900,000 in security for costs.

3. I disagree with the claim in BZAM and Cortland's motion records that Final Bell would not have sufficient assets to pay a costs award if Final Bell is unsuccessful in the claim it has brought against BZAM.

4. Final Bell has sufficient financial resources available to cover a cost award. This is apparent from Final Bell's audited consolidated financial statements for the years ended March 31, 2023 and 2022, the most recent audited financial statement for Final Bell that are available. Final Bell expects to release new quarterly financial information, including for the quarter ending December 31, 2023, by the end of May 2024.

5. The consolidated statement of cash flows included in these financial statements show that Final Bell had over $3.6 million in cash as of March 31, 2023. It also shows that Final Bell's cash position improved by $276,000 over the course of the year ending March 31, 2023. A copy of Final Bell's audited consolidated financial statements for the years ended March 31, 2023 and 2022 are attached as **Exhibit "A"**.

6. Furthermore, in January 2024, Final Bell completed a transaction that improved its financial position by converting outstanding debt held by the company to equity. On or about January 22, 2024, Final Bell successfully converted of all of its outstanding subordinated convertible notes due in 2024 into Class A subordinate voting shares. Through this transaction, Final Bell discharged $22,770,000 in outstanding debt. A copy of the press release confirming the details of this transaction is attached as **Exhibit "B"**.

7. Although Final Bell's financial position would allow it to satisfy any future cost award, requiring it to post almost $900,000 before this claim is decided would have a significantly detrimental impact on Final Bell's business. Cash flow is a major challenge for all companies operating in the cannabis industry, because it is difficult to obtain financing. Many large banks refuse to or cannot lend money to cannabis companies because of U.S. federal laws prohibiting

the manufacture and sale of cannabis. As a result, cannabis companies have to rely on alternative sources of financing and capital.

8. If Final Bell were ordered to take almost $900,000 in cash out of its day-to-day business operations to post as security for costs for several months, it would negatively impact Final Bell's ability to fund its operations and pay its suppliers. The burden this would place on Final Bell would be extraordinarily difficult.

9. As an officer of Final Bell, I am authorized to confirm that Final Bell undertakes to pay any costs award that this Court may order against it in the course of pursuing its claim against BZAM.

SWORN by Keith Adams of the City of Los Angeles, in the State of California, before me at the City of Toronto, in the Province of Ontario, on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

Keith Adams

C135B2DCC2114E1...

Commissioner for Taking Affidavits
(or as may be)

BRENDAN BOHN

KEITH ADAMS

This is Exhibit "A" referred to in the Affidavit of Keith Adams sworn by Keith Adams of the City of Los Angeles, in the State of California, before me at the City of Toronto, in the Province of Ontario, on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

FINAL BELL HOLDINGS INTERNATIONAL LTD
(FORMERLY FINAL BELL HOLDINGS, INC.)

CONSOLIDATED
FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(Audited)

FINAL BELL HOLDINGS INTERNATIONAL LTD.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Independent Auditor's Report	1 - 4
Consolidated Statements of Financial Position	5 - 6
Consolidated Statements of Loss and Comprehensive Loss	7
Consolidated Statements of Changes in Shareholders' Equity	8
Consolidated Statements of Cash Flows	9 - 10
Notes to the Consolidated Financial Statements	11 – 63

DAVIDSON & COMPANY LLP Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Final Bell Holdings International Ltd. (formerly Final Bell Holding, Inc.)

Opinion

We have audited the accompanying consolidated financial statements of Final Bell Holdings International Ltd. (formerly Final Bell Holding, Inc.) (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in Note 25. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of the Company for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on September 13, 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matters to be communicated in our auditor's report.

Impairment Assessment of Goodwill

We draw your attention to Note 9 to the consolidated financial statements. The Company's goodwill balance was $12,175,000 as at March 31,2023. The goodwill is allocated to the cash generating units. Management conducts an impairment assessment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill and may not be recoverable. Any impairment charges are determined by comparing the recoverable amount of the cash generating unit to its carrying value. The recoverable amount is the higher of the value in use and the fair value less costs to dispose. Management, with the support of valuations specialists, prepared cash flows models to support the recoverable value which included significant judgements and assumptions relating to future cash flows, growth rates and discount rates. Based on the results of the impairment assessment, management did not record an impairment for the year ended March 31, 2023.

The principal considerations for our determination that performing procedures relating to the impairment assessment of goodwill at the cash generating unit level is a key audit matter are (i) the significant judgement required by management when developing the recoverable of the cash generating units; and (ii) a high degree of auditor judgement, subjectivity and effort in performing procedures to evaluate management's significant assumptions, including future cash flows, growth rates and discount rates.

Addressing the matter involved performing procedures and evaluating audit evidence, in connection with forming our overall opinion on the consolidated financial statements. These procedures included among others:

- Evaluating the appropriateness of the underlying discounted cash flow model.
- Testing the completeness and accuracy of underlying data used in the models.
- Evaluating the reasonableness of the significant assumptions used by management, including the future cash flows, growth rates and discount rates.
- Evaluating management's significant assumptions related to future cash flows, growth rates and the discount rates involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the cash generating units; (ii) the consistency with external market and industry data; (iii) sensitivities over significant inputs and assumptions; and (iv) whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable.
- Utilizing valuations professionals with specialized skill and knowledge to assist in testing the reasonableness of certain significant inputs and assumptions used, as well as examining the appropriateness of the impairment models.

Valuation of Consideration, Assets Acquired and Liabilities Assumed in the Reverse Takeover Transaction (RTO) and Related Acquisitions

We draw your attention to Note 4 to the consolidated financial statements. The Company entered into a RTO and a series of acquisition transactions during the year ended March 31, 2023. Management used estimates and judgment in measuring the considerations provided and in measuring the fair value of the intangible assets acquired and liabilities assumed.

The principal considerations for our determination that this is a key audit matter are (i) the significant judgment required by management when assessing the fair value of the consideration, assets acquired and liabilities assumed; and (ii) a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate management's significant assumptions, including future cash flows, growth rates and discount rates.

Addressing the matter involved performing procedures and evaluating audit evidence, in connection with forming our overall opinion on the consolidated financial statements. These procedures included among others:

- Examining and evaluating the contractual terms identified in underlying agreements in connection with the RTO an the series of acquisition transactions for consistency with the amounts recorded in the financial statements.
- Testing management's process for developing the cash flows used in the impairment models.
- Evaluating the appropriateness of the underlying discounted cash flow model.
- Evaluating the reasonableness of the significant assumptions used by management, including the future cash flows, growth rates and discount rates.
- Utilizing valuations professionals with specialized skill and knowledge to assist in testing the reasonableness of certain significant inputs and assumptions used, as well as examining the appropriateness of the impairment models.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

Davidson & Company LLP

Vancouver, Canada

Chartered Professional Accountants

April 29, 2024

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statements of Financial Position
As of March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

		March 31, 2023	March 31, 2022
ASSETS			
Current Assets:			
Cash		$ 3,683	$ 3,407
Accounts Receivable, Net	*NOTE 6, 25*	10,274	12,360
Inventories	*NOTE 7*	10,680	9,338
Prepaid Expenses		1,967	1,712
Total Current Assets		26,604	26,817
Property and Equipment, Net	*NOTE 8*	5,467	4,613
Intangible Assets, Net	*NOTE 9*	15,388	16,230
Goodwill	*NOTE 9*	12,175	2,030
Right-of-Use Asset	*NOTE 10*	5,487	8,771
Notes Receivable- Related Party	*NOTE 11*	-	5,951
Net Investment in Sublease	*NOTE 10*	430	759
Other Long Term Assets		561	414
TOTAL ASSETS		$ 66,112	$ 65,585
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Liabilities:			
Current Liabilities:			
Accounts Payable		$ 18,634	$ 12,853
Accrued Expenses	*NOTE 13*	1,700	5,335
Deferred Revenue	*NOTE 19*	1,877	2,388
Related Party Loans	*NOTE 23*	1,250	3,216
Current Portion of Credit Facility	*NOTE 14*	3,079	-
Unsecured Convertible Notes	*NOTE 16, 24*	19,108	-
Promissory Note	*NOTE 16*	1,111	-
Derivative Financial Instruments	*NOTE 16, 24*	167	75
Series A Preferred Stock Liability	*NOTES 17, 2⁴*	10,036	-
Current Portion of Lease Liability	*NOTE 10*	1,251	1,365
Income Tax Payable		236	197
Total Current Liabilities		58,449	25,429
Lease Liability, Net of Current Portion	*NOTE 10*	5,273	8,755
Credit Facility	*NOTE 14*	-	3,469
Contingent Liability	*NOTE 24*	2,863	500
Series A Preferred Stock Liability	*NOTES 17, 2⁴*	-	11,150
Notes Payable	*NOTE 16*	-	27,898
Secured Term Loan	*NOTE 16*	22,700	-
Other Long Term Liability		59	59
Deferred Income Tax Liability	*NOTE 15*	1,139	470
TOTAL LIABILITIES		90,483	77,730

Continued Next Page

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statements of Financial Position
As of March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

		March 31, 2023	March 31, 2022
Shareholders' deficit:	*NOTE 17*		
Share Capital		30,713	6,617
Share Based Payments Reserve		1,278	-
Warrants		3,028	-
Accumulated Other Comprehensive Income		4,067	35
Accumulated Deficit		(64,325)	(22,847)
Deficit attributable to Controlling Shareholders		(25,239)	(16,195)
Non-controlling interest	*NOTE 18*	868	4,050
TOTAL SHAREHOLDERS' DEFICIT		(24,371)	(12,145)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		$ 66,112	$ 65,585

Approved and authorized by the Board of Directors on April 29, 2024

"Jason DeLand" — **Director and Chairman of the Board**

"Kay Jessel" — **Director**

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

		For the year ended March 31, 2023	For the year ended March 31, 2022
Revenues	*NOTES 19, 26*	$ 69,589	$ 76,055
Cost of Goods Sold	*NOTE 26*	52,908	60,186
Gross Profit		16,681	15,869
Expenses:			
Selling, General and Administrative	*NOTE 20*	24,775	23,255
Stock Based Compensation	*NOTE 17*	218	834
Depreciation and Amortization	*NOTES 8, 9*	6,229	4,918
Total Expenses		31,222	29,007
Loss from Operations		(14,541)	(13,138)
Change in Fair Value of Series A Preferred Stock Liability	*NOTE 24*	1,114	(859)
Change in Fair Value of Contingent Consideration	*NOTE 24*	(28)	(18)
Change in Fair Value of Investments	*NOTE 12*	-	(7,049)
Change in Fair Value of Convertible Notes	*NOTE 16*	(363)	-
Change in Fair Value of Derivative Liabilities	*NOTE 24*	45	-
Loss from Investment in Associate		-	(73)
Fair Value Adjustment on Equity Accounted Investment		-	73
Finance Cost		(2,781)	(2,324)
Listing Fee	*NOTE 4*	(19,046)	-
Other (Expense) Income		1,095	322
Total Other Expense		(19,964)	(9,928)
Loss before Income Taxes		(34,505)	(23,066)
Income Tax (Provision) Benefit	*NOTE 15*	(135)	544
Net Loss		(34,640)	(22,522)
Other Comprehensive Income (Loss):			
Items to be reclassifed subsequently to Profit & Loss statement			
Foreign Currency Translation Gain		4,032	5
Comprehensive Loss		$ (30,608)	$ (22,517)
Net Loss Attributable to:			
Final Bell Holding, Inc.		(33,843)	(19,488)
Non-Controlling Interest	*NOTE 18*	(797)	(3,034)
		$ (34,640)	$ (22,522)
Comprehensive Loss for the Period Attributable to:			
Final Bell Holding, Inc.		(29,811)	(19,491)
Non-Controlling Interest	*NOTE 18*	(797)	(3,026)
		$ (30,608)	$ (22,517)
Weighted Average Number of Common Shares (formerly LLC Units) - Basic and Diluted		90,883,934	1,501,200
Basic and Diluted Loss per Share	*NOTE 21*	$ (0.33)	$ (12.98)

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statement of Changes in Shareholders' Deficit
For the Years Ended March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

		Shares Issued	PV Shares Issued	SV Shares Issued	Share Capital	Additonal Paid-In-Capital	Share Based Payments Reserve	Warrants	Accumulated Other Comprehensive Income	Accumulated Deficit	Equity Attributable to Controlling Shareholders	Non-Controlling Interest	Total Shareholders' Deficit
Balance as of March 31, 2021 (as previously reported)		-	2,495,072	-	$ -	$ 6,617	$ -	$ -	$ 38	$ (3,224)	$ 3,431	$ 4,679	$ 8,110
Retroactive application of reverse recapitalization		-	(2,495,072)	14,469,531	6,617	(6,617)	-	-	-	-	-	-	-
Balance as of March 31, 2021 (as adjusted)		-	-	14,469,531	6,617	-	-	-	$ 38	(3,224)	3,431	4,679	8,110
Net (Loss)		-	-	-	-	-	-	-	-	(19,488)	(19,488)	(3,034)	(22,522)
Foreign Currency Translation Gain		-	-	-	-	-	-	-	(3)	-	(3)	8	5
Stock-Based Compensation	*NOTE 17*												
Vesting Stock		-	-	-	-	-	-	-	-	-	-	(53)	(53)
Warrants		-	-	-	-	-	-	-	-	-	-	109	109
Options		-	-	-	-	-	-	-	-	-	-	775	775
Warrant exercise		-	-	-	-	-	-	-	-	-	-	30	30
Amortization of Discount on Note Receivable - Related Party		-	-	-	-	-	-	-	-	-	-	13	13
Share of Assets Acquired from Non-Controlling Interest		-	-	-	-	-	-	-	-	179	179	(179)	-
Extinguishment of Note Receivable - Related Party		-	-	-	-	-	-	-	-	(314)	(314)	-	(314)
Acquisition of Westside		-	-	-	-	-	-	-	-	-	-	1,702	1,702
Balance as of March 31, 2022		**-**	**-**	**14,469,531**	**$ 6,617**	**$ -**	**$ -**	**$ -**	**$ 35**	**$ (22,847)**	**$ (16,195)**	**$ 4,050**	**$ (12,145)**
Balance as of March 31, 2022 (as previously reported)		-	2,495,072	-	$ -	$ 6,617	$ -	$ -	$ 35	$ (22,847)	$ (16,195)	$ 4,050	$ (12,145)
Retroactive application of reverse recapitalization		-	(2,495,072)	14,469,531	6,617	(6,617)	-	-	-	-	-	-	-
Balance as of March 31, 2022 (as adjusted)		-	-	14,469,531	6,617	-	-	-	35	(22,847)	(16,195)	4,050	(12,145)
Net (Loss) Income		-	-	-	-	-	-	-	-	(33,843)	(33,843)	(797)	(34,640)
Foreign Currency Translation Gain		-	-	-	-	-	-	-	4,032	-	4,032	-	4,032
Reverse takeover of FBHI by FBH at Fair Value of Capital Considerat	*NOTE 4*	173,596,400	1,735,964	-	12,476	-	-	-	-	-	12,476	-	12,476
Acquisition of Final Bell Canada	*NOTE 4*	4,453,609	-	4,453,609	626	-	-	-	-	-	626	-	626
Acquisition of 14th Round Minority Interest	*NOTE 4*	63,998,600	639,986	-	8,960	-	1,224	-	-	(8,098)	2,086	(2,086)	-
Shares Issued for Debt Restructuring	*NOTE 17*	3,000,000		3,000,000	210					-	210	-	210
Stock-Based Compensation	*NOTE 17*	13,046,474	-	13,046,474	1,798	-	54	-	-	-	1,852	164	2,016
Shares Issued for Interest in Lieu of Cash	*NOTE 17*	273,728	-	273,728	26	-	-	-	-	-	26	-	26
Warrant Issuance	*NOTE 17*	-	-	-	-	-	-	3,028	-	-	3,028	-	3,028
Option Expiry		-	-	-	-	-	-	-	-	94	94	(94)	-
Warrant Expiry		-	-	-	-	-	-	-	-	369	369	(369)	-
Balance as of March 31, 2023		**258,368,811**	**2,375,950**	**35,243,342**	**30,713**	**-**	**1,278**	**3,028**	**4,067**	**(64,325)**	**(25,239)**	**868**	**(24,371)**

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statement of Cash Flows
For the Years Ended March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

		For the year ended March 31, 2023	For the year ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss for the year		$ (34,640)	$ (22,522)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and Amortization	*NOTE 8, 9, 10*	6,229	4,918
Amortization of Loan Discount	*NOTE 16*	123	-
Share-based Payments Expense	*NOTE 17*	218	834
Current Income Taxes	*NOTE 15*	380	249
Deferred Income Taxes	*NOTE 15*	96	(793)
Bad Debt (Recovery) Expense	*NOTE 6*	138	6,714
Gain on Forgiveness of Small Business Loan	*NOTE 22*	-	(1,260)
Gain on Lease Amendment/Termination	*NOTE 10*	(294)	(273)
Loss on Disposal of Fixed Assets	*NOTE 8*	74	128
Interest income accrued	*NOTE 10*	(386)	(311)
Interest expense accrued		958	1,274
Shares Issued for Interest in Lieu of Cash	*NOTE 17, 24*	26	-
Warrants issued for Credit Facility		-	75
Change in Fair Value of Preferred Stock Liability	*NOTE 24*	(1,114)	859
Change in Fair Value of Contingent Liability	*NOTE 24*	28	18
Change in Fair Value of Investments	*NOTE 12*	-	7,049
Change in Fair Value of Convertible Notes	*NOTE 24*	363	-
Change in Fair Value of Derivative Liabilities	*NOTE 24*	(45)	-
Transaction Costs	*NOTE 4*	19,046	-
Issuance of Shares upon debt restructuring	*NOTE 16*	210	-
Issuance of Compensation Shares on Close of Business Combination	*NOTE 17*	1,798	-
Loss from investment in associate		-	73
Fair Value Adjustment on Equity Accounted Investment		-	(73)
Changes in Operating Assets and Liabilities:			
Accounts Receivable, Net		(179)	(7,813)
Inventories		2,711	(8,187)
Prepaid Expenses		305	(507)
Other Long Term Assets/Liabilities		(149)	101
Accounts Payable		2,133	5,002
Accrued Expenses		(3,184)	4,620
Income Tax Payable		(341)	(115)
Performance Obligation		(860)	(598)
NET CASH USED IN OPERATING ACTIVITIES		(6,356)	(10,538)

Continued Next Page

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statement of Cash Flows
For the Years Ended March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

		For the year ended March 31, 2023	For the year ended March 31, 2022
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Property and Equipment	*NOTE 8*	(2,274)	(1,958)
Payment of Contingent Consideration	*NOTE 24*	(319)	(440)
Payment of Holdback Liability		-	(197)
Principal Reduction in Lease Receivable	*NOTE 10*	370	167
Investment in GSW Creative Corporation and Elysian Group, Inc.		-	(7,049)
Consideration paid, net of cash acquired for Final Bell Canada	*NOTE 4*	(1,232)	-
Cash Acquired on Deemed Acquisition of Final Bell Holdings International Inc.	*NOTE 4*	517	-
Acquisition of Westside Caregivers Club, Inc.	*NOTE 18*	-	(7,400)
Issuance of Notes Receivable - Related Party	*NOTE 11*	-	(5,640)
NET CASH USED IN INVESTING ACTIVITIES		(2,938)	(22,517)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of Common Shares	*NOTE 17*	-	-
Issuance of Notes Payable	*NOTE 16*	5,650	26,648
Proceeds of Credit Facility	*NOTE 14*	6,228	3,469
Payment of Credit Facility	*NOTE 14*	(6,831)	-
Proceeds of Related Party Loans		1,253	1,930
Repayment of Related Party Loans		(3,463)	(1)
Proceeds of Term Loan	*NOTE 16*	4,000	-
Cash Contributions from Non-Controlling Interest		-	30
Principal Reduction in Lease Liability	*NOTE 10*	(1,549)	(604)
NET CASH PROVIDED BY FINANCING ACTIVITIES		5,288	31,472
Effect of Exchange Rate Changes on Cash		4,282	(39)
NET INCREASE (DECREASE) IN CASH		276	(1,622)
CASH AT BEGINNING OF YEAR		3,407	5,029
CASH AT END OF YEAR		$ 3,683	$ 3,407
SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES			
Cash Paid for Interest		$ 399	$ -
Cash Paid for Income Taxes and Installments		$ 113	$ 182
NON-CASH INVESTING AND FINANCING ACTIVITIES			
Value of Shares Issued on Acquisition of Final Bell Canada		$ 626	$ -
Acquisition of 14th Round Minority Interest		$ 8,960	$ (179)
Accounts Receivable for Common Shares		$ (3)	$ -
Net Investment in Sublease		$ -	$ (1,222)
Extinguishment of Note Receivable - Related Party		$ -	$ 313
Change in Non-Controlling Interest due to Effect of Exchange Rate on Cash		$ -	$ (8)
Change in Non-Controlling Interest due to Amortization of Note Receivable - Related Party		$ -	$ (13)
Right of Use Asset and Lease Liability at Acquisition/Inception		$ 916	$ 8,956

See accompanying notes to the consolidated financial statements.

1. REPORTING ENTITY AND NATURE OF OPERATIONS

Final Bell Holdings International Ltd.

Final Bell Holdings International Ltd. (the "Company" or "FBHI") was incorporated as Karsten Energy Corp. under the *Business Corporations Act* (British Columbia) ("BCBCA") on November 28, 2012, and was classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. On November 18, 2014, the Company completed its qualifying transaction and was listed on the TSX-V as a tier 2 mining issuer. The listing of the Company's common shares was transferred to the NEX Board of the TSX-V on January 31, 2017. The Company's common shares were voluntarily delisted from the NEX Board on April 30, 2021. On October 27, 2021, the Company filed articles of amendment under the BCBCA changing its name from "Karsten Energy Corp." to "Final Bell Holdings International Ltd."

Effective November 30, 2022, the Company completed a series of transactions (collectively, the "Reverse Take-over ("RTO") and other acquisitions"), pursuant to which it acquired the group of companies operating in the cannabis industry known as the "Final Bell Group", including Final Bell Holdings, Inc., a Delaware corporation ("FBH"), 14th Round Inc., a Delaware corporation ("14R" or "14th Round"), Final Bell Canada Inc., an Ontario corporation ("FB Canada"), and their respective subsidiaries and managed entities.

Also effective November 30, 2022, in connection with the RTO, the Company completed a share reorganization pursuant to which its share capital was reorganized to create and authorize a new class of Class B Proportionate Voting Shares (the "PV Shares") and to reclassify the common shares as Class A Subordinate Voting Shares (the "SV Shares"). Subject to certain conditions, each PV Share is convertible into 100 SV Shares, and is entitled to vote with the SV Shares at the rate of 100 votes per PV Share.

Final Bell Holdings, Inc.

The predecessor of FBH is Final Bell Holdings, LLC ("FB LLC"), which was formed on November 25, 2020 as a California limited liability company. On December 27, 2020, pursuant to a Formation and Contribution Agreement, a roll-up transaction (the "Final Bell Roll-Up Transaction") was completed whereby FB LLC acquired the assets and liabilities of a combined group of companies operating in the cannabis industry. The acquisition included a majority interest in 14R (56%). Subsequently, on July 1, 2021, FB LLC completed a restructuring whereby the FB LLC shareholders transferred all of their membership interests in FB LLC to FBH in exchange for FBH shares. As a result of the restructuring, FB LLC became a Delaware corporation and a wholly owned subsidiary of FBH.

Reverse Take-over and Other Acquisitions

On October 12, 2021, the Company entered into a share exchange agreement with FBH and FBH's shareholders, as amended (the "FBH SEA"), pursuant to which the Company would acquire all of the FBH common shares in exchange for PV Shares of the Company. The FBH SEA resulted in the Company acquiring, effective November 30, 2022, each outstanding share of FBH in exchange for approximately 0.69576 PV Shares, being 1,735,964 PV Shares in the aggregate.

On November 30, 2022, the Company also entered into agreements to acquire Final Bell Canada and the remaining 44% noncontrolling interest of 14R. Refer to Note 4 the further details on these acquisitions.

As a result of the RTO which closed on November 30, 2022, the resulting business of the Company, and the application of the relevant guidance for reverse acquisitions under IFRS 3, FBH (the entity receiving securities) has been deemed the "accounting acquirer" while the Company (the entity issuing securities) has been deemed the "accounting acquiree". As such, the financial statements included herein reflect the historical results of FBH and equity has been retrospectively adjusted to present FBHI's equity structure for all periods presented.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Nature of Operations

The Company operates a consolidated group of businesses providing end-to-end supply chain solutions to cannabis brands through integrated product development, manufacturing, and supply chain management. Through 14R, the Company operates in the design and technology space offering industrial design, engineering, manufacturing, branding, and child-resistant packaging solutions for cannabis vaporizers, edibles, and related products.

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

		% Ownership		
	Country of incorporation	**March 31, 2023**	March 31, 2022	Subsidiary of
Final Bell Holding, Inc.	USA	**100%**	NA	Final Bell Holdings International Ltd.
14th Round, Inc. ("14th Round")	USA	**100%**	56%	Final Bell Holding, Inc.
Uneka Concepts, Inc. ("Uneka")	USA	**100%**	100%	14th Round
14th Round Technology & Trade (Shenzhen) Co., Ltd. ("14th Round Shenzhen")	China	**100%**	100%	14th Round
Mallen Tech Co., Limited ("Mallentech")	Hong Kong	**100%**	100%	14th Round
Mallen Tech (Dongguan) Co., Ltd. ("DG Co.")	China	**100%**	100%	14th Round
Ares Imports, Inc. ("Ares")	USA	**100%**	100%	14th Round
14th Round (Canada) Inc.	Canada	**100%**	100%	14th Round
Final Bell Corp	USA	**100%**	100%	Final Bell Holding, Inc.
DB Innovation Inc. ("DB Innovation")	USA	**89%**	89%	Final Bell Holding, Inc.
DB Designs, LLC ("DB Designs")	USA	**100%**	100%	DB Innvoation Inc.
Westside Caregivers Club, Inc. ("WCC")	USA	**81%**	81%	Final Bell Corp.
Final Bell Canada Inc.	Canada	**100%**	NA	Final Bell Holdings International Ltd.
Final Bell Corp	Canada	**100%**	NA	Final Bell Canada Inc.
Starseed Medicinal Inc.	Canada	**100%**	NA	Final Bell Canada Inc.

These consolidated financial statements were authorized for issue by the Company's board of directors on April 29, 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied are consistent to all periods presented in these consolidated financial statements by the Company and its subsidiaries.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). FBHI did not early apply any new IFRS requirements that were not yet effective in fiscal year 2023.

Basis of Preparation and Measurement

The Company’s consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. A material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern, and therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Company’s ability to continue as a going concern is dependent upon its ability to generate profits and positive cash flows from operations and obtaining additional funding from financing arrangements. However, there can be no assurance that these activities will be successful or that financing will be available on terms acceptable to the Company.

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values and classification of assets and liabilities, and such adjustments could be material.

Functional and Presentation Currency

Unless otherwise specified, all financial information included in the consolidated financial statements has been stated in the US dollar ("USD") and has been rounded to the nearest thousand. The Company selected the USD as the presentation currency to align with the most significant operating currency and underlying financial performance. The functional currency of the parent company is the Canadian dollar ("CAD"), and the functional currency of subsidiaries is USD, CAD, and Renminbi ("RMB").

Principles of Consolidation

The Company uses judgment in determining the entities that it controls and accordingly consolidates. An entity is controlled when the Company has power over an entity, exposure or rights of variable returns from its involvement with the entity and is able to use its power over the entity to affect its return from the entity. The Company has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, which are activities that significantly affect the investee's returns. Since power comes from rights, power can result from contractual arrangements. However, certain contractual arrangements contain rights that are designed to protect the Company's interest, without giving it power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All intercompany transactions, balances and unrealized gains and losses on transactions between companies have been eliminated.

A listing of the Company's subsidiaries is listed in Note 1, *Reporting Entity and Nature of Operations*.

Material Accounting Policy Information

Foreign Currencies

Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing on the date of the statement of financial position. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate of the transaction date. Non-monetary assets and liabilities which are measured at historical costs denominated in foreign currencies that are stated at fair value are translated to US dollar at foreign exchange rates prevailing at the dates the fair value was determined.

Translation of the results and financial position of foreign operations

Assets and liabilities of foreign operations are translated to US dollar at foreign exchange rates prevailing at the reporting date. Statements of profit or loss of foreign operations are translated to US dollar at the average exchange rates for the period. The components of shareholders' equity are translated at historical rates. Exchange differences arising from the translation of shareholders' equity to US dollar at period-end exchange rates are recognized in other comprehensive income. On disposal of a foreign entity the deferred cumulative amount recognized in equity relating to the particular operation is recognized in profit or loss.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate fair values at the date of exchange of the assets given, liabilities assumed, and equity instruments issued. Identifiable assets, liabilities, and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date. The excess of the cost of the acquisition over the Company's interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The assumptions and estimates relating to the determination of fair value require management to use a high degree of judgement and include estimates of future incomes, cash flows and discount rates. Changes in any of these estimates or assumptions could result in changes in fair values assigned to the consideration for the acquisition and the fair value of the assets, liabilities and goodwill in the purchase price allocation. The fair value of contingent consideration is revalued on the date of the statement of financial position and changes are recognized through profit or loss.

Acquisition-related costs are expensed as incurred.

Goodwill

Goodwill is determined as the excess cost of the acquisition over the Company's interest in the fair value of the identifiable net assets.

In accordance with IFRS 3, *Business Combinations,* goodwill is carried at cost and not amortized but tested for impairment on an annual basis and whenever there is an indicator the cash-generating unit to which goodwill has been allocated may be impaired.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses. Depreciation is calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets.

Depreciation is calculated using the following average estimated useful lives:

Category	Estimated Useful Life
Furniture and Fixtures	7 Years
Manufacturing Equipment	1.5 to 10 Years
Leasehold Improvements	Remaining Life of Lease
Tooling, Moulding and Dies	3 Years
Automobiles	5 Years
Computers	3 Years

The assets' residual values, useful lives and methods of depreciation are reviewed annually and adjusted prospectively, if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the statements of loss and comprehensive loss in the year the asset is derecognized.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred.

Intangible Assets

The Company recognizes intangible assets acquired in a business combination, and recognized separately from goodwill, at their fair value at the acquisition date.

The Company uses a straight-line method of amortization, unless a method that better reflects the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up can be reliably determined. The following are the estimated useful lives of the Company's intangible assets:

	Useful Life (in years)
Customer Relationships	1-5
Patents and Intellectual Property	7
Marketing Related Intangible Assets	3-5
Non-Competition Agreement	3
Licenses	15-24

Intangible assets that have indefinite useful lives are tested annually for impairment or reversal of impairment in addition to whenever events and circumstances indicate the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount of the asset group exceeds its recoverable amount.

Long-Lived Asset Impairment

The carrying amounts of property, plant and equipment, goodwill and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indicator of impairment, the asset's recoverable amount is estimated. In addition, goodwill, intangible assets that are not yet available for use and intangibles with an indefinite useful life are tested for impairment annually at the CGU level. An impairment loss is recognized whenever the carrying amount of an asset or the related CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of non-financial assets is determined as the higher of their fair value less costs to sell and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of the cash generating units to which the goodwill and the intangible assets with indefinite useful life belong is based on discounted future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in respect of cash-generating units firstly reduce allocated goodwill and then the carrying amounts of the other assets in the unit on a pro rata basis.

Reversal of impairment losses

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed only to the extent the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Cash

Cash includes cash deposits in financial institutions. Cash is a financial asset that is measured at amortized cost, which approximates fair value.

Accounts Receivable and Note Receivable

Accounts receivables are carried at amortized cost net of credit losses. Expected credit losses reflect the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability, unwillingness to pay, or changing forward looking market uncertainties. Collectability of trade receivables is reviewed on an ongoing basis for each segment of the business. The expected credit loss is determined based on a combination of factors, including the segment's risk assessment regarding the credit worthiness of its customers, historical collection experience, current aging status of customer accounts, financial condition of its customers, and economic conditions. Any credit losses are recognized directly in profit or loss.

Note Receivable – Related Party

Note receivables are recognized at amortized cost. The Company reviews its notes receivable for collectability as information becomes available pertaining to the Company's inability to collect. An allowance for the note receivable is recorded for the likelihood of non-collectability.

Inventories

The Company's inventories are initially recognized at costs, and subsequently valued at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to completion and selling costs. Cost comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition. Direct costs such as labor and the related overhead attributable to the inventories are capitalized to the extent that cost is less than net realizable value.

Inventory is written down on a SKU level basis if the anticipated net realizable value declines below the carrying about of the inventories. The Company considers obsolescence, redundant and slow-moving goods, damage, or declining selling prices when calculating the net realizable value of a product.

Inventory acquired in a business combination is valued at selling price less selling and disposal costs.

Leases and Right of Use ("ROU") Asset

Leases are recorded in accordance with IFRS 16, *Leases*. The Company assesses whether a contract is, or contains, a lease at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in cash flow from operating activities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate specific to the operating location. The Company considers its recent transactions and management assumptions when calculating the incremental borrowing rates. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the Company is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in profit or loss in the period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a renewal and/or purchase option. The corresponding adjustment is made to the related right-of-use asset. The principal portion of the lease payments is presented within financing activities and the interest component is presented within operating activities in the consolidated cash flow statement.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term.

Income Taxes

Income tax on the profit or loss for the year is comprised of current and deferred tax. Income tax (benefit) is recognized in profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or subsequently enacted, at the reporting date, and any adjustment to tax payable in respect to previous years.

In accordance with IAS 12, *Income Taxes,* deferred taxes are provided using the balance sheet liability method. This means that, for all taxable and deductible differences between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position a deferred tax liability or asset is recognized. Under this method a provision for deferred taxes is also made for differences between the fair values of assets and liabilities acquired in a business combination and their tax base. IAS 12 prescribes that no deferred taxes are recognized (i) on initial recognition of goodwill, (ii) at the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit and (iii) on differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and to the extent that the Company is able to control the timing of the reversal. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using currently or substantively enacted tax rates.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Company recognizes deferred tax assets, including assets arising from losses carried forward, to the extent that future probable taxable profit will be available against which the deferred tax asset can be utilized.

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Financial Instruments

The Company recognizes financial instruments when it becomes party to the contractual provisions of the instrument.

Classification and Measurement

With the exception of trade receivables, financial assets are initially measured at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred. Debt financial instruments are subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification is based on two criteria: the objective of the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

The classification and measurement of the Company's financial assets is as follows:

- Debt instruments at amortized cost: Investments in debt securities where the contractual cash flows are solely payments of principal and interest, and the Company's business model is to collect contractual cash flows. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss.
- Debt instruments at FVOCI with gains and losses recycled to profit or loss on derecognition: Investments in debt securities where the contractual cash flows are solely payments of principal and interest, and the Company's business model is achieved by both collecting contractual cash flows and selling financial assets. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other fair value gains and losses are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.
- Equity instruments designated at FVOCI, with no recycling of gains or losses to profit or loss on derecognition: Instruments in which the Company does not have significant influence or control and is generally evidenced by ownership of less than 20% of the voting rights. The Company designates these investments on an instrument-by-instrument basis as equity securities at FVOCI because they represent investments held for long-term strategic purposes. Investments in unquoted companies are subsequently measured at cost, when appropriate. These investments are non-monetary items and gains or losses presented in the other comprehensive income include any related foreign exchange component. Dividends received are recognized in profit or loss. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss accumulated in other comprehensive income are not reclassified to profit or loss.
- Financial assets and liabilities at FVTPL: Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

Key Classifications of Financial Instruments

Cash	Amortized Cost
Accounts Receivable	Amortized Cost
Notes Receivable	Amortized Cost
Accounts Payable and Accrued Expenses	Amortized Cost
Other Long-Term Assets	Amortized Cost
Credit Facility	Amortized Cost
Related Party Loans	FVTPL*
Notes Payable	FVTPL*
Secured Term Loan	FVTPL*

Promissory Note	FVTPL*
Series A Preferred Stock Liability	FVTPL
Contingent Liability	FVTPL
Convertible Notes	FVTPL
Derivative Financial Instrument	FVTPL

* Initially measured at FVTPL and subsequently measured on an amortized cost basis

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company has a currently legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Derecognition

A financial asset is derecognized when its contractual rights to the cash flows from the financial asset expire. A financial liability is derecognized only when its contractual obligations are discharged, cancelled or expire.

Fair Value Measurement

A number of FBHI's accounting policies and notes require fair value measurements for both financial and non-financial items.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

• Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
• Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
• Level 3 – Significant inputs that are not based on observable market data.

If the inputs used to measure an asset or liability's fair value fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company applies fair value measurement to the instruments listed below.

- Contingent Liability
- Series A Preferred Stock Liability
- Unsecured Convertible Notes
- Derivative Financial Instrument
- Related Party loans
- Promissory notes
- Notes payable
- Secured term loan

The fair value of each of these instruments is based on inputs that are not based on observable market data as such, all instruments fall into Level 3 on the fair value hierarchy. The value is determined by commonly used valuation techniques (Black Scholes, etc.) to arrive at the most relevant fair value calculation.

Revenue Recognition

Goods Sold

Revenue is recognized in accordance with IFRS 15, *Revenue from Contracts with Customers.* Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Specifically, revenue recognition follows the following five-step approach:

- Identify the contract with a customer
- Identify the performance obligation(s) in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when performance obligations are satisfied

Revenue from contracts with customers is recognized in the statement of profit or loss when the control of the asset or of the service has been transferred to the customer. The control transfer date is generally in accordance with ex work terms under which control is transferred upon shipment date. Revenue is presented net of discounts and sales tax and other related taxes.

When determining the amount of revenue from contracts with customers, the Company evaluates whether it functions as a primary provider, or as an agent in the contract. The Company is the primary provider when it controls the guaranteed goods or services before they are transferred to the customer. In such cases, the Company recognizes revenue as the gross amount of proceeds. In cases where the Company functions as an agent, the Company recognizes the revenue as a net amount, after deducting the amounts which are owed to the primary provider.

Net revenue for the Company is defined as gross revenue, which is net of any customer discounts, rebates, and sales returns and recoveries, less excise taxes.

Deferred Revenue

If consideration is received by the Company before the related performance obligation is satisfied, the advance payment is recorded as deferred revenue until the obligation is satisfied at which time revenue is recorded. Deferred revenue is a liability on the statement of financial position.

Costs of Goods Sold

The Company's policy is to recognize costs of goods sold in the same manner in conjunction with revenue recognition. Cost of goods sold includes the costs directly attributable to revenue recognition and includes amounts paid for finished goods, such as batteries, cartridges, as well as packaging and other supplies for its products.

Share-based Compensation

The Company accounts for its share-based compensation in accordance with IFRS 2, *Share-Based Payments*, which requires fair value measurement on the grant date and recognition of compensation expense for all share-based payment awards made. For options and warrants, the Company estimates the fair value using a closed option valuation (Black-Scholes) model. The fair value of restricted share awards is based upon the estimated fair value price of the common shares on the date of grant. The fair value is then expensed over the requisite service periods of the awards, net of estimated forfeitures, which is generally the performance period, and the related amount is recognized in profit or loss.

The Black-Scholes option-pricing model requires the input of certain assumptions that require the Company's judgment, including the expected term and the expected share price volatility of the underlying stock.

The assumptions used in calculating the fair value of stock-based compensation represent management's best estimates, but these estimates involve inherent uncertainties and the application of judgment. As a result, if factors change resulting in the use of different assumptions, stock-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those share-based rewards expected to vest. If the actual forfeiture rate is materially different from management's estimates, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

Share based payment reserve

The fair value of stock options is recorded as an expense on the grant date with a corresponding credit to share reserves. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of stock options, proceeds received from stock option holders are recorded as an increase to share capital and the related share reserve is transferred to share capital.

Earnings (loss) per share

The calculation of basic EPS has been based on the profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding. SV Shares and PV Shares are considered ordinary shares to be included in the denominator of EPS. PV Shares have been converted into SV Shares in accordance with its liquidation rights in ratio of 100:1 to compute basic EPS for one class of ordinary shares. As the legal subsidiary is the accounting acquirer, the number of shares to use in the earnings per share calculations for the period before the RTO is based on the weighted average number of outstanding shares of the accounting acquirer before the RTO adjusted to reflect the exchange ratio applied in the reverse acquisition.

The Company calculates diluted earnings (loss) per share by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive ordinary shares such as exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Adoption of New and Revised Standards and Interpretations

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after April 1, 2023. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The Company has not identified any upcoming changes which could materially impact the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture

Amendments to IAS 1	Classification of Liabilities as Current or Non-Current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Company does not expect the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated below.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Company anticipates the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

The Company does not anticipate the application of these amendments may have an impact on the Company's consolidated financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The Company anticipates the application of these amendments may have an impact on the Company's consolidated financial statements in future periods.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of

Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Company anticipates the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or, if the revision affects both current and future periods, in the period of the revision and future periods.

Although each of its significant accounting policies reflects judgments, assessments or estimates, the Company believes the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to its business operations and understanding results: RTO transaction (Note 4), business combinations (Note 4), intangible assets (Note 4), goodwill (Note 4), impairment (Note 9), derivatives (Note 24), share-based payments (Note 17), contingent liabilities (Note 24), preferred stock liabilities (Note 24), and accounting for current and deferred tax (note 15). Estimates and key assumptions made in applying accounting policies are included in the notes referenced above for each of these accounting policies.

The Company employs significant estimates to determine the estimated useful lives of property, plant and equipment and intangible assets with finite useful lives, considering industry trends such as technological advancements, past experience, expected use and review of asset useful lives.

The fair values of acquired identifiable intangibles are based on an assessment of future cash flows. Fair value at acquisition is calculated using the present value of estimated future cash flows the Company expects to generate from the asset acquired using a risk-adjusted discount rate. In determining its estimated future cash flows associated with its intangible assets, the Company uses estimates and assumptions about future revenue contributions, cost structures and remaining useful lives of the asset (asset group).

Impairment analyses of goodwill and indefinite-lived intangible assets are performed annually and whenever a triggering event has occurred, in order to determine whether the carrying value exceeds the recoverable amount. These calculations are based on estimates of future cash flows.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The Company is subject to income tax in multiple jurisdictions. Significant judgment is required to determine the provision for income tax. All income, capital and commodity tax filings are subject to audits and reassessments. In assessing the amount of any income tax provisions to be recognized in the financial statements, estimates are made of the expected successful settlement of these matters, as applicable. Estimates of interest and penalties on tax liabilities are also recorded. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period that such determination is made.

The Company uses its judgment to select a variety of methods including the discounted cash flow method and option valuation models and makes assumptions about the fair value of financial instruments that are mainly based on market conditions existing at each reporting date.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the following year are further discussed in the relevant notes hereafter.

4. REVERSE TAKE-OVER AND RELATED ACQUISITIONS

Share Exchange Agreement

On November 30, 2022, the Company completed an acquisition pursuant to the FBH SEA whereby shareholders of FBH received PV Shares. Each common share of FBH was exchanged for 0.69576 of a PV Share. The combination constituted a RTO transaction whereby, following the closing of the share exchange, FBH is now a wholly-owned subsidiary of the Company and the Company will carry on the business of FBH.

At the time of the acquisition, the Company's assets consisted primarily of cash, accounts receivable and convertible note receivable and it did not have any processes capable of generating outputs; therefore, the Company did not meet the definition of a business. Accordingly, as the Company did not qualify as a business in accordance with IFRS 3 *Business Combinations*, the acquisition did not constitute a business combination; however, by analogy it has been accounted for as a reverse take-over following the guidance set out in IFRS 2 *Share-based Payment*. Therefore, FBH, the legal subsidiary, has been treated as the accounting acquirer, and the Company, the legal parent, has been treated as the accounting acquiree. The assets acquired and liabilities assumed were recorded at their estimated fair values, which are based on management's estimates and independent third party valuations.

Upon completion of the RTO the shareholders of FBH received 1,735,964 PV Shares in exchange for 2,495,072 FBH shares on a 1:0.69576 basis. The consideration relating to the deemed shares issued in the reverse acquisition was nil based on the fair value per common share of the Company on November 30, 2022. The fair value was estimated using income and market approaches. More specifically, 33.3% weight was given to the discounted cash flow model, guideline public company method, and guideline transaction methods given the close proxminity of the value indicators with the following assumptions.

Discounted Cash Flow assumptions

Discount rate	14.5%
Long-term growth rate	4%

Guideline public companies assumptions

Risk Free-Rate	2.5%
Beta adjusted equity risk premium	7.23%
Enterprise Value Multiple	1.3x

Guideline transaction methods

Enterprise Value Multiple	1.5x

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Management determined that due to the short-term nature of cash, accounts receivable, convertible note receivable, accounts payable, accrued expenses and secured loan, the carrying amounts of these items approximate their fair values. The convertible note payable was recorded at fair value using a Black-Scholes Merton option pricing model for the conversion feature and a probability-weighted amortized cost method under two distinct redemption scenarios for the principal to be repaid with the following assumptions:

Volatility	102%
Risk-free rate	4.2%
Dividend yield	0.0%
Time in years	1.17

As the acquisition was not considered a business combination, the excess of consideration paid over the net assets acquired together with any transaction costs incurred for the RTO is expensed as a listing expense in accordance with IFRS 2 *Share-based Payments*.

Net assets acquired (FBHI at November 30, 2022):

Cash	$	517
Accounts Receivable, Net		32
Notes Receivable		33,796
Accounts Payable		(514)
Accrued Expenses		(32)
Senior Secured Term Loan Facility		(21,476)
Unsecured Convertible Notes		(18,780)
Warrant Liability		(113)
Total Identifiable Net Assets		(6,570)
Excess of Purchase Price over Fair Value of Assets Acquired (expensed)		19,046
Net Assets Acquired	$	12,476

14th Round Minority Acquisition

Further to the FBH SEA, FBHI completed the acquisition of the remaining 44% of 14R's outstanding shares not held by FBH pursuant to 14R Merger Agreement whereby the remaining shareholders of 14R received 639,986 PV Shares of the Company with an estimated fair value of $9.0 million based on the deemed valuation of the Company after giving pro forma effect to the completion the transacions contemplated by the FBH SEA agreements. As a result of the close of the acquisition, 14R became a wholly-owned subsidiary of FBHI. As of March 31, 2023, PV Shares of the Company were not yet issued to 14R minority shareholders that either dissented to the transaction or had options and / or warrants that were to be reissued by FBHI at a later date. Refer to Note 18, *Shareholders' Equity* for discussion of the modification of the 14R options and warrants as a result of this transaction.

Carrying Amount of NCI acquired	$	2,086
Consideration paid to NCI		8,960
A decrease in equity attributable to owners of the Company	$	(6,874)

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

FB Canada Acquisition

On November 30, 2022, the Company completed the acquisition of all outstanding shares of FB Canada according to the terms of the FB Canada share purchase agreement to acquire 100% of FB Canada. The acquisition was completed to faciliate the Company's entry into the Canadian cannabis market. Total purchase consideration for FB Canada had a fair value of $19.1 million and consisted of the following:

Cash	$	2,480
Promissory notes		1,113
Estimated fair value of shares issued		626
Contingent Consideration		2,663
Settlement of Pre-existing Relationship		12,253
Total Consideration	$	19,135

The Company issued (as part of the total consideration for the FB Canada acquisition) a promissory note to the FB Canada sellers in the aggregate amount of $1.2 million (C$1.65 million), which had a fair value of $1.1 million (C$1.5 million) as of the date of acquisition. The fair value of the promissory note was determined by the Company's third-party valuation specialists and was based on the time value of money. The promissory note does not bear interest and matures at the earlier of fifteen (15) months from issuance, or the completion of an equity capital raise by the Company for gross proceeds equal to or greater than C$5.0 million. The consideration relating to the SV Shares issued for the acquisition was based on the fair value of the 4,453,609 SV Shares issued having a fair value of $0.6 million based on the fair value of $0.14 per SV Share of the Company on November 30, 2022. The fair value was estimated by third-party specialists using income and market approaches. More specifically, 33.3% weight was given to the discounted cash flow model, guideline public company method, and guideline transaction methods given the close proxminity of the value indicators with the following assumptions.

Discounted Cash Flow assumptions

Discount rate	12%
Long-term growth rate	4%

Guideline public companies assumptions

Risk Free-Rate	2.5%
Beta adjusted equity risk premium	7.23%
Enterprise Value Multiple	1.3x

Guideline transaction methods

Enterprise Value Multiple	1.2x

Contingent consideration is to be issued if FBHI issues shares at a valuation that is less than $250 million in connection with a listing of FBHI SV Shares on a public stock exchange or if FBHI is acquired prior to the listing of FBHI SV Shares at a valuation that is less than $250 million. The contingent consideration was valued using the Black-Scholes-Merton model, further adjusted for counterparty credit risk, with the following assumptions:

Equity Volatility	102.0%
Risk-free rate	4.31%
Risk-adjusted discount rate	15.0%
Term to exit (years)	1.00

The acquisition of FB Canada effectively settled pre-existing relationships with FBH and 14R, and accordingly has been included within purchase consideration.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Management determined this acquistion meets the definition of a business under IFRS 3 and therefore the transaction was accounted for as a business combination. As a result of the control obtained through the acquisition, the fair value of the assets and liabilities of FB Canada were consolidated into the Company's financial statements as of November 30, 2022.

The following table summarizes the fair values of the assets acquired and liabilities assumed:

Cash	$	1,248
Accounts Receivable, Net		4,331
Inventories		4,053
Other Currents Assets		560
Property and Equipment, Net		566
ROU Asset		710
Intangible Assets		2,517
Accounts Payable		(3,179)
Accrued Expenses		(108)
Deferred Tax Liability		(667)
Performance Obligation		(349)
ROU Liability		(710)
Total Identifiable Net Assets		8,972
Goodwill		10,163
Preliminary Fair Value of Assets Acquired and Liabilities Assumed	$	19,135

The Company acquired a lease for a building in Bowmanville, Canada. This lease was valued in accordance with IFRS 16 utilizing an incremental borrowing rate of 12.5%.

Intangible assets acquired from FB Canada consistent of a market related intangible (tradename), customer relationships, and a cannabis license. The market related intangible asset was fair valued at $0.4 million having an estimated useful life of 3.3 years valued using the relief from royalty income approach with the following assumptions: Royalty Rate 0.5%, Discount Rate 18.0%, and Tax Rate 26.5%. The customer relationships intangible was fair valued at $0.6 million using the multi-period excess earnings method with a discount rate of 18.0%. The cannabis license was fair valued at $1.5 million using the with and without method having an estimated useful life of 5 years and a discount rate of 18%.

As a result of the acquisition, the Company also recognized $10.2 million of goodwill based on expected financial synergies resulting from full integration of the company's supply chain to consumer in the Canadian market.

For the year ended March 31, 2023, FB Canada contributed revenue of $7.0 million and loss of $3.9 million to the Company's consolidated results. If the acquisition had occurred on April 1, 2022, management estimates consolidated revenue would have been $81.1 million and consolidated loss would have been $18.1 million.

5. CONCENTRATIONS OF BUSINESS AND CREDIT RISK

The Company maintains cash balances in reputable financial institutions in Canada and the US that are insured by the Canada Deposit Insurance Corporation (CDIC) and Federal Deposit Insurance Corporation ("FDIC") up to certain federal limitations. At times, the Company's cash balance exceeds these federal limitations. As of March 31, 2023 and March 31, 2022, the amount held above the limit in Canada and US financial institutions was $2.5 million and $2.0 million, respectively. The Company has not historically experienced any material losses. The Company's cash held in foreign banks that are not subject to FDIC or CDIC coverage as of March 31, 2023 and March 31, 2022 was $0.2 million and $0.3 million, respectively.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The Company provides credit in the normal course of business to customers located throughout the U.S. and Canada. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information.

Sales to the Company's three largest customers accounted for 33.0% and 40% of total revenues for the years ended March 31, 2023, and March 31, 2022, respectively. Accounts receivable for these three customers was $2.4 million and $3.5 million as of March 31, 2023 and 2022, respectively.

One of the Company's hardware suppliers accounted for 45% and 51% of the cost of goods sold for the year ended March 31, 2023, and 2022, respectively. As of March 31, 2023 and 2022, $11.0 million and $7.1 million, respectively, was included in accounts payable and $0.2 million was included in prepaid expenses for each year related to the Company's outsourced hardware and packaging manufacturer.

6. ACCOUNTS RECEIVABLE

Accounts receivable primarily consists of trade receivables, sales tax receivable and excise tax receivable, net of an allowance for expected credit losses. Sales tax receivable and excise tax receivable represent excess of input tax credits on purchased goods or services received over sales and excise tax collected on the taxable sales in Canada and the United States. Accounts receivable for the years ended March 31, 2023 and 2022 is summarized below:

	March 31, 2023	March 31, 2022
Accounts Receivable	$ 12,117	$ 16,209
Allowance	(1,843)	(3,849)
Accounts Receivable, Net	$ 10,274	$ 12,360

The following summarizes the changes in expected credit losses for the years ended March 31, 2023 and 2022:

	March 31, 2023	March 31, 2022
Opening Allowance	$ (3,849)	$ (1,647)
Write Off	29	-
Credit Loss	103	(2,202)
Recovery	1,874	-
Total Allowance	$ (1,843)	$ (3,849)

During the year ended March 31, 2023, the Company recorded a recovery of a $1.9 million of which $1.7 million is a result of settling the receivables between related parties as a result of the Final Bell Canada acquisition. Additionally, the company's expected credit losses decreased year over year as a result of improvements in the expected credit losses for each aged receivable aging bucket. This resulted in a reduction to the allowance that was not attributed directly to a recovery or write off of a specific customer balance. The Company recorded bad debt of $138 thousand for the year ended March 31, 2023 (year ended March 31, 2022 – bad debt expense $6.7 million) recorded within selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Notes to Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

7. INVENTORY

As of March 31, 2023 and 2022, inventory consisted of the following:

	March 31, 2023	March 31, 2022
Hardware and Packaging	$ 6,104	7,933
Raw Materials - Cannabis	3,218	180
Work in Progress	490	-
Finished Goods	868	1,225
Inventory	$ 10,680	$ 9,338

The cost of goods sold is comprised of the cost of inventories sold during the period, provisions and write-downs for inventory that does not pass the Company's quality assurance standards and obsolete products and packaging. As of March 31, 2023 and 2022, the total inventory specific reserve recorded was $317.5 thousand and $546.7 thousand, respectively and write-downs recorded within cost of goods sold were $2.1 million in expense and $175.4 thousand recovery, respectively.

8. PROPERTY AND EQUIPMENT

As of and for the years ended March 31, 2023 and 2022, property and equipment consisted of the following:

	Furniture and Fixtures	Machinery and Equipment	Tooling, Moulding and Dies	Leasehold Improvements	Automobiles	Computers	Total
Cost							
Balance as of April 1, 2022	$ 430	$ 4,011	$ 1,440	$ 1,266	$ 270	$ 364	$ 7,781
Additions	1	688	818	739	12	16	2,274
Acquisition of FB Canada	6	206	-	350	-	5	567
Disposals	-	(57)	-	(25)	(17)	-	(99)
Effect of Foreign Exchange	(1)	(102)	-	(2)	-	(1)	(106)
Balance as of March 31, 2023	$ 436	$ 4,746	$ 2,258	$ 2,328	$ 265	$ 384	$ 10,417
Accumulated Depreciation							
Balance as of April 1, 2022	$ 197	$ 1,183	$ 1,217	$ 244	$ 152	$ 175	$ 3,168
Depreciation	92	884	259	465	56	67	1,823
Disposals	-	(22)	-	-	(3)	-	(25)
Effect of Foreign Exchange	-	(16)	-	-	-	-	(16)
Balance as of March 31, 2023	$ 289	$ 2,029	$ 1,476	$ 709	$ 205	$ 242	$ 4,950
Net Book Value							
Balance as of April 1, 2022	$ 233	$ 2,828	$ 223	$ 1,022	$ 118	$ 189	$ 4,613
Balance as of March 31, 2023	$ 147	$ 2,717	$ 782	$ 1,619	$ 60	$ 142	$ 5,467

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

	Furniture and Fixtures	Machinery and Equipment	Tooling, Moulding and Dies	Leasehold Improvements	Automobiles	Computers	Total
Cost							
Balance as of April 1, 2021	$ 227	$ 2,744	$ 1,125	$ 300	$ 216	$ 169	$ 4,781
Acquisition of Westside	134	246	15	766	-	-	1,161
Additions	69	996	300	344	54	195	1,958
Disposals	-	(19)	-	(150)	-	-	(169)
Effect of Foreign Exchange	-	45	-	5	-	-	50
Balance as of March 31, 2022	$ 430	$ 4,012	$ 1,440	$ 1,265	$ 270	$ 364	$ 7,781
Accumulated Depreciation							
Balance as of April 1, 2021	$ 153	$ 566	$ 973	$ 112	$ 103	$ 120	$ 2,027
Disposals	-	(4)	-	(37)	-	-	(41)
Depreciation	44	618	244	168	49	55	1,178
Effect of Foreign Exchange	-	4	-	-	-	-	4
Balance as of March 31, 2022	$ 197	$ 1,184	$ 1,217	$ 243	$ 152	$ 175	$ 3,168
Net Book Value							
Balance as of April 1, 2021	$ 74	$ 2,178	$ 152	$ 189	$ 113	$ 49	$ 2,755
Balance as of March 31, 2022	$ 233	$ 2,828	$ 223	$ 1,022	$ 118	$ 189	$ 4,613

The Company reviews the carrying value of its property and equipment at each reporting period for indicators of impairment and assesses the useful lives of its property and equipment in accordance with IAS 36. The Company did not record any impairment losses related to its property and equipment during the year ended March 31, 2023 or the year ended March 31, 2022.

Depreciation expense was $1.8 million and $1.2 million for the years ended March 31, 2023 and March 31, 2022, respectively.

9. INTANGIBLE ASSETS AND GOODWILL

Intangibles

The components of intangible assets as of and for the years ended March 31, 2023 and 2022 are as follows:

	Patents and Intellectual Property	Customer Relationships	Marketing Related Intangible Assets	Non-competition agreement	Licenses	Total
Balance March 31, 2021	$ 11,644	$ 1,085	$ 175	$ 12	$ -	$ 12,916
Acquisition of WCC	-	-	-	-	6,300	6,300
Amortization	(2,411)	(310)	(117)	(8)	(140)	(2,986)
Balance March 31, 2022	$ 9,233	$ 775	$ 58	$ 4	$ 6,160	$ 16,230
Acquisition of Final Bell Canada	-	629	407	-	1,481	2,517
Amortization	(2,411)	(402)	(100)	(4)	(441)	(3,358)
Effect of Foreign Exchange	-	1	-	-	(2)	(1)
Balance March 31, 2023	$ 6,822	$ 1,003	$ 365	$ -	$ 7,198	$ 15,388

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The Company's patents and intellectual property primarily relate to 14R's acquisition of Uneka, which occurred in October 2019. The patent and intellectual property had a fair value of $8.9 million upon recognition, with an estimated useful life of 7 years. As of March 31, 2023, the carrying amount of the patent and intellectual property was $4.4 million with a remaining useful life of approximately 3.5 years as compared to $5.7 million and 4.5 years as of March 31, 2022.

The Company's licenses primarily related to FBH's acquisition of WCC on November 30, 2021 when the Company recognized the fair value of the WCC cannabis license under the Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA") (the "WCC License"). Management estimated a useful life of 15 years for the WCC License based on analysis of market and legislative trends and standard practice for intangibles. The license had a fair value of $6.3 million upon recognition. As of March 31, 2023, the carrying amount of the license was $5.7 million with a remaining useful life of approximately 14 years as compared to $6.2 million and 15 years as of March 31, 2022.

During the year ended March 31, 2023, the Company acquired intangible assets related to the FB Canada transaction. Refer to Note 4 for further discussion. The Company reviews the carrying value of its intangible assets with definite lives in accordance with IAS 36 at each reporting period for indicators of impairment. No impairment losses were recorded for the year ended March 31, 2023 or 2022 related to the Company's intangible assets.

Amortization expense was $3.4 million and $3.0 million and is recorded within depreciation and amortization within the consolidated statement of loss and comprehensive and loss for the years ended March 31, 2023 and 2022, respectively.

Goodwill

Changes in the carrying amount of goodwill are as follows:

Balance March 31, 2021	$	-
Acquisition of WCC		2,030
Balance March 31, 2022	$	2,030
Acquisition of FB Canada (see Note 4)		10,163
Effect of Foreign Exchange		(18)
Balance March 31, 2023	$	12,175

On an annual basis, the Company assesses for indicators of impairment or when facts or circumstances suggest the carrying amount may exceed the recoverable amount. Goodwill is tested for impairment annually.

FBHI performed its annual impairment test as of March 31, 2023 based on the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). As of March 31, 2023, the Company's CGUs have been identified at the operating entity level and consist of 14R, Final Bell U.S., and FB Canada. The units cannot be separated further due to the level of integration, and to a certain degree, interdependence between products and services lines within the business. The CGUs to which goodwill is allocated are Final Bell U.S. and Final Bell Canada. The recoverable amount of the CGUs were determined based on FVLCD using Level 3 inputs in a discounted cash flow ("DCF") analysis. Where applicable, the Company uses its market capitalization and comparative market multiples to corroborate DCF results. No goodwill impairment was identified as a result of the 2023 annual impairment test. The significant assumptions applied in the determination of the recoverable amount are described below:

i. Cash flows: Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends. Estimated cash flows are primarily driven by forecasted revenues and earnings before interest, taxes, depreciation and amortization (EBITDA) margins. The Final Bell U.S. CGU and Final Bell Canada CGU forecasts were extended to a total of 7 years (and a terminal year thereafter).

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

ii. Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth. The terminal growth rate utilized in the Final Bell U.S. CGU and Final Bell Canada CGU forecasts were 4.0% and 3.5%, respectively.

iii. Post-tax discount rate: The post-tax discount rate is reflective of the CGU's Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, levered equity beta adjustment, an unsystematic size and Company-specific risk premium, and after-tax cost of debt based on the average interest expense of comparable companies. The discount rates utilized in the Final Bell U.S. CGU and Final Bell Canada CGU forecasts were 27.0% and 16.0%, respectively.

iv. Tax rate: The tax rates used in determining the future cash flows were those substantively enacted at the respective valuation date.

10. LEASES

As of March 31, 2023, the Company's right of use asset consisted of the following:

	Cost	Amortization	Balance
Balance, March 31, 2021	**$ 2,306**	**$ (916)**	**$ 1,390**
Additions	4,528	(545)	3,983
Acquisition of Westside	4,546	(209)	4,337
Transition to investment in sublease receivable	(1,773)	823	(950)
Effect of Foreign Exchange	-	11	11
Balance, March 31, 2022	**$ 9,607**	**$ (836)**	**$ 8,771**
Additions	915	(1,048)	(133)
Lease modification	(3,060)	190	(2,870)
Lease extinguishment	(405)	136	(269)
Effect of Foreign Exchange	(11)	(1)	(12)
Balance, March 31, 2023	**$ 7,046**	**$ (1,559)**	**$ 5,487**

On May 7, 2018, 14R entered into a lease assignment agreement for its corporate office with a related party, which includes an option to extend or terminate the lease. On September 1, 2021, 14R subleased the space to a third party under the same terms as the original lease and recognized an investment in sublease receivable of $1.2 million included in other long-term assets in the consolidated statements of financial position. The gain on the lease transition of $272.8 thousand is included in general and administrative expense in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2022. This sublease agreement resulted in the recognition of a net investment in sublease by 14R included under long-term assets in the statements of financial position.

On May 1, 2020, 14R entered into a lease agreement for factory space in China. 14R's average monthly payments for the lease term are $7.0 thousand subject to an 8% increase after two years. At inception, 14R recognized a ROU asset and a lease liability in the amount of $374.1 thousand. In February 2022, the lease was terminated resulting in the Company forfeiting a two-month deposit for an immaterial amount. A gain on the lease termination of $28.8 thousand is included in other income (expense) in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2023.

On June 24, 2021, 14R entered into a lease assignment agreement for its warehouse space with a 5-year lease term commencing September 1, 2021, which includes two renewal options for 60 months each. 14R's monthly payments are $26.1 thousand, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of $1.4 million.

On September 29, 2021, 14R entered into a lease agreement for office space with a 6-year lease term commencing March 1, 2022. The lease includes a renewal option for 60 months. 14R's monthly payments are $40.5 thousand, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of $3.0 million. On February 3, 2023, 14R terminated the lease resulting in a gain on lease termination of $239.9 thousand recorded within other income (expense) in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2023.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

On November 30, 2021, FBH acquired WCC which had a lease agreement for its warehouse space. At acquisition, FBH recognized a right of use asset and a lease liability in the amount of $4.5 million, using its incremental borrowing rate of 7.33%.

On January 15, 2022, FBH entered into a lease agreement for office space with a 2-year lease term commencing January 15, 2022. The lease includes a renewal option for 24 months. FBH's monthly payments were $6.3 thousand, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of $117.5 thousand. On August 1, 2022, the lease was amended to reduce the office space and lower the monthly payments to $2.0 thousand subject to a 3% annual increase for the remainder of the lease term. A gain on the lease amendment of $25.2 thousand is included in other income (expense) in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2023.

On January 20, 2022, 14R entered into a lease agreement for a factory to be used for production in China. 14R's average monthly payments for the lease term are RMB 32.4 thousand subject to a 10% increase after ten years. At inception, 14R recognized a ROU asset and a lease liability in the amount of $205.7 thousand.

On November 30, 2022, FBHI acquired FB Canada (see Note 4, *Reverse Take-Over and Related Acquisitions*) which had a lease agreement for its office space. At acquisition, FBHI recognized a right of use asset and a lease liability in the amount of $710 thousand using FB Canada's incremental borrowing rate of 12.5%.

A reconciliation of the lease liabilities for the years ended March 31, 2023 and 2022 are as follows:

	March 31, 2023	March 31, 2022
Balance, Beginning of Year	$ 10,120	$ 1,639
Acquisition of WCC	-	4,546
Acquisition of Canada	710	-
Lease amendment	(3,135)	-
Lease extinguishment	(298)	-
Lease Additions	206	4,528
Lease Payments	(1,549)	(927)
Interest Expense on Lease Liability	487	323
Foreign Currency Adjustment	(17)	11
Balance, End of Year	$ 6,524	$ 10,120

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Future minimum payments due under the Company's leases as of March 31, 2023 are as follows:

Year Ended March 31		Lease Payments
2024	$	1,705
2025		1,729
2026		1,450
2027		1,163
2028		1,026
Thereafter		810
Total Lease Payments	$	7,883
Less Imputed Interest		(1,359)
Total	$	6,524
Less: current portion		(1,251)
Lease Liability, Net of Current Portion	$	5,273

A reconciliation of investment in sublease for the years ended March 31, 2023 and 2022 is as follows:

		March 31, 2023		March 31, 2022
Balance, Beginning of Year	$	1,055	$	-
Transition from Lease Liability		-		1,222
Lease Payments Received		(362)		(208)
Interest Income		65		40
Balance, End of Year	$	759	$	1,055

Future minimum payments receivable under the Company's investment in sublease as of March 31, 2023 are as follows:

Year Ended March 31		Lease Receivable
2024	$	373
2025		384
2026		65
2027		-
Total Undiscounted Lease Receivable		822
Less Imputed Interest Income		(63)
Total	$	759
Less: Current Portion Included in Accounts Receivable		(329)
Investment in Sublease, Net of Current Portion	**$**	**430**

During the years ended March 31, 2023 and 2022, the company did incur costs associated with low value leases or variable lease payments that were not included in the lease liabilities. Costs associated with short term leases were $1.2 million and $0.5 million as of March 31, 2023 and 2022, respectively.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

11. NOTES RECEIVABLE – RELATED PARTY

FB Canada

During the year ended March 31, 2022, FBH entered into a promissory note and related amendments with FB Canada, whereby FBH agreed to lend FB Canada $5.6 million. The note bore interest at a rate of 8% per annum calculated on the principal outstanding. On November 30, 2022, the Company completed the acquisition of FB Canada (see Note 4, *Reserve Take-Over and Related Acquisitions*), and the balance of the promissory note was determined to be a pre-existing relationship and accordingly, was included in purchase consideration. As a result, as of March 31, 2023, the balance of the principal and accrued interest was $nil as compared to $5.6 million as of the same period in 2022. During the years ended March 31, 2023 and 2022, the Company accrued $nil and $311.1 thousand, respectively, in interest on the loan that is included in other income (expense) in the consolidated statements of loss and comprehensive loss.

12. INVESTMENTS

GSW Creative Corporation dba dosist ("GSW")

On March 15, 2021, FBH executed a stock purchase agreement with GSW to purchase 8,000,000 shares of its Series B-1 Preferred Stock at $0.625 per share for a total consideration of $5 million, representing 4% of the outstanding shares of GSW. GSW is a wellness company. The purchase closed in May 2021. In November 2021, FBH executed a licensing agreement with GSW which provides FBH the right to manage the manufacturing, sale and distribution of GSW's products in exchange for a sales-based royalty. At March 31, 2023 and 2022, management assessed the fair value of its investment in GSW as $nil. The loss on the change in fair value of the investment of $5 million is included in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2022.

Sherbinskis

On August 5, 2021, FBH executed a stock purchase agreement with Elysian Group, Inc. ("Elysian"), which owns the trademarks for the brand Sherbinskis ("Sherbinskis"), whereby FBH agreed to purchase 17,400 shares of Elysian Common Stock, representing a 3.8% ownership interest, at a price of $143.68 per share for an aggregate purchase price of $2.5 million. In September 2021, FBH completed a cash payment of $2.0 million to Elysian and made other payments of $48.8 thousand related to the purchase. At March 31, 2023 and 2022, management assessed the fair value of its investment in Sherbinskis as $nil. The loss on the change in fair value of the investment of $2.0 million is included in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2022.

13. ACCRUED EXPENSES

As of March 31, 2023 and 2022, accrued expenses consisted of the following:

	March 31, 2023	March 31, 2022
Goods Received/Not Invoiced	$ -	$ 4,493
Credit Card Payable	3	22
Accrued Salaries	518	577
Accrued Audit and Tax Fees	-	25
Accrued Interest Expense	79	16
Customer Payable	677	126
Other	423	76
Total Accrued Expenses	$ 1,700	$ 5,335

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

14. CREDIT FACILITIES

East West Bank ("EWB")

In February 2022, 14R entered into a credit agreement with EWB, whereby EWB will provide an Asset Based Lending Facility (the "ABL Facility") in the amount of up to $5 million to fund the 14R's working capital needs. The ABL Facility matures on January 5, 2024 and is secured by 14R's inventory and accounts receivable. If at any time the aggregate principal amount of the ABL Facility exceeds the Borrowing Base (the lesser of $5 million and 80% of eligible accounts receivable), 14R is required to immediately repay, upon written or oral notice from EWB, an amount equal to the difference between the outstanding principal balance and the Borrowing Base. Interest on amounts drawn under the ABL Facility will be paid monthly at the Wall Street Journal Prime rate plus 2.50% per annum, subject to a minimum interest rate of 5.75% per annum. Principal payments shall be made based on borrowing base availability. The balance of the unpaid principal and any unpaid interest is due and payable on January 5, 2024. The ABL Facility contains certain covenants, including but not limited to a Minimum Fixed Charge Coverage Ratio of 1.50x to be tested on a quarterly basis. The Company is required to provide audited financial statements to EWB for its debt covenant requirements. During the year ended March 31, 2023, 14R drew down $1.5 million on the credit facility, recorded $0.4 million in interest expense and repaid principal and interest of $2.3 million. As of March 31, 2023 and 2022, the principal balance of the lending facility was $3.1 million and $3.5 million, respectively. Accrued interest of $23.5 thousand and $16.4 thousand are included in accrued expenses in the statements of financial position for fiscal years ended March 31 2023 and 2022.

Short-Term Financing Facility

In June 2022, the Company entered into a short-term financing facility with Fusion LLF, LLC (dba "Leaflink Financial") and borrowed $2.0 million. In September 2022, the Company borrowed an additional $2.0 million. On November 28, 2022, the Company drew down an additional tranche of funding from Leaflink Financial in the principal amount of $700.7 thousand. The outstanding amount accrues interest at 2.0% per month. Thus, during the year ended March 31, 2023, the Company drew down a total of $4.7 million against the facility, incurred interest expense of $281.8 thousand and made cash repayments of principal and interest of $5.0 million. As of March 31, 2023, there was no remaining oustanding balance on this financing facility.

15. INCOME TAXES

The following table sets forth the components of income tax (benefit) expense for the years ended March 31, 2023 and 2022:

	March 31, 2023	March 31, 2022
Current:		
Federal	51	229
State	84	-
Foreign	17	20
Total current state tax expense (benefit)	152	249
Deferred:		
Federal	(49)	(1,394)
State	87	602
Foreign	(55)	-
Total deferred state tax expense (benefit)	(17)	(792)
Total income tax expense (benefit)	135	(543)

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

A reconciliation of total income tax expense and the amount computed by applying the statutory income tax rate of 21% to loss before provision from income taxes is as follows:

	March 31, 2023	March 31, 2022
Loss before income taxes	(34,505)	(23,066)
Statutory tax rate	21%	21%
Expense (benefit) based on statutory rates	(7,246)	(4,844)
Expenses disallowed under IRC 280E	2,062	2,795
Remeasurment on derivative liabilities	1,127	207
Transaction Costs	396	(114)
Loss on debt extinguishment	45	
State income taxes	84	(1,302)
Change in valuation allowance	4,643	3,919
Foreign Rate Difference	1,285	17
Net Operating Loss Carryforwards	-	(1,895)
Deferred tax true-ups	(1,344)	-
Return-to-provision adjustments	(265)	-
Other adjustments	(652)	674
Total income tax expense (benefit)	**135**	**(543)**

The tax effects of temporary differences giving rise to deferred tax assets and deferred tax liabilities as of as of March 31, 2023 and 2022 are set out below:

	March 31, 2023	March 31, 2022
Deferred tax assets:		
Net operating losses	13,472	3,776
Inventory Reserve	84	169
Investments	619	619
Other	484	586
Accounts Receivable Reserve	359	391
Gross deferred tax assets	15,018	5,541
Valuation allowance	(13,738)	(4,065)
Net deferred tax assets	1,280	1,476
Deferred tax liabilities:		
Property and equipment	(364)	(217)
Intangible assets	(1,609)	(1,765)
Right-of-use assets	208	36
Other 1	(654)	-
Net deferred tax liabilities	(2,419)	(1,946)
Total deferred liabilities	**(1,139)**	**(470)**

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

As the Company has operations in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

As of March 31, 2023, the Company has gross Federal net operating losses of approximately $16 million of which expire in 2037 and the remainder can be carried forward indefinitely, and gross state net operating losses of approximately $39.5 million, which begin to expire in 2029. Pursuant to Section 382 of the Internal Revenue Code, utilization of net operating losses and may be subject to annual limitations in the event of a change in ownership of the Company. These annual limitations may result in the expiration of net operating losses prior to utilization.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company assesses the positive and negative evidence to determine if sufficient future taxable income will be generated at use its existing deferred tax assets. The Company has recorded a valuation allowance related to its Federal and state net operating loss carryforwards as of March 31, 2023 and 2022 in the amount of $13.7 million and $4.1 million, respectively.

As of March 31, 2023 and 2022, the Company had no unrecognized tax benefits. The Company does not anticipate any significant unrecognized tax benefits to arise within the next twelve months.

The Company files income tax returns in the US, various state jurisdictions, Canada, and other foreign jurisdictions, and is subject to examination of its income tax returns by tax authorities in these jurisdictions who may challenge any item on these returns.

16. DEBT

	March 31, 2022	Additions	Payments (Cash and Equity)	Interest	Acquired through Acquisition	Equity Component	Change in Fair Value	FX	March 31, 2023
Related Party Loans	$ 3,216	$ 1,253	$ (3,463)	$ 244	$ -	$ -	$ -	$ -	$ 1,250
Credit Facility	3,469	6,228	(7,275)	657	-	-	-	-	3,079
Unsecured Convertible Notes	-	-	(26)	304	18,780	-	363	(313)	19,108
Promissory Note	-	-	-	-	1,113	-	-	(2)	1,111
Notes Payable	27,898	5,650	-	-	(33,796)	-	-	248	-
Secured Term Loan	-	4,000	(792)	1,044	21,476	(3,028)	-	-	22,700
Total	$ 34,583	$ 17,131	$ (11,556)	$ 2,249	$ 7,573	$ (3,028)	$ 363	$ (67)	$ 47,248

	March 31, 2021	Additions	Payments (Cash and Equity)	Interest	Acquired through Acquisition	Equity Component	Change in Fair Value	FX	March 31, 2022
Related Party Loans	$ 1,279	$ 1,930	$ (1)	$ 8	$ -	$ -	$ -	$ -	$ 3,216
Credit Facility	-	3,469	-	-	-	-	-	-	3,469
Notes Payable	-	26,648	-	1,250	-	-	-	-	27,898
Total	$ 1,279	$ 32,047	$ (1)	$ 1,258	$ -	$ -	$ -	$ -	$ 34,583

FBHI Notes Payable

On May 10, 2021, Final Bell Corp (the California entity) entered into a convertible note agreement with the Company in the principal amount of $6.3 million. The note bore interest at a rate of 7.00% per annum calculated on the principal outstanding. In fiscal years 2022 and 2023, the Company subscribed for additional principal amounts of $20.4 million and $5.7 million, respectively under the same terms. The notes gave the Company the right to convert the principal and interest outstanding into equity securities of Final Bell Corp at any time up to the March 10, 2023 maturity date at price of $2.0 million per equity security. In the event Final Bell Corp raised $50 million (including through a series of financings) in equity securities, the conversion price would be adjusted to 80% of the price in that equity raise (or in the event it issues a series of equity raises, the weighted average price thereof). As a result of this provision, the conversion option does not have a fixed settlement amount and was designated a financial liability. The estimated fair value of the conversion option at inception and as of December 31, 2021, was immaterial and was not recognized in the financials.

On November 30, 2022, the Company completed the RTO with FBH under the terms of the FBH SEA (see Note 4, *Reverse Take-over and Related Acquisitions* for details) and the intercompany notes totaling $33.8 million were eliminated in consolidation and interest expense was eliminated with interest income resulting in interest expense of $nil as compared to $1.2 million for the year ended March 31, 2022. As a result, of March 31, 2023, the balance of the loan, including interest accrued, was $nil as compared to $27.9 million as of March 31, 2022.

Unsecured Convertible Notes

Throughout calendar year 2021, FBHI completed private placements of the Unsecured Convertible Notes in the aggregate principal amount of C$22.8 million. The Unsecured Convertible Notes were issued pursuant to the terms of a trust indenture with an institutional trustee (the "Indenture") dated May 6, 2021 and will mature on January 31, 2024 (the "Maturity Date"). The Unsecured Convertible Notes bear interest at 4% per annum from the date of issue and will be payable semi-annually in either cash or SV Shares, at the discretion of the Company. See Note 28, *Amendment to the Unsecured Convertible Notes,* for information relating to the conversion terms of the Unsecured Convertible Notes.

The Unsecured Convertible Notes are subordinated to the senior indebtedness of the Company but rank pari passu with other issues of Unsecured Convertible Notes and, subject to statutory preferred exceptions, with all other present and future unsecured indebtedness of the Company. As the conversion price of the Unsecured Convertible Notes was variable during the fiscal year ended March 31, 2023, the Company accounted for the notes as a hybrid financial instrument with separate debt and derivative liability components.

The balance as of March 31, 2023 was $19.1 million and a loss on change in fair value of the Unsecured Convertible Notes of $363.1 thousand was recognized for the year ended March 31, 2023 (see Note 24, *Fair Value of Financial Instruments*). The Company incurred interest expense of $304.4 thousand for the year ended March 31, 2023. No comparable balance existed as of March 31, 2022

Senior Secured Term Loan Facility

On August 18, 2022, the Company entered into a loan agreement with Golden Iris International Limited, which provided for a senior secured term loan facility of up to $25 million (the "Term Loan"). The proceeds of the Term Loan were used to repay the Secured Convertible Notes plus all accrued interest, costs and expenses related thereto, including the amendment fee, and are also available to finance growth initiatives, pay the cash portion of the purchase price pursuant to the FB Canada SPA, and provide for ongoing working capital requirements. The Term Loan has a maturity date of August 18, 2025 (the "GI Loan Maturity Date") and bears interest from and including each funding date at a rate of 12.0% per annum, the first half of which (6.0% per annum) is payable quarterly, and the second half of which (6.0% per annum) accrues quarterly and is due and payable on the GI Loan Maturity Date or earlier repayment in full of the Term Loan.

The Term Loan also provides for an incentive payment to the senior lender in an amount equal to the full amount of the Term Loan plus interest thereon, which was satisfied through the issuance of a share purchase warrant following funding and another share purchase warrant on equivalent terms following repayment of the Term Loan in respect of the second half of the interest rate accrued to such time.

At March 31, 2023, $25 million of the Term Loan had been fully drawn across four funding tranches. The first three tranches totaling $21 million occurred prior to the RTO date and were included in the net assets acquired of FBHI on November 30, 2022. The fourth tranche of $4 million was funded post-RTO on January 25, 2023. Accordingly, interest expense incurred as of March 31, 2023 on the Term Loan totaled $920.9 thousand. The Company is required to file its annual audited financial statements on SEDAR+ and provide the audited annual financial statements to Golden Iris for its debt covenant requirements. For the year ended March 31, 2023, the company has received an extension from Golden Iris on providing the audit financial statements.

Upon the full funding and closing of the Term Loan on January 25, 2023, the incentive payment for the term loan amount became due and payable to Golden Iris. On February 1, 2023, the Company issued one (1) warrant to Golden Iris exercisable into 28,089,888 SV Shares at an exercise price of $0.89 per warrant. The warrant expires on August 17,

2025. At inception, the warrant was classified and recorded as an equity instrument at its residual value of $3.0 million within the statements of changes in shareholders' equity. As of March 31, 2023, the outstanding balance of the secured team loan was $22.7 million, net of a $2.9 million discount. Amortization of the debt discount totaled $123.1 thousand for the year ended March 31, 2023. See Note 27, *Subsequent Events,* for information relating to subsequent debt amendment.

Bridge Acquisition Loan

In December 2022, the Company secured debt financing in the aggregate principal amount of $1.25 million from a group of strategic investors. The Bridge Acquisition Loans bears interest at a rate of 9.00% per annum and matures on June 30, 2023. In consideration for the advance of the funding, the Company has agreed to issue the investors SV Shares. See Note 27, *Subsequent Events* for additional details. As of March 31, 2023, the principal balance of the Bridge Acquisition Loan was $1.25 million and interest accrued was $22.7 thousand.

In March 2023, FBHI appointed Mr. Robert Meyer (Director of Angsana Investment Private Limited) to perform certain CEO services for the Company pursuant to the Management Service Agreement terms. Following this transaction, Angsana Investment Private Limited became a related party to FBHI through appointment of common control director Mr. Meyer. Thus, out of the $1.25 million of debt, $0.25 million principal balance remains outstanding from a third party and included in accrued expenses on the consolidated statements of financial position and $1 million principal balance remains outstanding from related parties as of March 31, 2023 (see *Note 23 – Related Parties* for further information).

Final Bell Canada Shareholder Promissory Note

As part of the consideration for the FB Canada acquisition, the Company issued a promissory note to FB Canada shareholders in the aggregate amount of $1.2 million having a fair value of $1.1 million as of November 30, 2022. The promissory note does not bear interest and matures at the earlier of fifteen (15) months from issuance, or the completion of an equity capital raise by the Company for gross proceeds equal to or greater than C$5.0 million. The balance as of March 31, 2023 was $1.1 million, inclusive of the effect of foreign currency. There was no balance as of March 31, 2022. See Note 27, *Subsequent Events,* for information relating to subsequent debt amendment.

17. SHAREHOLDERS' EQUITY

Company Share Classes

The Company is authorized to issue an unlimited number of SV Shares with no par value, an unlimited number of PV Shares with no par value (the PV Shares and the SV Shares together referred to as, the "Common Shares") and an unlimited number of Class C Preferred Shares.

Voting rights

SV Shares are entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting at which only holders of another class or series of shares of the Company will have the right to vote. At each such meeting, holders of SV Shares will be entitled to one vote in respect of each SV Share held.

Holders of PV Shares will be entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting of which only holders of another class or series of shares of the Company will have the right to vote. Subject to the terms set out in the articles of the Company, at each such meeting, holders of PV Shares will be entitled to 100 votes in respect of each PV Share, and each fraction of a PV Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 100 and rounding the product down to the nearest whole number, at each such meeting.

Dividends

Holders of SV shares are entitled to receive dividends, if any, as and when declared by the Board at its discretion. The directors may declare a stock dividend payable in PV Shares on the SV Shares, but only if the directors simultaneously declare a stock dividend payable in PV Shares on the PV Shares, in a number of shares per PV Share equal to the number of PV Shares declared as a dividend per SV Share, multiplied by 100.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Liquidation rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the SV Shares shall be entitled to participate pari passu with the holders of PV Shares, with the amount of such distribution per SV Share equal to the amount of such distribution per PV Share divided by 100.

The holders of the PV Shares shall be entitled to participate pari passu with the holders of SV Shares, with the amount of such distribution per PV Share equal to the amount of such distribution per SV Share multiplied by 100.

Shares Issued and Outstanding

SV Shares and PV Shares

The Company has two classes of equity shares, SV Shares and PV Shares. Both these classes are considered as ordinary shares and are treated equivalently for the purpose of accounting. Total ordinary shares of FBHI would be the sum of SV Shares and PV shares mandatorily convertible into SV shares by multiplying the number of PV Shares by 100. Thus, total common shares outstanding as of March 31, 2023 is 272,838,342.
The changes in the number of issued and outstanding shares for the periods is as follows:

	Class A Subordinate Voting Shares	Class B Proportionate Voting Shares
Balance, March 31, 2022 and 2021 (as previously reported)	-	**2,495,072**
Retroactive application of reverse recapitalization	14,469,531	(2,495,072)
Balance, March 31, 2022 and 2021 (adjusted)	**14,469,531**	-
Shares Issued on Reverse Take-Over of FBHI	-	1,735,964
Acquisition of Final Bell Canada	4,453,609	-
Acquisition of 14th Round Minority Interest	-	639,986
Shares Issued for Debt Restructuring	3,000,000	-
Shares Issued for Interest in Lieu of Cash	273,728	-
Compensation Shares Issued on Closing of Acquisitions	13,046,474	-
Balance, March 31, 2023	**35,243,342**	**2,375,950**

(i) Shares issued for reverse take over:

Upon completion of the RTO on November 30, 2022 the shareholders of FBH received 1,735,964 PV Shares in exchange for 2,495,072 FBH shares on a 1:0.69576 basis.

(ii) Shares issued for Final Bell Canada acquisition:

Upon completion of the FB Canada acquisition on November 30, 2022 the sellers of FB Canada received 4,453,609 SV Shares.

(iii) Shares issued for 14R minority interest acquisition:

During the year, FBHI completed the acquisition of the remaining 44% of 14R's outstanding shares not held by FBH pursuant to 14R Merger Agreement whereby the remaining shareholders of 14R received 639,986 PV Shares of the Company.

14R Series A Preferred Stock

14R was authorized to issue up to 84,389 preferred shares with $0.01 par value per share.

On September 18, 2019, 14R closed on a Series A brokered financing (the "Second Offering") for 50,211 preferred shares, at a price of $237 per share, for gross proceeds of $11.9 million. On December 6, 2019, 14R closed an additional tranche to the Second Offering and issued 3,164 preferred shares, at a price of $237 per share (the "Original Issue Price"), for gross proceeds of $749.9 thousand. The Series A preferred stock is a class of voting preferred stock with certain anti-dilution rights and protective provisions. The holders of Series A preferred stock are entitled to receive dividends at a rate of 6% per annum.

Such dividend is payable only when, as, and if declared by the board of directors of 14R and is non-cumulative. On February 12, 2021, 14R filed an Amended and Restated Certificate of Incorporation changing the conversion ratio for Series A preferred stock to common stock from a 1:1 ratio to a ratio equal to 1:1.354286 calculated by taking the Original Issue Price of $237 divided by the Series A Conversion Price of $175 (the "Conversion Ratio") and also made changes to the mandatory conversion price and threshold for such underwritten public offering as outlined in the conversion rights listed below.

Each share of Series A preferred is convertible, without payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable common stock as determined by the Conversion Ratio. The rights terminate in the event of liquidation, dissolution or winding up of 14R. The Series A preferred stockholders also have an anti-dilution protection that in the event of a merger or reorganization where additional shares of common stock are issued by 14R, the holders of Series A preferred stock are entitled to anti-dilution protection and the Series A Conversion Price would be adjusted, such that any value of common stock that is less than the Series A Conversion Price would result in an increase to the Conversion Ratio in favor of the holders of Series A preferred stock. As a result of this provision, the conversion option does not have a fixed settlement amount and the Series A preferred stock was designated a financial liability (see Note 24).

Share – Based Compensation

Prior to completion of the RTO, 14R administered a plan (the "14R Stock Plan") providing for the grant of options, warrants, restricted stock units ("RSUs") or common stock in exchange for services. 14R recognized compensation expense for stock option, warrant and RSU awards over the applicable service period of the award. The service period is generally the vesting period. Following the RTO, the 14R options are governed by FBHI and subject to the terms of the original grant agreements based on the existing terms and conditions of the stock options granted by 14R.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The weighted average inputs used in the measurement of the grant date fair values of equity-settled share-based payments granted during the year ended March 31, 2022 were as follows:

	Year ended March 31, 2022
Fair Value at Grant Date	$ 33.03
Share Price at Grant Date	$ 73.24
Exercise Price	$ 86.04
Expected Volatility	142.14%
Expected Life	2.56
Divident Yield	0%
Risk-free Interest Rate	0.59%

14R Options no longer represent an entitlement of the holder to acquire shares of 14R and will only represent the right to acquire FBHI PV Shares. Upon the closing date of November 30, 2022, all equity grants issued by 14R became exercisable into PV Shares of FBHI.

As a result of this transaction, FBHI granted replacement equity options for unexercised 14R equity instruments. Accordingly, following the IFRS 2 guidance, 14R performed pre- and post-modification valuations to determine the fair value for the original awards and the fair value of modified awards on the date of modification. As a result of the valuations performed, it was determined the value of the options declined post-modification and accordingly, no additional compensation was recorded.

For post modification value determination, the following inputs were used:

	Year ended March 31, 2023
Fair Value at Grant Date	$ 33.03
Share Price at Grant Date	$ 73.24
Exercise Price	$ 0.73
Expected Volatility	87.00%
Expected Life	1.75
Dividend Yield	0%
Risk-free Interest Rate	4.40%

The share-based payments recorded on the consolidated statements of loss and comprehensive loss are presented in the table below:

	Year ended March 31, 2023	Year ended March 31, 2022
Restricted Share Units	-	3
Warrants	-	109
Common Shares	218	(53)
Options	-	775
Total share-based payments	$ 218	$ 834

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The continuity of share-based payments reserve activity for the years ended March 31, 2023 and was as follows:

Share based payments reserve	Year ended March 31, 2023	Year ended March 31, 2022
Balance, beginning of period	$ -	$ -
Amortization of fair value of warrants	-	109
Amortization of fair value of common stock	54	(53)
Grant of options	-	774
Exercise of warrants	-	(17)
Reclass to Non-Controlling Interest upon Rollup	-	(814)
Acquisition of minority interest	1,224	-
Balance, end of period	$ 1,278	$ -

Restricted Stock Units

During prior years, 14R granted restricted share units in exchange for services provided. 14R issued 6,500 RSUs in advance for future services that vested on July 1, 2020. 14R also has 7,230 restricted share units outstanding that vest at a rate of 1/6th every six months beginning in December 2018, with each vesting tranche considered a separate award.

As the restricted share units were issued in advance, 14R recorded prepayments of these shares in the amount of $513.4 thousand which was the grant date fair value of the shares based on the price of the most recent private placement. The grant date fair value was amortized over the vesting period. For the years ended March 31, 2023 and 2022, $nil and $3.3 thousand), respectively, related to this amortization was recognized as share-based payments expense in the statement of profit or loss. As of March 31, 2023 and 2022, 13,730 restricted share units were issued and outstanding, all of which were fully vested.

The RTO transaction did not have an impact on the stock-based compensation expenses as all the RSUs were fully vested before the closing date. FBHI issued replacement awards for outstanding 14R vested RSUs. As the RSUs were fully vested prior to the current fiscal year and the fair value is less than the previously expensed amount, no compensation expense was recorded in as of March 31, 2023.

Vesting Stock

On July 1, 2020, 14R granted 2,777 common shares of 14R under the terms of a board of advisor's agreement (the "Advisors Agreement"). The Advisors Agreement was subsequently amended on February 1, 2021, May 24, 2021, December 30, 2021 and February 11, 2022. The estimated fair value of the common shares on the date of grant of $180 per common share was based on the consideration value in the Advisors Agreement.

Post RTO, the vesting of 1,666 awards issued by 14R accelerated as a result of change in control of 14R and 2,662 FBHI PV shares vested within 45 days after the RTO date – i.e. January 15, 2023. Thus, FBHI recorded an additional compensation expense for 2,662 vested shares of $54.1 thousand.

During the years ended March 31, 2023 and 2022, the Company recorded an expense of $218.3 thousand and recovery of $52.7 thousand, respectively, related to this amortization included in share-based payments expense in the consolidated statements of loss and comprehensive loss.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Stock Options

The following table summarizes the option activity for the periods:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life
Options Exercisable as of March 31, 2021	-	$ -	-
Options Granted	17,223	73.24	2.42
Options Exercisable as of March 31, 2022	17,223	$ 73.24	2.42
Options Cancelled	(2,100)	73.24	1.92
Options Exercisable as of November 30, 2022	15,123	$ 73.24	1.92
Post RTO, Exercisable into FBHI PV Shares	24,501	45.21	1.75
Options Cancelled	(3,767)	45.21	1.75
Options Exercisable as of March 31, 2023	20,734	$ 45.21	1.42

During the year ended March 31, 2022, 14R granted 17,223 options with an exercise price of $73.24 per option to employees and consultants of 14R that vested upon grant. The weighted average grant date fair value of the options was estimated using the Black Scholes option pricing model with the following weighted average assumptions: a market price of $73.24, based on a third-party valuation of 14R's shares, expected dividend yield of 0%, expected volatility of 172.5%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 0.42% and a weighted average expected life of 3 years. The weighted average grant-date fair value of the options was $774.4 thousand.

During the year ended March 31, 2023, 2,100 14R options and 3,767 FBHI options with exercise prices of $73.24, and $45.21 expired, unexercised. As of March 31, 2023, the Company had the following options outstanding:

Date of expiry	Options outstanding	Options exercisable	Weighted average Exercise price	Grant date fair value vested	Weighted average remaining life (in years)
August 31, 2024	20,734	20,734	$ 45.21	$ 575,475	1.42

All the options were vested on the date of grant and no further grants were issued. As a result of the RTO transaction, management obtained a valuation report to determine the pre and post modification valuation, it was determined that the value of the options declined post-modification and accordingly, no additional compensation was recorded.

Warrants

Warrant transactions for years ended March 31, 2023 and 2022 were as follows:

	Year ended March 31, 2023		Year ended March 31, 2022	
	Number of warrants	Weighted-Average Exercise Price Per Share	Number of warrants	Weighted-Average Exercise Price Per Share
Balance, beginning of period	23,289	$ 80	22,180	$ 63
Warrants Granted	-	-	2,109	237
Warrants Exercised	-	-	(1,000)	30
Warrants Cancelled	(15,180)	59	-	-
Balance, end of period	8,109	$ 119	23,289	$ 80
Post RTO, exercisable into FBHI Warrants	12,887			

During the year ended March 31, 2022, 1,000 warrants were exercised for gross proceeds of $30,000.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

On January 14, 2022, 14R granted 2,109 warrants to EWB with an initial exercise price of $237 per common share. These warrants will expire on January 14, 2027. The warrants carry a conversion right which allows the holder to exercise the warrants into that number of shares as determined by dividing the fair market value of the common shares issuable upon exercise less the aggregate exercise value by the fair market value of one common share. The fair market value will be either (a) the closing price of the common shares on the business day immediately preceding the date the holder delivers a notice of exercise to 14th Round, if the common shares are traded in a public market or (b) if the shares are not traded in a public market, a market price as determined by the board of directors of 14th Round. Since the number of shares to be issued on the exercise of the warrants is not fixed, the warrants have been classified as a derivative financial instrument in the consolidated statements of financial position. The grant-date fair value of the warrants was $74.9 thousand. As on March 31, 2023 and March 31, 2022, the fair value of EWB warrants was $99.5 thousand and $74.9 thousand, respectively. See Note 24, *Fair Value of Financial Instruments* for additional details.

On February 11, 2022, 14R extended the expiration dates of certain warrants already issued such that 6,000 warrants expiring on June 30, 2022, would expire on June 30, 2023. The weighted average incremental fair value of the warrants was estimated using the Black Scholes option pricing model, calculated immediately before and after the extension, with the following weighted average assumptions: a market price of $73.24, based on a third-party valuation of 14th Round's shares, expected dividend yield of 0%, expected volatility of 96.35%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 1.07% and a weighted average expected life of 1.4 years. The fair value of the warrant extension was $67.7 thousand.

Following the RTO closing on November 30, 2022, the 14R warrants shall continue to be governed by FBHI, exchanged using the merger ratio and subject to the terms of the original warrants agreements based on the existing terms and conditions of the warrants granted by 14R. It was observed that the fair value of post modification replacement warrants are less than fair value of pre modification original warrants, thus no accounting implication will be there as a result of this modification.

As of March 31, 2023, FBHI had warrants outstanding as follows:

Date of expiry	Warrants outstanding	Warrants exercisable	Weighted average Exercise price	Grant date fair value vested	Weighted average remaining life (in years)
June 30, 2023	9,470	9,470	$ 0.49	$ 219,745	0.25
January 14, 2027	3,417	3,417	2.37	74,916	3.79
	12,887	12,887	$ 1.19	$ 294,661	1.19

Gallant Investment Partners Limited

On May 19, 2022, FBHI entered into an Advisory Services Agreement with Gallant, which was amended and restated on September 30, 2022, and engaged the advisor to provide certain consulting and advisory services related to the Company's strategic growth initiatives. With respect to the compensation fees, the advisor and the Company entered into an Option Award Agreement dated November 29, 2022, wherein Company granted the advisor an option to acquire 13,046,474 SV Shares of the Company in connection with the closing of the RTO. As a result of the closing of the RTO and other acquisitions on November 30, 2022, such options became exercisable at a de minimis exercise price, and the advisor exercised the options and received 13,046,474 SV Shares valued at $1.8 million (based on the number of SV Shares at the fair value per share on the RTO date), which resulted in compensation cost of $1.8 million (net of foreign exchange translation adjustment of $39.5 thousand). These compensation costs are recorded as selling, general, and administrative costs for the year ended March 31, 2023.

Shares issued with respect to debt restructuring arrangement with Angsana

During the year ended March 31, 2023, the Company entered into a debt restructuring agreement with Angsana Investment Private Limited pursuant to which FBHI issued 3,000,000 SV Shares to Angsana as a compensation for restructured terms with valuing compensation cost of $0.2 million, which is included in finance cost for the year ended March 31, 2023. Refer to Note 24 for additional discussion.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

18. NON-CONTROLLING INTEREST

As part of the Final Bell Roll-Up Transaction on December 27, 2020, the assets and liabilities of a combined group of companies were transferred into FBH, resulting in FBH owning 56% of 14R and 89% of DB Innovations as of March 31, 2022 with the remaining 44% and 11%, respectively, retained by the other owners of the contributed entities. On November 30, 2022, as part of the FBH SEA, FBHI acquired the remaining 44% of 14R. As a result, the Company owns 100% of 14R and 89% of DB Innovations as of March 31, 2023.

On January 1, 2021, FBH entered into a stock purchase agreement (“SPA”) with Westside 1237, Inc. (“Seller”) whereby FBH would purchase all shares the Seller owned in WCC, totaling 813 shares or 81.3% of the total ownership stake. In May 2021, FBH paid an initial $2 million for 220 shares or 22% of WCC equity and on November 30, 2021, paid $5.4 million for an additional 593 shares or 59.3% of WCC, resulting in the Company owning 81.3% of WCC with 18.7% retained by the other owners of WCC.

The following summarizes the changes in non-controlling interest for the years ended March 31, 2023 and 2022:

		Total
Balance, March 31, 2021	$	4,679
Share of Assets Acquired from Non-Controlling Interest		(179)
Amortization of Discount on Note Receivable - Related Party		13
Share Based Compensation		831
Warrant exercise		30
Acquisiton of WCC		1,702
Share of loss for the year		(3,026)
Balance, March 31, 2022	$	4,050
Share Based Compensation		164
Option cancellation		(94)
Warrant cancellation		(369)
Share of loss for the period		(797)
Share of Assets Acquired from Non-Controlling Interest		(2,086)
Balance, March 31, 2023	$	868

The following summarizes the amounts attributable to NCI for the years ended March 31, 2023:

Current assets	$	1,057
Non-current assets		2,819
Liabilities - Current and Non-Current		(2,211)
Net Assets		1,665
Carrying amount of NCI	$	868
Loss for the period	$	3,267
Loss allocated to NCI		797

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

19. REVENUE RECOGNITION

The Company generates revenue from the transfer of goods and services at a point-in-time from the revenue streams below:

	For the year ended March 31, 2023		For the year ended March 31, 2022	
Hardware & Packaging	$	45,434	$	58,499
Master Manufacturing		24,155		17,556
Revenue from External Customers	$	69,589	$	76,055

The Company's deferred revenue primarily relates to deposits received from customers that are used to start production. Deferred revenue is typically recognized as revenue within 8-12 weeks once the product is delivered. The following summarizes the changes in deferred revenue for the years ended March 31, 2023 and 2022:

	March 31, 2023		March 31, 2022	
Beginning deferred revenue balance	$	2,388	$	2,987
Recognition of deferred revenue included in beginning balance		(2,388)		(2,987)
Deferred Revenue acquired as part of acquisition		349		-
Deferred Revenue recognized in the current period		1,528		2,388
Deferred Revenue	$	1,877	$	2,388

20. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended March 31, 2023 and 2022, general and administrative expenses comprised:

	For the year ended March 31, 2023			For the year ended March 31, 2022		
Salaries and Benefits	$	11,706	47%	$	7,715	33%
Professional Fees		6,890	28%		3,650	16%
Office Expenses		5,019	20%		4,440	19%
Advertising and Marketing		610	2%		284	1%
Meals, Entertainment and Travel		412	2%		452	2%
Bad Debt (Recovery) Expense		138	1%		6,714	29%
Total	$	24,775	100%	$	23,255	100%

Certain costs related to a variety of transactions including the RTO, acquisition of FB Canada and debt financings were expensed as incurred and included in professional fees during the years ended March 31, 2023 and 2022, since such costs were not readily identifiable to the specific transactions.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

21. EARNINGS PER SHARE

The calculation of basic EPS has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. SV Shares and PV Shares are considered ordinary shares to be included in the denominator of EPS. PV Shares have been converted into SV Shares in accordance with its liquidation rights in ratio of 100:1 to compute basic EPS for one class of ordinary shares. As the legal subsidiary is the accounting acquirer, the number of shares to use in the earnings per share calculations for the period before the RTO is based on the weighted average number of outstanding shares of the accounting acquirer before the RTO adjusted to reflect the exchange ratio applied in the reverse acquisition.

	March 31, 2023	March 31, 2022
Loss for the year, attributable to the ordinary shareholders	(29,811)	(19,491)
Weighted-average number of ordinary shares	90,883,934	1,501,200
Basic loss per share	$ (0.33)	$ (12.98)

Basic and diluted EPS are equal as the Company incurred operating losses for both comparative periods presented.

22. COMMITMENTS AND CONTINGENCIES

Local and State Regulations

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes the Company is in compliance with applicable local and state regulations as of March 31, 2023, regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

US Cannabis Industry

While marijuana is legal under the laws of several U.S. states (with varying restrictions), the United States Federal Controlled Substances Act classifies all "marijuana" as a Schedule I drug, whether for medical or recreational use. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. As such, there is an inherent risk related to the federal government's position on cannabis. There is additional risk associated with the Company's business in cannabis that third-party service providers could suspend or withdraw services and regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S. As of March 31, 2023, Company has not estimated a potential liability related to the possible enforcement of laws against the medical cannabis industry.

Litigation

From time to time, the Company may be involved in litigation related to claims arising out of operations in the normal course of business. As of March 31, 2023, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has material interest adverse to the Company's interest.

Paycheck Protection Program Loans

At formation and rollup, 14th Round had a loan from First Republic Bank in the amount of $534.0 thousand dated April 20, 2020 and received an additional loan from First Republic in the amount of $726.3 thousand dated January 31, 2021. Both loans were received under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and

Economic Security ("CARES") Act. The loans may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loans bear interest at a rate of 1% and are payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the respective note. The loans may be repaid at any time with no prepayment penalty. On April 7, 2021 and November 24, 2021, $534.0 thousand and $726.3 thousand, respectively, of loans received under the Payroll Protection Program were forgiven. The resulting gain on forgiveness of debt of $1.3 million was netted against general and administrative expenses in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2022.

Promissory Notes

Tom Fornarelli

On March 1, 2023, the Company entered into a loan agreement with Tom Fornarelli ("Borrower") who is a related party being a co-founder and head of innovation at Final Bell Holdings. As part of the agreement, the Company is obliged to fund the principal sum of $600.0 thousand, pursuant to payment instructions provided by borrower without accruing any interest on the principal sum outstanding. Upon occurrence of an event of default (as defined in the loan agreement) any amounts unpaid and outstanding shall accrue interest at the rate of 10% per annum. As collateral and continued security for the loan, the borrower agrees to pledge 141,176 PV shares in the favor of the Company. A promissory note was delivered by the Borrower which represents a promise to pay the Company the maximum of amount of principal sum and all other monies owing to the Company on or before March 31, 2024. As of March 31, 2023, no amount was funded or outstanding.

Jeremy Green

On March 1, 2023, the Company entered into a loan agreement with Jeremy Green ("Borrower") who is a related party being the CEO of 14th Round Inc. (a wholly owned subsidiary of FBHI). As part of the agreement, the Company is obliged to fund the principal sum of $400.0 thousand, pursuant to payment instructions provided by borrower without accruing any interest on the principal sum outstanding. Upon occurrence of event of default (as defined in the loan agreement) any amounts unpaid and outstanding shall accrue interest at the rate of 10% per annum. As a collateral and continued security for the loan, the borrower agrees to pledge 94,117 PV shares in favor of the Company. A promissory note was delivered by the Borrower which represents a promise to pay the Company the maximum amount of principal sum and all other monies owing to the Company on or before March 31, 2024. As of March 31, 2023, no amount was funded or outstanding.

23. RELATED PARTIES

Product Sales

In the normal course of business, the Company regularly has product sales to customers that are affiliated through common ownership. During the years ended March 31, 2023 and 2022, the Company had sales to related parties of $1.6 million and $1.5 million, respectively, and is owed trade receivables from related parties in the amount of $358.0 thousand and $170.2 thousand, respectively, that are included in accounts receivable in the consolidated statements of financial position.

Key Management Compensation

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The remuneration of directors and other members of key management personnel were as follows:

	Twelve months ended March 31, 2023	Twelve months ended March 31, 2022
Directors & officer compensation	$ 3,590	$ 2,158
Share-based Payments	-	389
	$ 3,590	$ 2,547

During the year ended March 31, 2022, 14R granted 8,300 options to directors and officers of 14R with a fair value of $389 thousand. No options were granted during the year ended March 31, 2023.

On March 9, 2023, the Company entered into a Management Service Agreement (MSA) with Angsana and agreed to appoint Mr. Robert Meyer ("Advisor") as chief executive officer of the Company, replacing the existing chief executive officer, effective April 1, 2023. The Advisor is engaged to provide certain management, consulting, and capital markets advisory services. As compensation for the services, the Company issued stock options to Mr. Meyer to acquire 8,807,624 SV Shares with service and certain non-market performance conditions. It was determined that the grant date for this transaction is April 1, 2023. The share-based compensation cost will be recognized over the vesting period of 1.5 years from the date that Mr. Meyer's employment is effective and the Company starts to obtain benefit from those services rendered. No options were granted during the year ended March 31, 2023.

Prepaid Sales-Based Royalty Fees

During the year ended March 31, 2023, the Company pre-paid sales-based royalty fees of $1.2 million to GSW associated with the licensing agreement discussed in Note 12, *Investments*. No prepayments were made for the year ended March 31, 2022. Amounts are recorded within prepaid expenses in the consolidated statements of financial position. The Chairman of the Company's Board of Directors is the Executive Chairman, CEO, and co-founder of GSW.

Notes Payable

As of March 31, 2023, outstanding balances of note payables to GEV Consultants, LLC ("GEV") and Avanzato Technology Corp ("ATC") are both $nil as compared to $0.7 million and $1.0 million as of March 31, 2022, respectively. The total principal balance outstanding with GEV and ATC was repaid in full on January 25, 2023.

On September 7, 2021, the Company entered into a promissory note with PrimeTime Raley LLC ("PrimeTime"), a company with a common director, in the principal amount of $1.5 million with a maturity date of March 2022. The interest rate on the promissory note is 1%. On March 1, 2022, the Maturity date on the promissory note with PrimeTime was extended to August 31, 2022. As of March 31, 2023, there was no balance outstanding on the loan as compared to $1.5 million as of March 31, 2022.

In January 2021, FBHI entered into an arrangement with Dexchange Financial Corp. for consulting and advisory services on different general issues concerning the Company for compensation to be paid of $250 thousand. This amount was outstanding as of March 31, 2023 and is recorded within accrued expenses within the consolidated statements of financial position as of March 31, 2023 as a director of the Company is the President and Founder of Dexchange Financial Corp.

Angsana Investment Private Limited and Jason DeLand

From December 2022 to March 2023, the Company secured debt financing in the aggregate principal amount of $900.0 thousand from Angsana (entity controlled by Mr. Meyer) and $100 thousand from Jason DeLand (Chairman of the Company's Board of Directors). The Bridge Acquisition Loan bears interest at a rate of 9.00% per annum and matures on June 30, 2023. In consideration for the advance of the funding, the Company has agreed to issue the investors warrants to acquire SV Shares of the Company upon closing. As of March 31, 2023, the balance of the Bridge Acquisition Loan with Angsana, inclusive of accrued interest was $916.4 thousand. The balance outstanding, inclusive of accrued interest, with Jason DeLand was $102.6 thousand.

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On March 9, 2023, FBHI entered into a Debt Restructuring Agreement with Angsana with respect to the $900 thousand outstanding Bridge Loan resulting in the following:

a. The maturity date of these Bridge Loans was extended from June 30, 2023, to September 30, 2023
b. The warrants issued by the Company to acquire SV Shares were cancelled as part of this restructuring.
c. In consideration for extension of the loan, the Company issued 3,000,000 SV Shares to Angsana. The Company has accounted for the restructuring agreement as a loan extinguishment and recognized $215 thousand as loss on extinguishment of debt within finance cost for the year ended March 31, 2023.
d. The restructuring agreement added another extension clause which states that if any portion of the Loan and any amounts owing remains outstanding as of September 30, 2023, the maturity date will be further extended to March 31, 2024, in consideration for which Angsana will receive an additional 2,817,750 SV Shares.

Summary

As of March 31, 2023, the outstanding balance of related party loans to the Company totaled $1.3 million as compared to $3.2 million as of March 31, 2022.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following summary shows the carrying amount and fair value of each financial instrument for the years ended March 31, 2023 and 2022:

Financial Instruments	March 31, 2023	March 31, 2022	March 31, 2023			March 31, 2022		
	Carrying amount		Fair Value			Fair Value		
			Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Unsecured Convertible Notes	19,108	-			19,108			-
Contingent Liability	2,863	500			2,863			500
Derivative Financial Instruments	167	75			167			75
Series A Preferred Stock	10,036	11,150			10,036			11,150

All other financial instruments are measured at amortized cost each statement of financial position. Refer to Note 2 for additional discussion. There were no transfers into or out of the fair value levels for the year ended March 31, 2023 or the year ended March 31, 2022.

Contingent Liability

As part of the consideration for the February 2020 acquisition of Uneka, there was a holdback and contingent payouts based on gross profit milestones of $5 million and $6 million being met for fiscal years ended March 31, 2021 and March 31, 2022. These holdbacks and contingents were fair valued as of the transaction date and revaluated on the date of the statement of financial position. During the years ended March 31, 2023 and 2022, the Company made payments of $318.5 thousand and $440.0 thousand, respectively, against the liability. The Holdback Liability was settled in full prior to March 31, 2023, resulting in a gain on the change in fair value of the contingent consideration of $181.1 thousand recorded in profit or loss as compared to a loss of $18.1 thousand for the fiscal year ended March 31, 2022. As of March 31, 2023 and 2022, the fair value of the Contingent Liability was $nil and $499.6 thousand, respectively.

On November 30, 2022, FBHI obtained control of FB Canada (Note 4, *Reverse Take-over and Related Acquisitions*). Additional FBHI SV Shares are required to be issued by FBHI if FBHI issues shares at a valuation that is less than $250 million in connection with the listing of SV Shares or if FBHI is acquired prior to the listing of FBHI SV Shares at a valuation that is less than $250 million. As of March 31, 2023, the fair value of the contingent liability related the FB

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Canada acquisition was valued at $2.9 million, resulting in a loss on the change in fair value of the contingent consideration of $208.8 thousand. The contingent liability was valued using the Black-Scholes-Merton model, further adjusted for counterparty credit risk, with the following assumptions:

Equity Volatility	120%
Risk-free rate	4.28%
Risk-adjusted discount rate	18.0%
Term to exit (years)	1.00

As of March 31, 2023 and 2022, the contingent liabilities resulting from these transactions are designated as a financial liability measured at fair value through profit and loss from the initial recognition date in accordance with IFRS 9.

Series A Preferred Stock Liability

Following the 14R acquisition and subsequent to the fiscal year ended March 31, 2023, the preferred ownership interest of 53,375 shares of Series A preferred stock in 14R held by dissenting holders in 14R were exchanged for an aggregate 140,844 Class C Series A preferred shares and 18,325 PV shares in the capital of FBHI. See Note 27 – S*ubsequent Events*. As of March 31, 2023 and 2022, the Series A preferred stock was valued at $10.0 million and $11.2 million, respectively. The fair value was estimated using income and market approaches. More specifically, 33.3% weight was given to the discounted cash flow model, guideline public company method, and guideline transaction methods given the close proxminity of the value indicators with the following assumptions.

Discounted Cash Flow assumptions

Discount rate	10.5%
Long-term growth rate	0%

Guideline public companies assumptions

Risk Free-Rate	3.5%
Beta adjusted equity risk premium	7.59%
Enterprise Value Multiple	1.1x

Guideline transaction methods

Enterprise Value Multiple	1.2x

The change in the fair value of the preferred stock liability was a gain of $1.1 million and a loss of $859.3 thousand, respectively for the years ended March 31, 2023 and 2022.

Derivative Financial Instruments

As of March 31, 2023 and 2022, the fair value of the Company's derivative financial instruments was $167 thousand and $74.9 thousand, respectively. The derivative financial instruments relate to the warrants issued with the Secured Convertible Notes (2023 - $65 thousand, 2022 - nil) and the warrants issued to EWB (2023 – $99.5 thousand, 2022 - $74.9 thousand).

The fair value of the Secured Convertible Notes warrants was valued using the Black-Scholes method. The warrants were valued using the following significant assumptions:

Volatility	94%
Risk-free rate	4.35%
Dividend yield	0.0%
Time in years	1.5

The fair value of the EWB warrants were valued using the Black-Scholes method, with the following weighted average assumptions: a market price of $73.24, based on a third-party valuation of 14R's shares, expected dividend yield of 0%, expected volatility of 110.13%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 1.55% and a weighted average expected life of 5 years.

The gain on change in the fair value of the derivative liabilities for the year ended March 31, 2023 was $45 thousand and is included in the statement of profit or loss. There was no comparable gain or loss recorded as of March 31, 2022.

Unsecured Convertible Notes

As of March 31, 2023, the fair value of the Company's Unsecured Convertible Notes was $19.1 million as of March 31, 2023. No comparable balance existed as of March 31, 2022 (see Note 16, *Debt*). The fair value of the Unsecured Convertible Notes was estimated using the significant assumptions regarding the probability of a maturity event or a Qualifying Capital Transaction and the discount rate selected from a market debt yield analysis.

The loss on change in fair value of the Unsecured Convertible Notes for the year ended March 31, 2023 was $363.1 thousand (March 31, 2022 – $nil) and is included in the statement of profit or loss.

The Company uses a sensitivity analysis to estimate the impact in profit or loss of a strengthening or a weakening of the US dollar against the other group currencies. If the fair value of these financial liabilities categorized within level 3 were to increase or decrease by 10% as of March 31, 2023, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately $2.3 million (March 31, 2022 – $nil). The results of the sensitivity analysis should not be considered as projections of likely future events, as the gains or losses from exchange rates in the future may differ due to developments in the global financial markets.

25. RISK MANAGEMENT FACTORS

Market/Price risk

Market risk is the risk that changes in the market-related factors, such as foreign currency exchange rates and interest rates, will affect the Company's (loss) income or the fair value of finance instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal as the leases and notes had fixed terms for the year ended March 31, 2023.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in its foreign subsidiaries. The Company's foreign currency risk arises primarily with respect to the Chinese Yuan Renminbi ("RMB") and the Canadian Dollar ("CAD"). Fluctuations in the exchange rates between the RMB and CAD and the US dollar could have a material impact on the Company's business, financial condition and results of operations. The Company does not engage in hedging activity to mitigate this risk.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The exchange rates that have been used in preparing the financial statements are:

	March 31, 2023		March 31, 2022	
	Average rate	Closing rate	Average rate	Closing rate
RMB	0.1446	0.1456	0.1406	0.1576
CAD	0.7565	0.7390	0.798	0.8003

A 1% strengthening or weakening of the US dollar against the RMB at March 31, 2023 would result in an increase or decrease in other comprehensive income of approximately $11.8 thousand. A 1% strengthening or weakening of the US dollar against the CAD at March 31, 2023 would result in an increase or decrease in other comprehensive income of approximately $333.9 thousand.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable, and notes receivable. The risk to cash deposits is mitigated by holding these instruments with regulated financial institutions. Accounts receivable, and notes receivables credit risk arises from the possibility that principal and interest due may become uncollectible. The Company mitigates this risk by managing and monitoring the underlying business relationships. As of March 31, 2023 and 2022, the maximum credit exposure related to the carrying amounts of accounts receivable and notes receivable was $10.3 million and $18.3 million, respectively.

The Company's aging of trade receivables, net of expected credit losses, was as follows:

	Accounts Receivable, Net	
	March 31, 2023	March 31, 2022
Current	$ 5,294	$ 6,796
Past due 1 to 30 days	2,845	3,115
Past due 31 to 60 days	1,044	3,778
Past due 61 to 90 days	941	870
Past due 91 to 120 days	1,993	1,650
Total Accounts Receivable	12,117	16,209
Less Expected Credit Loss Allowance	(1,843)	(3,849)
Total	$ 10,274	$ 12,360

Financial Risk Factors

Liquidity risk

The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to raise sufficient capital to settle obligations and liabilities when due and manage cash flow from operating activities.

The Company objective when managing liquidity is to ensure that it will have sufficient liquidity to meet its contractual financial obligations when they become due under normal and stressed situations without incurring unacceptable losses. Historically, the Company's primary source of liquidity has been its operations, capital contributions made by equity investors and debt issuances.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, which primarily includes cash inflows from trade receivables in comparison to cash outflows from trade payables and accrued liabilities. As of March 31, 2023 and 2022, the Company had cash balances of $3.7 million and $3.4 million, respectively, and accounts receivable balances of $10.3 million and $12.4 million, respectively.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The Company has experienced significant losses, has a working capital deficiency of approximately $31.8 million at March 31, 2023, negative cash flows from operations, and accumulated deficit of $34.6 million. Refer to Note 27 "Subsequent Events" for management's progress toward addressing the liquidity risks.

The Company has the following gross contractual obligations as of March 31, 2023, which are expected to be payable in the following respective periods:

	Less than 1 year	1 to 3 years	Greater than 3 years	Total
Accounts payable and accrued liabilities	$ 22,211	$ -	$ -	$ 22,211
Convertible notes, notes payable and accrued interest	24,548	22,700		47,248
Total	46,759	22,700	-	69,459

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue operations. In the management of capital, the Company includes its components of operating lease obligations, cash and equity.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling its expenses. Management reviews its capital management policies on an ongoing basis. Post the RTO transaction, there have been no changes to the Company's capital structure.

26. OPERATING SEGMENTS

IFRS 8 requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Company's CEO as he is primarily responsible for the assessment of performance. The CODM uses revenues as the key measure of each segment's performance for the period under evaluation.

The Company has determined it has two key segments 1) hardware and packaging and 2) formulating, filling and co-packing products for various cannabis brands in California and Canada ("Master Manufacturing"). Together, these segments provide the Company with a fully integrated business model.

Segmented Operating Results for the year ended March 31, 2023

	Hardware & Packaging	Master Manufacturing	Corporate	Total
Revenue	$ 45,434	$ 24,155	$ -	$ 69,589
Cost of Goods Sold	31,287	21,621	-	52,908
Gross Profit	14,147	2,534	-	16,681
Expenses	12,070	10,511	8,641	31,222
Income (Loss) from Operations	$ 2,077	$ (7,977)	$ (8,641)	$ (14,541)

Segmented Operating Results for the year ended March 31, 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

	Hardware & Packaging	Master Manufacturing	Corporate	Total
Revenue	$ 58,499	$ 17,556	$ -	$ 76,055
Cost of Goods Sold	44,005	16,181	-	60,186
Gross Profit	14,494	1,375	-	15,869
Expenses	20,659	5,193	3,155	29,007
Income (Loss) from Operations	$ (6,165)	$ (3,818)	$ (3,155)	$ (13,138)

Within the Master Manufacturing segment, the Company recorded revenue of $7.0 million and $17.2 million in Canada and the United States, respectively, for the year ended March 31, 2023 as compared to $nil and $17.6 million, respectively for the year ended March 31, 2022.

27. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 29,2024, which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition at March 31, 2023 have been incorporated into these consolidated financial statements.

Equity Financing

The Company received $5.1 million pursuant to a non-brokered private placement. On January 12, 2024 under the partial revocation order, the Company completed a non-brokered private placement for aggregate gross proceeds of C$1.37 million through the issuance of 2,978,261 Class A Subordinate Voting Shares at a price of C$0.46. The remaining amounts remain available for an offering that may be completed following the revocation of the Cease Trade Order issued by the British Columbia Securities Commission. In 2024, term sheets were executed to replace the portion of the equity offering outstanding following the issuance under the partial revocation order.

Transactional Update Related to 14R Merger Agreement

On April 5, 2023, the Company announced that it completed the orderly settlement of all outstanding matters relating to the merger with 14R that was completed in late 2022. Previous holders of preferred shares in 14R who had dissented from the Merger received an aggregate 140,844 Class C Preferred Shares and 18,325 PV Shares. Each Preferred Share is exchangeable into one PV Share, and the Preferred Shares include preference rights to dividends and distributions on liquidation, as well as price protection equal to the consideration securityholders received on completion of the RTO.

Related Party Loans

Tom Fornarelli
Pursuant to the loan agreement dated March 1, 2023 between FBHI and Tom Fornarelli (co-founder and head of innovation at Final Bell Holdings), the Company made loan advances for $712.3 thousand as total drawn from April 1, 2023 to March 31, 2024. In January 2024, $500 thousand of these drawn amounts were repaid. As of March 31, 2024, there was $212.3 thousand outstanding and payable on this loan.

Jeremy Green
Pursuant to the loan agreement dated March 1, 2023 between FBHI and Jeremy Green, who is a related party being the CEO of 14R, the Company made loan advances for $150.0 thousand. The entire outstanding amount was repaid to Company on June 9, 2023.

Warrant Exercise

On June 10, 2023, the Company issued 4,675 PV Shares for gross proceeds of $87.8 thousand upon the exercise of replacement warrants issued in connection with the Merger.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Cease Trade Order

On August 14, 2023, the Company was issued a failure to file cease trade order under the securities legislation of British Columbia as a result of the Company not filing its audited annual financial statements, management discussion and analysis, and certification of annual filings for the year ended March 31, 2023. On September 27, 2023, the Company received a partial revocation order to complete the issuance to Convertible Note holders, before September 30, 2023, of 998,139 Subordinate Voting shares at the deemed price of $0.46 per share, in full satisfaction of the September 15, 2023 interest payment. On January 9, 2024, the Company received a partial revocation order to complete the issuance of shares for a private placement and trigger the qualifying capital transaction for the conversion of the unsecured notes.

Unsecured Convertible Notes Interest, Amendment, and Conversion

On April 11, 2023, the Company issued 240,003 SV Shares to settle interest payments outstanding.

On June 23, 2023, the Company announced that holders of its outstanding Unsecured Convertible Notes approved certain amendments to the Indenture to provide for the mandatory conversion of the Notes into SV Shares at a fixed price of C$0.46 per SV Share upon the Company completing an equity financing for gross proceeds of at least C$1.36 million (US$1.0 million). This equity financing was completed on January 12, 2024 and on January 19, 2024, 50,259,477 SV shares were issued to the holders of the Notes upon conversion of all outstanding principal plus accrued and unpaid interest to the effective conversion date of January 19, 2024.

Sale of Mallen Tech Co. Limited

On May 23, 2023, the Company entered into an agreement to sell the ownership of Mallen Tech Co. Limited through a 100% equity interest transfer.

Settlement of Outstanding Loans

On June 30, 2023, the Company entered into Debt Settlement Agreements with multiple debt holders wherein the parties agreed to settle the debt in FBHI SV shares. Please see below table for settlement summary:

Lender	Bridge Loan Balance	Settlement by issuing SV shares
Angsana Investment Private Limited *(entity controlled by FBHI current CEO Mr. Meyer)*	900	2,647,059
Jason DeLand *(Director and Chairman of the Company's Board of Directors)*	100	294,118
Dexchange Financial Corp. *(entity related to Kay Jessel, Board of Director Member)*	250	735,294
Peter Lee	140	304,348
Naval Elite Limited	250	735,294
Total balance of bridge loan will be settled in SV shares	**1,640**	**4,716,113**

The conversion price for these exchanges was determined to be $0.34 per share. Accrued interest will be paid in cash. As of the date if these statements, no shares had been issued to settle the debt as a result of the Cease Trade Order issued by the British Columbia Securities Commission. In 2024, term sheets were executed to settle these outstanding amounts through the 15% FBI Note Offering detailed below. These term sheets supersede the original June 30, 2023 settlement agreement.

14R Loan Agreement with Nut Hill Investment Ltd

On August 21, 2023, 14R entered into two loan agreements with Nut Hill Investment Ltd, a Company partially owned by Mr. Meyer, to borrow $1.6 million in the form of promissory notes.

The first loan was obtained for the principal amount of $1.0 million payable on the first maturity date (61st day following the loan date) without accruing any interest. For the outstanding principal amount due on the first maturity date, the maturity for such outstanding amount shall be extended to the second maturity date (181st day following the loan date). Interest shall accrue on the outstanding balance during the period from the first to the second maturity date at the rate of 15% per annum. If the principal remains outstanding on the second maturity date, Nut Hill shall have the right to convert the principal outstanding along with interest accrued into SV Shares at a conversion price of $0.34 per share, subject to the revocation of the Cease Trade Order issued by the British Columbia Securities Commission. On November 17, 2023, a written consent from Mr. Meyer was obtained which allowed for the conversion of the $1.0 million loan to equity of the Company subject to the revocation of the Cease Trade Order. On January 17, 2024, written consent to convert the remaining $0.6 million subject to the revocation of the Cease Trade Order was obtained from Mr. Meyer. As of the date of filing, the loan has not yet been converted and remains outstanding.

The second loan was obtained for the principal amount of $0.6 million payable on the first maturity date (121st day following the loan date). For the outstanding principal amount due on the first maturity date, the maturity date for such outstanding amount shall be extended to the second maturity date (241st day following the loan date). No interest will accrue on the outstanding principal balance during the term. In consideration for the second loan, Nut Hill shall be entitled to:

(i) the right to receive royalties in the aggregate amount of $0.1 million payable on or before the first maturity date based on sales through to that date;

(ii) if the principal amount of the loan remains unpaid by the first maturity date, Nut Hill shall have the right to receive royalties in addition to (i) above in the amount of $0.1 million payable on or before the second maturity date based on sales through to that date;

(iii) If any of the royalties provided for in paragraphs (i) and (ii) above remains unpaid on or before June 30, 2024, such outstanding royalties shall be paid thereafter either (i) in twelve (12) consecutive equal monthly cash installments, beginning on June 30, 2024; or (ii) at the discretion of 14R and its parent company FBHI, the outstanding royalties amount shall be converted into SV Shares at the price of $0.34 per share, subject to the revocation of the Cease Trade Order.

In March 2024, a term sheet was executed to settle these outstanding amounts through the 15% FBI Note Offering detailed below. This term sheet supersedes the November 17, 2023 conversion option.

14R Loan Agreement with Jason DeLand

On September 1, 2023 14R entered into a loan agreement with Jason DeLand (Chairman of the Company's Board of Directors) to borrow $0.3 million in the form of promissory note.

The loan shall be payable on the first maturity date (61st day following the loan date) without accruing any interest. For the outstanding principal amount due on the first maturity date, the maturity for such outstanding amount shall be extended to the second maturity date (181st day following the loan date). Upon occurrence of event of default (as defined in the loan agreement) any amounts unpaid and outstanding shall accrue interest at the rate 18% per annum.

If the principal remains outstanding on the second maturity date, Mr. DeLand shall have the right to convert the principal outstanding along with interest accrued into SV Shares at a conversion price of $0.34 per share subject to the revocation of the Cease Trade Order. As of the date of this filing, this loan was outstanding. In April 2024, a term sheet was executed to settle these outstanding amounts through the 15% FBI Notes detailed below.

Asset Purchase Agreement ("APA") for GSW

On December 11, 2023, FBH completed an asset acquisition of substantially all of GSW's, and its affiliates' and subsidiaries', assets, for an aggregate purchase price of approximately $10.3 million, paid solely through the assumption of GSW's liabilities. The Company agreed to guarantee certain of the liabilities assumed by FBH in an aggregate amount of approximately $4.7 million.

Sale of FB Canada

On December 5, 2023, the Company entered into a share exchange agreement (the “SEA”) with BZAM Ltd. (“BZAM”) pursuant to which the Company agreed to sell all of the issued and outstanding shares of FB Canada to BZAM in consideration for 90,000,000 common shares of BZAM (the “BZAM Shares”), representing approximately 33.23% of the issued and outstanding shares of BZAM, at a deemed price of C$0.15 per share, for an aggregate value of C$13,500,000. The transaction closed on January 5, 2024. Consideration for the sale of FB Canada also included the issuance by BZAM of an unsecured promissory note in the amount of C$8 million in favor of a subsidiary of the Company.

On February 29, 2024, BZAM applied for and was granted an order from the Ontario Superior Court of Justice under the Companies' Creditors Arrangement Act (the “CCAA”) in order to restructure its business and financial affairs as an insolvent company. The Company has formally opposed the CCAA proceedings to hold BZAM and its management accountable for their actions and such proceedings are ongoing.

East West Bank Extension

On December 29, 2023, the Company received an extension on the maturity date of the ABL Facility for 90 days. On April 3, 2024, the Company received another extension on the maturity date of the ABL Facility for an additional 90 days.

Offering of 15% Secured Convertible Notes

In March 2024, the Company pursued an offering of secured convertible notes of Final Bell Innovations, a wholly owned subsidiary of FBHI, up to an aggregate maximum principal amount of US$12 million. This offering is intended to replace the offering of SV Shares by way of private placement, as described above, that did not complete as a result of the implementation of the Cease Trade Order.

The secured convertible notes shall bear interest at a rate of 15% per annum, with 4% payable quarterly and the remaining interest due upon maturity. The notes will be convertible into either SV shares, subject to the revocation of the Cease Trade Order, or shares of Final Bell Innovations, subject to certain conditions and pricing methodologies, and include mandatory conversion events. Subscriptions for $8.1 million principal amount of secured convertible notes have been received by the Company to date, inclusive of funds previously received under the 2023 private placement that did not complete and outstanding debt. The offering is expected to close in one or more tranches in the first fiscal quarter of 2024.

Angsana Management Services Agreement

Effective December 31, 2023, in consideration for the ongoing capital support by Angsana and its affliates to the Company, Angsana and the Company entered into an amended Debt Restructuring Agreement resulting in the acceleration of the issuance of 11,625,374 SV Shares remaining to be issued to Angsana upon completion of an equity or debt raise of the Company or any of its affiliates or subsidiaries, subject to certain conditions. The revised settlement agreement was entered into to cancel the stock options for 8,807,624 SV Shares and replace those with the issuance of 8,807,624 SV Shares. Angsana also agreed to subscribe for securities under any such equity or debt raise for US$800 thousand.

Executive and Board Director Changes

On November 1, 2023, Keith Adams was appointed as CFO the company. As part of the appointment, Mr. Adams was issued 4,000,000 RSUs to be converted into on a 1:1 ratio to SV Shares. These RSUs vest over 3 years.

On January 5, 2024, in connection with the sale of FB Canada, Greg Boone resigned as a director of the Company and was replaced by Robert Meyer.

Golden Iris Note Amendment

On March 4, 2024, FBHI entered into an amendment agreement to the Golden Iris loan. The amendment deferred the quarterly interest payment date of December 31, 2023 to January 31, 2024, increased the quarterly interest rate from 6% to 6.50%, increased the interest rate due at maturity from 6% to 8.5%, and extended the maturity date to August 18, 2026 in exchange for a facility fee of $250,000 to be paid in three tranches ($50 thousand due upon execution, $100 thousand on June 30, 2024 and $100 thousand on December 31, 2024). All existing covenants were extended to begin effective June 30, 2024. A covenant was also added to the agreement to establish a debt service reserve account which is required to have 100% of any scheduled quarterly payment of interest on the Term Loan for the quarter in which the interest is due and payable. Additionally, the warrant was amended to extend the expiration date from August 17, 2025 to August 17, 2028 and reduce the exercise price from US$0.89 to US$0.34 per warrant share. Conditions subsequent to the amendment include the obligation by the Company to complete and file these financial statements and obtain a full revocation of the Cease Trade Order within three months of the amendment.

FB Canada Promissory Note Extension

The promissory note issued to the FB Canada sellers on November 30, 2022 had an original maturity date of February 2024. This maturity date was amended to February 28, 2025 through an amendment to the promissory notes signed in April 2024.

This is Exhibit "B" referred to in the Affidavit of Keith Adams sworn by Keith Adams of the City of Los Angeles, in the State of California, before me at the City of Toronto, in the Province of Ontario, on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

____
Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

PRESS RELEASE

Final Bell Holdings International Retires All Outstanding Subordinated Convertible Notes

Vancouver, BC / January 22, 2024 / Final Bell Holdings International Ltd. (the "**Company**") is pleased to announce that it has completed the mandatory conversion of all of its outstanding subordinated convertible notes due 2024 (the "**Notes**") into Class A subordinate voting shares ("**SV Shares**"). A total of 50,259,477 SV Shares were issued to holders of the Notes upon conversion of all outstanding principal plus accrued and unpaid interest to the effective conversion date of January 19, 2024, at a price of CDN$0.46 per SV Share. The conversion was completed in accordance with the terms of the trust indenture governing the Notes entered into with Odyssey Trust Company, as note trustee, dated as of May 6, 2021, as amended and supplemented on June 23, 2023 (the "**Indenture**").

With the completion of the mandatory conversion, all outstanding Notes in the aggregate principal amount of CDN$22,770,000 have been repaid in full and the indebtedness represented thereby discharged. The Company expects to derive significant financial benefits from the retirement of the Notes, including de-leveraging the Company's balance sheet and improving financial flexibility to pursue future growth opportunities. Holders of the Notes will be receiving communications from the trustee under the Indenture and the Company's transfer agent in respect of the conversion and issuance of SV Shares in the coming days.

As previously announced, the Company's securities are currently subject to a cease trade order (the "**CTO**") issued by the British Columbia Securities Commission (the "**BCSC**") on August 14, 2023 for failure to file audited financial statements and related documents, which resulted from unforeseen and unexpected delays in completion of the Company's audit for the fiscal year ended March 31, 2023. The conversion of the Notes was conducted pursuant to a partial revocation of the CTO issued by the BCSC on January 9, 2024, following completion of the recently announced private placement of SV Shares.

All of the Company's securities remain subject to the CTO until it is fully revoked. The Company intends to apply for a full revocation of the CTO immediately upon completion of its audit, which is expected in the current fiscal quarter.

About Final Bell Holdings International Ltd.

The Company operates a highly competitive consolidated group of businesses providing end-to-end solutions to leading cannabis brands through integrated product development, manufacturing, and supply chain management, including in the design and technology space, offering industrial design, engineering, manufacturing, branding, and child-resistant packaging solutions for cannabis vaporizers, edibles, and related products. The Company represents a new paradigm for the legal cannabis industry on a global scale: the ability to fully outsource production and manufacturing of state-of-the-art hardware, packaging, licensed co-manufacturing, and product commercialization to a single partner.

For more information, please contact:
Kay Jessel
Executive Director
604.365.6099
IR@finalbell.com

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF KEITH ADAMS

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Lawyers for Final Bell Holdings International Ltd.

TAB 4

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

AFFIDAVIT OF KAY JESSEL

I, Kay Jessel, of the Municipality of West Vancouver, in the Province of British Columbia, MAKE OATH AND SAY:

1. I am the Executive Director of Final Bell Holdings International Ltd. ("**Final Bell**"), and until recently a director of BZAM Ltd. ("**BZAM**"). I have personal knowledge of the facts and matters contained in this affidavit. To the extent I make statements based on information and belief, I have identified the source of my information or belief and I believe it to be true.

2. I am duly authorized to make this affidavit on behalf of Final Bell.

Background

3. I have been a director of Final Bell since the inception of Final Bell's predecessor company, of which I was also a director. In the fall and winter of 2023, I was the Executive

Director of Final Bell as well as its acting Chief Financial Officer ("**CFO**"), until Keith Adams was appointed to the role of CFO in November 2023. At Final Bell, I currently oversee operations and am responsible for fund-raising, investor relations, and all public filings.

4. My background is in investment banking, private asset management, and investor relations. I have raised over $250 million for public and private companies worldwide and have held director positions in public and private companies in North America and Europe, including Fila Golf, Inc., HeartForce Medical Inc., Biokronix Inc., Menzel & Partners Asset Management AG and Dexchange Consulting Ltd.

BZAM Letter of Intent

5. On October 31 2023, BZAM's board of directors delivered to Final Bell a non-binding letter of intent (the "**Letter of Intent**"). BZAM offered to purchase under a share exchange agreement all issued and outstanding shares of Final Bell's Canadian subsidiary, Final Bell Canada Ltd. ("**FBC**"), in exchange for 90,000,000 shares of BZAM. The Letter of Intent also proposed that FBC would retain $4 million in existing accounts payable to Final Bell and BZAM would assume another $4 million of debt owing by FBC to Final Bell.

6. On November 1, 2023, Final Bell signed the Letter of Intent. Attached as **Exhibit "1"** is the executed Letter of Intent.

Final Bell Board Agrees to Move Forward with Transaction

7. Final Bell commenced its due diligence into the proposed transaction and BZAM. Keith Adams, our CFO, led the due diligence for Final Bell.

8. The due diligence process culminated in the presentation of financial modelling in a PowerPoint presentation (the "**Transaction PowerPoint**").

9. The Transaction PowerPoint painted a favourable picture of BZAM post-transaction. BZAM was projected to experience positive growth in earnings and had $6,000,000 in funds available to it under a revolving credit facility with Cortland Credit Lending Corporation ("**Cortland**").

10. Although the Transaction PowerPoint noted that the Cortland revolving credit facility matured in March 2024, it also stated that "BZAM has confidence in the renewal as it is a policy of the lender to renew the term every 15 months." Consistent with this statement, the modelling included access to the Cortland facility beyond the pending expiration date.

11. The Transaction PowerPoint also noted that BZAM had strong operational cash flow projections for 2024. A copy of the Transaction PowerPoint is attached as **Exhibit "2"**.

12. On December 3, 2023, after reviewing materials including the Transaction PowerPoint, and a draft share exchange agreement, Final Bell's board executed consent resolutions to enter into a share exchange agreement with BZAM. The information provided to Final Bell's board as set out in the Transaction PowerPoint convinced the board to move forward with the transaction with BZAM.

13. A copy of the executed December 3, 2023 consent resolution is attached as **Exhibit "3"**.

The Share Exchange Agreement

14. On December 5, 2023, Final Bell, FBC, and BZAM entered into a share exchange agreement (the "**Share Exchange Agreement**"). A copy of the executed Share Exchange Agreement is attached as **Exhibit "4"**.

15. Under the Share Exchange Agreement, Final Bell would issue to BZAM all of the issued and outstanding shares of FBC in exchange for aggregate consideration of $21,500,000, comprised of:

(a) ninety million (90,000,000) shares of BZAM at a deemed price of $0.15 per share, for a total value of $13,500,000; and

(b) a secured promissory note in the amount of $4,000,000 executed by FBC in favour of 14th Round Inc., a wholly-owned subsidiary of Final Bell, and guaranteed by BZAM; (the "**Secured Promissory Note**"); and

(c) an unsecured promissory note in the amount of $4,000,000 executed by FBC in favour of 14th Round Inc and guaranteed by BZAM (the "**Unsecured Promissory Note**").

16. The Share Exchange Agreement also provided that Final Bell could appoint a nominee to the BZAM's board on closing.

17. On January 8, 2024, the Share Exchange Agreement closed.

18. I was appointed to BZAM's board as Final Bell's representative on January 8, 2024.

19. The same day, FBC executed an unsecured promissory note with a principal amount of $8,000,000 for Final Bell's benefit, providing for the remaining $8,000,000 consideration contemplated by the SEA (the "**Final Note**"). The Final Note replaced the Secured Promissory Note and Unsecured Promissory Note provided for under the Share Exchange Agreement. A copy of the executed Final Note is attached as **Exhibit "5".**

20. Final Bell was aware that a transaction for which consideration was in the form of equity and unsecured debt attracted some risk, but it was willing to undertake that risk based on the representations BZAM made to Final Bell before the transaction closed. If Final Bell knew on or prior to January 8, 2024, that BZAM was contemplating a restructuring within the next couple months, it would not have closed on the transaction.

January 24, 2024 Budget Meeting

21. On January 24, 2024, BZAM held a budget meeting to introduce staff at FBC to BZAM (the "**Budget Meeting**"), which I attended. The Budget Meeting was attended by the entire BZAM board, along with the senior management teams of BZAM and FBC. Twenty people attended. The meeting was led by BZAM's Chief Executive Officer, Matthew Milich. It lasted roughly two hours.

22. At the Budget Meeting, Mr. Milich went through a PowerPoint presentation (the "**Budget PowerPoint**"). The Budget PowerPoint showed that BZAM started 2024 with a positive cash balance and expected to end 2024 with a positive cash balance as well. It also stated that BZAM expected to continue to draw advances from the Cortland revolving credit facility throughout the year. This representation was consistent with the representations made to Final Bell before the transaction closed, namely that the Cortland revolving credit facility would be available to

BZAM beyond its March 2024 maturity date. A copy of the Budget PowerPoint is attached as **Exhibit "6"**.

23. The tone of the meeting was positive regarding BZAM's business position on a go-forward basis. Mr. Milich indicated that, with the acquisition of FBC, BZAM was poised to be the fourth or fifth largest company in the Canadian cannabis space, particularly because of the success of FBC's launch of the Jeeter product line. This was consistent with the positive picture painted of BZAM by its representatives before Final Bell entered and closed the Share Exchange Agreement.

24. Mr. Milich mentioned some contemplated operational changes to increase efficiency, such as BZAM closing FBC's facility in Ontario and shifting operations to BZAM's facility. This idea was presented as a way to streamline the business and to focus on the lucrative product line that FBC had brought with it.

25. During the Budget Meeting, there was no discussion of BZAM facing any financial problems, or of it potentially requiring an insolvency proceeding. To the contrary, Mr. Milich stated that BZAM would experience growth in 2024 and positive earnings before interest, taxes, depreciation, and amortization, as shown in the Budget PowerPoint below:

Consolidated EBITDA

BZAM

INCOME STATEMENT	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Revenue-Rec	*27,940*	*39,028*	*45,673*	*45,748*	*158,389*
Revenue-Export/B2B/Others	*6,250*	*6,624*	*6,801*	*6,784*	*26,459*
Revenue	34,190	45,652	52,474	52,532	184,848
Excise duties	(10,082)	(14,614)	(17,497)	(17,340)	(59,533)
Net revenue	**24,108**	**31,038**	**34,976**	**35,192**	**125,314**
COGs-Direct	*(15,960)*	*(19,040)*	*(22,238)*	*(22,072)*	*(79,311)*
COGS-OH	*(2,830)*	*(2,940)*	*(2,949)*	*(2,924)*	*(11,644)*
COGs-Depreciation	*(1,708)*	*(1,708)*	*(1,708)*	*(1,708)*	*(6,833)*
Cost of Sales	(20,498)	(23,688)	(26,896)	(26,705)	(97,787)
Gross Profit before FV adjustments	**3,610**	**7,350**	**8,081**	**8,487**	**27,528**
FV Adjustments	0	0	0	0	0
Gross Profit	**3,610**	**7,350**	**8,081**	**8,487**	**27,528**
Sales and marketing expenses	(2,741)	(2,676)	(2,602)	(2,583)	(10,601)
General and administrative expenses	(4,153)	(4,091)	(4,007)	(3,968)	(16,219)
Share based compensation	(300)	(300)	(300)	(300)	(1,200)
Depreciation and amortization	(1,712)	(1,712)	(1,712)	(1,712)	(6,847)
Total operating expenses	(8,905)	(8,779)	(8,620)	(8,563)	(34,867)
Profit/(Loss) from operations	**(5,295)**	**(1,429)**	**(539)**	**(75)**	**(7,339)**
					0
Finance Costs (Interest)	(1,739)	(1,775)	(1,823)	(1,821)	(7,159)
Investment in assoc.	210	210	210	210	840
PPE/Intangible other charges	(1,476)	0	0	0	(1,476)
Restructuring	(400)	0	0	0	(400)
Income (Loss) before income taxes	**(8,701)**	**(2,995)**	**(2,152)**	**(1,687)**	**(15,534)**
Taxes					
Net (Loss) / Income	(8,701)	(2,995)	(2,152)	(1,687)	(15,534)
EBITDA	**(1,765)**	**2,501**	**3,391**	**3,855**	**7,981**

Positive EBITDA projected from March 2024

- **FY Gross Margin (excl. FV) AT 22% (37% Direct Margin when OH and Depreciation is excluded)**
- **SG&A reductions reflect changes in departmental structure and cost synergy initiatives**

Quarter-on-Quarter EBITDA

- **Q2 positive EBITDA improvement driven by revenue growth of 29% over Q1 (net revenue monthly average +$9.5m), favorable margin product mix and 2% SG&A reduction**
- **Q2 to Q3 driven by increase in sales, notably from Jeeter**
- **Q3 to Q4 EBITDA increase mainly attributable to COGS and SG&A reductions**

P.15

26. The positive picture painted by BZAM of its operations was consistent with the information Final Bell reviewed during the negotiation and closure of the Share Exchange Agreement.

February 8, 2024: First Board Meeting

27. On Thursday, February 8, 2024, BZAM held its first 2024 board meeting (the "**February 8th Meeting**").

28. The February 8th Meeting was very short, being 20 minutes at the most. Only the BZAM board attended.

29. At this meeting, I learned that Mr. Milich had been appointed to the board to replace BZAM's CFO Sean Bovingdon, and that Mr. Bovingdon had been fired as BZAM's CFO. I have since located a company notice advising that Mr. Bovingdon was terminated as of January 25, 2024—the day after our Budget Meeting—but would stay on until April 30, 2024. This notice was not provided to me by BZAM prior to the February 8th meeting.

30. The February 8th Meeting was led by Mr. Milich. He informed the board that BZAM would likely have to undergo a restructuring in the near future due to an allegedly previously-undiscovered "funding gap" and excise tax liability. Mr. Milich did not elaborate on or explain what he meant by "restructuring". There was no reference to or discussion about potentially commencing proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**"), taking the company private, or any possible stalking horse bid by a corporation related to Bassam Alghanim. Nor was there any discussion of possible alternatives to the restructuring.

31. Mr. Milich also did not explain the nature or significance of the "funding gap" or why it necessitated a restructuring. Nor did he explain why an excise tax liability, being an ordinary course business expense of companies operating in the Canadian cannabis industry, would be unanticipated or require a restructuring. To explain, excise taxes are charged to cannabis consumers when they purchase cannabis, and are normally segregated by the company for remittance to the CRA. An excise tax liability that is not discovered would require the company to have misused the funds collected from customers on account of excise taxes, which is not something Mr. Milich suggested had happened here.

32. During the meeting, Mr. Milich shared on his screen an excel spreadsheet which he went through very quickly. Given the short length of the meeting and the speed at which Mr. Milich reviewed the spreadsheet, it was difficult for me to understand what—if anything— of substance was being communicated.

33. I asked Mr. Milich to send me a copy of the spreadsheet that he presented at the meeting but was ignored. At the meeting I also requested financial information from Mr. Milich about the stated "funding gap", the excise tax liability, and the need for a restructuring. I never received any of this information from Mr. Milich.

34. Until the February 8th Meeting, I was not told that BZAM was in a position where a restructuring was necessary in the near future. BZAM did not share any information of this nature with Final Bell during the negotiation and execution of the Share Exchange Agreement. I believe no one at Final Bell received any such disclosure. If such disclosure had been made to Final Bell, it would not have closed on the transaction.

35. Based on my experience in the cannabis industry, I do not believe it is possible for BZAM's fortunes to have changed so dramatically between January 8, 2024, when the Share Exchange Agreement transaction closed, and February 8, 2024, when Mr. Milich informed the board of BZAM that it needed to restructure the company. All of the information BZAM provided to Final Bell during the due diligence process portrayed BZAM as an entity with a healthy cash flow for the foreseeable future.

36. Given that it is unlikely for a cannabis company's fortunes to change so dramatically in such short order, it is my strong belief that BZAM and its representatives knew, or ought to have known, that BZAM was at risk of experiencing an insolvency event in its near future before

Final Bell entered the Share Exchange Agreement. BZAM's representatives knew, or ought to have known, that the favourable picture portrayed by its representatives during the diligence process and continued at the January 24th Budge Meeting were false.

37. I believe that BZAM did not disclose to the market the information presented at the February 8th Meeting prior to seeking protection under the CCAA, whether by a material change report or otherwise.

38. I strongly believe that BZAM's representatives, including Mr. Milich, intentionally withheld the information concerning any "funding gap" and excise tax issues from me and Final Bell's other representatives prior to January 8, 2024, so as to induce Final Bell into entering the Share Exchange Agreement, with the knowledge that an imminent insolvency event would wipe out Final Bell's equity in BZAM and its unsecured debt.

Monday, February 12: Second Board Meeting

39. On Monday, February 12, 2024, a second meeting of BZAM's board was held (the "**February 12th Meeting**").

40. The February 12 Meeting lasted approximately 1 hour. The entire BZAM board was present, as well as Sean Zweig from the law firm of Bennett Jones LLP, and Jeffrey Rosenberg of FTI Consulting Canada Inc. Mr. Zweig was introduced to the board as BZAM's insolvency lawyer, and Mr. Rosenberg was introduced to the board as BZAM's "monitor".

41. Mr. Zweig led the meeting. Without disclosing any privileged information, Mr. Zweig described the circumstances of the company and that it intended to seek protection under the CCAA. Mr. Zweig stated that debtor in possession financing was in place, the directors would be

protected through director and officer insurance, and the directors could receive further protection from releases obtained through the CCAA proceedings.

42. Mr. Zweig explained the intended path forward through a CCAA proceeding. Mr. Zweig stated that there would likely be a public stalking horse bid with enough time for others to come in and bid in the process. Mr. Zweig also stated that the stalking horse bid would come from BZAM's Chair and largest shareholder, Mr. Bassam Alghanim.

43. At no time did anyone present or discuss any possible alternatives to a CCAA proceeding.

44. I raised a concern about the impact of a CCAA proceeding on BZAM's shareholders, and specifically mentioned that no alternatives to the CCAA proceeding had been presented to or discussed with the board. I received no substantive response to my concerns.

45. Either Mr. Zweig or Mr. Milich stated that the board would be given more information in the next couple of days, and that they wanted everything to be put together by February 21st or 23rd at the latest. I never received any additional information from Mr. Zwieg or Mr. Milich concerning the CCAA proceedings.

46. After the meeting, I started reaching out to my contacts in the cannabis industry, as well as other potential sources of financing, to try to develop alternatives to BZAM's restructuring. Multiple people expressed an interest in potentially funding BZAM.

Wednesday, February 14: In-Person Meeting with Matthew Milich

47. On Wednesday, February 14, 2024, I had an in-person meeting with Mr. Milich. The meeting occurred at my request. We met in Vancouver, British Columbia.

48. At the meeting, I asked Mr. Milich to explain BZAM's financial situation and why a restructuring was necessary. Mr. Milich refused to discuss the matter with me.

49. I informed Mr. Milich that I had spoken with multiple individuals who had expressed interest in funding BZAM. Mr. Milich refused to engage with me in further discussions, and insisted on only talking to Tom Fornarelli, Final Bell's Co-founder & Head of Innovation. It was unclear to me why Mr. Milich insisted he would only discuss the matter with Mr. Fornarelli, as he is not a director or officer.

50. Mr. Milich's behaviour at the meeting was very odd. It was not the way I expected a CEO of a company to engage with a director. I left the February 14, 2024 meeting with Mr. Milich with the belief that he was afraid to discuss BZAM's circumstances with me because he was concerned about sharing information that would reveal BZAM knew it was potentially insolvent before the Share Exchange Agreement closed and it failed to disclose that information to Final Bell.

February 28: Third Board Meeting

51. On February 28, 2024, prior to the third board meeting, I resigned as a director of BZAM.

52. I felt it was necessary for me to resign as BZAM's limited explanation and disclosure meant I could not fulfill my responsibilities as a director. I had not received any meaningful information explaining why BZAM needed to seek protection under the CCAA, why BZAM's allegedly dire financial position had not been disclosed to Final Bell ahead of the execution of the Share Exchange Agreement, or why BZAM had not canvassed any alternatives to a CCAA filing. A copy of my resignation letter is attached as **Exhibit "7"**.

53. I understand that during, the February 28 board meeting, the BZAM board voted to commence the CCAA process.

SWORN by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.	Kay Jessel
Commissioner for Taking Affidavits (or as may be) **DAVID IONIS**	**KAY JESSEL**

This is Exhibit "1" referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

BZAM CANNABIS

October 31, 2023

STRICTLY PRIVATE AND CONFIDENTIAL

The Board of Directors of FINAL BELL HOLDINGS INTERNATIONAL LTD.
#1000, 925 West Georgia Street
Vancouver, BC V6C 3L2

Dear Board Members:

On behalf of BZAM Ltd. ("**BZAM**" or "**we**"), we would like to express our interest in pursuing a transaction whereby BZAM or one of its affiliates would acquire all of the issued and outstanding common shares (the "**FBC Shares**") of your wholly owned subsidiary, Final Bell Canada Inc. ("**FBC**"), including, if any, FBC Shares issuable upon the exercise of any existing exchangeable or convertible securities (the "**Proposed Transaction**"). This non-binding letter sets out the background to and the terms and conditions of our proposal (the "**Proposal**"), which we believe represents an opportunity for FBC shareholders to realize a meaningful equity ownership interest in the combined company, and to continue to participate in the future growth of the combined company.

BZAM was incorporated on November 16, 2016 under the *Canada Business Corporations Act*. BZAM's wholly-owned subsidiaries, BZAM Cannabis and The Green Organic Dutchman Ltd., are licensed producers under the *Cannabis Act*.

BZAM owns and operates a 166,000 sq. ft. state-of-the-art EU-GMP certified cannabis cultivation and manufacturing facility in Ancaster, Ontario, capable of producing 17,500 kg per year of cannabis, and a leased 60,000 sq. ft. processing, manufacturing, and warehousing facility, in Pitt Meadows, B.C.

We believe that FBC's business is highly complementary with BZAM's business and has a strong alignment with our strategic priorities, providing an opportunity to combine FBC's brand/product portfolio and capabilities with BZAM's brand/product portfolio and capabilities.

200 BURRARD ST. • SUITE 1570 • VANCOUVER, BC • V6C 3L6 • 1-844-256-BZAM (2926) • BZAM.COM • HELLO@BZAM.COM

The principal terms and conditions of our Proposal are set out below.

1. Purchase Price and Consideration

Based on our review of FBC's disclosure of confidential information provided thus far, BZAM is prepared to offer FBC shareholders an aggregate amount of BZAM common shares (the "**BZAM Shares**") totaling ninety million (90,000,000) BZAM Shares (the "**Purchase Price**"), issued at the closing of the Proposed Transaction (the "**Closing**"), subject to the certain conditions precedent outlined below.

Additionally, at Closing:

- FBC will retain Four Million Canadian Dollars (CAD$4,000,000) of existing accounts payable to its present parent/affiliate supplier, to be paid in accordance with a reasonable payment plan agreed to in the Definitive Agreement; and
- BZAM will assume Four Million Canadian Dollars (CAD$4,000,000) in debt owing by FBC to its present parent/affiliate, bearing interest at zero percent (0%), with a maturity date of March 31, 2025, and secured on the same basis and pari passu with the secured debt held by Stone Pine Capital Ltd.
- No other intercompany balances owing by FBC to its present parent/affiliate will be retained.
- There may be a working capital adjustment post closing, in accordance with the provisions agreed to in the Definitive Agreement.

The issuance and release of any BZAM Shares issued for the Purchase Price or debt conversion (if applicable) under the Definitive Agreement will be subject to all applicable securities laws, including those of the CSE. In addition, each FBC shareholder agrees to enter into a lock up agreement at Closing with BZAM in respect of the BZAM Shares issued for the Purchase Price, whereby such BZAM Shares will be subject to a lock up to be released in three equal tranches, at: (i) four months plus a day following Closing; (ii) eight months following Closing; and (iii) twelve months following Closing.

2. Transaction Structure and Definitive Agreements

We anticipate that the Proposed Transaction will be implemented through a share exchange under the *Canada Business Corporations Act*; however, the final form of the Proposed Transaction will be agreed to by FBC and BZAM based on advice from each company's respective legal and financial advisors. The Proposed Transaction and its terms and conditions will be set out in the Definitive Agreement and related disclosure letters, documents and ancillary agreements (collectively, the "**Transaction Documents**") that are customary for a transaction of this nature. Should it be determined by either party that for tax, corporate law, securities law or other reasons, it is more practicable to proceed by way of another form of transaction, the parties will reconsider whether to effect the Proposed Transaction through an alternative form of transaction.

The Definitive Agreement will contain customary terms and conditions for transactions of this nature including (i) representations and warranties of each of FBC and BZAM; (ii) covenants setting out the obligations of the parties between signing the Definitive Agreement and Closing; (iii) indemnities; (iv) customary deal protection provisions; and (v) conditions to Closing including obtaining any required regulatory and stock exchange approvals, and all applicable board of directors, shareholder and third party approvals, no material adverse change and other customary conditions.

3. Due Diligence and Process

We have already devoted time and resources to the Proposed Transaction and have reviewed FBC's confidential information provided to date. However, as is customary for a transaction of this nature, we will need to conduct further financial, operational, legal, regulatory, accounting, tax, intellectual property, information technology and environmental due diligence. Together with our legal counsel, we have a full due diligence team assembled and ready to move forward immediately and we are committed to completing our remaining due diligence review expeditiously. Given our familiarity with FBC and our significant industry knowledge and expertise, we are confident that such due diligence could be concluded by November 15, 2023, assuming timely provision of all requested information to BZAM and our counsel as required. While our team conducts due diligence, we would work with you and your advisors to negotiate the Transaction Documents. We will also cooperate with you on your due diligence of BZAM and its business, operations and financial performance and promptly furnish you and your advisors with any materials reasonably requested.

4. Integration Plan

The success of the Proposed Transaction will be contingent on managing the integration of FBC in a way that minimizes disruption to the management and employees.

Accordingly, FBC's CEO, Greg Boone and certain other FBC executives will be appointed to executive roles of the combined entity immediately following Closing. In addition, subject to the prospective candidate obtaining the requisite security clearance from Health Canada, it is anticipated that the shareholders of FBC will be able to appoint a board member to the board of directors of BZAM prior to December 31, 2023.

5. BZAM Approvals

This Proposal has been discussed with the board of directors of BZAM who are highly supportive; however, the final terms of the Proposed Transaction remain subject to the approval by our board of directors which will be sought prior to entering into the Transaction Documents.

Based on the terms of the Proposed Transaction, the completion of the Proposed Transaction would not be subject to BZAM shareholder approval.

6. Material Conditions

The Proposed Transaction will be subject to customary conditions applicable to transactions of this nature. The willingness of BZAM to proceed with the Proposed Transaction and enter into the Definitive Agreement is also subject to the following:

a) Satisfactory completion of BZAM's and FBHI's due diligence (as described above);

b) Each of the board of directors of BZAM and FBHI obtaining comfort, to its satisfaction, that the other party is in compliance with all federal, provincial, local and non-Canadian laws and regulations applicable to it and its business;

c) Negotiation and finalization of the Transaction Documents;

d) The board of directors of FBHI shall have approved the Proposed Transaction;

e) FBHI shall have received applicable consents/waivers from its senior lender and FBC will have been released from security in favour of such lender;

f) The board of directors of BZAM shall have approved the Proposed Transaction;

g) No court of competent jurisdiction or governmental authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Proposed Transaction; and

h) There shall not exist any prohibition at law against the parties proceeding with or completing the Proposed Transaction.

7. Covenants

During the period from the signing of this letter through to the execution of the Definitive Agreement or the Termination Date (as defined below), each of BZAM and FBC will:

a) Conduct its business in the ordinary course in a manner consistent with past practice;

b) Maintain its properties and other assets in good standing or working condition, as applicable;

c) Use its best efforts to maintain the business and employees, customers, assets and operations as an ongoing concern in accordance with past practice;

d) Not enter into any transaction other than in the ordinary course of its business and consistent with past practice on terms which are arm's length;

e) Not issue, grant, sell, or deliver, or agree to issue, grant, sell, or deliver any equity interest (including shares, rights, options, warrants, calls, conversion privileges or commitments) or any right to acquire an equity interest in such party, in each case, other than pursuant to ordinary course exercise of existing options, warrants and other convertible securities in accordance with their respective terms;

f) Not declare or set aside any dividend or other distribution or payment (whether in cash, shares or property) other than which have been declared prior to the date hereof;

g) Not directly or indirectly sell, pledge, dispose of or encumber any of its subsidiaries, properties or assets other than as currently encumbered; and

h) Give the other party prompt written notice of any material change in or affecting its business, affairs, operations, assets, liabilities or capital.

8. Exclusivity

In consideration of the time and resources that BZAM has devoted, and would continue to devote to evaluating and pursuing the Proposed Transaction, we would expect to enter into a short period of exclusivity following execution of this letter in order to conduct our due diligence review and negotiate the Definitive Agreement. From the date of acceptance of this letter until the earlier of the execution of the Definitive Agreement and November 22, 2023 (the "**Exclusivity Period**"), FBC agrees to proceed diligently and in good faith toward the Proposed Transaction. In addition, FBC agrees that during the Exclusivity Period it will:

a) Provide to BZAM and its advisors and other representatives reasonable access to FBC personnel, experts, advisors, facilities and books and records, documents, and agreements relating to its business, operations, assets, prospectus, taxes, financial conditions and affairs, to facilitate BZAM's due diligence as described in this letter, and to not knowingly withhold any information which would make anything contained in the information delivered erroneous or misleading in any material respect;

b) not, directly or indirectly, solicit, initiate, encourage or facilitate (including by way of providing any non-public information) any transactions, initiatives or relationships (an "**Alternative Transaction**") that could reasonably be expected to prevent, impede or delay the successful implementation of the Proposed Transaction (including, without limitation, any offer or proposal from any person or group of persons other than BZAM and its affiliates to acquire all or any significant part of the business and properties, shares, share equivalents or other convertible or exchangeable securities of FBC, whether by business combination, amalgamation, arrangement, purchase of shares, purchase of assets, take-over bid or otherwise, or provide any non-public information to any third party in connection with such an offer or proposal);

c) terminate any and all existing discussions or negotiations with any person or group of persons other than BZAM and its affiliates regarding any transaction proposal of the nature described in paragraph b) above; and

d) inform BZAM within 24 hours if FBC receives any communication relating in any way to an Alternative Transaction and advise BZAM of the substance and detailed terms of any such communication.

9. <u>Expenses; Termination</u>

Each of FBC and BZAM will bear its own fees and expenses in connection with the preparation for, and consummation of, the Proposed Transaction.

This letter shall terminate with the parties having no obligations to each other, other than pursuant to the confidentiality provisions contained in paragraph 10 below, on the date which the earliest of the following events occurs (the "**Termination Date**"):

BZAM CANNABIS

a) If the parties have not entered into the Definitive Agreement by 5:00pm EST by November 22, 2023, or such other time or date as may be agreed to in writing by the parties;

b) Any applicable regulatory or governmental authority having notified in writing either party that it will not permit the Proposed Transaction to proceed, in whole or in part; or

c) The parties having executed and delivered to each other the Definitive Agreement.

10. Confidentiality and Public Disclosure

This letter is being submitted on the understanding that it, its terms and its existence and substance will be kept confidential. For greater certainty, this letter and the Proposal that it contemplates constitute confidential information and should not be used or disclosed except as mutually agreed by the parties or as required by any regulatory or governmental authority.

This Proposal shall be open for acceptance prior to 5:00pm EST on November 1, 2023.

Yours very truly,

BZAM LTD.

Per: DocuSigned by:
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Matt Milich
Chief Executive Officer

ACCEPTED AND AGREED this 1st day of November, 2023

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Per: DocuSigned by:
4CA80B23ED4D4B1...

Robert Meyer
Chief Executive Officer

438236.1}

This is Exhibit "2" referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

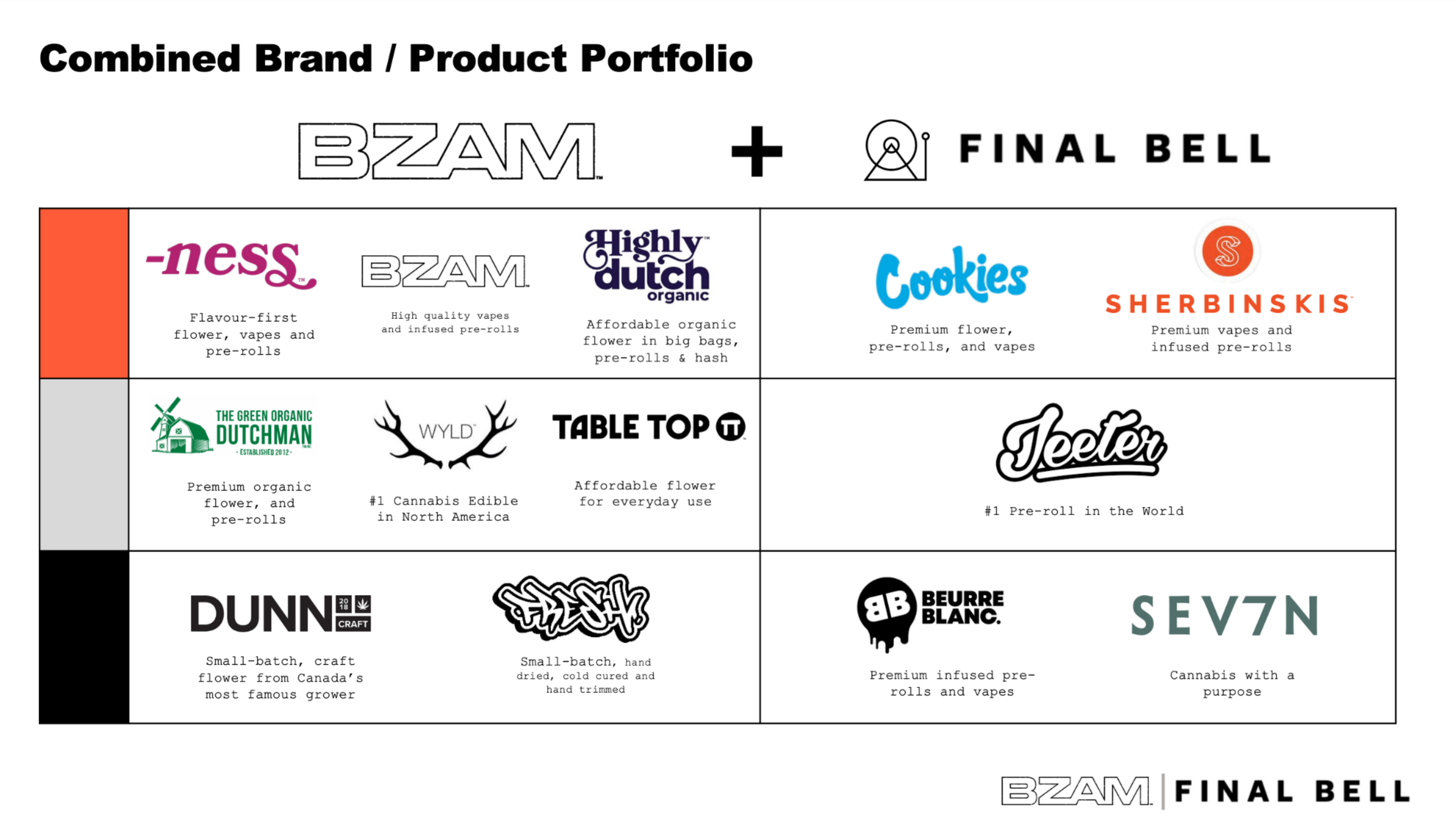
DAVID IONIS

FINALBELL

BZAM Due Diligence Readout

BZAM BACKGROUND

- BZAM Ltd. was incorporated on November 16, 2016.
- Holds licenses to produce and sell cannabis products within Canada.
- The Company owns cultivation facilities near Hamilton, Ontario and in Edmonton, Alberta and has operating licenses for cultivation and processing in British Columbia and Québec.
- Is pursuing an international growth strategy through the distribution of cannabis derived medical products in Germany, Australia and the UK.
- BZAM is currently the 6th largest licensed producer and is projected to become the 5th largest through the combination with FB Canada with a clear path to becoming a top 3 player.
- Cultivation, production, and sales infrastructure has led to the successful launch of hundreds of SKUs across multiple categories.
- BZAM.CN is currently listed on the CSE and is trading at $0.14



DEAL RATIONALE

The rationale for this deal is as follows:

1. FB Canada has been a significant cash drain on our group, mainly in the form of accruing intercompany balances as they've scaled their business. The combined entity will continue to procure all packaging and hardware through 14R but will gain access to banking facilities necessary to pay us as their supplier. This transaction will transform the cash flow profile of FBHI.
2. The enlarged BZAM will increase their business with 14R, as 14R will gradually produce all packaging and hardware for the enlarged group - not just for the current FB Canada SKU's.
3. This deal creates a new dominant player in Canada, with a portfolio of leading brands, efficient manufacturing technology and supply chain management.
4. FBHI will stand to make significant profits on brand royalties (animal, dosist, etc.) and 14R supplies.
5. As a non-control investor, we have immediate access to liquidity shareholding when markets improve.
6. This is an important demonstration of FBHI's ability to build a capital-efficient business of scale and substance.
7. This transaction creates a pathway for us to exit plant-touching businesses and become eligible for a potential U.S. listing or trade sale to non-cannabis buyers.

The proposed deal is structured as follows:

1. Execute a share swap: 100% of FB Canada for 90m new shares in BZAM, which equates to 33% ownership of the enlarged entity. This will make us the second largest shareholder, Stone Pine Capital (37% post deal).
2. BZAM will assume a total of CAD 8m in debt owing to FBHI/14R, split into CAD 4m AP which will be repaid over 120 days and CAD 4m senior secured note due 3/31/25.
3. We will be entitled to one board seat. The BZAM board will be reduced to 5 in total, one being the Chairman, Bessam (owner of Stone Pine), one being our nominee and 3 being independents.

Both sides are keen to execute this transaction before the annual cannabis trade show MJ Biz, end of November.

DUE DILIGENCE ANALYSIS

In conducting this due diligence analysis, we focused on four key questions that we believe are integral in assessing this transaction:

1. What are the quality of BZAM's earnings and operating cash?
2. Does BZAM have necessary capital resources available?
3. What are the dilution risks in FBHI's ownership in BZAM?
4. Are there any other potential risks that need to be identified?

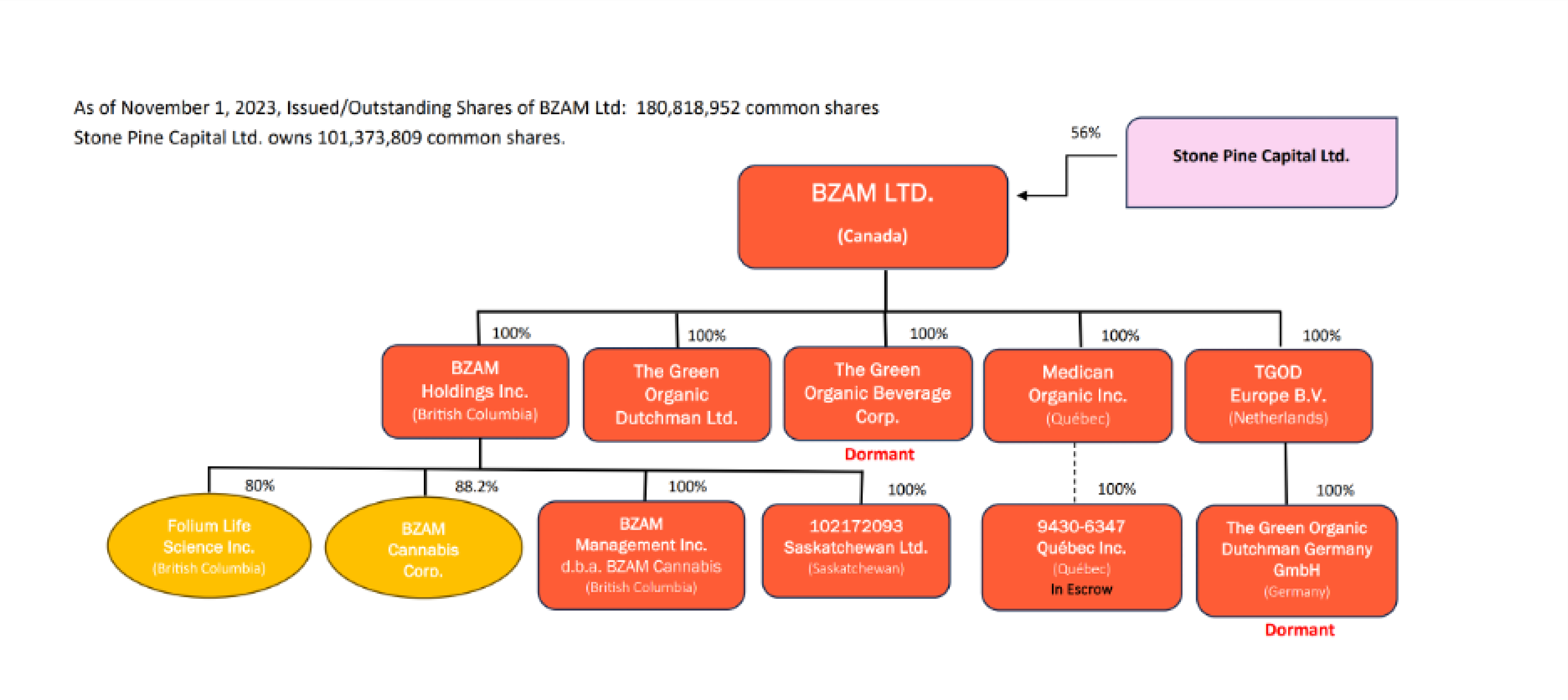
Summary of key findings:

1. Our trend analysis of historical BZAM financials showed positive growth in earnings and is further demonstrated in the pro-forma statements including FB Canada and the Jeeter launch. The spike in growth is justified through $4.4M in cost saving synergies found through labour, lease, and restructuring costs. We noted that projected revenues are conservative by not accounting for international revenues or including FBHI brands in new markets. Positive EBITDA figures in early 2024 eliminate the covenant compliance risk on the Cortland Credit Facility loan. We concluded that operating cash flows and quality of earnings are reasonable to have a fully funded plan.
2. The revolving Cortland loan has available funds of $6.0M which can be drawn. BZAM has necessary eligible inventory and accounts receivable to access the full amount of the revolving loan if needed. Stone Pine's promissory notes are due on demand once the credit facility has been repaid. BZAM has sufficient debt capacity based on the payment proposal presented, however FBHI will want to position pari-passu to the Stone Pine notes in order to have security against the proposed promissory note of $4.0M.
3. The 90M shares issued to FBHI will result in a 33% ownership in BZAM and allow access to earnings without any cash being needed. Based on exercise prices and BZAM.CN's current trading price of $0.14, we've identified a total of 1.2M options which may be exercised and dilute FBHI's holdings down by 0.1%. There are currently no other debt or equity instruments outstanding which pose a threat of dilution. Current trading volumes of BZAM.CN are low and therefore the stock is considered to have limited liquidity for the time being.
4. Working capital management and the risks associated with integration may lead for the financial projections to be lower than expected. There is currently no reason to believe that any of these risks will occur or that they will have a material effect on FBHI.

CORPORATE RECORDS – ORG. CHART

BZAM Holdings (“BZAM”) merged with The Green Organic Dutchman Holdings Ltd. ("TGOD") in November 2022. The combined entity resulting from the Transaction became the sixth largest Canadian cannabis company based on June to August 2022 retail sales, with scale and breadth across major provinces and a complete portfolio of market leading brands and products.

Stone Pine Capital Ltd. is the largest shareholder holding 56% of the common shares outstanding and having outstanding debt owing of $5,615,000



SECURITIES/SHAREHOLDER INFORMATION – FBHI PROPOSED HOLDINGS

		Total Outstanding	*FBHI Ownership %*
Common Shares		180,818,952	
FBHI Issuance	90,000,000		
Post FBHI Issuance		270,818,952	*33.2%*
RSUs issued to employees [1]	187,500		
Stock Options [2]	976,354		
Diluted Common Shares		**271,982,806**	***33.1%***
			Change of 0.1%

[1] 10,000,000 RSUs are allowed to be issued under the current RSU plan

[2] Current number of exercisable options were included. Rest of options have not fully vested and are out of the money.

CORPORATE FINANCE – CAPITAL RESOURCES

BZAM's current sources of debt:

Lender	Type	Interest Rate	Amount	Amount Used	Amount Available
Cortland Credit Lending Corporation[1]	Term Loan	greater of i) 12% and ii) TD Prime Rate + 8.05%	$ 21,000,000	$ 21,000,000	$ -
Cortland Credit Lending Corporation[1]	Revolver Loan	greater of i) 12% and ii) TD Prime Rate + 8.05%	$ 13,000,000	$ 6,963,000	$ 6,037,000
Stone Pine Capital Ltd.[2]	Secured Demand Promissory Note	10%	$ 2,500,000	$ 2,500,000	$ -
Stone Pine Capital Ltd.[2]	Secured Demand Promissory Note	10%	$ 1,325,000	$ 1,325,000	$ -
Stone Pine Capital Ltd.[2]	Secured Demand Promissory Note	greater of i) 12% and ii) TD Prime Rate + 8.05%	$ 1,190,000	$ 1,190,000	$ -
Stone Pine Capital Ltd.[2]	Secured Demand Promissory Note	greater of i) 12% and ii) TD Prime Rate + 8.05%	$ 600,000	$ 600,000	$ -
			Totals	**$ 33,578,000**	**$ 6,037,000**

[1] The Cortland Credit Facility:

- Maximum credit facility of $34,000,000 consisting of current term loan amount of $21,000,000 and a current revolving amount of $6,963,000
- $6,037,000 is still available to be drawn from the Revolver Loan.
- The credit facility is secured against the real property of BZAM.
- The credit facility has a liens with the Edmonton facility that is currently listed for sale based on the 6th amendment signed 8.30.2023.
- The sale of this facility is estimated to complete at $10,476,000 of which, $3,000,000 will be used to repay the overadvance of the revolver loan, $1,000,000 to pay down the term loan, and any net proceeds (if any) can be received by Stone Pine.
- The resulting outcome of the Edmonton facility sale will be a current term loan amount of $20,000,000 and a maximum revolving limit of $14,000,000. The revolving loan has been tested and BZAM is able to maximize this amount if needed based on eligible inventory and eligible accounts receivable.
- The Cortland loan matures on 3/24/2024, **however, BZAM has confidence in the renewal as it is a policy of the lender to renew the term every 15 months.**
- If BZAM allows the loan to mature, the Stone Pine PNotes will be callable on demand once all interest payments and principal outstanding are repaid.
- Current interest rates are the greater of i) 12% and ii) TD Prime Rate (7.2%) + 8.05%.

[2] Stone Pine Pnotes:

- Held by BZAM's largest investor and Chairman.
- Pnotes are secured against BZAM's subsidiaries.
- **Each note is due on demand, however, cannot be recalled unless the principal and all outstanding interest of the Cortland Credit Facility has been fully repaid.**
- Stone Pine has the rights to any net proceeds (if any) from the Edmonton facility sale once all aforementioned payments are made to Cortland.
- The 3rd and 4th Pnotes have been signed and issued subsequent to the 9.30.2023 financial statements.
- The first two Pnotes bare interest at 10% while the last two Pnotes have the same interest rates as Courtland.

[3] FBHI will be asking to structure its $4,000,000 secured promissory note to be pari-passu with the Stone Pine note and have the right to be amended if the Stone Pine notes ever are. FBHI should also add a clause to have the outstanding accounts payable amount (if any) automatically converted to a secured promissory note if the Cortland loan is ever repaid in full.

FINANCIAL INFORMATION – TRENDED INCOME STATEMENT ($K)

CDN$	Actual	Actual	Actual	Pro-Forma Combined Forecast					Actual	Actual	YTD	Fcst
Income Stmt	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**Q1 2024**	**Q2 2024**	**Q3 2024**	**Q4 2024**	**2021**	**2022**	**2023**	**2024**
Gross Revenue	35.0	30.0	29.6						39.2	68.8	94.6	0.0
Less: Excise Tax/Duties	(10.9)	(10.7)	(9.2)						(8.9)	(19.5)	(30.8)	0.0
Jeeter Net Revenue				*0.0*	*3.2*	*4.0*	*4.3*	*6.3*				*17.8*
FB Canada Net Revenue				*9.8*	*8.2*	*9.4*	*9.8*	*9.4*				*36.8*
BZAM Net Revenue				*18.1*	*20.4*	*21.3*	*21.9*	*22.4*				*86.0*
Total Net Revenue	**24.1**	**19.3**	**20.4**	**27.9**	**31.8**	**34.7**	**36.0**	**38.1**	**30.3**	**49.3**	**63.8**	**140.6**
% growth		-20%	6%	37%	14%	9%	4%	6%		63%	29%	120%
Cost of Sales (COS)	(21.0)	(16.2)	(20.6)	(21.4)	(22.8)	(24.9)	(25.8)	(27.0)	(22.5)	(45.2)	(57.8)	(100.5)
GM before Bio Assets and Non-recurring	3.1	3.1	(0.2)	6.5	9.0	9.8	10.2	11.1	7.8	4.1	6.0	40.1
% of Revenue	12.9%	16.1%	-1.0%	23.3%	28.3%	28.2%	28.3%	29.1%	25.7%	8.3%	9.4%	28.5%
Inventory Value Adj to FV	(4.6)	(7.9)	(7.2)						(8.2)	(23.6)	(19.7)	0.0
Change in FV of Biological Assets	4.5	6.6	6.8						12.0	26.2	17.9	0.0
COGS Adjustments	(0.1)	(1.3)	(0.4)	0.0	0.0	0.0	0.0	0.0	3.8	2.6	(1.8)	0.0
GM $K	**3.0**	**1.8**	**(0.6)**	**6.5**	**9.0**	**9.8**	**10.2**	**11.1**	**11.6**	**6.7**	**4.2**	**40.1**
GM %	**12.4%**	**9.3%**	**-2.9%**	**23.3%**	**28.3%**	**28.2%**	**28.3%**	**29.1%**	**38.3%**	**13.6%**	**6.6%**	**28.5%**
Opex	14.6	12.1	13.0	7.6	7.0	7.3	7.2	7.2	40.4	42.0	39.7	28.7
Operating Income	**(11.6)**	**(10.3)**	**(13.6)**	**(1.1)**	**2.0**	**2.5**	**3.0**	**3.9**	**(28.8)**	**(35.3)**	**(35.5)**	**11.4**
Other I&E												
Foreign Exchange				0.2					(0.6)	(0.6)	0.0	0.0
Interest Expense	(1.7)	(1.8)	(1.8)	1.3	1.3	1.3	1.3	1.3	(6.1)	(5.1)	(5.3)	5.2
Accretion expense				0.5					(5.5)	(1.5)	0.0	0.0
Tax	0.0								0.0	0.0	0.0	0.0
Revaluation of Contingent Consideration	(3.5)	19.4							1.9	38.0	15.9	0.0
Impairment	(1.7)	(70.1)	(2.0)						16.7	(31.5)	(73.8)	0.0
Loss on disposal									(17.7)	(1.2)	0.0	0.0
Loss from Discontinued Operations									(2.8)	(0.4)	0.0	0.0
Misc	(0.8)	(2.7)	(0.2)	(6.2)	(4.0)	(3.5)	(3.5)	(3.6)	(11.6)	(6.4)	(3.7)	(14.6)
Total O I&E	**(7.7)**	**(55.2)**	**(4.0)**	**(4.4)**	**(2.7)**	**(2.2)**	**(2.2)**	**(2.3)**	**(25.1)**	**(8.1)**	**(66.9)**	**(9.4)**
Net Loss	**(19.3)**	**(65.5)**	**(17.6)**	**(5.5)**	**(0.7)**	**0.3**	**0.8**	**1.6**	**(42.3)**	**(36.8)**	**(102.4)**	**2.0**
EBITDA												
Net Income	**(19.3)**	**(65.5)**	**(17.6)**	**(5.5)**	**(0.7)**	**0.3**	**0.8**	**1.6**	**(42.3)**	**(36.8)**	**(102.4)**	**2.0**
Add Back: Loss from Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8	0.4	0.0	0.0
Add Back: Depr & Amort	12.2	12.2	12.2						12.2	12.2	36.6	0.0
Foreign Exchange	0.0	0.0	0.0	(0.2)	0.0	0.0	0.0	0.0	0.6	0.6	0.0	0.0
Interest Expense	1.7	1.8	1.8	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	6.1	5.1	5.3	(5.2)
Revaluation of Contingent Consideration	3.5	(19.4)	0.0	0.0	0.0	0.0	0.0	0.0	(1.9)	(38.0)	(15.9)	0.0
Impairment	1.7	70.1	2.0	0.0	0.0	0.0	0.0	0.0	(16.7)	31.5	73.8	0.0
Loss on disposal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.7	1.2	0.0	0.0
Biological assets inventory reval	0.1	1.3	0.4	0.0	0.0	0.0	0.0	0.0	(3.8)	(2.6)	1.8	0.0
Inventory Provisions at Cost	3.3	3.3							3.3	3.3	6.6	0.0
Share-based Compensation	3.4	3.4							3.4	0.6	6.8	0.0
Non-recurring Restructuring Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.6	0.0	0.0
Misc	(10.5)	(7.2)	(6.2)	6.2	4.9	4.9	5.0	5.0	(4.0)	(0.1)	(23.9)	19.8
Adj EBITDA	**(3.9)**	**0.0**	**(7.4)**	**(0.8)**	**2.9**	**3.9**	**4.5**	**5.3**	**(22.6)**	**(18.0)**	**(11.3)**	**16.6**

Revenue

- Conservative revenue numbers used.
- Potential international revenue has not been forecasted.
- FBHI brands in new markets have not been forecasted.

Gross Margin

- Positive forecasted gross margin numbers while using conservative revenue projections.

Operating Expenses

- $4.4M in cost saving synergies found through labour, lease, and restructuring costs

FINANCIAL INFORMATION – TRENDED BALANCE SHEET ($K)

CDN$	Actual	Actual	Actual	Pro-Forma Combined Forecast					Actual	Actual	YTD	Fcst
ASSETS	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**Q1 2024**	**Q2 2024**	**Q3 2024**	**Q4 2024**	**2021**	**2022**	**2023**	**2024**
Cash + Restricted Cash	2.1	3.0	5.6	7.7	6.6	6.9	7.3	9.2	4.3	5.0	5.6	9.2
Receivables	14.7	10.8	11.0	18.3	20.0	22.1	22.8	23.4	9.1	10.3	11.0	23.4
Biological Assets	5.0	4.8	5.1	4.8	4.0	4.1	4.0	4.1	3.1	4.6	5.1	4.1
Inventory	46.7	43.8	38.2	51.0	50.5	50.1	50.0	47.6	20.9	52.4	38.2	47.6
Prepaid expenses and deposits	3.4	3.3	5.5	4.5	4.5	4.5	4.5	4.5	1.5	3.4	5.5	4.5
Receivables from Related Parties	0.6	0.0	1.8	0.0	0.0	0.0			0.1	0.6	1.8	0.0
Assets held for sale	8.0	6.8	10.4	0.0	0.0	0.0			13.6	9.7	10.4	0.0
Other Current Assets	2.0	1.7	0.0	1.0	1.1	1.1	1.1	1.0	2.5	1.6	0.0	1.0
Total Current Assets	**82.5**	**74.2**	**77.6**	**87.3**	**86.7**	**88.8**	**89.7**	**89.8**	**55.1**	**87.6**	**77.6**	**89.8**
Property, Plant & Equip (PP&E)	125.7	90.7	75.8	75.0	73.5	72.0	70.4	68.9	118.0	129.4	75.8	68.9
Intangibles	27.7	19.8	19.3	20.2	20.1	20.0	20.0	19.9	15.6	28.3	19.3	19.9
Goodwill	28.7	0.0	0.0	0.0					4.0	28.7	0.0	0.0
Other	0.4	0.4	0.4	2.6	2.7	2.7	2.7	2.7	1.6	0.4	0.4	2.7
Total Non-current Assets	**182.5**	**110.9**	**95.5**	**97.8**	**96.3**	**94.7**	**93.1**	**91.5**	**139.2**	**186.8**	**95.5**	**91.5**
Total Assets	**265.0**	**185.1**	**173.1**	**185.1**	**183.0**	**183.5**	**182.8**	**181.3**	**194.3**	**274.4**	**173.1**	**181.3**
Liabilities												
Accts Pay and Accrued Liabilities	27.2	27.6	33.7	36.5	34.6	34.2	32.3	29.4	17.7	29.5	33.7	29.4
Sales Tax Payable	3.0	3.1	3.4	5.5	5.5	5.6	5.7	5.7	0.6	1.5	3.4	5.7
Due to Related Parties			1.0								1.0	
Current Portion of Loans	31.6	32.3	31.3	27.0	27.5	28.0	28.3	28.1	2.0	5.4	31.3	28.1
Current Portion of Leases	1.7	1.8	2.4						1.0	1.5	2.4	0.0
Loan Payable to disposal group		0.0		4.0	4.0	4.0	4.0	4.0	5.5		0.0	4.0
Liabilities held for sales	3.7	0.0							2.6	3.7	0.0	0.0
Current Portion of Contingent Consideration	19.4	0.0								0.6	0.0	0.0
Total Current Liabilities	**86.6**	**64.8**	**71.8**	**73.0**	**71.6**	**71.8**	**70.3**	**67.2**	**29.4**	**42.2**	**71.8**	**67.2**
Lease Liabilities	10.4	12.4	11.4	15.0	14.7	14.4	14.1	13.8	6.5	10.6	11.4	13.8
Loans	5.0	5.0	5.0	12.5	12.5	12.5	12.5	12.5	18.2	27.2	5.0	12.5
Contingent Consideration									3.4	16.1	0.0	0.0
Total Non-Current	**15.4**	**17.4**	**16.4**	**27.5**	**27.2**	**26.9**	**26.6**	**26.3**	**28.1**	**53.9**	**16.4**	**26.3**
Total Liabilities	**102.0**	**82.2**	**88.2**	**100.5**	**98.8**	**98.7**	**96.9**	**93.5**	**57.5**	**96.1**	**88.2**	**93.5**
Shareholder Equity	157.3	99.5	82.7	82.4	82.0	82.6	83.7	85.6	137.7	171.6	82.7	85.6
Non-Controlling Interest (NCI)	5.7	3.4	2.2	2.2	2.2	2.2	2.2	2.2	(0.9)	6.7	2.2	2.2
Shareholder Equity	**163.0**	**102.9**	**84.9**	**84.6**	**84.2**	**84.8**	**85.9**	**87.8**	**136.8**	**178.3**	**84.9**	**87.8**
Total Liabilities & Shareholder Equity	**265.0**	**185.1**	**173.1**	**185.1**	**183.0**	**183.5**	**182.8**	**181.3**	**194.3**	**274.4**	**173.1**	**181.3**

Cash

- Positive increase in ending cash being driven from operating cash flows

Working Capital

- Room for better AR and AP figures. Changes to collection and repayment policies can positively impact available cash
- High inventory numbers put company at risk of asset impairment. Higher turnover ratio would lead to more cash.

Debt

- $6,037,000 revolver loan funds still available to be drawn from which lowers the risk of FBHI cash collections on BZAM invoices.

FINANCIAL INFORMATION – WORKING CAPITAL ($K)

CDN$	Actual	Actual	Actual	Pro-Forma Combined Forecast					Actual	Actual	YTD	Fcst
Working Capital Summary	**Q1 2023**	**Q2 2023**	**Q3 2023**	**Q4 2023**	**Q1 2024**	**Q2 2024**	**Q3 2024**	**Q4 2024**	**2021**	**2022**	**2023**	**2024**
Receivables	14.7	10.8	11.0	18.3	20.0	22.1	22.8	23.4	9.1	10.3	11.0	23.4
Biological Assets	5.0	4.8	5.1	4.8	4.0	4.1	4.0	4.1	3.1	4.6	5.1	4.1
Inventory	46.7	43.8	38.2	51.0	50.5	50.1	50.0	47.6	20.9	52.4	38.2	47.6
Receivables from Related Parties	0.6	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.1			
Other Current Assets	2.0	1.7	0.0	1.0	1.1	1.1	1.1	1.0	2.5			
Prepaid expenses and deposits	3.4	3.3	5.5	4.5	4.5	4.5	4.5	4.5	1.5	3.4	5.5	4.5
Accts Pay and Accrued Liabilities	(27.2)	(27.6)	(33.7)	(36.5)	(34.6)	(34.2)	(32.3)	(29.4)	(17.7)	(29.5)	(33.7)	(29.4)
Sales Tax Payable	(3.0)	(3.1)	(3.4)	(5.5)	(5.5)	(5.6)	(5.7)	(5.7)	(0.6)	(1.5)	(3.4)	(5.7)
Total Working Capital	**42.2**	**33.7**	**24.5**	**37.6**	**40.0**	**42.1**	**44.4**	**45.5**	**18.9**	**39.7**	**22.7**	**44.5**
Change	**0.3**	**(8.5)**	**(9.2)**	**13.1**	**2.4**	**2.1**	**2.3**	**1.1**		**20.8**	**(17.0)**	**21.8**
Working Capital Changes												
Receivables	4.4	(3.9)	0.2	7.3	1.7	2.1	0.7	0.6		1.2	0.7	12.4
Biological Assets	0.4	(0.2)	0.3	(0.3)	(0.8)	0.1	(0.1)	0.1		1.5	0.5	(1.0)
Inventory	(5.7)	(2.9)	(5.6)	12.8	(0.5)	(0.4)	(0.1)	(2.4)		31.5	(14.2)	9.4
Receivables from Related Parties	0.0	(0.6)	1.8							(0.1)	0.0	
Other Current Assets	0.4	(0.3)	(1.7)	1.0	0.1	(0.0)	0.0	(0.1)		(2.5)	0.0	
Prepaid expenses and deposits	0.0	(0.1)	2.2	(1.0)	0.0	0.0	0.0	0.0		1.9	2.1	(1.0)
Accts Pay and Accrued Liabilities	2.3	(0.4)	(6.1)	(2.8)	1.9	0.4	1.9	2.9		(11.8)	(4.2)	4.3
Sales Tax Payable	(1.5)	(0.1)	(0.3)	(2.1)	0.0	(0.1)	(0.1)	0.0		(0.9)	(1.9)	(2.3)
Total Working Capital Changes	**0.3**	**(8.5)**	**(9.2)**	**14.9**	**2.4**	**2.1**	**2.3**	**1.1**	**0.0**	**20.8**	**(17.0)**	**21.8**
Net Revenue	24.1	19.3	20.4	27.9	31.8	34.7	36.0	38.1	30.3	49.3	63.8	140.6
A/R balanace	14.7	10.8	11.0	18.3	20.0	22.1	22.8	23.4	9.1	10.3	11.0	23.4
DSO	**54.9**	**50.4**	**48.5**	**59.0**	**56.6**	**57.3**	**57.0**	**55.3**	**108.1**	**75.2**	**46.6**	**15.0**
Inventory Balance	46.7	43.8	38.2	51.0	50.5	50.1	50.0	47.6	20.9	52.4	38.2	47.6
DOH	**174.4**	**204.2**	**168.5**	**164.5**	**142.9**	**129.9**	**125.0**	**112.4**	**248.3**	**382.6**	**161.7**	**121.9**
Raw materials and packaging	5.3	6.5	5.8						2.6	7.1	5.8	0.0
Work-in-progress	35.5	32.5	27.9						15.0	39.0	27.9	0.0
Finished Goods	5.9	4.7	4.6						3.4	6.2	4.6	0.0
Total Inventory	**46.7**	**43.7**	**38.3**	**0.0**					**21.0**	**52.3**	**38.3**	**0.0**

- Inventory holdings of 168.5 Days on Hand (DOH) of inventory with a significant amount in WIP. This is down $14m YoY but still represents a large number.
- WIP includes flower which has been grown and harvested
- BZAM's target is to have DOH of 150.0, which is still high and has room to be further refined

FINANCIAL INFORMATION – FINANCIAL STATEMENTS AND MD&A

Q3 2023

- Unpublished in draft form

Q2 2023

- Q2 2023 MANAGEMENT DISCUSSION & ANALYSIS

  READ MORE →

- Q2 2023 FINANCIAL STATEMENTS

  READ MORE →

- Q2 2023 MANAGEMENT'S INFORMATION CIRCULAR

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Q1 2023

- Q1 2023 MANAGEMENT DISCUSSION & ANALYSIS

  READ MORE →

- Q1 2023 FINANCIAL STATEMENTS

  READ MORE →

Q4 2022

- Q4 2022 MD&A

  READ MORE →

- Q4 2022 FINANCIAL STATEMENTS

  READ MORE →

SUMMARY

- FBHI will eliminate the cash drain from FB Canada and begin to generate more cash flows in 14R.
- The relationship with BZAM will permit FBHI to benefit from their strong market position and increase production demands.
- Aligns with FBHI's strategic pathway to exit the plant-touching business
- BZAM's strong operational cash flow projections combined with access to readily available capital, demonstrate their ability to execute on their business plan.
- FBHI will seek to obtain pari-passu to Stone Pine in order to secure the investment in BZAM.
- FBHI's 33% ownership in BZAM will enable access to profits without the need for additional capital.

This is Exhibit "3" referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

DIRECTORS' RESOLUTIONS

THE FOLLOWING RESOLUTIONS WERE PASSED BY ALL OF THE DIRECTORS OF **FINAL BELL HOLDINGS INTERNATIONAL LTD.** (THE "**COMPANY**") HAVING BEEN CONSENTED TO IN WRITING BY ALL OF THE DIRECTORS OF THE COMPANY, EFFECTIVE AS OF THE 3rd DAY OF DECEMBER, 2023.

WHEREAS:

A. The Company and its wholly owned subsidiary, Final Bell Canada Inc. ("**FBC**") wish to enter into a share exchange agreement, in substantially the form presented to the board of directors of the Company (the "**SEA**"), with BZAM Ltd. ("**BZAM**"), pursuant to which BZAM will agree to acquire all of the issued and outstanding shares of FBC for aggregate consideration of 90,000,000 shares of BZAM. The SEA also provides for:

(i) the issuance of a secured promissory note by FBC upon closing in favour of 14th Round Inc. ("**14R**"), guaranteed by BZAM, in the principal amount of C$4,000,000, bearing no interest, and payable on demand after March 31, 2025;

(ii) the issuance of an unsecured promissory note by FBC upon closing in favour of 14R, guaranteed by BZAM, in the principal amount of C$4,000,000, payable in twelve equal monthly installments following closing;

(iii) the addition of a nominee of the Company to the board of directors of BZAM, on closing; and

(iv) the entering into on closing of licensing arrangements between FBC upon closing and the Company for certain brands owned by the Company or its affiliates, to be utilized by FBC, for a target license fee of at least 10% and higher for certain brands, net of customary taxes and fees, and on such other terms as acceptable to the parties;

B. Greg Boone has disclosed to the board of directors of the Company (the "**Board**") and the Company that he has an interest in the subject matter of these resolutions, is abstaining from voting on these resolutions and is therefore executing these resolutions as to form only; and

C. The Board has determined that it is in the best interests of the Company and FBC to enter into the SEA and to perform its obligations thereunder.

NOW THEREFORE BE IT RESOLVED THAT:

1. Each of the Company and FBC be, and are hereby, authorized and directed to enter into, execute and deliver the SEA and all agreements contemplated therein and to perform all of its obligations thereunder;

2. The Company and FBC be, and are hereby, authorized to take all such further actions and to execute and deliver all such further instruments or documents relating to, contemplated by or necessary or desirable in connection with the SEA and all agreements contemplated therein;

3. Any director or officer of the Company (each an "**Authorized Signatory**") be, and is hereby, authorized and directed to execute and deliver, in the name and on behalf of the Company, under seal or otherwise, all agreements, instruments and documents which are the subject of these resolutions on such terms and conditions and in such form deemed necessary or desirable and approved by such Authorized Signatory with such changes, modifications or amendments thereto as such Authorized Signatory may in such person's discretion approve, which approval will be conclusively evidenced by the execution and the delivery of such agreements, instruments and documents, and, to the extent that any such agreements, instruments and documents were executed prior to the date hereof, the execution thereof by any such Authorized Signatory be, and is hereby, approved, ratified and confirmed;

4. The Authorized Signatory be, and is hereby, authorized and directed to take all such further actions, to execute and deliver such further agreements, instruments and documents and to do all such other acts and things, in the name and on behalf of the Company, under seal or otherwise, as in such person's opinion may be necessary or desirable to give effect to and, generally, carry out the intent of these resolutions, which opinion will be conclusively evidenced by the taking of such further actions, the execution and delivery of such further agreements, instruments and documents and the doing of such other acts and things; and

5. These resolutions may be executed in several parts in the same form and by facsimile and such parts will together constitute one original document, and such parts, if more than one, will be read together and construed as if all the signing parties had executed one copy of these resolutions.

[*The remainder of this page is intentionally blank.*]

The foregoing resolutions are consented to in writing by all of the directors of the Company.

DocuSigned by:
FE82A36B667C4D2...

KAY JESSEL

DocuSigned by:
Jason Deland
01556C88E120420...

JASON DELAND

DocuSigned by:
Greg Boone
18EDE32EA6CC485...

GREG BOONE
(executing as to form only)

DocuSigned by:
Ron Segev
A3CEED16F9EA414...

RON SEGEV

DocuSigned by:
Chunxia Wang
1FFB9CAB00BC48B...

CHUNXIA WANG

This is Exhibit “4” referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

BZAM LTD.

- and -

FINAL BELL CANADA INC.

- and -

FINAL BELL HOLDINGS INTERNATIONAL LTD.

SHARE EXCHANGE AGREEMENT

December 5, 2023

ARTICLE 1 INTERPRETATION **1**

1.1 Definitions 1
1.2 Gender and Number 10
1.3 Certain Phrases and Calculation of Time 10
1.4 Headings 11
1.5 Disclosure Letters and Exhibits 11
1.6 Purpose of the Disclosure Letters 11
1.7 Currency 11
1.8 Knowledge 11
1.9 Accounting Terms 11
1.10 Instruments and Statutes 11
1.11 Governing Law; Venue 11

ARTICLE 2 SHARE EXCHANGE **12**

2.1 Purchase and Sale 12
2.2 Purchase Price 12
2.3 Hold Period 12
2.4 Allocation of Purchase Price 12
2.5 *Intentionally Deleted* 12
2.6 Purchase of Entire Interest 12
2.7 Delivery of Purchased FBC Shares 13
2.8 Acknowledgements 13
2.9 Joint Tax Election 13
2.10 Agreement to be Bound 14

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER **14**

3.1 Incorporation, Corporate Power and Registration 14
3.2 Qualification 14
3.3 Due Authorization and Enforceability of Obligations 14
3.4 No Conflict with Authorizations, Laws, etc. 15
3.5 No Conflict with Contracts 15
3.6 Purchaser Financial Statements 15
3.7 No Undisclosed Liabilities 15
3.8 Conduct of Purchaser’s Business in Ordinary Course 16
3.9 Capitalization of the Purchaser 17
3.10 Litigation 17
3.11 Title to Assets 17
3.12 No Options, etc. 17
3.13 Condition of Assets 18
3.14 Collectability of Accounts Receivable 18
3.15 Compliance with Law 18
3.16 Governmental Authorizations 20
3.17 Required Purchaser Authorizations 20
3.18 Third Party Consents 20
3.19 Material Contracts 20
3.20 No Breach of Material Contracts 21
3.21 Related Party Transactions 22
3.22 Insurance 22
3.23 Books and Records 22
3.24 Intellectual Property 22
3.25 Information Technology 23
3.26 Owned Property 23
3.27 Leases and Leased Property 24
3.28 Environmental Matters 24
3.29 Employee Matters 25

3.30 Employee Benefit Plans 27
3.31 Tax Matters 28
3.32 Anti-Corruption 28
3.33 Privacy Laws 29
3.34 No Broker 29
3.35 Reporting Issuer 29
3.36 Consideration Shares 29
3.37 Material Facts 30

ARTICLE 4 REPRESENTATIONS AND WARRANTIES CONCERNING FBC 30

4.1 Incorporation, Corporate Power and Registration 30
4.2 Qualification 30
4.3 Due Authorization and Enforceability of Obligations 30
4.4 No Conflict with Authorizations, Laws, etc. 31
4.5 No Conflict with Contracts 31
4.6 FBC Financial Statements 31
4.7 No Undisclosed Liabilities and Indebtedness 31
4.8 Bank Accounts and Powers of Attorney 32
4.9 Subsidiaries 32
4.10 Capitalization of FBC 32
4.11 Conduct of Business in Ordinary Course 32
4.12 Litigation 34
4.13 Title to Assets 34
4.14 No Options, etc. 34
4.15 Condition of Assets 34
4.16 Collectability of Accounts Receivable 34
4.17 Compliance with Law 34
4.18 Governmental Authorizations 36
4.19 Required Authorizations 36
4.20 Third Party Consents 37
4.21 Material Contracts 37
4.22 No Breach of Material Contracts 38
4.23 Related Party Transactions 38
4.24 Insurance 38
4.25 Books and Records 38
4.26 Intellectual Property 39
4.27 Information Technology 40
4.28 Leases and Leased Property 40
4.29 Customers and Suppliers 41
4.30 Environmental Matters 41
4.31 Employee Matters 42
4.32 Employee Benefit Plans 44
4.33 Tax Matters 45
4.34 Anti-Corruption 46
4.35 Privacy Laws 46
4.36 No Predecessors 47
4.37 No Broker 47
4.38 Government Grants and Subsidies 47
4.39 Material Facts 47

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE FBC SHAREHOLDER 47

5.1 Authorization 47
5.2 Title 47
5.3 Consents 48
5.4 No Brokers 48
5.5 Conflicts 48

5.6 Litigation 48

ARTICLE 6 CLOSING 48

6.1 Closing 48
6.2 Effective Time 49
6.3 FBC Closing Documents 49
6.4 Purchaser Closing Documents 49
6.5 Survival of Representations and Warranties 49

ARTICLE 7 PURCHASER'S CONDITIONS PRECEDENT 49

7.1 Purchaser's Conditions 49
7.2 Waiver 52
7.3 Covenant of FBC and the FBC Shareholder 52

ARTICLE 8 FBC SHAREHOLDER'S CONDITIONS PRECEDENT 52

8.1 FBC Shareholder's Conditions 52
8.2 Waiver 54
8.3 Covenant of the Purchaser 54

ARTICLE 9 COVENANTS 55

9.1 FBC Conduct of Business Prior to Closing 55
9.2 Purchaser Conduct of Business Prior to Closing 55
9.3 Actions to Satisfy Closing Conditions 56
9.4 Consents, Approvals and Authorizations 56
9.5 Access for Investigation 57
9.6 Delivery of Books and Records and Cooperation 58
9.7 Notification of Untrue Representation or Warranty or Breach 58
9.8 Disclosure of Confidential Information 58
9.9 Exclusive Dealing 58
9.10 Public Communications 58
9.11 Tax Matters 59

ARTICLE 10 INDEMNITY 60

10.1 Indemnification 60
10.2 Limitations on Indemnification 61
10.3 Indemnification Procedures 62

ARTICLE 11 TERMINATION 62

11.1 Termination 62
11.2 Agreement of No Further Force or Effect 63
11.3 Remedies; Injunctive Relief 63

ARTICLE 12 GENERAL 64

12.1 Expenses 64
12.2 Assignment 64
12.3 Notices 64
12.4 Severability 64
12.5 Entire Agreement 65
12.6 Waiver 65
12.7 Further Assurances 65
12.8 Third Party Beneficiaries 65
12.9 Amendment 65
12.10 Counterparts 65
12.11 Language 65

SHARE EXCHANGE AGREEMENT

This **SHARE EXCHANGE AGREEMENT** is dated December 5, 2023 and made among:

BZAM LTD., a corporation incorporated under the laws of Canada (the "**Purchaser**");

FINAL BELL CANADA INC., a corporation incorporated under the laws of Ontario ("**FBC**"); and

FINAL BELL HOLDINGS INTERNATIONAL LTD., a corporation incorporated under the laws of British Columbia (the "**FBC Shareholder**").

RECITALS:

(A) The Purchaser is a company whose common shares are listed on the CSE (as hereinafter defined).

(B) The FBC Shareholder is the beneficial and legal owner of all of the issued and outstanding FBC Shares (as defined herein).

(C) The Purchaser wishes to purchase and acquire all of the issued and outstanding FBC Shares from the FBC Shareholder in exchange for the Consideration Shares (as hereinafter defined), upon and subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties (each, a "**Party**" and, together, the "**Parties**") covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement the following words and phrases will have the following meanings:

"**Accounts Payable**" means all accounts payable, trade payables, obligations to make payment, book payables and other amounts, due, owing or accruing due, together with any security interest, letters of credit or other credit support documents granted by any FBC Entity as security therefor.

"**Accounts Receivable**" means all accounts receivable, trade receivables, rights to receive payment, book debts and other amounts, due, owing or accruing due to any FBC Entity, together with any security interest, letters of credit or other credit support documents granted in favour of any FBC Entity as security therefor.

"**Acquisition Proposal**" has the meaning set forth in Section 9.9(a).

“**Affiliate**” with respect to any specified Person at any time, means each Person directly or indirectly, through one or more intermediaries, controlling, controlled by or under direct or indirect common control with, such specified Person at such time.

“**Agreement**” means this Share Exchange Agreement and all of the schedules, exhibits and other documents attached hereto or delivered pursuant to the terms hereof, as it may from time-to-time be supplemented or amended.

“**Anti-Corruption Legislation**” has the meaning set forth in Section 4.34(a).

“**Applicable Securities Laws**” means all applicable Canadian securities laws relevant to the issuance of securities of the Purchaser or the purchase and sale of the FBC Shares pursuant to the terms of this Agreement, including the published rules and policies of the CSE.

“**Authorization**” means, with respect to any Person, any Order, permit, approval, consent, waiver, licence or other authorization issued, granted, given or authorized by, or made applicable under the authority of, any Governmental Authority having jurisdiction over the Person.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks in the City of Toronto, Ontario, Canada are closed during regular banking hours.

“**Cannabis** and **cannabis**” includes cannabis products as defined in the Cannabis Regulations with reference to Schedule 4 of the Cannabis Act and industrial hemp as defined in the Industrial Hemp Regulations made under the Cannabis Act.

“**Cannabis Laws**” means, collectively: (i) the laws of Canada and each of the provinces and territories therein applicable to the production, manufacture, cultivation, importation, exportation, advertisement, marketing, promotion, sale and/or distribution of cannabis and/or related products, including, without limitation, the *Cannabis Act* (Canada), the Cannabis Regulations and the *Excise Act, 2001* (Canada); and (ii) the respective regulations and rules made and forms prescribed under such laws, together with all applicable and legally enforceable published policy statements, orders and rulings of the applicable Governmental Authority in each such jurisdiction.

“**Cannabis Regulations**” mean the *Cannabis Regulations* (Canada), as amended from time to time.

“**Claims**” means claims, demands, complaints, grievances, actions, applications, suits, causes of action, charges, indictments, prosecutions, information or other similar processes.

“**Closing**” has the meaning set forth in Section 6.1.

“**Closing Date**” has the meaning set forth in Section 6.1.

“**Closing Period**” means the period between the close of business on the Execution Date and the Closing.

“**Confidentiality Agreement**” means the confidentiality agreement between FBC Shareholder and the Purchaser dated October 31, 2023.

“**Consideration Shares**” has the meaning set forth in Section 2.2(b).

“**Contract**” means any contract, agreement, option, lease, license, deed, mortgage, note, indenture, commitment or other instrument of any kind, whether written or oral, and other legal binding agreements, arrangements, understandings, commitments and undertakings, to which a Person is a party or a beneficiary or pursuant to which any of its property or assets are or may be affected.

“**CSE**” means the Canadian Securities Exchange.

“**Damages**” means any losses, liabilities, damages or out-of-pocket expenses (including reasonable legal fees and expenses) whether resulting from an action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third Person, including a Governmental Authority, or a cause, matter, thing, act, omission or state of facts not involving a third Person.

“**Disclosure Letters**” means, collectively, the FBC Disclosure Letter and the Purchaser Disclosure Letter.

“**Drop Dead Date**” means January 30, 2024, or such other date as the Parties may mutually approve in writing.

“**Effective Time**” means 9:00 a.m. (Eastern Time) on the Closing Date (or such other time as may be agreed to by the Parties).

“**Employee**” means any full-time or part-time employee of any FBC Entity including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“**Employee Contracts**” means any written or verbal employment Contract for employment between FBC and any Employee.

“**Employee Plans**” has the meaning set forth in Section 4.32(a).

“**Environmental Authorization**” means all Authorizations issued pursuant to any Environmental Laws in connection with the operation of the FBC Business or the ownership and use by any FBC Entity of the property and assets (including the Leased Properties) of FBC.

“**Environmental Claim**” means any Claim alleging or asserting any violation of any Environmental Law or Environmental Authorization, or liability for response costs or remedial action under an Environmental Law related to any Environmental Release.

“**Environmental Laws**” mean all Laws, regulations, ordinances or written decisions relating to environmental matters and relating to the protection of workers and public health, including any Laws having as a purpose or effect the protection of the environment, ground water, endangered species of flora and fauna, air, land or natural resources (including soil, land surface or subsurface strata, surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere)), the prevention or reduction to acceptable levels of pollution and emissions or the provision of remedies in respect of damage arising therefrom and the generation, use, handling, release, treatment, storage, disposal or transportation of Environmentally Hazardous Substance.

“**Environmental Release**” means any emission, discharge, release, deposit, issuance, spray, injection, abandonment, escape, spill, leak, seepage, disposal or exhaust (other than exhaust from a vehicle) of an Environmentally Hazardous Substance, or other occurrence or event defined as such in any Environmental Laws.

“**Environmentally Hazardous Substance**” means any material or substance that could reasonably be expected to impair the quality of the environment or that causes or could reasonably be expected to cause an adverse effect on the environment for any use which can be made of it and as to which liabilities or standards of conduct are imposed pursuant to Environmental Laws, including any material or substance that is deemed pursuant to any Environmental Law to be “hazardous”, “toxic”, “deleterious”, “caustic”, “dangerous”, a “contaminant”, a “hazardous waste”, a “source of contaminant”, a “pollutant” , or words of similar meaning and regulatory effect under any Environmental Law, and any of the following substances: asbestos, urea formaldehyde, hydrocarbons, lead and polychlorinated biphenyls and any material or equipment containing one of these substances.

“**Equity Interests**” of a Person means options, warrants, calls, pre-emptive rights, subscriptions or other rights, restricted share awards, restricted share unit awards, agreements, arrangements, understandings or commitments of any kind relating to the issued or unissued shares in the capital of such Person, or other equity interests of such Person.

“**Execution Date**” means the date of this Agreement.

“**Exemptions**” has the meaning set forth in Section 2.7(a).

“**FB Indemnified Losses**” has the meaning set forth in Section 10.1(b).

“**FB Indemnified Parties**” has the meaning set forth in Section 10.1(b).

“**FB Payment Plan**” means the payment plan in connection with the unsecured promissory note in the principal amount of $4,000,000 owed by FBC to the FBC Affiliated Vendor, guaranteed by the Purchaser, which shall be payable in accordance with Schedule A of this Agreement and subject to any additional terms as may be determined by the parties, acting reasonably.

“**FBC**” has the meaning set forth in the preamble of this Agreement.

“FBC Affiliated Vendor” means 14th Round Inc., which is a wholly-owned subsidiary of the FBC Shareholder.

“**FBC Books and Records**” means all books of account, financial statements, tax records, personnel records of Employees, historic documents relating to the FBC Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information relating to any FBC Entity (whether in written, electronic or other form).

“**FBC Business**” means the business carried on by the FBC Entities on the Execution Date in Canada, consisting of operating the FBC Facilities.

“**FBC Disclosure Letter**” means the disclosure letter delivered by the FBC Shareholder to the Purchaser on the Execution Date.

“**FBC Entities**” means FBC and Final Bell Corp.

“**FBC Facilities**” means the licensed cannabis facility and office space located at 1100, Unit 3, Bennett Rd, Bowmanville, Ontario L1C 3K.

“**FBC Financial Statements**” means, collectively, (a) the unaudited financial statements of FBC for the twelve months ended December 31,2022, and (b) the unaudited interim financial statements of FBC for the nine months ended September 30, 2023, all prepared in accordance with IFRS.

“**FBC IP**” has the meaning set forth in Section 4.26(a).

“**FBC Material Authorizations**” has the meaning set forth in Section 4.18.

“**FBC Material Contracts**” has the meaning set forth in Section 4.21.

“**FBC Promissory Note**” means the secured promissory note in the form set out as Schedule B of this Agreement, executed by FBC in favor of the FBC Affiliated Vendor on Closing, guaranteed by the Purchaser, in the aggregate principal amount of $4,000,000, owed by FBC to the FBC Affiliated Vendor, bearing interest at zero percent (0%) and with a maturity date no earlier than March 31, 2025. For greater clarity: (i) this note shall rank pari passu with all secured debts owed by the Purchaser to Stone Pine and bear the same maturity date as the secured debts owed by the Purchaser to Stone Pine and to the Senior Lender; and (ii) all such secured debts owed to Stone Pine and the FBC Affiliated Vendor shall be subordinated to the secured debts owed to the Senior Lender, in accordance with the terms of the Subordination Agreement and the Intercreditor Agreement.

"**FBC Reference Date**" means September 30, 2023.

"**FBC Shareholder**" has the meaning set forth in the preamble to this Agreement.

"**FBC Shares**" means: (i) 295 class A common shares; (ii) the 295 class B common shares; (iii) the 30 class C common shares; (iv) the 100 class D common shares; (v) 100 class E common shares; (vi) the 30 class F common shares; (vii) 100 class G common shares; (viii) 20 class H common shares; and (ix) the 30 class I common shares in the capital of FBC, and FBC Share means any one of them.

"**FBC Specified Representations**" has the meaning set forth in Section 7.1(a).

"**Fundamental Representations**" means the representations and warranties of the FBC Shareholder set forth in Sections 5.1, 5.2, and 5.3.

"**Golden Iris Release**" means the agreement evidencing the release of the FBC Entities as guarantors of the loan between the FBC Shareholder and Golden Iris International Ltd, and related general security agreement and PPSA registration.

"**Governmental Authority**" means any (a) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, arbitrator, tribunal, bureau or agency, domestic or foreign, (b) any subdivision or authority of any of the above, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or tax authority under or for the account of any of the above.

"**GST/HST**" means goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada).

"**Healthcare Data Requirements**" has the meaning set forth in Section 3.33(a) or Section 4.35, as applicable.

"**IFRS**" means generally accepted accounting principles in Canada from time to time including, for the avoidance of doubt, the standards prescribed in Part I of the CPA Canada Handbook – Accounting (which incorporates International Financial Reporting Standards, as issued by the International Accounting Standards Board) as the same may be amended, supplemented or replaced from time to time.

"**Indebtedness**" means with respect to FBC, (i) any liability for borrowed money (including bank loans, lines of credit and loans from related parties), or evidenced by an instrument for the payment of money, or incurred in connection with the acquisition of any property, products, services, assets or securities (including "earnouts", holdbacks, vendor notes or any other similar form of contingent or deferred payment obligation, and any conditional sale or other title retention agreement), or relating to a capitalized lease obligation, (ii) any change of control payments, bonuses, severance, termination and retention obligations, and similar amounts for which FBC becomes liable in connection with the Transaction contemplated by this Agreement, (iii) profit sharing bonus accruals; bonuses and incentives payable; and all accrued but unpaid salaries, wages and benefits, accrued matching RRSP contributions, accrued profit sharing payments, banked vacation pay and banked hours, and (iv) the employer portion of any payroll Taxes payable in connection with any amounts referred to in clause (ii) or (iii).

"**Indemnified Loss**" shall mean a Purchaser Indemnified Loss or a FB Indemnified Loss, as the case may be.

“**Indemnified Party**” shall mean a Purchaser Indemnified Party or a FB Indemnified Party, as the case may be.

“**Industrial Hemp Regulations**” mean the Industrial Hemp Regulations made under the *Cannabis Act*, as amended from time to time.

“**Information Technology**” means computer hardware, software in source code and object code form (including documentation, interfaces and development tools), websites, databases, telecommunications equipment and facilities and other information technology systems owned, licensed, used or held by a Person.

“**Intellectual Property**” means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, slogans, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of, and symbolized by, and all registrations, applications and renewals for, any of the foregoing, (b) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content and URLs, (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights and (d) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re- examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority-issued indicia of invention ownership (including inventor’s certificates, petty patents and patent utility models).

“**Intercreditor Agreement**” means the intercreditor agreement to be entered into between Stone Pine and the FBC Affiliated Vendor, with respect to: (i) the ranking of any secured debts owed by the Purchaser to Stone Pine to be pari passu with the FBC Promissory Note; and (ii) the acknowledgement of the subordination following Closing, of all secured debts owed by the Purchaser to the FBC Affiliated Vendor and the FBC Affiliated Vendor, to the secured debts owed by the Purchaser to the Senior Lender.

“**ITA**” means the *Income Tax Act (Canada)*, RSC 1985, c 1 (5th Supp).

“**Laws**” means any and all (a) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws of any Governmental Authority and (b) Orders.

“**Leased Properties**” means the lands and premises set out and described in Section 4.29(a) of the FBC Disclosure Letter by reference to their municipal address and proper legal description.

“**Leases**” means the leases and offers to lease in respect of the Leased Properties set out and described in Section 4.29(a) of the FBC Disclosure Letter.

“**Liabilities**” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“**Lien**” means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, restriction, assignment, trust or deemed trust, title defect or objection, title retention agreement, option or encumbrance of any nature or kind whatsoever, whether contractual, statutory or otherwise arising, any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation.

"**Lock-up Agreement**" means an agreement to be entered into between the Purchaser and the FBC Shareholder pursuant to which the FBC Shareholder will covenant not to sell, transfer or otherwise dispose of:

i. with respect to 1/3 of the Consideration Shares, for a period ending on the 4-month plus a day anniversary of the date of issuance of such Purchaser Shares;

ii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 8-month anniversary of the Closing Date; and

iii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 12-month anniversary of the Closing Date.

"**Material Adverse Effect**" means, (a) in respect of a Party, any effect or change that is, individually or together with other effects or changes, materially adverse to (1) the results of operations and financial condition of the business of such Party and, if applicable, its subsidiaries, taken as a whole, or; (2) the Party's ability to consummate the transactions contemplated by this Agreement, and (b) in respect of the Party's assets, an effect that is individually or together with other effects or changes, materially adverse to such assets, taken as a whole; provided that a "Material Adverse Effect" does not include any effect or change arising from (i) any change affecting the cannabis industry as a whole, (ii) changes in applicable Laws, (iii) changes in IFRS, (iv) any change in general economic, business, regulatory, political (including the outbreak or escalation of war or acts of terrorism) or market conditions or in national or global financial or capital markets, (v) any natural disaster, or (vi) this Agreement or the completion of the transactions contemplated by this Agreement other than, in respect of each of clauses (i), (ii), (iii), (iv), and (v), any such effect that specifically relates to or disproportionately affects in an adverse manner the Party's business.

"**Merged Entity**" means the Purchaser and the resulting group of subsidiaries following the completion of the Transaction contemplated by this Agreement.

"**Misrepresentation**" means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

"**Order**" means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Authority.

"**Ordinary Course**" means, with respect to an action taken by a Person, that such action is (i) consistent with the past practices of the Person and is taken in the ordinary course of business of the normal operations of the Person or its business, and (ii) would be similar in nature to actions customarily taken in the ordinary course of the day to day operations of other Persons that are in the same line of business as such Person.

"**Parties**" means, collectively, the Purchaser, FBC and the FBC Shareholder and **Party** means any one of them.

"**Permitted Encumbrances**" means (a) Liens for Taxes, assessments or governmental charges or levies which relate to obligations not yet due or delinquent, the validity of which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS have been made in the FBC Books and Records or the Purchaser Books and Records, as the case may be, (b) easements, servitudes, encroachments and other minor imperfections of title which do not, individually or in the aggregate, detract from the value of or impair the use or marketability of any real property, (c) undetermined or inchoate Liens arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Laws or of which written notice has not been given in accordance with applicable Laws, (d) Liens set out and described in Section 4.11 of the FBC Disclosure Letter or Section 1.1 of the Purchaser Disclosure Letter but only to the extent such Liens conform to their description in such Disclosure Letter and (e) Liens that would not reasonably be expected to have a Material Adverse Effect.

“**Person**” includes an individual, sole proprietor, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any other entity, or any trustee, executor, administrator or other legal representative thereof.

“**Personal Information**” means information about an identifiable individual other than such individual’s business contact information where such business contact information is collected, used or disclosed for the purposes of contacting such individual in that individual’s capacity as an employee or an official of an organization and for no other purpose.

“**Pre-Closing Tax Period**” means any Tax or fiscal period ending on or before the Closing, and with respect to a Straddle Period, the portion of a Straddle Period up to and immediately prior to the Closing.

“**Privacy Laws**” means the *Personal Information Protection and Electronic Documents Act* (Canada) and any similar Laws relating to the collection, use, disclosure or storage of Personal Information applicable in Canada.

“**Purchase Price**” has the meaning set forth in Section 2.2.

“**Purchased FBC Shares**” means the FBC Shares to be purchased by the Purchaser pursuant to Article 2, being all of the issued and outstanding shares in the capital of FBC.

“**Purchaser**” has the meaning set forth in the preamble of this Agreement.

“**Purchaser Books and Records**” means all books of account, financial statements, tax records, personnel records of the Purchaser Employees, historic documents relating to the assets or business of the Purchaser Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information of a Purchaser Entity (whether in written, electronic or other form).

“**Purchaser Disclosure Letter**” means the disclosure letter delivered by the Purchaser to the FBC Shareholder on the Execution Date.

“**Purchaser Disclosure Record**” means all documents filed by or on behalf of the Purchaser on the System for Electronic Document Analysis Retrieval prior to the date hereof that are publicly available on the date hereof.

‘Purchaser Employee” means any full-time or part-time employee of the Purchaser or any Purchaser Entity, including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“**Purchaser Employee Contracts**” means any written or verbal employment Contract for employment between any Purchaser Entity and any other Person engaged in the business of any Purchaser Entity.

“**Purchaser Employee Plans**” has the meaning set forth in Section 3.30(a) of this Agreement.

“**Purchaser Entities**” means, collectively, the Purchaser and its subsidiaries.

“**Purchaser Financial Statements**” means the audited consolidated financial statements of the Purchaser for the years ended December 31, 2022 and 2021, and the unaudited financial statements of the Purchaser for the three and nine months ended September 30, 2023, all prepared in accordance with IFRS.

“**Purchaser Indemnified Losses**” has the meaning set forth in Section 10.1(a).

“**Purchaser Indemnified Parties**” has the meaning set forth in Section 10.1(a).

“**Purchaser IP**” has the meaning set forth in Section 3.24(a).

“**Purchaser Leased Properties**” means the lands and premises leased by the Purchaser as set out the Purchaser Disclosure Record.

“**Purchaser Leases**” means the leases and offers to lease in respect of the Purchaser Leased Properties set out and described in Section 3.27(a) of the Purchaser Disclosure Letter.

“**Purchaser Material Authorizations**” has the meaning set forth in Section 3.16.

“**Purchaser Material Contracts**” has the meaning set forth in Section 3.19.

“**Purchaser Owned Properties**” means the lands and premises owned by the Purchaser as set out the Purchaser Disclosure Record.

“**Purchaser Reference Date**” means September 30, 2023.

“**Purchaser Shares**” means common shares in the capital of the Purchaser, and Purchaser Share means any one of them.

“**Purchaser Specified Representations**” has the meaning set forth in Section 8.1(a).

“**Release Date**” has the meaning set forth in Section 6.5(a).

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval, the electronic filing system for the disclosure documents of issuers across Canada.

“**Senior Lender**” means the Purchaser’s Canadian senior secured lender.

“**Stone Pine**” means Stone Pine Capital Ltd.

“**Stone Pine Amendments**” means any amendments to any documents evidencing secured debts owed by the Purchaser to Stone Pine, to reflect the amendment of the maturity date under such documents to March 31, 2025, cross-call provisions, prepayments to be made under such documents to require concurrent prepayments to be made under the FBC Promissory Note, and such other matters as may be agreed to by the Parties, acting reasonably.

“**Straddle Period**” means any taxation period of FBC ending after the Closing Date that commenced before the Closing Date. Where necessary to allocate Taxes under this Agreement with respect to a Straddle Period: (i) the amount of any real property, personal property, ad valorem, intangible, and other Taxes imposed on a periodic basis for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be equal to the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediate proceeding period) multiplied by a fraction, the numerator of which is the number of calendar days during the Straddle Period that are in the Pre-Closing Tax Period and the denominator of which is the number of calendar days in the entire Straddle Period, and (ii) the amount of any Taxes (other than Taxes allocable under clause (i) of this definition) for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be computed on the basis of a “closing of the books,” as if such taxable period ended as of the end of the day on the Closing Date and all such Taxes were calculated in accordance with the past practices of FBC in preparing Tax Returns, except to the extent otherwise required by applicable Law; provided, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period beginning after the Closing Date in proportion to the number of calendar days in each period.

“**Subordination Agreement**” means the subordination agreement to be entered into between the Senior Lender and the FBC Affiliated Vendor, with respect to the subordination following Closing, of all secured debts owed by the Purchaser to the FBC Affiliated Vendor, to the secured debts owed by the Purchaser to the Senior Lender.

“**Tax**” means any taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value- added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions.

“**Tax Return**” means any return (including any information return), report, statement, schedule, notice, election, designation, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection or payment of any Tax, or in connection with the administration, implementation or enforcement of, or compliance with, any Law relating to any Tax.

“**Transaction**” means, collectively, the purchase and sale of the Purchased FBC Shares, the issuance of the Consideration Shares, and all other transactions contemplated by this Agreement.

“**Transaction Documents**” means this Agreement, the FBC Promissory Note, the FB Payment Plan, the Subordination Agreement, the Intercreditor Agreement, the Lock-Up Agreement and all other agreements, certificates and other instruments or documents given pursuant to this Agreement.

1.2 Gender and Number

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, (a) words in the singular number include the plural and are to be construed as if the plural had been used and *vice versa*, and (b) words importing the use of any gender include all genders where the context or party referred to so requires, and the rest of the sentence is to be construed as if the necessary grammatical changes had been made.

1.3 Certain Phrases and Calculation of Time

In this Agreement, unless otherwise specified:

(a) the words “including” and “includes” mean “including (or includes) without limitation”;

(b) “Article” and “Section” followed by a number mean and refer to the specified Article or Section of this Agreement;

(c) the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”; if the last day of any such period is not a Business Day, such period will end on the next Business Day; and

(d) when calculating the period of time “within” which or “following” which any act or event is required or permitted to be done, notice given or steps taken, the date which is the reference date in calculating such period is to be excluded from the calculation. If the last day of any such period is not a Business Day, such period will end on the next Business Day.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement.

1.5 Disclosure Letters and Exhibits

The Disclosure Letters and the exhibits attached to this Agreement are incorporated by reference into this Agreement and form an integral part hereof.

1.6 Purpose of the Disclosure Letters

The purpose of the Disclosure Letters is to set out the qualifications, exceptions and other information called for in this Agreement. The disclosure of any fact or item in any section of a Disclosure Letter shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and warranties of FBC and the FBC Shareholder or the Purchaser, as the case may be, that are contained in the corresponding Section of this Agreement; and (ii) any other representations and warranties of the FBC and the FBC Shareholder or the Purchaser, as the case may be, contained in this Agreement, where it is reasonably apparent that such matter is pertinent to such other representation or warranty.

1.7 Currency

In this Agreement, unless otherwise specified, all references to dollars or to $ are references to Canadian dollars.

1.8 Knowledge

Where any representation or warranty in this Agreement is expressly qualified by reference to the knowledge of a Party (or similar phrases), it is deemed to refer to the actual knowledge of such Party or, if such Party is not an individual, of any officer or director of such Party, in each case after due inquiry.

1.9 Accounting Terms

All accounting and financial terms and references not defined in this Agreement are to be interpreted in accordance with IFRS.

1.10 Instruments and Statutes

Any agreement, instrument or statute (including any specific provision) defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute (including any specific provision and in the case of a statute any regulations promulgated thereunder) as amended, restated, replaced, modified, qualified or supplemented, including (in the case of agreements and instruments) by waiver or consent and (in the case of statute) by succession of comparable successor statutes and all attachments thereto and instruments incorporated therein.

1.11 Governing Law; Venue

This Agreement shall be governed by and interpreted and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to applicable choice of law provisions thereof. The Parties agree that any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby will be brought in a suitable court located in the Province of British Columbia and each Party irrevocably submits to the exclusive jurisdiction of those courts.

ARTICLE 2
SHARE EXCHANGE

2.1 Purchase and Sale

Subject to the terms and conditions hereof, the FBC Shareholder covenants and agrees to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from the FBC Shareholder, the Purchased FBC Shares at the Closing.

2.2 Purchase Price

In consideration for the acquisition of the Purchased FBC Shares, the Purchaser will pay a purchase price (the "**Purchase Price**") equal to the sum of the following:

(a) Cash – The payment on Closing of $100 in cash.

(b) Consideration Shares – The issuance on Closing of ninety million (90,000,000) Purchaser Shares (the "**Consideration Shares**"), to the FBC Shareholder, at a deemed price per Purchaser Share of $0.15.

2.3 Hold Period

The FBC Shareholder acknowledges that in addition to what is contemplated under the Lock-up Agreement, all Purchaser Shares comprising the Consideration Shares may be subject to a restrictive hold period of four (4) months plus a day in length, if determined to be applicable by a Governmental Authority under Applicable Securities Laws.

2.4 Allocation of Purchase Price

The Parties agree to allocate the Purchase Price on a basis to be agreed between the Parties prior to Closing. In conjunction therewith, each of the Parties will review with their respective legal, accounting and financial advisors the most tax effective structure for allocating the Purchase Price with respect to the Transaction. The Parties agree to execute and file all Tax Returns, and prepare all financial statements, on the basis of such allocation and agree not to take any position inconsistent therewith in any Tax Return, in any Tax refund claim, in any litigation or otherwise.

2.5 *Intentionally Deleted*

2.6 Purchase of Entire Interest

It is the understanding of the parties hereto that this Agreement provides for the purchase of all of the issued and outstanding FBC Shares at the Effective Time, whether same are owned as at the date hereof or to be acquired after the date hereof and prior to the Effective Time, and the FBC Shareholder therefore covenants and agrees with the Purchaser that, if prior to the Effective Time, it acquires any further FBC Shares, in addition to those set forth in this Agreement, then such FBC Shares shall be subject to the terms of this Agreement, and FBC Shares shall be delivered or such rights shall be transferred to the Purchaser at the Effective Time, without the payment of any additional or further consideration.

2.7 Delivery of Purchased FBC Shares

Subject to the fulfilment of all of the terms and conditions hereof (unless waived as herein provided), at the Effective Time, the FBC Shareholder shall be deemed to have delivered to the Purchaser certificates or equivalents representing all of the FBC Shares to the Purchaser.

2.8 Acknowledgements

The FBC Shareholder hereby acknowledges and agrees with the Purchaser as follows:

(a) The transfer of the FBC Shares to the Purchaser, and the issuance of the Consideration Shares to the FBC Shareholder will be made pursuant to appropriate exemptions (the "**Exemptions**") from the prospectus (or equivalent) requirements of applicable securities laws;

(b) As a consequence of acquiring the Consideration Shares pursuant to the Exemptions:

(i) the Purchaser is relying on an exemption from the requirements to provide the FBC Shareholder with a prospectus and to, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Securities Laws, including statutory rights of rescission or damages, will not be available to the FBC Shareholder;

(ii) the FBC Shareholder may not receive information that might otherwise be required to be provided to the FBC Shareholder, and the Purchaser is relieved from certain obligations that would otherwise apply under the *Securities Act* (Ontario) if the Exemptions were not being relied upon by the Purchaser;

(iii) there is no government or other insurance covering the Consideration Shares;

(iv) there are risks associated with the acquisition of the Consideration Shares; and

(v) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Shares;

(c) The FBC Shareholder is knowledgeable of, or has been independently advised as to, the applicable Law of that jurisdiction which applies to the sale of the FBC Shares and the issuance of the Consideration Shares, which may impose restrictions on the resale of such Consideration Shares in that jurisdiction and it is the responsibility of the FBC Shareholder to become aware of what those resale restrictions are, and to comply with them before selling or distributing any of the Consideration Shares, as applicable; and

(d) The Consideration Shares may be subject to certain resale restrictions under applicable Law, and the FBC Shareholder agrees to comply with such restrictions and acknowledges that the certificates for the Consideration Shares may bear an applicable legend or legends respecting restrictions on transfers as required under applicable Law if and as required by Section 2.7 of this Agreement (or legend notation on each applicable Consideration Share, if applicable, issued electronically in a direct registration system), and that the FBC Shareholder have been advised to consult its own legal advisor with respect to applicable resale restrictions and that each is solely responsible for complying with such restrictions.

2.9 Joint Tax Election

The Purchaser and the FBC Shareholder, within 10 Business Days after the Closing Date (or at such later date as may be requested by the FBC Shareholder), shall jointly make and execute an election (a "**Section**

85 Election"), in the prescribed form and within the prescribed time limits, to have section 85 of the Tax Act apply in respect of the disposition of the FBC Shares by the FBC Shareholder in consideration for, inter alia, the Consideration Shares issuable to the FBC Shareholder and, in this regard, the aggregate "elected amount" for purposes of a Section 85 Election will be an amount determined by the FBC Shareholder within the limits prescribed under the Tax Act. The FBC Shareholder will be solely responsible for filing the Section 85 Elections within the time prescribed by the Income Tax Act. The Purchaser shall reasonably cooperate with the FBC Shareholder if it determines that a Section 85 Election which has been filed should be amended, supplemented or replaced.

2.10 Agreement to be Bound

Each Person who becomes a FBC Shareholder subsequent to the Execution Date, or acquires additional FBC Shares subsequent to the Execution Date, must concurrently with becoming a FBC Shareholder or acquiring such additional FBC Shares execute and deliver to the Purchaser an agreement in form and substance satisfactory to the Purchaser, agreeing to be bound by this Agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser makes the following representations to the FBC Shareholder, and acknowledges and agrees that the FBC Shareholder is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

3.1 Incorporation, Corporate Power and Registration

(a) The Purchaser is a corporation validly existing and in good standing under the federal laws of Canada and has all necessary corporate power, authority and capacity to own or lease its property and to carry on its business as presently conducted.

(b) Subject to Section 3.2, neither the nature of the Purchaser Entities' business nor the location or character of the assets owned or leased by the Purchaser Entities requires any Purchaser Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

3.2 Qualification

Each Purchaser Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter. The jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter include all jurisdictions in which (a) the nature of the Purchaser Entities' business makes such qualification necessary, (b) the Purchaser Entity owns or leases any material property or assets which form part of the Purchaser Entity's business or (c) the Purchaser Entity conducts the Purchaser Entity's business, in each case except as would not have a Material Adverse Effect.

3.3 Due Authorization and Enforceability of Obligations

(a) The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.

(b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser.

(c) This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

(a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by the Purchaser or necessary to the ownership of the assets owned by the Purchaser Entities or the operation of the Purchaser Entities' business;

(b) result in or require the creation of any Lien upon any of the assets owned by the Purchaser Entities;

(c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or

(d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to the Purchaser Entities.

3.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

(a) result in a material breach or a material violation of, or materially conflict with, any Purchaser Material Contract; or

(b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any Purchaser Material Contract, or (ii) the acceleration of any debt or other obligation of the Purchaser, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any Purchaser Entity.

3.6 Purchaser Financial Statements

The Purchaser Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

(a) the financial position of the Purchaser Entities on a consolidated basis as at such dates; and

(b) the results of operation and changes in financial position of the Purchaser Entities on a consolidated basis for the periods then ended.

3.7 No Undisclosed Liabilities

Since the Purchaser Reference Date, no Purchaser Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities reflected or reserved against in the applicable Purchaser Financial Statements; (b) current liabilities incurred since the Purchaser Reference Date in the Ordinary Course; or (c) liabilities that are not material to any Purchaser Entity, taken as a whole.

3.8 Conduct of Purchaser's Business in Ordinary Course

Except as set out in Section 3.8 of the Purchaser Disclosure Letter or as set out in the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the Purchaser Reference Date, the Purchaser Entities' business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, the Purchaser Entities have not, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

(a) sold, transferred or otherwise disposed of any assets other than inventory sold in the Ordinary Course;

(b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;

(c) made any capital expenditures in excess of $250,000;

(d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds $250,000;

(e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value to a Purchaser Entity;

(f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;

(g) made any bonus or other extraordinary payment to a Purchaser Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;

(h) suffered any extraordinary loss, damage or destruction in respect of any of its assets, whether or not covered by insurance;

(i) terminated or suffered the termination of, any Purchaser Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;

(j) declared or paid any dividends or declared or made any other distribution on the Purchaser Shares or other securities of any of the Purchaser Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchaser Shares or other securities of the Purchaser Entities;

(k) written off as uncollectible any accounts receivable or any part thereof;

(l) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;

(m) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;

(n) compromised or settled any litigation or governmental action relating to assets owned or used by a Purchaser Entity (including the Purchaser Owned Properties and Purchaser Leased Properties);

(o) cancelled or reduced any insurance coverage on its business, property and assets;

(p) made any change in any method of accounting or auditing practice except in each case as required by IFRS;

(q) made any change in the method of billing or the credit terms made available to its customers;

(r) amended its organizational documents or structure; or

(s) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

3.9 Capitalization of the Purchaser

The authorized capital of the Purchaser consists of an unlimited number of Purchaser Shares. As at the Execution Date, there are 180,818,952 Purchaser Shares issued and outstanding. In addition, as at the Execution Date, there are issued and outstanding (i) options to purchase, in the aggregate, 6,240,000 Purchaser Shares, (ii) warrants exercisable for, in the aggregate, 48,096,811 Purchaser Shares and (iii) restricted share units entitling certain employees of the Purchaser to, in the aggregate, 187,500 Purchaser Shares. Except as set forth in this Section 3.9, no other Purchaser Shares are issued and outstanding as at such date and there are no existing Equity Interests in, the Purchaser or any of its subsidiaries obligating the Purchaser or such subsidiary to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, the Purchaser or such subsidiary or securities convertible into or exchangeable for such shares or Equity Interests or other securities. All of the outstanding Purchaser Shares were duly authorized and validly issued, and are fully paid and non-assessable.

3.10 Litigation

Except as set out in Section 3.10 of the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any arbitration, administrative or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, current or pending, or, to the knowledge of the Purchaser, threatened against the Purchaser Entities' business or any of the Purchaser Entities' assets, including the Purchaser Owned Properties, the Purchaser Leased Properties, or the Purchaser IP, or in respect of any employment matters.

3.11 Title to Assets

Except as set out in Section 3.11 of the Purchaser Disclosure Letter, each Purchaser Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the Purchaser Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

3.12 No Options, etc.

Except as set out in Section 3.12 of the Purchaser Disclosure Record, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition from the Purchaser Entities of any of the property and assets other than pursuant to purchase orders for inventory sold in the Ordinary Course.

3.13 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of the Purchaser Entities are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

3.14 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the Purchaser Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the Purchaser Books and Records, copies of which have been provided to the FBC, and are not subject to any defence, counterclaim or set off.

3.15 Compliance with Law

(a) Each Purchaser Entity:

(i) is conducting its business in compliance with all applicable Laws, in all material respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating to in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business;

(ii) has not received, since the Purchaser Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the Purchaser Entities' business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any Purchaser Material Authorization; and

(iii) has, or has had on its behalf, since the Purchaser Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the Purchaser Entities' business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the Purchaser Entities' business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

(b) To the knowledge of the Purchaser, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws.

(c) The individuals listed in Section 3.15(c) of the Purchaser Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual's respective association with any Purchaser Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance

(d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all cannabis products sold or stored by the Purchaser Entities:

(i) meet the applicable specifications for the product;

(ii) are fit for the purpose for which they are intended by the Purchaser Entities, and of merchantable quality;

(iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with the Purchaser Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;

(iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;

(v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the Purchaser Material Authorizations in accordance in all material respects with the terms of such Authorization; and

(vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).

(e) All of the marketing and promotion activities of all Purchaser Entities relating to the Purchaser Entities' business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.

(f) (i) Each Purchaser Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any Purchaser Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the Purchaser's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any Purchaser Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.

(g) Each Purchaser Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states)

3.16 Governmental Authorizations

The Purchaser Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Purchaser Owned Properties and Purchaser Leased Properties). All such Authorizations are set out in Purchaser Disclosure Record (the "**Purchaser Material Authorizations**"). Each Purchaser Material Authorization is valid, subsisting and in good standing. The Purchaser is not in default or breach of any Purchaser Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the Purchaser, threatened to revoke or limit any Purchaser Material Authorization.

3.17 Required Purchaser Authorizations

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 3.17 of the Purchaser Disclosure Letter.

3.18 Third Party Consents

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a Purchaser Material Contract binding on or affecting the Purchaser Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 3.18 of the Purchaser Disclosure Letter.

3.19 Material Contracts

Except for the Contracts listed in the "Material Contracts" section of the Purchaser's annual information form dated April 18, 2022, and as otherwise set out under Section 3.19 of the Purchaser Disclosure Letter (collectively, the "**Purchaser Material Contracts**"), no Purchaser Entity is a party to or bound by any Contract material to its business or the ownership of its assets including:

(a) any distributor, sales or advertising Contract;

(b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by a Purchaser Entity of more than $250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of a Purchaser Entity;

(c) any Contract that expires, or may be renewed at the option of any Person other than a Purchaser Entity so as to expire, more than one year after the Execution Date;

(d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;

(e) any Contract for capital expenditures in excess of $250,000 in the aggregate;

(f) any confidentiality, secrecy or non-disclosure Contract or any Contract limiting the freedom of a Purchaser Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on its business;

(g) any Contract pursuant to which a Purchaser Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;

(h) any Contract with any Affiliate of a Purchaser Entity or any other Person with whom a Purchaser Entity does not deal at arm’s length within the meaning of the ITA;

(i) any Contract relating to grants or other forms of assistance received by a Purchaser Entity from any Governmental Authority;

(j) any Contract pursuant to which any Purchaser Entity grants or receives a licence to use any Purchaser IP, other than: (A) those in which grants of Purchaser IP rights are incidental to such Contract; (B) those granting rights to Purchaser IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;

(k) any Contract pursuant to which any Purchaser Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;

(l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other Person in excess of $250,000 in the aggregate;

(m) any Contract for Indebtedness of a Purchaser Entity in excess of $250,000 in the aggregate; or

(n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all Purchaser Material Contracts are available in the Purchaser Disclosure Record.

3.20 No Breach of Material Contracts

Each of the Purchaser Entities has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any Purchaser Material Contract. Each of the Purchaser Material Contracts is in full force and effect, unamended, to the knowledge of the Purchaser, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any Purchaser Material Contract. To the knowledge of the Purchaser, all of the covenants to be performed and the obligations to be fulfilled by any party to such Purchaser Material Contract, including the applicable Purchaser Entity, have been fully performed and fulfilled in all material respects. No consent or notice is required for a valid assignment to the Purchaser of any Purchaser Material Contract.

3.21 Related Party Transactions

Except as set out the Purchaser Disclosure Record or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting the Purchaser Entities have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by a Purchaser Entity to any Affiliate of a Purchaser Entity in relation to such Contracts are recorded on the Purchaser Books and Records at their fair market value.

3.22 Insurance

The Purchaser Entities maintain such policies of insurance as are appropriate to their business and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. No Purchaser Entity is in default in any material respect with respect to any of the provisions contained in the insurance policies.

3.23 Books and Records

(a) All accounting and financial Purchaser Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such Purchaser Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the FBC in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the Purchaser Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the Purchaser Entities.

(b) Purchaser Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by Purchaser's current Information Technology.

3.24 Intellectual Property

(a) The Purchaser Disclosure Record sets out a true, correct and complete description of (i) all of the registered Intellectual Property owned or used by a Purchaser Entity in connection with a Purchaser Entity's business (collectively, the "**Purchaser IP**"), and (ii) all licenses or similar agreements or arrangements to which any Purchaser Entity is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of a Purchaser Entity's business as presently conducted.

(b) One of the Purchaser Entities is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the Purchaser IP, free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities have not assigned, licensed or otherwise conveyed any of the Purchaser IP.

(c) The Purchaser Entities have maintained or caused to be maintained the rights to any of the registered Purchaser IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered Purchaser IP owned by a Purchaser Entity and subject to expiration on or prior to the Closing Date.

(d) The Purchaser IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the Purchaser IP. In the past five years, no Purchaser Entity has received written notice of any alleged infringement or misappropriation from any Person with respect to the Purchaser IP. During such period, no Purchaser Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.

(e) The Purchaser Entities have the full right and authority to use the Purchaser IP in connection with the conduct of their business in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The Purchaser IP is sufficient to conduct the Purchaser Entities' business as presently conducted. All licenses to which a Purchaser Entity is a party relating to Purchaser IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of a Purchaser Entity thereunder. No royalty or other fees is required to be paid by any Purchaser Entity to use and exploit any of the Purchaser IP rights and, to the Purchaser's knowledge, there are no restrictions on the ability of any Purchaser Entity to use any of the Purchaser IP rights

(f) To the knowledge of the Purchaser, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the Purchaser IP.

(g) To the knowledge of the Purchaser, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of a Purchaser Entity owns or has claimed an ownership interest in any of the Purchaser IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.

(h) Each Purchaser Entity has used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect Purchaser IP and confidential information relating thereto. To the knowledge of the Purchaser, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent the Purchaser Entities from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

3.25 Information Technology

(a) The Information Technology owned, licensed, used or held for use in connection with the Purchaser Entities' businesses is sufficient for the conduct of the Purchaser Entities' businesses in the Ordinary Course after Closing. The Purchaser Entities use reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.

(b) In the past three years, no notice of a defect or default has been sent or received by a Purchaser Entity in respect of any license or lease under which the Purchaser Entities receive Information Technology.

3.26 Owned Property

Except as set out in Section 3.26 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Purchaser Entities are the absolute registered and beneficial owner of, and have good and marketable title to, the Purchaser Owned Properties free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities are not the owner of, or party to any agreement, option or right to own, any real property or any interest in any real property used in connection with the Purchaser Entities' business, other than the Purchaser Owned Properties.

3.27 Leases and Leased Property

(a) Except as set out in Section 3.27(a) of the Purchaser Disclosure Letter, no Purchaser Entity is a party to, or under any agreement to become a party to, any real property lease other than the Purchaser Leases. Each Purchaser Lease is in good standing, creates a good and valid leasehold estate in favour of the Purchaser Entities in the Purchaser Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Purchaser Lease pursuant to which a Purchaser Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any Purchaser Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Purchaser Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable Purchaser Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the Purchaser, all of the covenants to be performed by any party (other than the applicable Purchaser Entity) under the Purchaser Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable Purchaser Entity of any of the Purchaser Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Purchaser Leased Property.

(b) Each applicable Purchaser Entity has adequate rights of ingress and egress to, from and over the Purchaser Leased Properties in the Ordinary Course and the Purchaser Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the Purchaser, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any Purchaser Entity to carry on business in the Ordinary Course.

3.28 Environmental Matters

(a) The Purchaser Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Purchaser Owned Properties.

(b) Except as permitted under applicable Laws, no Purchaser Entity has used or permitted to be used at any of the Purchaser Owned Properties or Purchaser Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the Purchaser there has not been any such use.

(c) Except as permitted under Environmental Laws, no Purchaser Entity has caused or permitted, and the Purchaser does not have any knowledge of any Environmental Release on or from the Purchaser Owned Properties or Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity.

(d) No Purchaser Entity has been required in writing by any Governmental Authority to: (i) alter any of the Purchaser Owned Properties or Purchaser Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which, in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.

(e) There are no pending or, to the knowledge of the Purchaser, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties.

(f) Neither the Purchaser nor any Purchaser Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any Purchaser Entity or the Purchaser Entities' business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the Purchaser nor any Purchaser Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the Purchaser, no Purchaser Entity nor the Purchaser Entities' business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.

(g) Section 3.28(g) of the Purchaser Disclosure Letter contains a complete and accurate list of all reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the Purchaser or the Purchaser Entities have been provided to FBC. To the knowledge of the Purchaser, there are no other reports or material documents relating to environmental matters affecting any Purchaser Entity or any of the Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control which have not been made available to FBC.

(h) To the knowledge of the Purchaser, there are not any underground storage tanks located on the Purchaser Owned Properties or Purchaser Leased Properties.

(i) No Authorizations issued to any Purchaser Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.

(j) No unbudgeted work or additional expenditure is required or planned in relation to the Purchaser Entities' business, the Purchaser Owned Properties, the Purchaser Leased Properties or any other assets of any Purchaser Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

3.29 Employee Matters

(a) No Purchaser Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any Purchaser Entity.

(b) Except as disclosed in Section 3.29(b) of the Purchaser Disclosure Letter, there are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any Purchaser Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the Purchaser Entities' business which are currently outstanding.

(c) To the knowledge of the Purchaser, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for a Purchaser Entity and no Purchaser Entity is unionized and does not have an employee association.

(d) Each Purchaser Entity has observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.

(e) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon the Purchaser Entities to do or refrain from doing any act or which place a financial obligation upon a Purchaser Entity.

(f) In the past three years, no Purchaser Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.

(g) Except as set out in 3.29(g) of the Purchaser Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, pending, or, to the knowledge of the Purchaser, threatened against or affecting the Purchaser Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser Entities or the Purchaser Entities' business. To the knowledge of the Purchaser, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any Purchaser Entity in respect of employment matters.

(h) All Purchaser Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements

(i) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the Purchaser Entities, threatened against or directly or indirectly affecting a Purchaser Entity's business, a Purchaser Entity or any of their respective operations. No Purchaser Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Purchaser Employees. There are no charges or complaints pending, or to the knowledge of the Purchaser, threatened with respect to or relating to a Purchaser Entity before any Governmental Authority in relation to unlawful employment practices. No Purchaser Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of a Purchaser Entity or any of its business concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the Purchaser Entity, threatened.

3.30 Employee Benefit Plans

(a) Section 3.30 of the Purchaser Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any Purchaser Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any Purchaser Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Purchaser Employee Contracts containing any such provisions (collectively, the "**Purchaser Employee Plans"**). None of the Purchaser Employee Plans is a registered pension plan under the ITA.

(b) Each Purchaser Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Purchaser Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.

(c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any Purchaser Entity pursuant to the terms of any Purchaser Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.

(d) There is no pending termination or winding-up procedure in respect of any of the Purchaser Employee Plans, and no event has occurred or circumstance exists under which any of the Purchaser Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.

(e) No Purchaser Employee Plan has a deficit and the liabilities of all Purchaser Entities in respect of all Purchaser Employee Plans are properly accrued and reflected in the Purchaser Financial Statements in accordance with IFRS.

(f) The Purchaser Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Purchaser Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the Purchaser, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.

(g) No promises or commitments have been made by any Purchaser Entity to amend any Purchaser Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.

(h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Purchaser Employee Plan.

(i) No Purchaser Entity has any obligation to provide retirement benefits for any current, former or retired employees of any Purchaser Entity or to any other Person.

(j) None of the Purchaser Employee Plans require or permit retroactive increases or assessments in premiums or payments.

(k) No Purchaser Entity contributes, nor is any Purchaser Entity required to contribute, to any multi-employer pension or benefit plan. None of the Purchaser Employee Plans is a multi-employer pension or benefit plan.

(l) Each of the Purchaser Employee Plans can be amended or terminated without restrictions and any applicable Purchaser Entities have the unrestricted power and authority to amend or terminate the Purchaser Employee Plans.

3.31 Tax Matters

(a) Other than as set out in Section 3.31 of the Purchaser Disclosure Letter, the Purchaser Entities have paid or made arrangements for the payment of all Taxes in respect of any Pre-Closing Tax Period.

(b) All Tax Returns of the Purchaser Entities that are required to be filed prior to the Closing Date have or will have been timely filed. All material Taxes shown to be due on such Tax Returns have or will be timely paid on or before the Closing Date. Each such Tax Return is true, correct and complete in all material respects.

(c) The Purchaser Entities have properly withheld and paid or remitted to the relevant Governmental Authority, in all material respects, all Taxes required to have been withheld and paid or remitted.

(d) No written agreement or document extending the period of assessment or collection of any Tax payable which relates to the assets of the Purchaser Entities or the Purchaser Entities' businesses is currently in effect.

(e) The Purchaser is duly registered for HST under Part IX of the *Excise Tax Act* (Canada).

(f) The Purchaser is a "taxable Canadian corporation" and a "public corporation" within the meaning of the ITA.

3.32 Anti-Corruption

(a) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under Anti-Corruption Legislation.

(b) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Person acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the knowledge of the Purchaser, no change, fact, event, circumstance, condition or omission has occurred that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

3.33 Privacy Laws

(a) Each Purchaser Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the Purchaser Entities in connection with the operation of the Purchaser Entities' business (the "**Healthcare Data Requirements**"). No Purchaser Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the Purchaser Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.

(b) The Purchaser Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.

(c) No Purchaser Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

3.34 No Broker

Other than as set out in Section 3.34 of the Purchaser Disclosure Letter, the Purchaser has carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the FBC Shareholder.

3.35 Reporting Issuer

The Purchaser is a reporting issuer not in default (or the equivalent) under Applicable Securities Laws in each of the provinces and territories of Canada, and the Purchaser Shares are listed for trading on the CSE. No order ceasing or suspending trading in any securities nor prohibiting the sale of any securities of the Purchaser has been issued by any Governmental Authority or is outstanding against the Purchaser and, to the knowledge of the Purchaser, no investigation or proceeding for such purposes are pending or threatened. To the knowledge of the Purchaser it is not, and will not be at the time of Closing, in default under any of its obligations as a reporting issuer with securities regulatory authorities or the CSE.

3.36 Consideration Shares

The Consideration Shares to be issued pursuant to this Agreement will, immediately following their issuance to the FBC Shareholder, (a) be duly and validly authorized and issued as fully paid and non-assessable Purchaser Shares in accordance with applicable Law and (b) be subject to resale restrictions, as applicable under Applicable Securities Laws. Subject to the truth of the representations and warrants of the FBC

Shareholder, the distribution of the Consideration Shares to the FBC Shareholder will be exempt from the prospectus requirements of Applicable Securities Laws.

3.37 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES CONCERNING FBC

The FBC Shareholder makes the following representations to the Purchaser solidarily and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

4.1 Incorporation, Corporate Power and Registration

(a) Each FBC Entity is a corporation or sole proprietorship, as applicable, validly existing and in good standing under its jurisdiction of incorporation (or existence, as applicable) and has all necessary corporate power, authority and capacity to own or lease its property and to carry on the FBC Business as presently conducted.

(b) Subject to 4.2, neither the nature of the FBC Business, nor the location or character of the assets owned by any FBC Entity, requires any FBC Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

4.2 Qualification

Each FBC Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 4.2 of the FBC Disclosure Letter. The jurisdictions set out in Section 4.2 of the FBC Disclosure Letter include all jurisdictions in which (a) the nature of the assets owned by each FBC Entity or the FBC Business makes such qualification necessary, (b) each FBC Entity owns or leases any material property or assets which form part of FBC Business, or (c) the FBC Business is conducted, in each case except as would not have a Material Adverse Effect.

4.3 Due Authorization and Enforceability of Obligations

(a) FBC has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.

(b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of FBC.

(c) This Agreement constitutes a valid and binding obligation of FBC enforceable against it in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors’ rights and to general equity principles.

4.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by FBC of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

(a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by any FBC Entity or necessary to the ownership and use of the assets owned by any FBC Entity or the operation of the FBC Business;

(b) result in or require the creation of any Lien upon any of the assets owned by any FBC Entity, other than in respect of the FBC Promissory Note;

(c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or

(d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to any FBC Entity.

4.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, or as otherwise set forth in Section 4.5 of the FBC Disclosure Letter, the execution, delivery and performance by FBC of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

(a) result in a material breach or a material violation of, or materially conflict with, any FBC Material Contract; or

(b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any FBC Material Contract, (ii) the acceleration of any debt or other obligation of any FBC Entity, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any FBC Entity.

4.6 FBC Financial Statements

The FBC Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

(a) the financial position of the FBC Entities on a consolidated basis as at such dates; and

(b) the results of operation and changes in financial position of the FBC Entities on a consolidated basis for the periods then ended.

4.7 No Undisclosed Liabilities and Indebtedness

Since the FBC Reference Date, no FBC Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities reflected or reserved against in the applicable FBC Financial Statements; (b) current liabilities incurred since the FBC Reference Date in the Ordinary Course; or (c) liabilities that are not material to any FBC Entity, taken as a whole, and liabilities listed in Section 4.7 of the FBC Disclosure Letter. Other than the amounts owed under the FBC Promissory Note and pursuant to the FB Payment Plan, there shall be no outstanding Indebtedness owing by FBC to the FBC Shareholder or any Affiliates of the FBC Shareholder at Closing, provided that, notwithstanding anything in this Agreement to the contrary, any new Accounts Payable that are generated in the Ordinary Course, and approved in advance in writing by the Purchaser, following the date hereof and through to the Closing Date, payable to FBC Shareholder or its Affiliates, shall be for the account of the Purchaser and the Purchaser shall pay such Accounts Payable when due.

4.8 Bank Accounts and Powers of Attorney

Section 4.8 of the FBC Disclosure Letter sets forth a correct and complete listing of the name, address and bank account numbers for each bank or other financial institution in which any FBC Entity has an account or safe deposit box and the names of all individuals authorized to draw on the account(s) or that have access to the safety deposit box(s). No FBC Entity has granted any Person a power of attorney.

4.9 Subsidiaries

Section 4.9 of the FBC Disclosure Letter sets forth a complete and accurate organizational chart of the FBC Entities. All of the issued and outstanding shares of each FBC Entity other than FBC have been issued in accordance with all applicable laws (including Applicable Securities Laws). Other than the FBC Entities, no FBC Entity has any subsidiaries (as such term is defined in Applicable Securities Laws).

4.10 Capitalization of FBC

(a) The authorized capital of FBC consists of an unlimited number of FBC Shares.

(b) As at the Execution Date, the only issued and outstanding shares in the capital of FBC are the Purchased FBC Shares. In addition, as at the Execution Date, no options, warrants or other rights to purchase or acquire shares or other securities of FBC and no securities or obligations convertible into or exchangeable for shares or other securities of FBC have been authorized or agreed to be issued.

(c) Except as set forth in this Section 4.10, no other FBC Shares are issued and outstanding and there are no existing Equity Interests in, FBC or any of its subsidiaries obligating FBC to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, FBC or securities convertible into or exchangeable for such shares or Equity Interests or other securities.

(d) All of the outstanding FBC Shares were duly authorized and validly issued and are fully paid and non-assessable.

(e) All transfer restrictions affecting the transfer of the Purchased FBC Shares to the Purchaser will have been complied with or effectively waived on Closing.

(f) None of the FBC Entities is a reporting issuer (as such term is defined in the *Securities Act* (Ontario)) and there is no published market for the Purchased FBC Shares.

(g) No FBC Entity is party to, or subject to, or affected by, any unanimous shareholders' agreement or declaration; and (ii) there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the securities of any FBC Entity.

4.11 Conduct of Business in Ordinary Course

Except as set out in Section 4.11 of the FBC Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the FBC Reference Date, the FBC Business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, no FBC Entity has, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

(a) sold, transferred or otherwise disposed of any assets, other than inventory sold in the Ordinary Course;

(b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;

(c) made any capital expenditures in excess of $250,000;

(d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds $250,000;

(e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value pertaining it;

(f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;

(g) made any bonus or other extraordinary payment to an Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;

(h) suffered any extraordinary loss, damage or destruction in respect of the FBC Business or any of its assets, whether or not covered by insurance;

(i) terminated or suffered the termination of, any FBC Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;

(j) declared or paid any dividends or declared or made any other distribution on the Purchased FBC Shares or other securities of any of the FBC Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchased FBC Shares or other securities of the FBC Entities;

(k) written off as uncollectible any Accounts Receivable or any part thereof;

(l) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;

(m) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;

(n) compromised or settled any litigation or governmental action relating to assets owned or used by a FBC Entity (including the Leased Properties);

(o) cancelled or reduced any insurance coverage on its business, property or assets;

(p) made any change in any method of accounting or auditing practice except in each case as required by IFRS;

(q) made any change in the method of billing or the credit terms made available to its customers;

(r) amended its organizational documents or structure; or

(s) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

4.12 Litigation

Except as set out in Section 4.12 of the FBC Disclosure Letter, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits, proceedings, grievances, arbitrations, investigations, audits or other alternative dispute resolution processes at law or in equity, by any Person (including any FBC Entity or the FBC Shareholder), nor any arbitration, administrative or other proceeding by or before any Governmental Authority, current or pending, to the knowledge of the FBC Shareholder, threatened against any FBC Entity or any property or assets used by any FBC Entity, including the Leased Properties, or FBC IP, or in respect of any regulatory matters or employment matters.

4.13 Title to Assets

Each FBC Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the FBC Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

4.14 No Options, etc.

Except for the Purchaser under this Agreement, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition of any FBC Entity or any of the property and assets of any FBC Entity, other than pursuant to purchase orders for inventory sold in the Ordinary Course.

4.15 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of FBC or leased for use by FBC are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

4.16 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the FBC Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the FBC Books and Records, copies of which have been provided to the Purchaser, and are not subject to any defence, counterclaim or set off.

4.17 Compliance with Law

(a) Each of the FBC Entities:

(i) is, other than as disclosed in Section 4.17(i) of the FBC Disclosure Letter, conducting the FBC Business in compliance with all applicable Laws, in all material respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the FBC Business;

(ii) has not received, since the FBC Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority, other than as disclosed in Section 4.17(ii) of the FBC Disclosure Letter, (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the FBC Business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the FBC Business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any FBC Material Authorization; and

(iii) has, or has had on its behalf, since the FBC Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the FBC Business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the FBC Business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

(b) To the knowledge of the FBC Shareholder, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws, other than as disclosed in Section 4.17(b) of the FBC Disclosure Letter.

(c) The individuals listed in Section 4.17(c) of the FBC Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual’s respective association with any FBC Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance.

(d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Cannabis products sold by any FBC Entity, directly or indirectly, or stored in inventory for any FBC Entity:

(i) meet the applicable specifications for the product;

(ii) are fit for the purpose for which they are intended, and of merchantable quality;

(iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with FBC Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;

(iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;

(v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the FBC Material Authorizations in accordance in all material respects with the terms of such Authorization; and

(vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).

(e) All of the marketing and promotion activities of all FBC Entities relating to the FBC Business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.

(f) (i) Each FBC Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any FBC Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the FBC Shareholder's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any FBC Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.

(g) Each FBC Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states).

4.18 Governmental Authorizations

The FBC Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Leased Properties). All such Authorizations are set out in Section 4.18 of the FBC Disclosure Letter (the "**FBC Material Authorizations**"). Each FBC Material Authorization is valid, subsisting and in good standing. FBC is not in default or breach of any FBC Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the FBC Shareholder, threatened to revoke or limit any FBC Material Authorization.

4.19 Required Authorizations

There is no requirement for any FBC Entity, FBC or the FBC Shareholder to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 4.19 of the FBC Disclosure Letter.

4.20 Third Party Consents

There is no requirement for any FBC Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a FBC Material Contract binding on or affecting the FBC Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents**,** except for the filings, notifications and consents set out in Section 4.20 of the FBC Disclosure Letter.

4.21 Material Contracts

Except for the FB Payment Plan and the FBC Promissory Note to be entered into at Closing and the Contracts set out in Section 4.21 of the FBC Disclosure Letter (collectively, the "**FBC Material Contracts**"), FBC is not a party to or bound by any Contract material to it including:

(a) any distributor, sales or advertising Contract;

(b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by any FBC Entity of more than $250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of any FBC Entity;

(c) any Contract that expires, or may be renewed at the option of any Person other than any FBC Entity so as to expire, more than one year after the Execution Date;

(d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;

(e) any Contract for capital expenditures in excess of $250,000 in the aggregate;

(f) any confidentiality, secrecy or non-disclosure Contract limiting the freedom of any FBC Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on business;

(g) any Contract pursuant to which any FBC Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;

(h) any Contract with any Person with whom any FBC Entity or the FBC Shareholder do not deal at arm's length within the meaning of the ITA;

(i) any Contract relating to grants or other forms of assistance received by any FBC Entity from any Governmental Authority;

(j) any Contract pursuant to which any FBC Entity grants or receives a licence to use any FBC IP, other than: (A) those in which grants of FBC IP rights are incidental to such Contract; (B) those granting rights to FBC IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;

(k) any Contract pursuant to which any FBC Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;

(l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other Person in excess of $250,000 in the aggregate;

(m) any Contract for Indebtedness of a FBC Entity in excess of $250,000 in the aggregate; or

(n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all FBC Material Contracts have been provided to the Purchaser.

4.22 No Breach of Material Contracts

Each FBC Entity has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any FBC Material Contract, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. Each of the FBC Material Contracts is in full force and effect, unamended, to the knowledge of the FBC Shareholder, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any FBC Material Contract, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. To the knowledge of the FBC Shareholder, all of the covenants to be performed and the obligations to be fulfilled by any party to such FBC Material Contract, including the applicable FBC Entity, have been fully performed and fulfilled in all material respects, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. No consent or notice is required for a valid assignment to the Purchaser of any FBC Material Contract.

4.23 Related Party Transactions

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting any FBC Entity have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by any FBC Entity in relation to such Contracts are recorded on the FBC Books and Records at their fair market value.

4.24 Insurance

Each FBC Entity maintains such policies of insurance as are appropriate to the FBC Business and the Leased Properties, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. Section 4.24 of the FBC Disclosure Letter is a list of insurance policies which are maintained by or on behalf of all FBC Entities setting out, in respect of each policy, a description of the type of policy, the name of insurer, the coverage, the expiration date, the annual premium and any pending claims. No FBC Entity is in default in any material respect with respect to any of the provisions contained in such insurance policies or has failed to give any material notice or to present any material claim under any insurance policy in a due and timely fashion. True, correct and complete copies of all insurance policies held by or on behalf of all FBC Entities and the most recent inspection reports received from insurance underwriters have been delivered to the Purchaser.

4.25 Books and Records

(a) All accounting and financial FBC Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such FBC Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the Purchaser in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the FBC

Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the FBC Entities.

(b) FBC Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by FBCs current Information Technology.

4.26 Intellectual Property

(a) Section 4.26(a) of the FBC Disclosure Letter sets out a true, correct and complete list, and, where appropriate, a description of (i) all of the registered Intellectual Property owned or used by all FBC Entities (collectively, the "**FBC IP**") and (ii) all licenses or similar agreements or arrangements to which FBC is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of the FBC Business as presently conducted.

(b) The applicable FBC Entity is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the FBC IP, free and clear of all Liens other than Permitted Encumbrances. No FBC Entity has assigned, licensed or otherwise conveyed any of the FBC IP.

(c) Each applicable FBC Entity has maintained or caused to be maintained the rights to any of the registered FBC IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered FBC IP subject to expiration on or prior to the Closing Date.

(d) The FBC IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the FBC IP. In the past five years, no FBC Entity has received written notice of any alleged infringement or misappropriation from any Person with respect to the FBC IP. During such period, no FBC Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.

(e) The applicable FBC Entity has the full right and authority to use, and the Purchaser will be entitled to continue to use after the Closing Date, the FBC IP in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The FBC IP is sufficient to conduct the FBC Business as presently conducted. All licenses to which any applicable FBC Entity is a party relating to FBC IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of any FBC Entity thereunder. No royalty or other fees is required to be paid by any FBC Entity to use and exploit any of the FBC IP rights and, to the FBC Shareholder's knowledge, there are no restrictions on the ability of any FBC Entity to use any of the FBC IP rights.

(f) To the knowledge of the FBC Shareholder, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the FBC IP.

(g) To the knowledge of the FBC Shareholder, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of any FBC Entity owns or has claimed an ownership interest in any of the FBC IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.

(h) All applicable FBC Entities have used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect FBC IP and confidential information relating thereto. To the knowledge of the FBC Shareholder, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent any FBC Entity from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

4.27 Information Technology

(a) The Information Technology owned, licensed, used or held for use in connection with the FBC Business is sufficient for the conduct of the FBC Business in the Ordinary Course after Closing. Each FBC Entity uses reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.

(b) In the past three years, no notice of a defect or default has been sent or received by any FBC Entity in respect of any license or lease under which any FBC Entity receives Information Technology.

4.28 Leases and Leased Property

(a) No FBC Entity is a party to, or under any agreement to become a party to, any real property lease other than the Leases, true, correct and complete copies of which have been provided to the Purchaser. Each Lease is in good standing, creates a good and valid leasehold estate in favour of the applicable FBC Entity in the Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Lease pursuant to which a FBC Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any FBC Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable FBC Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the FBC Shareholder, all of the covenants to be performed by any party (other than the applicable FBC Entity) under the Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable FBC Entity of any of the Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Leased Property. Section 4.28(a) of the FBC Disclosure Letter contains a list of all of the Leases setting out, in respect of each Lease, the identity of the lessor and the lessee, a description of the leased premises (by municipal address and proper legal description), the term of the Lease, the rental payments under the Lease (specifying any breakdown of base rent and additional rents), any rights of renewal and the term thereof, and any restrictions on assignment.

(b) Each applicable FBC Entity has adequate rights of ingress and egress to, from and over the Leased Properties in the Ordinary Course and the Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the FBC Shareholder, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any FBC Entity to carry on business in the Ordinary Course.

4.29 Customers and Suppliers

Section 4.29 of the FBC Disclosure Letter sets out a true, correct and complete list of the ten largest customers (or, if the FBC Entities have fewer than ten customers, all of the customers) and ten largest suppliers of the FBC Entities by dollar amount for the 12-month period ending the FBC Reference Date. Such list includes the approximate value of the sales and purchases for each such customer and supplier during that time. To the knowledge of the FBC Shareholder, no such supplier or customer has any intention to change its relationship or the terms upon which it conducts business with FBC Business.

4.30 Environmental Matters

(a) The FBC Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Leased Properties.

(b) Except as permitted under applicable Laws, no FBC Entity has used or permitted to be used at any of the Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any FBC Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the FBC Shareholder there has not been any such use.

(c) Except as permitted under Environmental Laws, no FBC Entity has caused or permitted, and the FBC Shareholder does not have any knowledge of any Environmental Release on or from the Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any FBC Entity.

(d) No FBC Entity has been required in writing by any Governmental Authority to: (i) alter any of the Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which, in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.

(e) There are no pending or, to the knowledge of the FBC Shareholder, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any FBC Entity or any Leased Properties.

(f) Neither the FBC Shareholder nor any FBC Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any FBC Entity or the FBC Business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the FBC Shareholder nor any FBC Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the FBC Shareholder, no FBC Entity nor the FBC Business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.

(g) There are not any reports or material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any FBC Entity or any Leased Properties currently or formerly owned, leased or used by any FBC Entity or over which any FBC Entity has or had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the FBC Shareholder or the FBC Entities have been provided to Purchaser. To the knowledge of the FBC Shareholder, there are no other reports or material documents relating to environmental matters affecting any FBC Entity or any of the Leased Properties currently or formerly owned, leased or used by any FBC Entity or over which any FBC Entity has or had charge, management or control which have not been made available to Purchaser.

(h) To the knowledge of the FBC Shareholder, there are not any underground storage tanks located on the Leased Properties.

(i) No Authorizations issued to any FBC Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.

(j) No unbudgeted work or additional expenditure is required or planned in relation to the FBC Business, the Leased Properties, or any other assets of any FBC Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

4.31 Employee Matters

(a) No FBC Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any FBC Entity.

(b) Section 4.31 of the FBC Disclosure Letter includes a complete list of all Employees. The list includes each Person's:

(i) position or title with all applicable FBC Entities;

(ii) material terms and conditions of employment, including reference to any Employee Plans to which such Person participates and a summary of such Person's benefits thereunder;

(iii) current wages, salaries or hourly rate of pay and bonus (whether monetary or otherwise) paid since the beginning of the most recently completed financial year or payable in the current financial year to such Person;

(iv) the date upon which the wage, salary, rate or bonus in Section 4.31(b)(iii) became effective;

(v) the date upon which such Person was first hired or engaged;

(vi) the Employee Plans in which the Person participates; and

(vii) accrued vacation, if any.

(c) Except as disclosed in Section 4.31(c) of the FBC Disclosure Letter, no employee of any FBC Entity has any written agreement as to length of notice or termination payment required to terminate his or her employment, other than such as results by Law from the employment of an employee without an agreement as to notice or termination, and there are no outstanding amounts owed to any Employees pursuant to any employment, consulting or similar type agreement relating to any FBC Entity.

(d) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any FBC Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the FBC Business which are currently outstanding.

(e) To the knowledge of the FBC Shareholder, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for any FBC Entity and no FBC Entity is unionized or has an employee association.

(f) No complaint, grievance, claim, proceeding, civil action, work order or investigation has been filed, made or commenced against any FBC Entity in respect of, concerning or affecting any of the Employees.

(g) All FBC Entities have observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.

(h) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon any FBC Entity to do or refrain from doing any act or which place a financial obligation upon any FBC Entity.

(i) In the past three years, no FBC Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.

(j) Except as set out in Section 4.31(j) of the FBC Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the FBC Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the FBC Shareholder any investigation by) any Governmental Authority, pending, or, to the knowledge of the FBC Shareholder, threatened against or affecting the FBC Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the FBC Entities or the FBC Business. To the knowledge of the FBC Shareholder, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any FBC Entity in respect of employment matters.

(k) All FBC Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements.

(l) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the FBC Shareholder, threatened against or directly or indirectly affecting any FBC Entity or its operations. No FBC Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Employees. There are no charges or complaints pending, or threatened with respect to or relating to any FBC Entity before any Governmental Authority in relation to unlawful employment practices. No FBC Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of any FBC Entity concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the FBC Shareholder, threatened.

4.32 Employee Benefit Plans

(a) Section 4.32 of the FBC Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any FBC Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any FBC Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Employee Contracts containing any such provisions (collectively, the "**Employee Plans"**). None of the Employee Plans is a registered pension plan under the ITA.

(b) Each Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.

(c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any FBC Entity pursuant to the terms of any Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.

(d) There is no pending termination or winding-up procedure in respect of any of the Employee Plans, and no event has occurred or circumstance exists under which any of the Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.

(e) No Employee Plan has a deficit and the liabilities of all FBC Entities in respect of all Employee Plans are properly accrued and reflected in the FBC Financial Statements in accordance with IFRS.

(f) The FBC Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the FBC Shareholder, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.

(g) No promises or commitments have been made by any FBC Entity to amend any Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.

(h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Employee Plan.

(i) No FBC Entity has any obligation to provide retirement benefits for any current, former or retired employees of any FBC Entity or to any other Person.

(j) None of the Employee Plans require or permit retroactive increases or assessments in premiums or payments.

(k) No FBC Entity contributes, nor is any FBC Entity required to contribute, to any multi-employer pension or benefit plan. None of the Employee Plans is a multi-employer pension or benefit plan.

(l) Each of the Employee Plans can be amended or terminated without restrictions and any applicable FBC Entities have the unrestricted power and authority to amend or terminate the Employee Plans.

4.33 Tax Matters

(a) Each of the FBC Entities have (i) properly completed, maintained appropriate supporting documentation for, and timely filed all Tax Returns required to be filed by it on or prior to the date hereof, and all such Tax Returns are true, correct and complete in all respects, (ii) has timely paid all Taxes required to be paid by it for which payment was due, (iii) has established an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portions thereof prior to the FBC Reference Date (which accrual or reserve as of the FBC Reference Date is fully reflected on the face of the FBC Financial Statements (rather than in any notes thereto) and will establish an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portion thereof through the Closing Date), (iv) has no liability for Taxes in excess of the amount so paid or accruals or reserves so established, other than as set out in Section 4.33 of the FBC Disclosure Letter, and (v) since the FBC Reference Date, has not incurred any liability for Taxes outside the ordinary course of business. The FBC Entities have provided to the Purchaser correct and complete copies of all Tax Returns with respect to the FBC Entities, that were filed or received for all taxable years remaining open under the applicable statute of limitations.

(b) Except as set forth in Schedule 4.33 of the FBC Disclosure Letter: (A) the FBC Entities are not delinquent in the payment of any Tax or in the filing of any Tax Returns and no claims for assessment or collection of Taxes of for deficiencies for any Tax have been threatened, claimed, proposed or assessed against the FBC Entities or any of its officers, employees or agents in their capacity as such; and (B) there is no action by any Governmental Authority pending or, to FBC's knowledge threatened, against the FBC Entities.

(c) Any government assistance and Tax refunds claimed or received by any FBC Entity, including under section 125.7 and subsection 153(1.02) of the ITA, and all subsidies, government assistance and Tax refunds claimed or received by any FBC Entity were claimed and received in accordance with applicable Law and no FBC Entity is liable to repay any such amounts.

(d) No claim has ever been made by a Governmental Authority in the United States in respect of Taxes and no FBC Entity is liable for Tax in the United States.

(e) Each of FB and FBC is registered under Part IX of the Excise Tax Act, R.S.C., 1985, c. E-15, in respect of GST/HST, and FB and FBC's registration numbers are 787522945RT0001 and 78063924RT0001, respectively.

(f) No FBC Entity has entered into or been contractually obligated to enter into a "reportable transaction" within the meaning of section 237.3 of the Tax Act or "notifiable transaction" within the meaning of section 237.4.

4.34 Anti-Corruption

(a) No FBC Entity nor, to its knowledge, any of their respective shareholders, directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act*, the US *Foreign Corrupt Practices Act of 1977*, the UK *Bribery Act, 2010* and any related or similar rules, regulations or guidelines made, issued, administered or enforced by any Governmental Authority thereunder and any other applicable Laws of similar purpose and scope (collectively, "**Anti-Corruption Legislation**").

(b) Neither any FBC Entity nor the FBC Shareholder, nor, to its knowledge, any of their directors, officers, employees or other Persons acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the FBC Shareholder's knowledge, no change, fact, event, circumstance, condition or omission has occurred in respect of the FBC Business that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

4.35 Privacy Laws

(a) Each FBC Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the FBC Entities in connection with the operation of the FBC Business (the "**Healthcare Data Requirements**"). No FBC Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the FBC Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.

(b) The FBC Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.

(c) No FBC Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

4.36 No Predecessors

Except as set out in Section 4.36 of the FBC Disclosure Letter, FBC has not merged with any corporation, or by amalgamation, dissolution, arrangement or otherwise, in such a manner that FBC is or may become liable for any liabilities (contingent or otherwise) of any kind whatsoever of that corporation.

4.37 No Broker

The FBC Entities have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

4.38 Government Grants and Subsidies

FBC has not received any refundable or non-refundable grants and subsidies received by any FBC Entity from any Governmental Authority, including pursuant to any program set up in connection with the COVID-19 pandemic, and such list shall include the amounts in question, the date on which funds were received, the name of the programs in question as well as whether such funds are refundable or non-refundable.

4.39 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE FBC SHAREHOLDER

The FBC Shareholder makes the following representations to the Purchaser on a solidary basis and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

5.1 Authorization

The FBC Shareholder has the capacity to enter into this Agreement and each Transaction Document to which it is a party, to perform all of its agreements and obligations hereunder and thereunder in accordance with their terms and to consummate the Transactions. The FBC Shareholder has the capacity to sell to the Purchaser all of its FBC Shares without any restriction other than restrictions on sales of securities under Applicable Securities Laws. The FBC Shareholder has duly executed and delivered this Agreement and each Transaction Document to which it is a party and, assuming the due authorization, execution and delivery by all parties thereto (other than the FBC Shareholder), this Agreement and the Transaction Documents constitute valid and binding obligations of the FBC Shareholder, enforceable against the FBC Shareholder in accordance with their respective terms, except as such enforceability may be subject to applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and similar Laws affecting the enforcement of creditors' rights and remedies generally and by general principles of equity.

5.2 Title

The FBC Shareholder is the record and beneficial owner of the FBC Shares and has good and marketable title to such FBC Shares, free and clear of all Liens, including pre-emptive rights, rights of first refusal or "put" or "call" rights created by statute, any FBC Entity's constating documents or otherwise. The FBC Shareholder does not, nor does any other Person, own or have any interest in any shares in the capital of any FBC Entity other than the FBC Shareholder's ownership of the FBC Shares. Immediately following the Closing, the Purchaser will be the legal and beneficial owner of, and have good and marketable title to, all of the issued and outstanding FBC Shares, free and clear of all Liens. Except pursuant to this Agreement, there is no agreement pursuant to which the FBC Shareholder has, directly or indirectly, granted any option, warrant or other right to any Person to acquire any FBC Shares.

5.3 Consents

Except as set out in Section 4.19 and 4.20 of the FBC Disclosure Letter, no consent, waiver, approval, order or authorization of, or registration, declaration or filing with, or notice to any Governmental Authority or any other Person is required by, or with respect to, the valid and lawful authorization, execution, delivery and performance by the FBC Shareholder of this Agreement or the consummation of the Transactions.

5.4 No Brokers

The FBC Shareholder have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

5.5 Conflicts

The execution, delivery and performance by the FBC Shareholder of this Agreement and the Transaction Documents to which it is party and the consummation of the Transactions do not and will not conflict with or result in any material violation of or material default under (with or without notice or lapse of time, or both) or give rise to a right of termination, cancellation, modification or acceleration of any material obligation or loss of any material benefit under, or result in the imposition or creation of any Lien upon the FBC Shares or any of the FBC Shareholder's properties or assets (tangible or intangible) under, (a) any agreement of the FBC Shareholder, (b) any Authorization held by the FBC Shareholder that is necessary to the ownership by the FBC Shareholder of the FBC Shares or to the FBC Business, or (c) any Law applicable to the FBC Shareholder.

5.6 Litigation

No Claim is pending or, to the FBC Shareholder's knowledge, threatened, against the FBC Shareholder with respect to its execution, delivery and performance of this Agreement or any Transaction Document to which such FBC Shareholder is to be a party or the consummation of the Transactions. No Claim is pending or, to the FBC Shareholder's knowledge, threatened against it before any arbitrator or court or other Governmental Authority which (a) if adversely determined, would be reasonably likely to result in payments, penalties or fines payable by any FBC Shareholder, or (b) challenges the validity of this Agreement or any Transaction Document or any action taken or to be taken in connection herewith or therewith, including the FBC Shareholder; sale and transfer of the FBC Shares hereunder.

ARTICLE 6
CLOSING

6.1 Closing

Unless this Agreement is earlier terminated in accordance with its terms, the Transaction will be consummated as soon as practicable after all the conditions established in Article 7 and Article 8 of this Agreement have been satisfied or waived. The closing of the Transaction (the "**Closing**") will be completed at the Effective Time on the fifth (5th) Business Day following the date on which the conditions set out in Article 7 and Article 8 of this Agreement have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at such time) or such other date prior to the Drop Dead Date as may be agreed to by the Parties (the "**Closing Date**"), at the offices of Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, Ontario, or at such other location and time as is mutually agreed to by the Purchaser and the FBC Shareholder. Notwithstanding the location of the Closing, each Party agrees that the Closing may be completed by undertakings or the email exchange of documents between the respective legal counsel for the Purchaser and the FBC Shareholder, provided such undertakings and exchanges are satisfactory to each Party’s respective legal counsel.

6.2 Effective Time

The transfer of the FBC Shares is deemed to take effect at the Effective Time on the Closing Date.

6.3 FBC Closing Documents

At the Closing, FBC and the FBC Shareholder will deliver, or cause to be delivered, to the Purchaser the documents set forth in Section 7.1, and such other documents as the Purchaser may reasonably require to effect the Transaction.

6.4 Purchaser Closing Documents

At the Closing, the Purchaser will deliver, or cause to be delivered, to FBC and the FBC Shareholder the documents set forth in Section 8.1, and such other documents as FBC and the FBC Shareholder may reasonably require to effect the Transaction.

6.5 Survival of Representations and Warranties

(a) The representations and warranties made by each Party and contained in this Agreement (which for clarity, are made as of the date of this Agreement to be brought down only to the Closing Date), or contained in any document or certificate given in order to carry out the transactions contemplated hereby shall survive the Closing until the 12 month anniversary of the Closing Date (the “**Release Date**”). A Party has no obligation or liability for indemnification under this Agreement or otherwise with respect thereto after the Release Date. All of the covenants contained in this Agreement that by their nature are required to be performed after the Closing shall survive the Closing until fully performed or fulfilled.

(b) Notwithstanding Section 6.5(a), any representation, warranty, covenant or obligation, and any obligation or liability for indemnification or otherwise with respect thereto, that would otherwise terminate on the Release Date will continue to survive if a notice of Claim shall have been given under Section 10.3, on or prior to the Release Date until the related claim for indemnification has been satisfied or otherwise resolved, but such survival shall only be with respect to the matters covered by such notice of Claim.

ARTICLE 7
PURCHASER’S CONDITIONS PRECEDENT

7.1 Purchaser’s Conditions

The obligation of the Purchaser to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

(a) (i) the representations and warranties contained in Section 4.1 *[Incorporation, Corporate Power and Registration]*, Section 4.3 *[Due Authorization and Enforceability of Obligations]*, Section 4.10 *[Capitalization of the Purchaser]*, Section 4.13 *[Title to Assets]* (collectively, the “**FBC Specified Representations**”) and in Article 5 shall be true and correct as of the Closing Date other than for *de minimis* inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of FBC and the FBC Shareholder contained in this Agreement (other than the FBC Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of FBC and the FBC Shareholder to be so true and correct (read for purposes of this Section 7.1(a) without any materiality, a Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect, and (iii) each of FBC, the FBC Shareholder, and the three individuals set out in the last sentence of Section 10.2(f), shall have each executed and delivered a certificate to that effect;

(b) each of FBC and the FBC Shareholder shall have fulfilled, performed or complied with in all material respects all covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and each of FBC and the FBC Shareholder shall have executed and delivered a certificate of a senior officer to that effect;

(c) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;

(d) the consents, approvals and notices listed in Sections 4.19 and 4.20 of the FBC Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;

(e) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;

(f) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to FBC;

(g) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, (ii) the right of the Purchaser to acquire the FBC Shares, or (iii) the Purchaser from operating the FBC Business after Closing on substantially the same basis as currently operated;

(h) each of FBC and the FBC Shareholder shall have delivered or caused to be delivered to the Purchaser the following:

(i) certified copies of (A) the notice of articles, articles and/or by-laws, as applicable, of such Party, (B) as applicable, the resolutions of the shareholders and/or the board of directors of such Party approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to the Purchaser, acting reasonably;

(ii) a certificate of status, compliance, good standing or like certificate with respect to such Party issued by appropriate government officials of its jurisdiction of incorporation;

(iii) executed copies of the Transaction Documents executed by FBC and/or the FBC Shareholder, as applicable;

(iv) the certificates referred to in Sections 7.1(a) and 7.1(b);

(v) certificate(s) representing the FBC Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence authorizing the transfer of the FBC Shares to the Purchaser acceptable to the Purchaser, acting reasonably;

(vi) a direction with respect to the registration of the Consideration Shares; and

(vii) the FBC Books and Records.

(i) the CSE shall not oppose the issuance of the Consideration Shares or the completion of the Transaction as contemplated herein;

(j) the issuance and delivery of the Consideration Shares to the FBC Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;

(k) FBC and the FBC Shareholder shall have delivered a copy of the FBC Financial Statements in a form and substance satisfactory to the Purchaser, acting reasonably;

(l) FBC and the FBC Shareholder shall have arranged for the irrevocable transfer and assignment to FBC of any asset or entity which is necessary or incidental to the ongoing operation of the FBC Business and that is held by a party not dealing at arm's length with FBC as at the Execution Date, other than in respect of ongoing brand licensing agreements between the Merged Entity and FBC Shareholder following Closing;

(m) employment agreements executed by Greg Boone and Jennifer Maccarone with the Merged Entity, in form and substance agreed to by the parties thereto, acting reasonably;

(n) executed resignations effective as at the Closing Date for all of the directors and officers (with the exception of Greg Boone and Jennifer Maccarone) of FBC;

(o) executed releases from each of the directors and officers of FBC of Claims they may have against FBC arising out of any cause existing as at or prior to Closing, in form and substance agreed to by the Purchaser and the FBC Shareholder, acting reasonably;

(p) executed release from the FBC Shareholder, and all subsidiaries of the FBC Shareholder except for the FBC Entities, of any and all amounts owed to it by the FBC Entities, save and except for the amounts owed under the FBC Promissory Note and as part of the FB Payment Plan;

(q) the executed Subordination Agreement;

(r) the executed Intercreditor Agreement;

(s) the executed Stone Pine Amendments;

(t) the executed Golden Iris Release;

(u) the executed Lock-up Agreement from the FBC Shareholder;

(v) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2;

(w) all other documentation and evidence reasonably requested by the Purchaser in order to establish the due authorization and completion by FBC and the FBC Shareholder of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of FBC and the FBC Shareholder required to effectively carry out their respective obligations under this Agreement.

7.2 Waiver

The conditions set forth in this Article 7 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the Purchaser to Closing.

7.3 Covenant of FBC and the FBC Shareholder

Each of FBC and the FBC Shareholder covenants to deliver all of the Closing documentation required to be delivered by each such party as set out in Section 7.1 that is within its control.

ARTICLE 8
FBC SHAREHOLDER'S CONDITIONS PRECEDENT

8.1 FBC Shareholder's Conditions

The obligation of FBC Shareholder to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

(a) (i) the representations and warranties of the Purchaser contained in Sections 3.1 *[Incorporation, Corporate Power and Registration]*, 3.3 *[Due Authorization and Enforceability of Obligations]*, 3.9 *[Capitalization of the Purchaser]*, 3.35 *[Reporting Issuer]* and 3.36 *[Consideration Shares]* (the "**Purchaser Specified Representations**") shall be true and correct as of the Closing Date other than for de minimis inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of the Purchaser contained in this Agreement (other than the Purchaser Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of the Purchaser to be so true and correct (read for purposes of this Section 8.1(a) without any materiality, Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect; and (iii) the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;

(b) the Purchaser shall have fulfilled, performed or complied with in all material respects all other covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;

(c) the CSE has provided any necessary approval in respect of the Transaction and this Agreement and the Purchaser Shares (including the Consideration Shares) shall have been conditionally approved for listing, subject to customary conditions, on the CSE following completion of the Transactions contemplated herein;

(d) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the FBC and the FBC Shareholder, acting reasonably;

(e) the consents, approvals and notices listed in Sections 4.19 and 4.20 of the FBC Disclosure Letter shall have been obtained on terms acceptable to the FBC Shareholder, acting reasonably;

(f) the executed Subordination Agreement;

(g) the executed Intercreditor Agreement;

(h) the executed Stone Pine Amendments;

(i) effective on the Closing Date, change of corporate name of FBC to a name which excludes the use of “Final Bell”;

(j) the entering into of licensing arrangements between the Merged Entity and the FBC Shareholder for certain brands owned by the FBC Shareholder and/or its Affiliates, to be utilized by FBC for a target license fee of at least 10% and higher for certain brands, net of customary taxes and fees owed for licenses of this nature, and on such other terms as acceptable to the Parties thereto;

(k) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;

(l) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to the Purchaser;

(m) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, or (ii) the right of the FBC Shareholder to sell the FBC Shares;

(n) the Purchaser shall have delivered or caused to be delivered to FBC and the FBC Shareholder the following:

(i) certified copies of (A) the articles and by-laws of the Purchaser, (B) the resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to FBC and the FBC Shareholder, acting reasonably;

(ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government officials of its jurisdiction of incorporation dated within five (5) Business Days of the Closing Date;

(iii) executed copies of the Transaction Documents executed by the Purchaser;

(iv) the certificates referred to in Sections 8.1(a) and 8.1(b); and

(v) the Consideration Shares;

(o) the Purchaser Shares shall continue to be listed for trading on the CSE;

(p) the issuance and delivery of the Consideration Shares to the FBC Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;

(q) executed resignations and releases of Greg Boone as director of the FBC Shareholder, and Jennifer Maccarone as Chief Operating Officer of the FBC Shareholder, of any Claims they may have against FBC Shareholder for any matter, in form and substance agreed to by the FBC Shareholder, acting reasonably;

(r) executed releases from each of the directors and officers of FBC of Claims they may have against FBC Shareholder arising out of any cause existing at or prior to Closing, in form and substance agreed to by the Purchaser and the FBC Shareholder, acting reasonably;

(s) the FBC Shareholder shall be entitled to nominate one (1) individual to the board of directors of the Merged Entity effective as of the Closing Date, subject to compliance with the regulations of the CSE and applicable securities laws, and the receipt of all applicable regulatory approvals on or before the Closing Date;

(t) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2; and

(u) all other documentation and evidence reasonably requested by FBC and the FBC Shareholder in order to establish the due authorization and completion by the Purchaser of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of the Purchaser required to effectively carry out their respective obligations under this Agreement.

8.2 Waiver

The conditions set forth in this Article 8 are for the exclusive benefit of FBC and the FBC Shareholder and may be waived by FBC and the FBC Shareholder in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the FBC and the FBC Shareholder to Closing.

8.3 Covenant of the Purchaser

The Purchaser covenants to deliver all of the Closing documentation set out in Section 8.1 that is within its control.

ARTICLE 9
COVENANTS

9.1 FBC Conduct of Business Prior to Closing

During the Closing Period, FBC shall:

(a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;

(b) not, without the prior written consent of the Purchaser, enter into any contract in respect of its business or assets, other than in the ordinary course of business;

(c) maintain payables and other liabilities at levels consistent with past practice;

(d) not, without the prior written consent of the Purchaser, engage in any extraordinary material transactions;

(e) not, without the prior written consent of the Purchaser, make any distributions, dividends or special bonuses;

(f) not, without the prior written consent of the Purchaser, repay any shareholders' loans;

(g) make all commercially reasonable efforts to preserve the goodwill of FBC and its relationships with customers, suppliers, and others having business dealings with FBC;

(h) not, without the prior written consent of the Purchaser, hire, engage, or retain any new employees or independent contractors to be employed, engaged or retained in connection with the FBC Business that provides for annual remuneration in an amount exceeding $90,000 for each employee or independent contractor;

(i) not, without the prior written consent of Purchaser, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;

(j) continue in full force all of its existing insurance policies;

(k) comply in all material respects with all Laws applicable to the FBC Business; and

(l) apply for, and maintain in good standing, all permits and authorizations relevant to the FBC Business.

9.2 Purchaser Conduct of Business Prior to Closing

During the Closing Period, the Purchaser shall:

(a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;

(b) not, without the prior written consent of FBC, enter into any contract in respect of its business or assets, other than in the ordinary course of business;

(c) maintain payables and other liabilities at levels consistent with past practice;

(d) not, without the prior written consent of FBC, engage in any extraordinary material transactions;

(e) not, without the prior written consent of FBC, make any distributions, dividends or special bonuses;

(f) not, without the prior written consent of FBC, repay any shareholders' loans;

(g) make all commercially reasonable efforts to preserve the goodwill of the Purchaser and its relationships with customers, suppliers, and others having business dealings with the Purchaser;

(h) not, without the prior written consent of FBC, hire, engage, or retain any new employees, directors or independent contractors to be employed, engaged or retained in connection with the Purchaser Entities' business that provides for annual remuneration in an amount exceeding $90,000 for each employee, director or independent consultant, as applicable, or increase the remuneration of any employees or directors;

(i) not, without the prior written consent of FBC, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;

(j) continue in full force all of its existing insurance policies;

(k) comply in all material respects with all Laws applicable to the Purchaser Entities' business; and

(l) apply for, and maintain in good standing, all permits and authorizations relevant to the Purchaser Entities' business.

9.3 Actions to Satisfy Closing Conditions

(a) FBC and the FBC Shareholder shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 7.1.

(b) The Purchaser shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 8.1.

9.4 Consents, Approvals and Authorizations

(a) FBC and the FBC Shareholder shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 4.19 or Section 4.20 of the FBC Disclosure Letter. Such consents shall be on such terms as are acceptable to the Purchaser and the FBC Shareholder, acting reasonably.

(b) The Purchaser shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 3.17 or Section 3.18 of the Purchaser Disclosure Letter. Such consents shall be on such terms as are acceptable to FBC and the FBC Shareholder, acting reasonably.

(c) Each Party hereby covenants that it shall promptly prepare, file and diligently pursue until received all necessary Authorizations and make such necessary filings as are required to be obtained under applicable Law or the rules, policies and guidelines of the CSE with respect to this Agreement and the Transaction. Each Party shall offer the other Parties a reasonable opportunity to review and comment on any such filing or other such submission.

(d) FBC and the FBC Shareholder represent and warrant that any information or disclosure relating to FBC that is furnished in writing by FBC for inclusion in any filing or submission made pursuant to this Section 9.4 will comply in all material respects with all applicable laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that any filing or submission made pursuant to this Section 9.4 shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that FBC of the FBC Shareholder shall not be responsible for the accuracy of any information relating to the Purchaser that is furnished in writing by the Purchaser for inclusion in any filing or submission made pursuant to this Section 9.4).

(e) Each Party shall keep the other Parties fully informed regarding the status of such consents, approvals and authorizations, and the other Parties, their representatives and counsel shall have the right to participate in any substantive discussions with any other applicable Governmental Authority in connection with the Transaction and provide input into any applications for approval and related correspondence, which will be incorporated by such Party, acting reasonably. A Party will provide notice to the other Parties (and their counsel) of any proposed substantive discussions with any applicable Governmental Authority in connection with the Transaction. Promptly after any such consent, approval and authorization has been obtained by a Party and any such filing has been made by such Party, such Party shall notify the other Parties of same.

(f) Without limiting the generality of the foregoing, the Purchaser shall promptly make all filings required by the CSE to obtain applicable Authorizations. If the approval of the CSE is conditional on the making of customary deliveries to the CSE, the Purchaser shall ensure that such filings are made as promptly as practicable and in any event within the time frame contemplated in the conditional approval letter from the CSE. The Purchaser shall offer FBC and the FBC Shareholder a reasonable opportunity to review and comment on any such filing.

9.5 Access for Investigation

(a) The Purchaser will permit FBC, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the business of the Purchaser and to all the Purchaser Books and Records and to the properties and assets of Purchaser. Purchaser will also provide FBC and the FBC Shareholder with any financial and operating data and other information with respect to Purchaser as FBC or the FBC Shareholder reasonably requests to enable FBC or the FBC Shareholder to confirm the accuracy of the matters represented and warranted by Purchaser in Article 3.

(b) FBC will permit the Purchaser, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the FBC Business and to all the FBC Books and Records and to the properties and assets of FBC. FBC will also provide the Purchaser with any financial and operating data and other information with respect to FBC or the FBC Business as the Purchaser reasonably requests to enable the Purchaser to confirm the accuracy of the matters represented and warranted by FBC or the FBC Shareholder in Articles 4 and 5.

9.6 Delivery of Books and Records and Cooperation

At Closing, the FBC Shareholder will cause to be delivered to the Purchaser all of the FBC Books and Records, including copies of all of its insurance policies. The Purchaser shall cooperate with and assist FBC Shareholder in the filing of any Tax Returns with respect to Taxes of FBC for any Pre-Closing Tax Period, including allowing the FBC Shareholder reasonable access to all relevant FBC Books and Records following Closing.

9.7 Notification of Untrue Representation or Warranty or Breach

During the Closing Period, each Party will promptly notify the other Parties in writing if any such Party acquires knowledge of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, or if such Party acquires knowledge of the occurrence of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition, or if the respective Disclosure Letters require updating. During the Closing Period, each Party will promptly notify the other Parties of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event of which it has knowledge that would reasonably be expected to make the satisfaction of the conditions to Closing set forth herein impossible, or of any update to the respective Disclosure Letters. For clarity, no notice given pursuant to this Section 9.6 shall be deemed to cure any breach of, affect or otherwise diminish any representation or warranty made in this Agreement unless the non-breaching Parties specifically agrees thereto in writing.

9.8 Disclosure of Confidential Information

The Parties acknowledge that the Confidentiality Agreement continues to apply and that any information provided by one Party to the other Parties that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Agreement.

9.9 Exclusive Dealing

Each Party agrees that, during the period from the date this Agreement is entered into to earlier of: (i) the Closing; and (ii) the termination of this Agreement, each Party will not, nor will they permit any Affiliates, associates, agents, consultants, advisors or representatives of any such Party to:

(a) directly or indirectly, solicit any proposal relating to the acquisition by any third party of all or any portion of the securities of the Party or the Parties' assets (an "**Acquisition Proposal**");

(b) directly or indirectly, engage in or continue any discussions or negotiations with any other Person regarding any such Acquisition Proposal, or otherwise encourage or facilitate any efforts by any other Person to engage in such an Acquisition Proposal;

(c) sell, transfer or dispose of any of its material assets or businesses; or

(d) with respect to the FBC Shareholder, sell, transfer or dispose of the Purchased FBC Shares.

9.10 Public Communications

(a) The Purchaser and FBC Shareholder shall agree on the text of press releases by which each of the Purchaser and FBC Shareholder will announce (i) the execution of this Agreement and (ii) the completion of the Transaction contemplated herein. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the transactions contemplated herein without the consent of the other

Party (which consent shall not be unreasonably withheld, conditioned or delayed), and neither Party shall make any filing with any Governmental Authority (except as contemplated by this Section 9.9) with respect to this Agreement or the transactions contemplated herein without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that is required to make disclosure by Laws shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.

(b) Without limiting the generality of the foregoing and for greater certainty, each of the Parties acknowledges and agrees that the Purchaser and the FBC Shareholder shall file, in accordance with Applicable Securities Laws, this Agreement, together with a material change report related thereto, under the Purchaser's profile on SEDAR.

9.11 Tax Matters

(a) FBC shall be responsible for all Tax Returns for all FBC Entities for any Pre-Closing Tax Period for which Tax Returns have not been filed as of the Closing Date. Each such Tax Return shall be prepared in a manner consistent with (i) Law, (ii) the FBC Financial Statements, and (iii) the past practices and procedures of FBC, and each such Tax Return shall be accompanied with a statement setting forth the amount of Taxes on such Tax Return that are attributable to the Pre-Closing Tax Period for which the FBC is responsible for pursuant to Section 9.11(c). FBC shall provide to the Purchaser a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities. The Purchaser shall notify FBC in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. FBC shall consider in good faith all such comments.

(b) The Purchaser will cause to be prepared and filed on a timely basis all Tax Returns for all FBC Entities for all Straddle Periods. The Purchaser shall prepare each such Tax Return on a basis consistent with (i) Law, (ii) the FBC Financial Statements, and (iii) the past practices and procedures of FBC. The Purchaser shall provide to FBC a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities, together with a statement setting forth the amount of Taxes on such Tax Returns that are attributable to a Pre-Closing Tax Period for which FBC is responsible for pursuant to Section 9.11(c). FBC shall notify the Purchaser in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. The Purchaser shall consider in good faith all such comments.

(c) Except as required by Law, the Purchaser and a FBC Entity shall not, without the prior written consent of the FBC Shareholder (not to be unreasonably withheld, conditioned or delayed), refile, amend or otherwise modify any Tax Return filed for any Pre-Closing Tax Period.

ARTICLE 10
INDEMNITY

10.1 Indemnification

(a) Subject to subsection (c) below, the FBC Shareholder shall indemnify and save harmless the Purchaser and its respective directors, officers, agents, employees and shareholders (collectively referred to as the "**Purchaser Indemnified Parties**"), harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense ("**Purchaser Indemnified Losses**") which may be made or brought against the Purchaser Indemnified Party or which the Purchaser Indemnified Party may suffer or incur as a result of, in respect of or arising out of:

(i) any non-performance or non-fulfilment of any covenant or agreement on the part of FBC or the FBC Shareholder contained in this Agreement that are required to be performed on or before Closing and not waived or in any document given by the FBC Shareholder in order to carry out the transactions contemplated hereby;

(ii) any Misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by FBC or the FBC Shareholder contained in this Agreement or contained in any document or certificate given by the FBC Shareholder in order to carry out the transactions contemplated hereby; and

(iii) all costs and expenses including, without limitation, reasonable legal fees incidental to or in respect of the foregoing.

(b) Subject to subsection (c) below, the Purchaser hereby agrees to indemnify and save the FBC Shareholder and its respective directors, officers, agents, employees and shareholders (collectively referred to as the "**FB Indemnified Parties**"), harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense ("**FB Indemnified Losses**") which may be made or brought against the FB Indemnified Party or which the FB Indemnified Party may suffer or incur as a result of, in respect of or arising out of:

(i) any non-performance or non-fulfilment of any covenant or agreement on the part of the Purchaser in this Agreement or in any document given in order to carry out the transactions contemplated hereby;

(ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby; and

(iii) all costs and expenses including, without limitation, reasonable legal fees incidental to or in respect of the foregoing.

(c) The obligations of indemnification in respect of subsections 10.1(a) and 10.1(b), will be subject to the limitations set out under Section 10.2.

(d) The amount of the FBC Shareholder's liability for any Claim in respect of the FBC Shareholder's indemnification obligations set forth in this Section 10.1(a) shall be fully and finally satisfied as follows: (i) by return to the Purchaser of such number of Consideration Shares issued to the FBC Shareholder as are equal to any remaining amount owing to the Purchaser by the FBC Shareholder, calculated in accordance with Section 10.1(f) or; (ii) at the option of the FBC Shareholder, in cash.

(e) Notwithstanding the foregoing Section 10.1(d), if it is determined that: (i) the return of any of the Consideration Shares to satisfy indemnification obligations owed pursuant to this Section 10.1 constitutes an “issuer bid” under National Instrument 62-104 – *Take-Over Bids and Issuer Bids*; or (ii) a relevant prospectus exemption is not available to allow for the sale of the Consideration Shares back to the Merged Entity to address any indemnification obligations owed pursuant to this Section 10.1; then any such any indemnification obligations owed will be settled by the FBC Shareholder in cash.

(f) If applicable, the number of Consideration Shares to be returned in accordance with Section 10.1(c), shall be determined by dividing (i) the applicable amount of the FBC Shareholder’s liability for such Claim by (ii) the higher of the deemed issue price per Consideration Share set out in Section 2.2(b) (as adjusted for any stock splits, combinations and the like) and the market price of the Consideration Shares at the time of the Claim in respect of the FBC Shareholder’s indemnification obligations, rounded down to the nearest whole share.

10.2 Limitations on Indemnification

(a) Notwithstanding the foregoing, no obligation to indemnify a Purchaser Indemnified Party for Purchaser Indemnified Losses, or a FB Indemnified Party for FB Indemnified Losses, under this Agreement will arise in respect of subsections 10.1(a) and 10.1(b), as applicable, until the aggregate amount of all of Purchaser Indemnified Losses or FB Indemnified Losses, as the case may be, in respect of which a claim for indemnity has been made exceeds the sum of $300,000 (the "**Liability Deductible**") and, in such case, such indemnity shall only apply to the amount in excess of the Liability Deductible.

(b) The maximum aggregate liability of any Indemnified Party under this Agreement for Indemnified Losses suffered is limited to 20% of the Purchase Price, other than for a claim by the Purchaser pursuant to Section 10.1 hereof in respect of one or more Fundamental Representations in which case the maximum liability for such Indemnified Losses shall be 50% of the Purchase Price, subject to the Liability Deductible.

(c) Neither the Purchaser nor the FBC Shareholder will have any liability for, or obligation with respect to, any special, indirect, consequential, punitive or aggravated Damages resulting from any Claims, unless: (a) such Damages have been awarded to a third Person by a court of competent jurisdiction; and (b) in the case of any special or consequential Damages, to the extent that such Damages have been determined by a court of competent jurisdiction to be reasonably foreseeable.

(d) The limitations set forth above in Sections 10.2(a) and (b) shall not apply with respect to any portion of Damages that have been determined by a court of competent jurisdiction to have resulted primarily and directly from the fraud or the willful misconduct of a Party or its officers, directors, employees, agents, affiliates, representatives, successors or assigns.

(e) If the amount of Indemnified Losses incurred by an Indemnified Party at any time subsequent to the making of a payment pursuant to an Indemnity claim is reduced by any recovery, settlement or otherwise under any insurance coverage or under any claim, recovery, settlement or payment by or against any other Person, the Indemnified Party will promptly repay to the Indemnifying Party the amount of the reduction (less any costs, expenses (including Taxes) or premiums incurred in connection therewith). Upon making full payment of an Indemnity Claim, the Indemnifying Party will, to the extent of the payment, be subrogated to all rights of the Indemnified Party against any third party that is not an affiliate of the Indemnified Party in respect of Indemnified Losses to which the indemnify payment relates. Until the Indemnified Party recovers full payment of its Indemnified Losses, any and all claims of the Indemnifying Party against any such third party on account of the payment for Indemnity Losses will be postponed and subordinated in right of payment to the Indemnified Party's right against that third party.

(f) Notwithstanding anything to the contrary in this Agreement, the FBC Shareholder shall not be liable under this Article 10 for any Purchaser Indemnified Losses pursuant to Section 10.1(a)(ii) if the Purchaser Indemnified Party seeking indemnification for such losses had knowledge of or FBC had knowledge of any such Misrepresentation, inaccuracy, incorrectness or breach on or before Closing. For clarity, the term "knowledge" as used in the paragraph as relating to FBC shall mean the knowledge of Greg Boone, Jennifer Maccarone, or Qingru Zhou.

10.3 Indemnification Procedures

(a) In the case of Claims made by a third party with respect to which indemnification is sought, the Indemnified Party shall give prompt notice, and in any event within 15 days, to the Indemnifying Party of any such Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defence.

(b) The Indemnifying Party shall have the right, at its sole expense, to have carriage of any negotiations with respect to, and to dispute and contest any Claims provided that it so notifies the Indemnified Party within 10 Business Days of receiving such notice and provided further that such dispute is prosecuted or negotiations conducted by the Indemnifying Party reasonably and in good faith.

(c) The Indemnifying Party and the Indemnified Party shall cooperate with each other in any proceedings with respect to any Claims.

(d) The rights and benefits provided in this Article 10 are supplemental to any other rights, actions or causes of action which may arise pursuant to any other Section of this Agreement.

(e) Any Claim pursuant to the provisions of this Article 10 must be commenced within the time periods provided for herein.

(f) The amount of any loss or Damage which may be claimed by a party pursuant to the provisions of this Article 10 shall be calculated after giving effect to any insurance proceeds received by the Indemnifying Party in relation to the subject matter of the Claim.

ARTICLE 11
TERMINATION

11.1 Termination

This Agreement may be terminated at any time prior to the Closing by:

(a) mutual written agreement of the Parties;

(b) the written notice of the Purchaser to FBC and the FBC Shareholder if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(b) shall not be available to the Purchaser if the failure of the Purchaser to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Drop Dead Date;

(c) the written notice of the Purchaser to FBC and the FBC Shareholder if there has been a violation or breach by FBC or the FBC Shareholder of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 7.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the Purchaser or, in the case of a covenant breach, cured by FBC and the FBC Shareholder to the reasonable satisfaction of the Purchaser within ten (10) Business Days after notice of such breach is given by the Purchaser (except that no cure period will be provided for a breach by FBC or the FBC Shareholder that, by its nature, cannot be cured);

(d) the written notice of the FBC Shareholder to the Purchaser if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(d) shall not be available to the FBC Shareholder if the failure of FBC or the FBC Shareholder to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;

(e) the written notice of the FBC Shareholder to the Purchaser if there has been a violation or breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 8.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the FBC Shareholder or, in the case of a covenant breach, cured by the Purchaser to the reasonable satisfaction of the FBC Shareholder within ten (10) Business Days after notice of such breach is given by the FBC Shareholder (except that no cure period will be provided for a breach by the Purchaser that by its nature cannot be cured); or

(f) any of the Parties if: (i) there shall be any applicable Law that makes consummation of the Transaction contemplated by this Agreement illegal or otherwise prohibited; or (ii) any Governmental Authority shall have issued and Order restraining or enjoining the Transaction contemplated by this Agreement, and such Order shall have become final and non-appealable.

11.2 Agreement of No Further Force or Effect

In the event of the termination of this Agreement by a Party as provided in Section 11.1, written notice thereof shall forthwith be given by the terminating Party to the other Parties, and this Agreement shall thereupon terminate and will be of no further force or effect, except as otherwise expressly contemplated hereby and provided that the provisions of Article 1, Section 9.8, Section 9.10, Article 12, and this Section 11.2 shall survive any termination hereof; and provided further that (a) such termination shall not relieve any Party of any liability for any breach of this Agreement (other than non-willful breaches of representations, warranties and covenants, as to which no Party shall be liable hereunder) and (b) upon such termination, the Parties shall comply with all of the provisions of the Confidentiality Agreement.

11.3 Remedies; Injunctive Relief

The Parties agree that irreparable harm would occur for which money Damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

ARTICLE 12
GENERAL

12.1 Expenses

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, brokers, investment advisers, consultants and accountants) incurred in connection with this Agreement and the transactions contemplated herein are to be paid by the Party incurring such expenses.

12.2 Assignment

No Party to this Agreement may assign any of its respective rights under this Agreement without the prior consent of each of the other Parties. Any attempt to assign any of the rights, duties or obligations in this Agreement without such written consent is void. This Agreement and each of the terms and provisions hereof will enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, as applicable.

12.3 Notices

Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by email or other means of electronic communication capable of producing a printed copy, or sending by overnight courier, the notice to the following address or number:

If to the Purchaser:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, BC V3Y 0E2

Attention: Matt Milich, Chief Executive Officer
Email: mmilich@bzam.com

If to FBC (prior to closing) or the FBC Shareholder:

Final Bell Holdings International Ltd.
#1000, 925 West Georgia Street
Vancouver, British Columbia V7C 3L2

Attention: Robert Meyer, Chief Executive Officer
Email: robert@finalbell.com

(or to such other address or number as any Party may specify by notice in writing to another Party).

Any notice delivered or sent by email or other means of electronic communication capable of producing a printed copy on a Business Day will be deemed conclusively to have been effectively given on the day the notice was sent or, if such day is not a Business Day, on the next following Business Day. Any notice sent by overnight courier will be deemed conclusively to have been effectively given on the second Business Day after it is deposited with the courier service.

12.4 Severability

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, then such covenant or other provision will be severed from and will not affect any other covenant or other provision of this Agreement, and this Agreement will be construed as if such invalid, illegal, or unenforceable covenant or provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

12.5 Entire Agreement

This Agreement, the Confidentiality Agreement and the exhibits and schedules attached hereto contain the entire agreement among the Parties with respect to the subject matter hereof, and expressly supersede and terminate all prior offers, arrangements and understandings, both written and oral, expressed or implied, with respect thereto.

12.6 Waiver

The failure or delay by a Party in enforcing, or insisting upon strict performance of, any provision of this Agreement does not constitute a waiver of such provision or in any way affect the enforceability of this Agreement (or any of its provisions) or deprive a Party of the right, at any time or from time to time, to enforce or insist upon strict performance of that provision or any other provision of this Agreement. Any waiver by a Party of any provision of this Agreement is effective only if in writing and signed by a duly authorized representative of such Party.

12.7 Further Assurances

The Parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances as may be necessary to give full effect to the provisions and intent of this Agreement.

12.8 Third Party Beneficiaries

Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding.

12.9 Amendment

This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

12.10 Counterparts

This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument and delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the Execution Date.

12.11 Language

The Parties acknowledge that it is their express wish that this agreement and all documents related thereto be drawn up in the English language only. Les parties reconnaîssent qu'ill est de leur volonté expresse que la présente convention et tous les documents s'y rapportant soient rédigés en anglais seulement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

BZAM LTD.

By: ______________________________
Name: Matt Milich
Title: Chief Executive Officer

FINAL BELL CANADA INC.

By: ______________________________
Name:
Title:

FINAL BELL HOLDINGS INTERNATIONAL LTD.

By: ______________________________
Name:
Title:

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

BZAM LTD.

By: ______________________________
Name: Matt Milich
Title: Chief Executive Officer

FINAL BELL CANADA INC.

DocuSigned by:
Greg Boone
18EDE32FA6CC485...

By: ______________________________
Name: Greg Boone
Title: GB

FINAL BELL HOLDINGS INTERNATIONAL LTD.

DocuSigned by:
FE82A36B667C4D2...

By: ______________________________
Name: Kay Jessel
Title: Executive Director

SCHEDULE A

FB Payment Plan

PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA Cdn. $4,000,000.00

•, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of 14th Round Inc. (the "**Lender**"), in immediately available funds, at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 or such other location as the Lender shall designate in writing, four million dollars ($4,000,000.00) advanced by the Lender to the Borrower on •, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall mature on December 15, 2024 and shall be payable in accordance with the payment schedule at Exhibit "A" hereto.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to zero percent (0%) per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**".

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

If the Borrower fails to pay any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: ______________________

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

14TH ROUND INC.

By: ______________________

Name:

Title:

GUARANTEE AGREEMENT

The undersigned hereby declares that it has read the promissory note between Final Bell Canada Inc. (the "**Borrower**") and 14th Round Inc. (the "**Lender**") dated as of •, 2023 (the "**Note**"), and agrees that it is liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Lender, the prompt payment and performance when due, owing, and so obliged, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the payment obligations of the Borrower under the Note (the "**Obligations**") and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Lender in endeavoring to collect or secure performance of all or any part of the Obligations from, or in prosecuting any action against, the Borrower of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). This Guarantee is a guarantee of payment, performance and collection. The Guarantor hereby waives any right to require the Lender to sue the Borrower or any other person obligated for all or any part of the Guaranteed Obligations.

In addition, to the extent that the Borrower is unable to make payments to the Lender as a result of banking or other similar restrictions, the undersigned agrees to make such payments in accordance with the Borrower's payment obligations.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note.

For the purposes of any notice to be sent in accordance with the Note, the undersigned's address shall be:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, British Columbia
V3Y 0E2
Attention: Matt Milich, Chief Executive Officer

BZAM LTD.

Per: ____________________________

Name:

Title:

Exhibit "A"

Due Date	Amount
15-Jan-24	$333,333
15-Feb-24	$333,333
15-Mar-24	$333,333
15-Apr-24	$333,333
15-May-24	$333,333
15-Jun-24	$333,333
15-Jul-24	$333,333
15-Aug-24	$333,333
15-Sep-24	$333,333
15-Oct-24	$333,333
15-Nov-24	$333,333
15-Dec-24	$333,333
	$4,000,000

SCHEDULE B
FBC PROMISSORY NOTE

SECURED DEMAND PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA Cdn. $4,000,000.00

•, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of 14th Round Inc. (the "**Lender**"), in immediately available funds, at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 or such other location as the Lender shall designate in writing, four million dollars ($4,000,000.00) advanced by the Lender to the Borrower on •, 2023 (the amount advanced under this Note being the “**Principal Amount**”), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until at least March 31, 2025.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to zero percent (0%) per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the “**Indebtedness**”. For greater certainty, no payments on account of the Principal Amount shall be required to be made by the Borrower until demand by the Lender for payment in full of the Indebtedness hereunder.

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, “**Business Day**” means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

The Indebtedness hereunder is secured by a security interest in the collateral specified in the security agreement dated on or about the date hereof by and between the Borrower and Lender (the “**Security Agreement**”). In accordance with the terms of an intercreditor agreement entered into between Stone Pine Capital Ltd. and the Lender, and a subordination agreement entered into between Cortland Credit Lending Corporation and the Lender: (i) the Security Agreement and Indebtedness are hereby postponed and subordinated in right of payment to the prior payment in full of any and all Senior Indebtedness, except and to the extent as may be expressly permitted by the terms of such Senior Indebtedness; and (ii) the Security Agreement and the Indebtedness shall rank pari passu with all secured debts owed by the BZAM Ltd. and its subsidiaries, to Stone Pine. For the purposes of this Note, “**Senior Indebtedness**” shall mean all amounts due in connection with indebtedness of the Merged Entity under the amended and restated credit agreement dated September 29, 2021 (as amended) to the Senior Lender and the other lenders party thereto.

If the Borrower fails to pay on demand any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower acknowledges that the security granted pursuant to the Security Agreement secures all Indebtedness evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: ______________________

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

14TH ROUND INC.

By: ______________________

Name:

Title:

GUARANTEE AGREEMENT

The undersigned hereby declares that it has read the promissory note between Final Bell Canada Inc. (the "**Borrower**") and 14th Round Inc. (the "**Lender**") dated as of •, 2023 (the "**Note**"), and agrees that it is liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Lender, the prompt payment and performance when due, owing, and so obliged, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the payment obligations of the Borrower under the Note (the "**Obligations**") and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Lender in endeavoring to collect or secure performance of all or any part of the Obligations from, or in prosecuting any action against, the Borrower of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). This Guarantee is a guarantee of payment, performance and collection. The Guarantor hereby waives any right to require the Lender to sue the Borrower or any other person obligated for all or any part of the Guaranteed Obligations, or otherwise to enforce its payment against the Collateral securing all or any part of the Guaranteed Obligations.

In addition, to the extent that the Borrower is unable to make payments to the Lender as a result of banking or other similar restrictions, the undersigned agrees to make such payments in accordance with the Borrower's payment obligations.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note.

For the purposes of any notice to be sent in accordance with the Note, the undersigned's address shall be:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, British Columbia
V3Y 0E2
Attention: Matt Milich, Chief Executive Officer

BZAM LTD.

Per: ______________________________

Name:

Title:

This is Exhibit "5" referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA Cdn. $8,000,000.00

January 5, 2024

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of Final Bell Holdings Inc. (the "**Lender**"), in immediately available funds, at 7720 Airport Business Park Way, Van Nuys, California, 91406, United States of America or such other location as the Lender shall designate in writing, eight million dollars ($8,000,000.00) (the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date. The Borrower and the Lender acknowledge that the Borrower has made a payment equal to $525,559, in connection with amounts owing under this Note.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall mature on June 15, 2027 (the "**Maturity Date**").

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from (a) the date of the advance through to March 31, 2025, at a rate per annum equal to zero percent (0.0%) per annum; and (b) April 1, 2025 through to the Maturity Date, at a rate per annum equal to ten percent (10.0%) per annum (plus any additional interest as provided for in par. (c) below), such interest to be calculated monthly in arrears and payable on the 15th day of each subsequent calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**".

The Principal Amount of this Note shall be paid, together with interest, on the 15th day of each month, commencing January 15, 2024, as follows:

(a) From January 1, 2024 to June 30, 2024, $1,000,000 of the Principal Amount shall be paid in monthly installments in accordance with the payment schedule provided at Exhibit A; and

(b) From July 1, 2024 and ending on the Maturity Date, the remaining $7,000,000 of the Principal Amount shall be paid in equal monthly installments of $194,444.44, with blended payments of principal and interest, in the same amount, commencing with the payment due on April 15, 2025, *provided that* with respect to payments made pursuant to this par. (b):

(i) in the event that positive Quarterly Operating Cashflow (as hereinafter defined) of the Borrower is insufficient to pay such monthly installments in the amount set forth in par. (b) from July 2024 through to March 2025, the Principal Amount shall not be payable until such time as positive Quarterly Operating Cashflow of the Borrower is sufficient to pay monthly installments in the amount set forth in par. (b), in which case the Borrower will make a balloon payment on the Maturity Date for the balance of the Principal Amount outstanding at such time plus all accrued unpaid interest; and

(ii) in the event that positive Quarterly Operating Cashflow of the Borrower remains insufficient to pay such monthly installments in the amount set forth in par. (b) from April 2025 through to the Maturity Date, no such monthly payment shall be payable until such time as positive Quarterly Operating Cashflow of the Borrower is sufficient to pay monthly installments in the amount set forth in par. (b), in which case the Borrower will make a balloon payment on the Maturity Date for the balance of the Principal Amount outstanding at such time plus all accrued unpaid interest; and

Notwithstanding subpar. (i) and subpar. (ii) above, the Borrower shall make, and the Lender shall be entitled to receive, the Minimum 2024 Payment (as hereinafter defined) as payment of principal and interest, as applicable, towards the Note.

(c) From April 1, 2025, to the extent that a required monthly payment referred to in par. (b) is not paid, the unpaid balance of such monthly payment (each, a "**Balance**") shall immediately accrue interest at a rate of 18% per annum in respect of any such unpaid Balance. Monthly installments may be adjusted such that the outstanding Principal Amount at such time shall be payable in equal monthly installments (or otherwise) through to and including the Maturity Date, as may be agreed to by the Lender and the Borrower.

The following terms shall have the following meanings for the purposes of this Note:

1. "**Minimum 2024 Payment**" means an amount equal to $79,167, plus interest in accordance with the terms of this Note, payable on a monthly basis.
2. "**Quarterly Operating Cashflow**" shall be defined as: (i) the Borrower's net income; *plus* (ii) depreciation and amortization; *minus* (iii) net working capital and adjustments (to add back all non-cash items and all non-recurring, one-time expenses); and *minus* (iv) all capital expenditures, in each case without duplication, as set forth in the most recently completed quarterly financial statements of the Borrower.

The Borrower agrees to provide the Lender with (i) annual financial statements of the Borrower prepared in accordance with IFRS as prepared to support the audited financial statements of the Borrower's parent, BZAM Ltd. ("**BZAM**") as soon as available, but in any event within 120 days after the end of each fiscal year the Borrower, and (ii) quarterly interim financial statements of the Borrower prepared in accordance with IFRS as prepared to support the unaudited interim financial statements of BZAM as soon as available, but in any event within 60 days after the end of each fiscal quarter, all in reasonable detail, fairly presenting in all material respects the financial position and results of operations of Borrower in order to determine Quarterly Operating Cashflow (for clarity, such financial statements shall at minimum include an income statement, balance sheet and cashflow statement, together with an adjusted EBITDA calculation consistently prepared in accordance with the methodologies utilized in BZAM's publicly filed MD&A).

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

If the Borrower fails to pay any amounts due and payable hereunder, and such default remains uncured for thirty (30) days from written notice of such default (the "**Cure Period**"), all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

All notices under this Note must be in writing and addressed to the other party at its address set forth below (or to any other address that the receiving party has designated). Unless otherwise agreed herein, all notices must be delivered by overnight courier or electronic mail. Notice will be deemed given upon the first to occur of (i) the day of confirmation of delivery by the courier; or (ii) the day of confirmed electronic transmission to the addressee of the notice if sent during regular business hours, or the following business day if sent after regular business hours:

To the Borrower:

Final Bell Canada Inc.

Canada
Attn: Chief Executive Officer
Email:

With a copy to:

Cortland Credit Lending Corporation
c/o Cortland Credit Group Inc.
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2

Attention: Bruce Sherk
Telephone: (416) 407-4440
Email: bsherk@cortlandcredit.ca

To the Lender:

Final Bell Holdings Inc.
7720 Airport Business Park Way
Van Nuys, California, 91406
USA
Attn: Chief Executive Officer
Email: ir@finalbell.com

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: DocuSigned by: Greg Boone 18EDE32FA6CC485...
Name: Greg Boone
Title: President

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

FINAL BELL HOLDINGS INC.

By: DocuSigned by: Ariel Wessling 07D9394E513049F...
Name: Ariel Wessling
Title: VP of Finance

By: DocuSigned by: 1B56DA825902463...
Name: Jordan Gielchinsky
Title: President

Exhibit "A"

Due Date	Amount
15-Jan-24	$79,167
15-Feb-24	$79,167
15-Mar-24	$ 79,167
15-Apr-24	$79,167
15-May-24	$79,167
15-Jun-24	$79,167
	$1,000,000

* Amounts have been adjusted in respect of pre-payments in the amount of $525,559 as accepted by the Lender.

This is Exhibit "6" referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

2024 Budget Presentation

Vision

BZAM™

TO BE CANADA'S FAVOURITE SOURCE FOR CANNABIS.

Mission

1 Deliver what consumers want

2 Be retailers preferred producer

3 Be every province’s most reliable supplier

Key Objectives for 2024

BZAM™

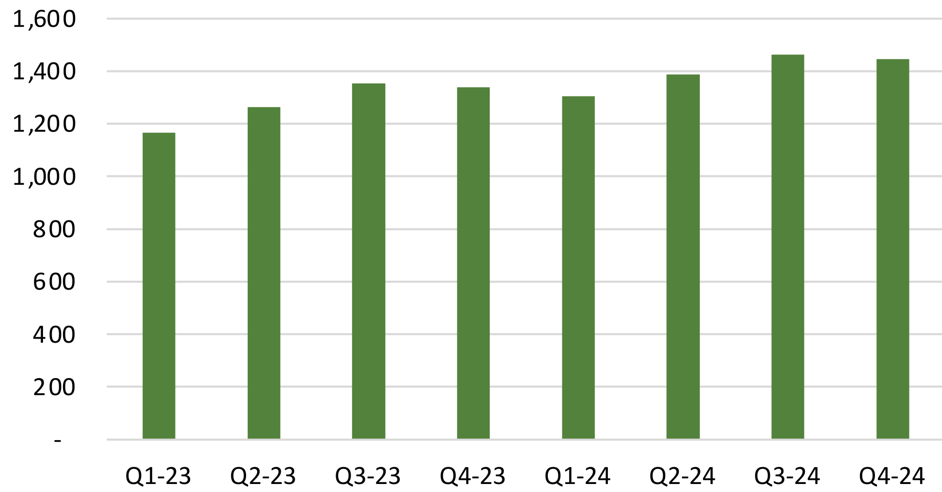
1. Complete integration of Final Bell
2. Reignite retail sales growth
3. Continue to increase B2B and export revenue
4. Achieve positive EBITDA and FCF
5. Improve margin
6. Execute on opportunistic M&A

Market Overview

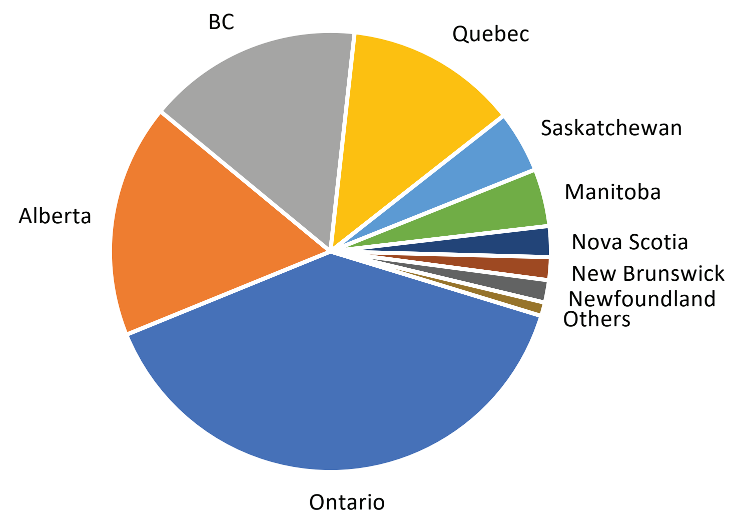
Canadian Retail Sales: 2023-2024

BZAM

Quarterly Retail Sales: 2023-2024 (in MM)



Market Share by Province



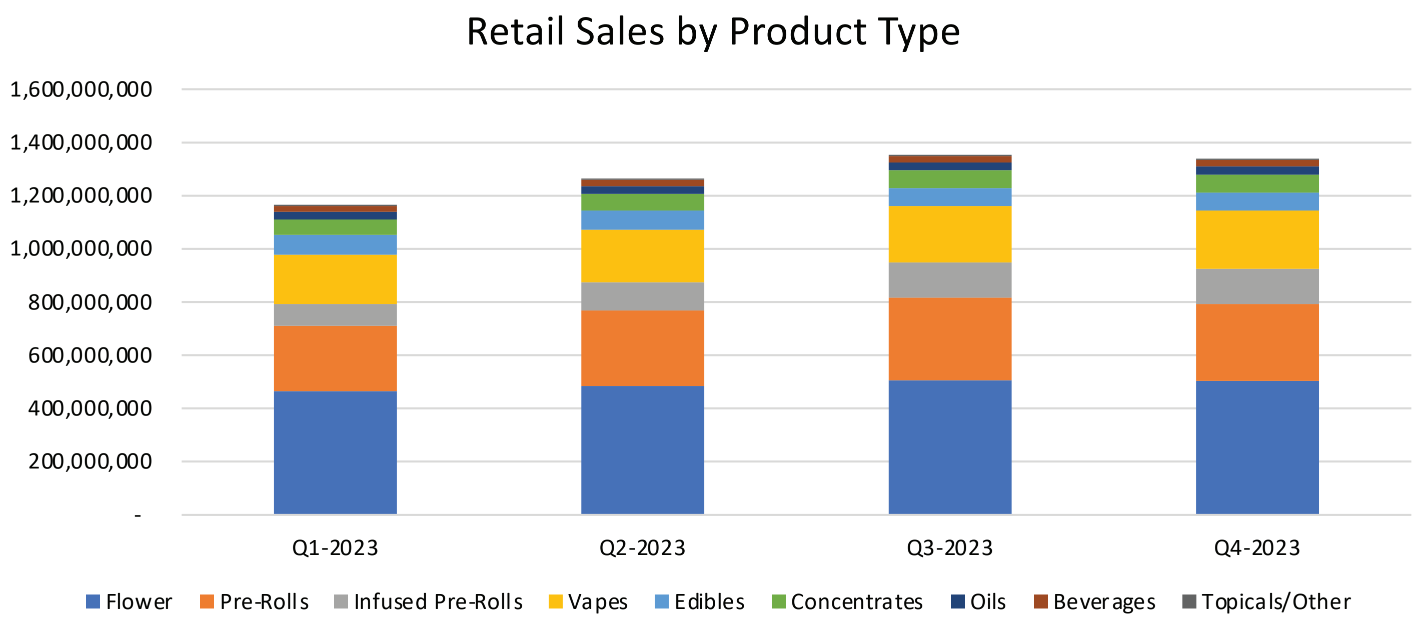
Ontario	39%
Alberta	17%
BC	16%
Quebec	13%
Saskatchewan	5%
Manitoba	4%
Nova Scotia	2%
New Brunswick	2%
Newfoundland	2%
Others	1%

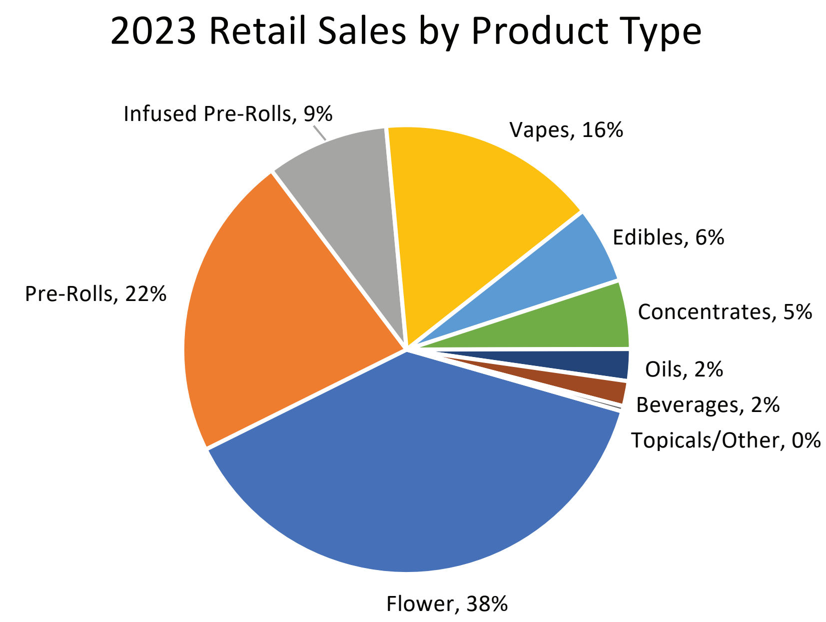
Province	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Total	Q1-2024	Q2-2024	Q3-2024	Q4-2024	Total
Ontario	455,635,996	500,060,984	539,978,013	523,937,484	2,019,612,477	510,152,106	542,642,890	571,999,852	565,760,801	2,190,555,649
Alberta	206,489,998	222,037,002	233,589,004	229,515,740	891,631,744	223,476,925	237,709,818	250,569,911	247,836,836	959,593,491
BC	180,546,002	199,701,998	216,080,999	211,321,587	807,650,586	205,761,481	218,866,106	230,706,755	228,190,336	883,524,677
Quebec	145,325,999	154,571,003	163,668,999	169,630,992	633,196,992	165,167,812	175,687,089	185,191,755	183,171,788	709,218,444
Saskatchewan	55,308,000	57,690,000	59,046,601	60,635,087	232,679,688	59,039,710	62,799,856	66,197,326	65,475,283	253,512,176
Manitoba	47,588,000	48,498,001	51,263,000	56,334,575	203,683,576	54,852,349	58,345,809	61,502,315	60,831,483	235,531,956
Nova Scotia	26,991,000	28,504,000	30,792,000	30,344,529	116,631,529	29,546,131	31,427,877	33,128,124	32,766,782	126,868,914
New Brunswick	19,550,000	21,468,000	24,315,000	22,465,942	87,798,941	21,874,838	23,268,012	24,526,810	24,259,286	93,928,946
Newfoundland	17,920,000	20,010,000	21,999,000	21,977,454	81,906,454	21,399,203	22,762,085	23,993,513	23,731,805	91,886,605
Others	10,740,008	11,475,040	13,446,984	13,245,593	48,907,625	12,897,087	13,718,482	14,460,651	14,302,922	55,379,142
Total	**1,166,095,002**	**1,264,016,029**	**1,354,179,599**	**1,339,408,983**	**5,123,699,612**	**1,304,167,641**	**1,387,228,024**	**1,462,277,014**	**1,446,327,322**	**5,600,000,000**

Sources: 2023 from Hifyre.com; 2024 forecast based on ATB projected growth of 9.3%

Canadian Retail Sales: 2023

BZAM™

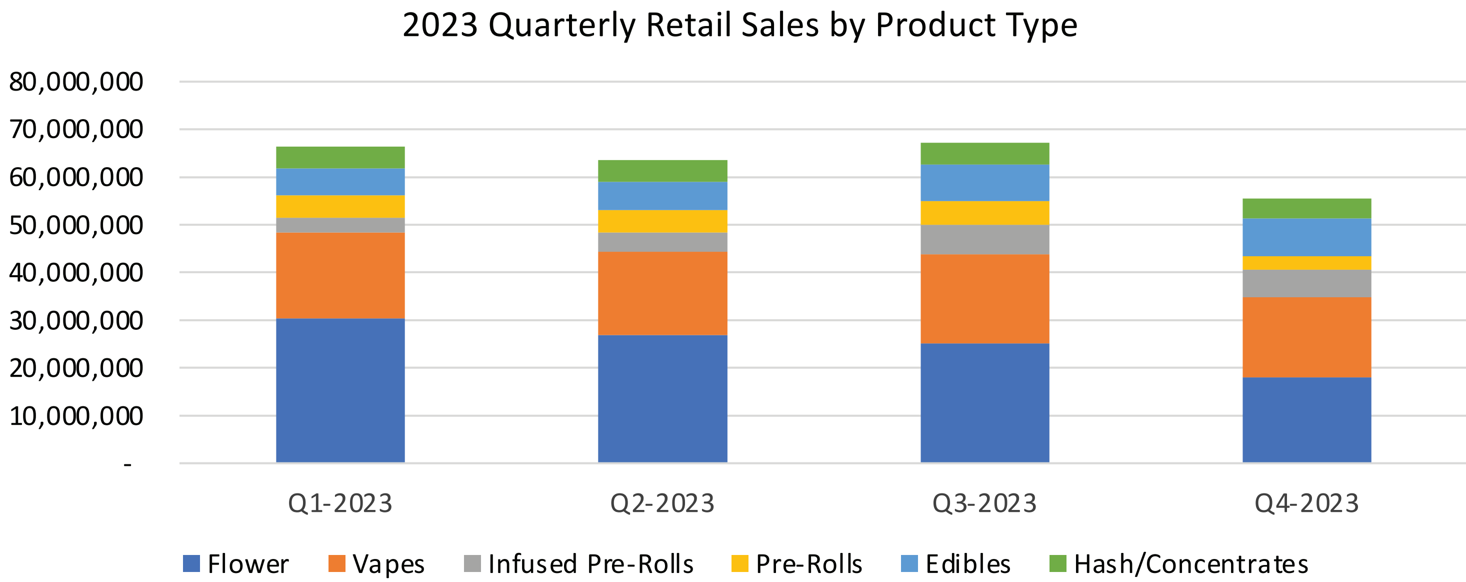


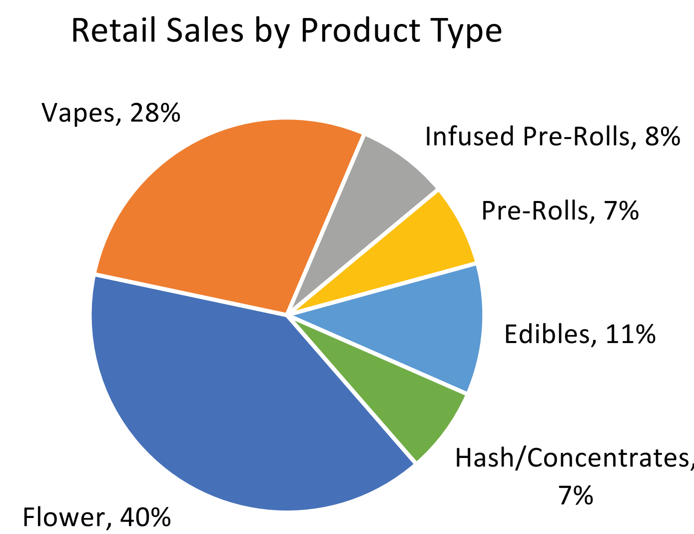


Product Type	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Total	%
Flower	464,193,693	483,372,001	506,785,823	503,687,107	1,958,038,623	38%
Pre-Rolls	246,512,839	283,986,170	310,057,294	289,351,037	1,129,907,341	22%
Infused Pre-Rolls	81,010,949	108,199,562	132,410,048	130,829,272	452,449,831	9%
Vapes	186,880,311	195,368,581	210,587,253	219,480,739	812,316,885	16%
Edibles	74,566,446	73,708,818	69,102,974	68,528,630	285,906,868	6%
Concentrates	57,440,408	62,977,277	67,486,390	67,393,608	255,297,683	5%
Oils	29,452,615	28,416,096	29,214,409	30,617,617	117,700,738	2%
Beverages	20,724,903	22,995,742	24,075,031	24,778,263	92,573,939	2%
Topicals/Other	5,312,838	4,991,782	4,460,386	4,742,698	19,507,705	0%
Total	**1,166,095,002**	**1,264,016,029**	**1,354,179,609**	**1,339,408,972**	**5,123,699,612**	**100%**

Source: Hifyre.com

2023 BZAM Retail Sales by Product Type





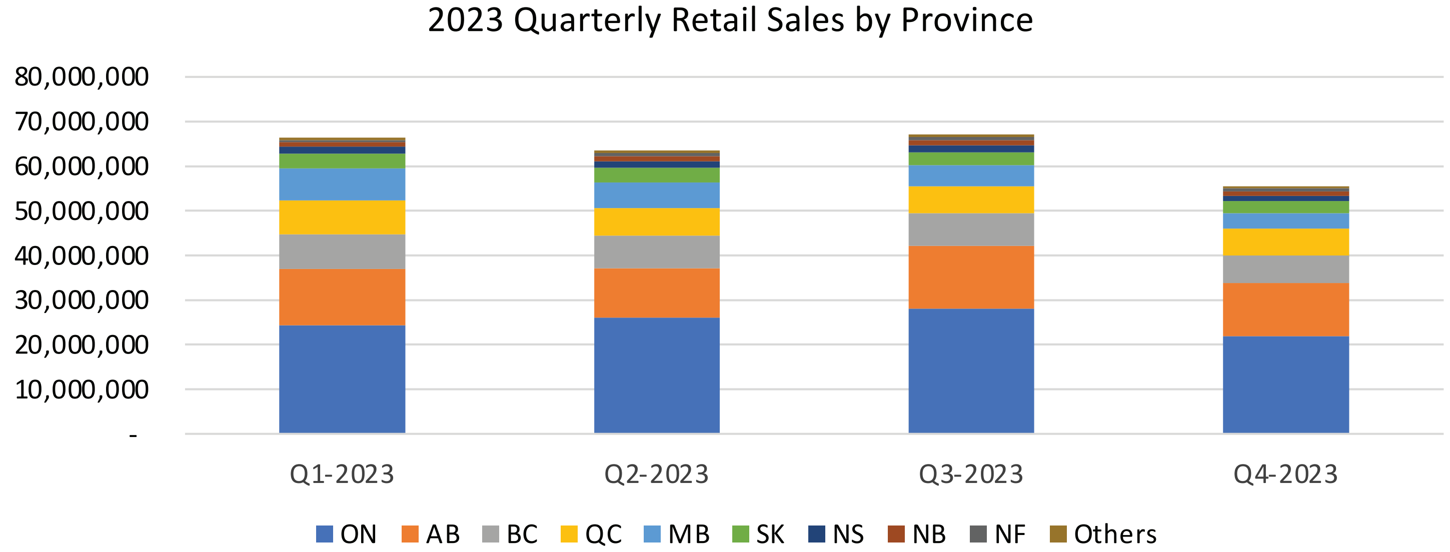
Product Type	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Total	%
Flower	30,433,903	26,868,141	25,058,907	17,956,638	100,317,589	40%
Vapes	17,893,547	17,538,708	18,729,468	16,833,563	70,995,286	28%
Infused Pre-Rolls	3,105,871	3,912,882	6,248,851	5,801,069	19,068,673	8%
Pre-Rolls	4,726,463	4,707,321	4,928,468	2,768,636	17,130,889	7%
Edibles	5,703,812	5,966,283	7,721,761	7,938,404	27,330,260	11%
Hash/Concentrates	4,526,291	4,558,892	4,469,090	4,223,648	17,777,921	7%
Total	**66,389,888**	**63,552,227**	**67,156,546**	**55,521,958**	**252,620,619**	**100%**

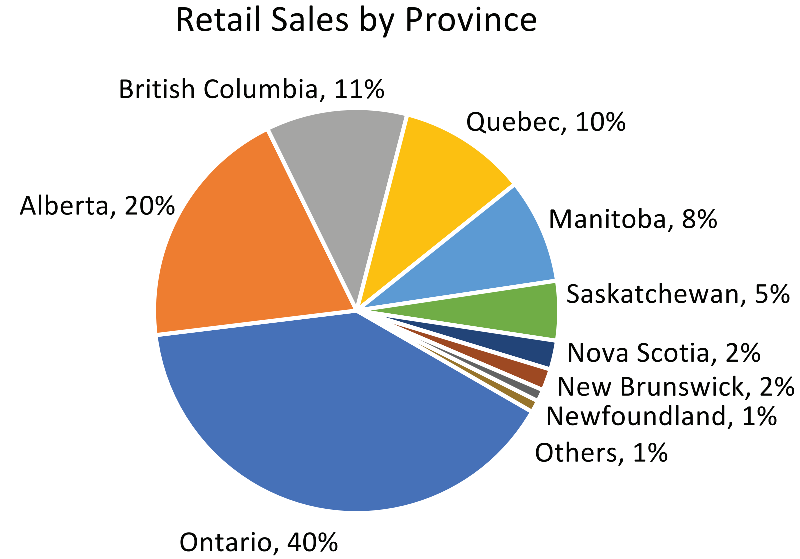
- Discontinuation of low margin, large format value flower (Table Top) impacted topline and flower revenue in particular
- Potency and pricing affected Highly Dutch volumes in the flower segment – both issues have since been addressed
- Exploring low-cost avenues to compete in the conventional pre-roll segment

Source: Hifyre.com

2023 BZAM Retail Sales by Province

BZAM





Province	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Total	%
Ontario	24,372,523	26,016,336	28,036,723	21,945,839	100,371,420	40%
Alberta	12,654,130	11,143,669	14,096,502	11,801,932	49,696,233	20%
British Columbia	7,656,272	7,232,891	7,369,977	6,239,184	28,498,324	11%
Quebec	7,667,277	6,142,265	6,029,331	6,053,944	25,892,816	10%
Manitoba	7,169,237	5,869,058	4,661,250	3,441,448	21,140,993	8%
Saskatchewan	3,296,782	3,217,441	2,851,328	2,639,554	12,005,106	5%
Nova Scotia	1,499,060	1,486,272	1,582,938	1,262,871	5,831,142	2%
New Brunswick	1,085,762	1,119,131	1,239,017	913,959	4,357,870	2%
Newfoundland	389,367	697,313	637,919	687,277	2,411,876	1%
Others	599,477	627,851	651,561	535,949	2,414,839	1%
Total	**66,389,888**	**63,552,227**	**67,156,546**	**55,521,958**	**252,620,619**	**100%**

Source: Hifyre.com

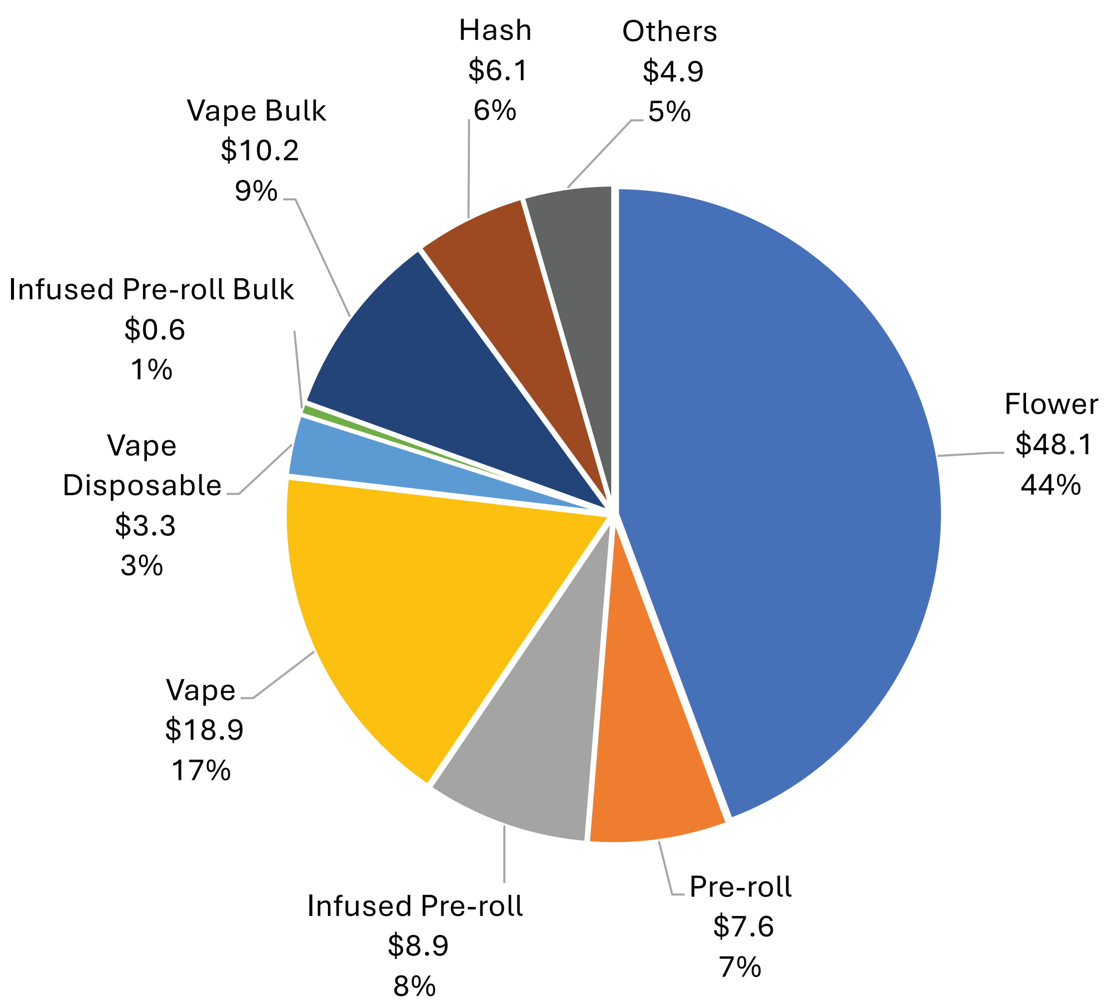
- Some seasonal impact in Q4 in addition to impact of discontinuing low margin flower and Highly Dutch potency issue (now resolved)
- Robust key account management critical to success going forward
- Some temporary operational issues with cost-cutting and relocation of certain production activities from Pitt Meadows to Ancaster in Q4

BZAM™

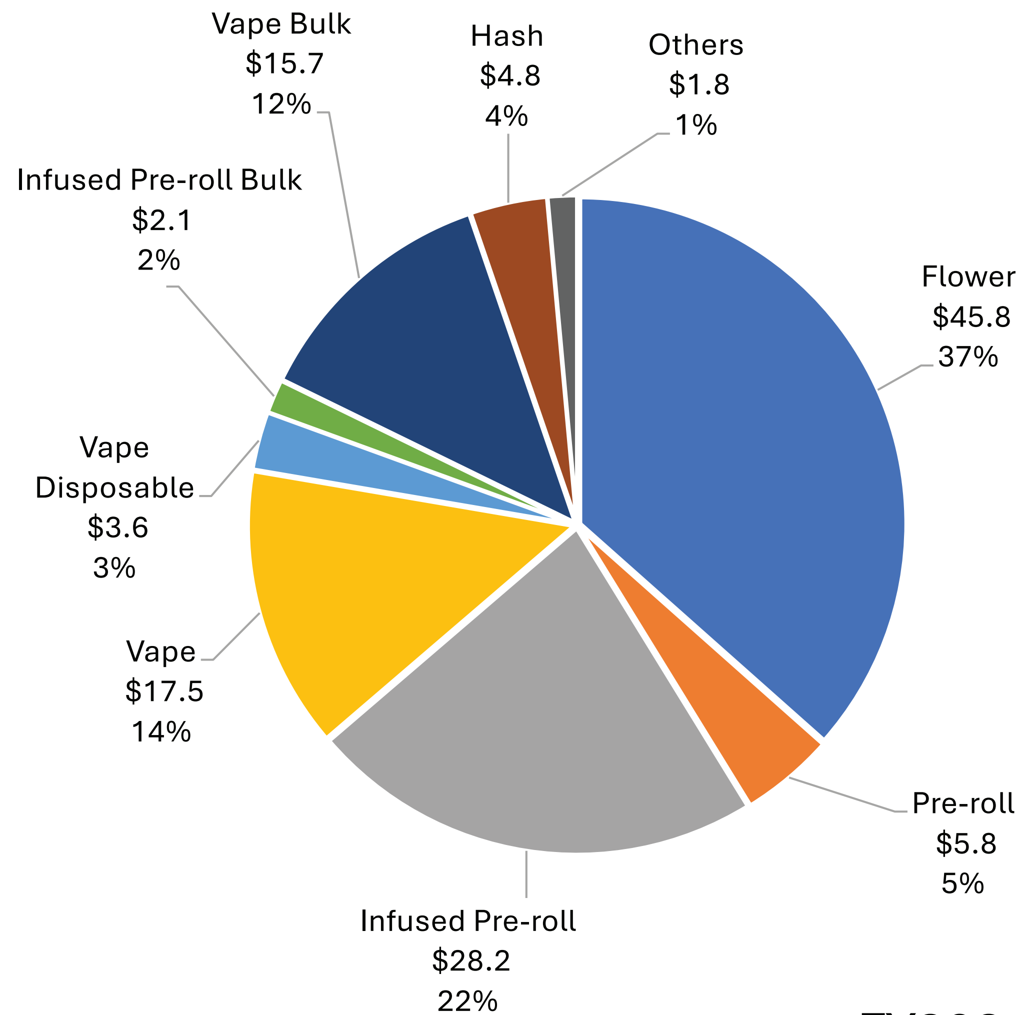
2024 Budget Forecast

2023-2024 Net Revenue by Category

BZAM



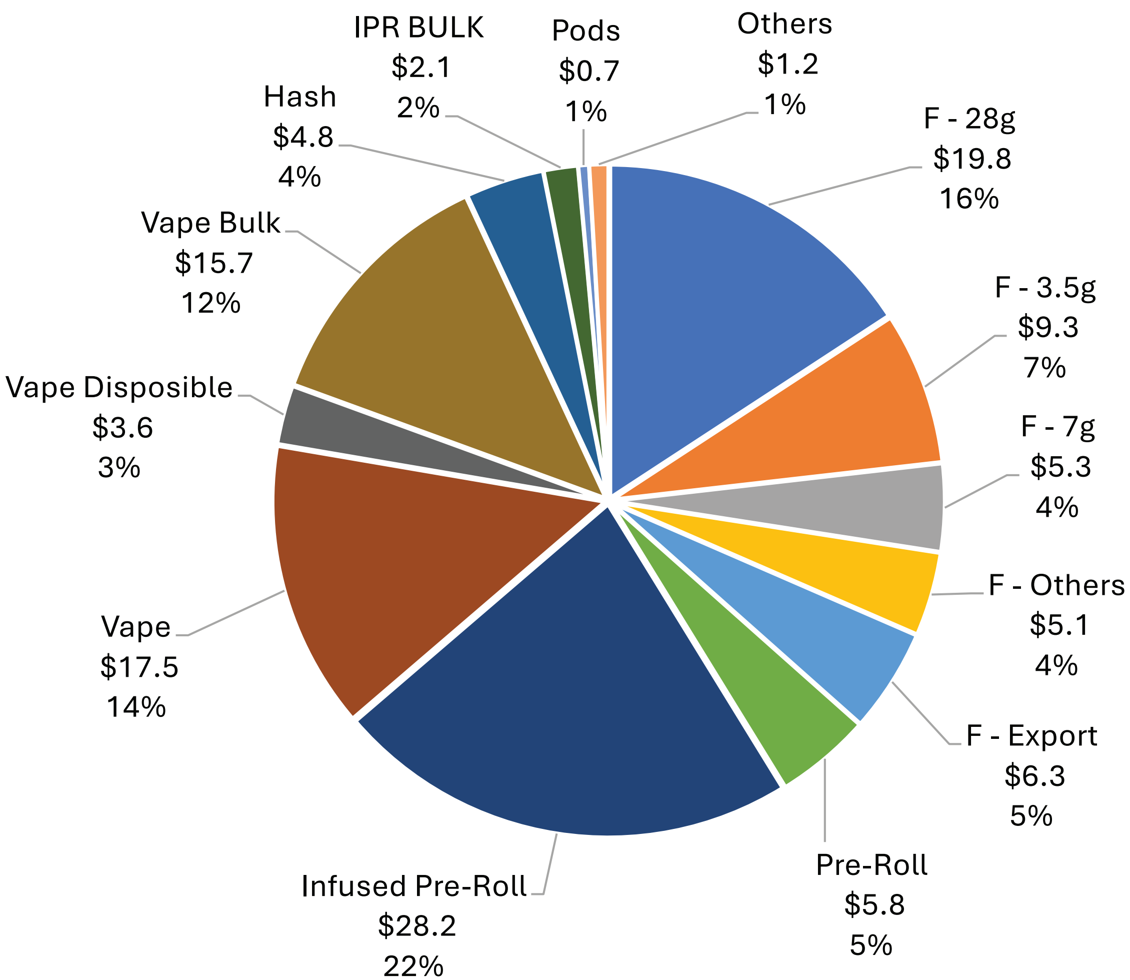
FY2023



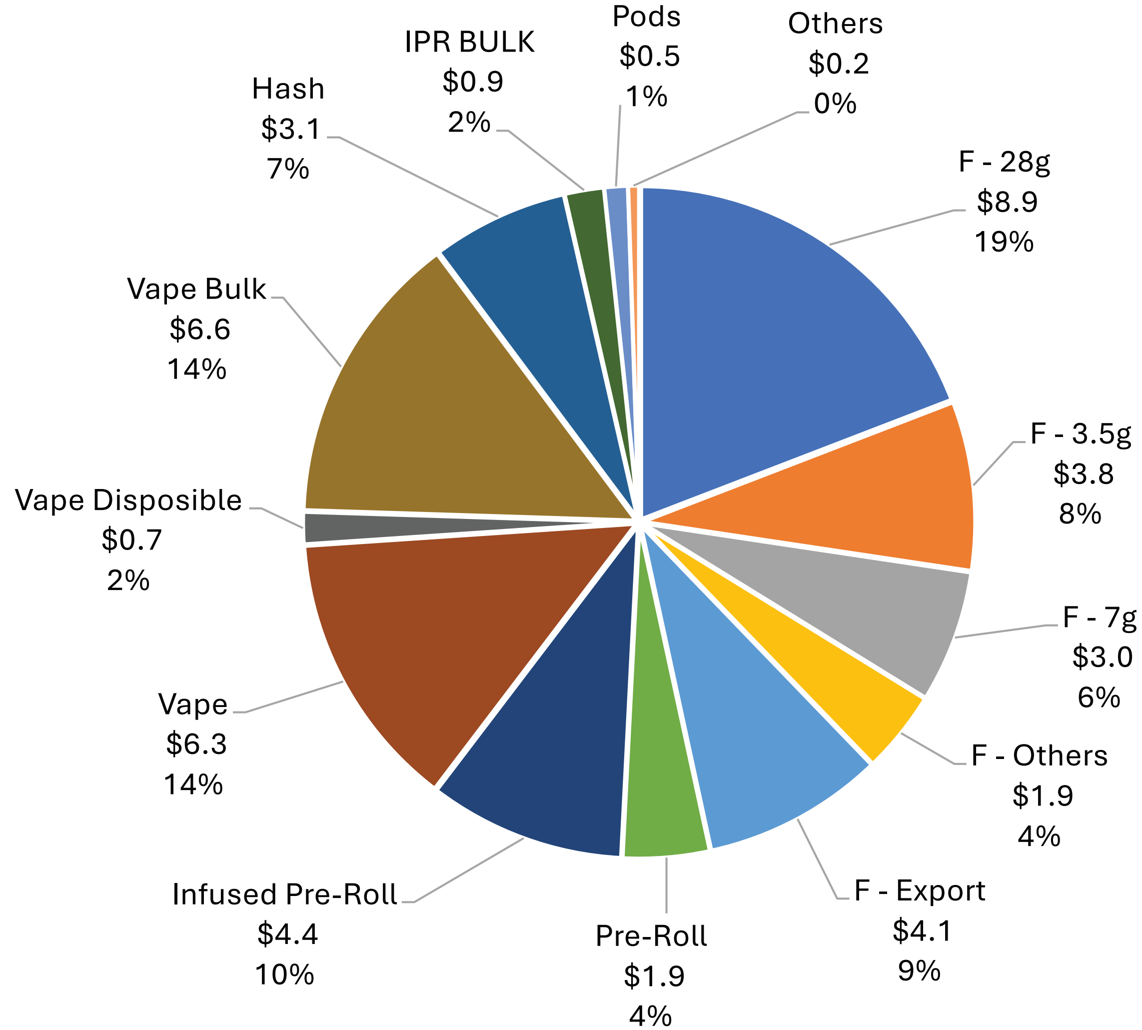
FY2024

2024 Net Revenue & Direct Margin by Category

BZAM™



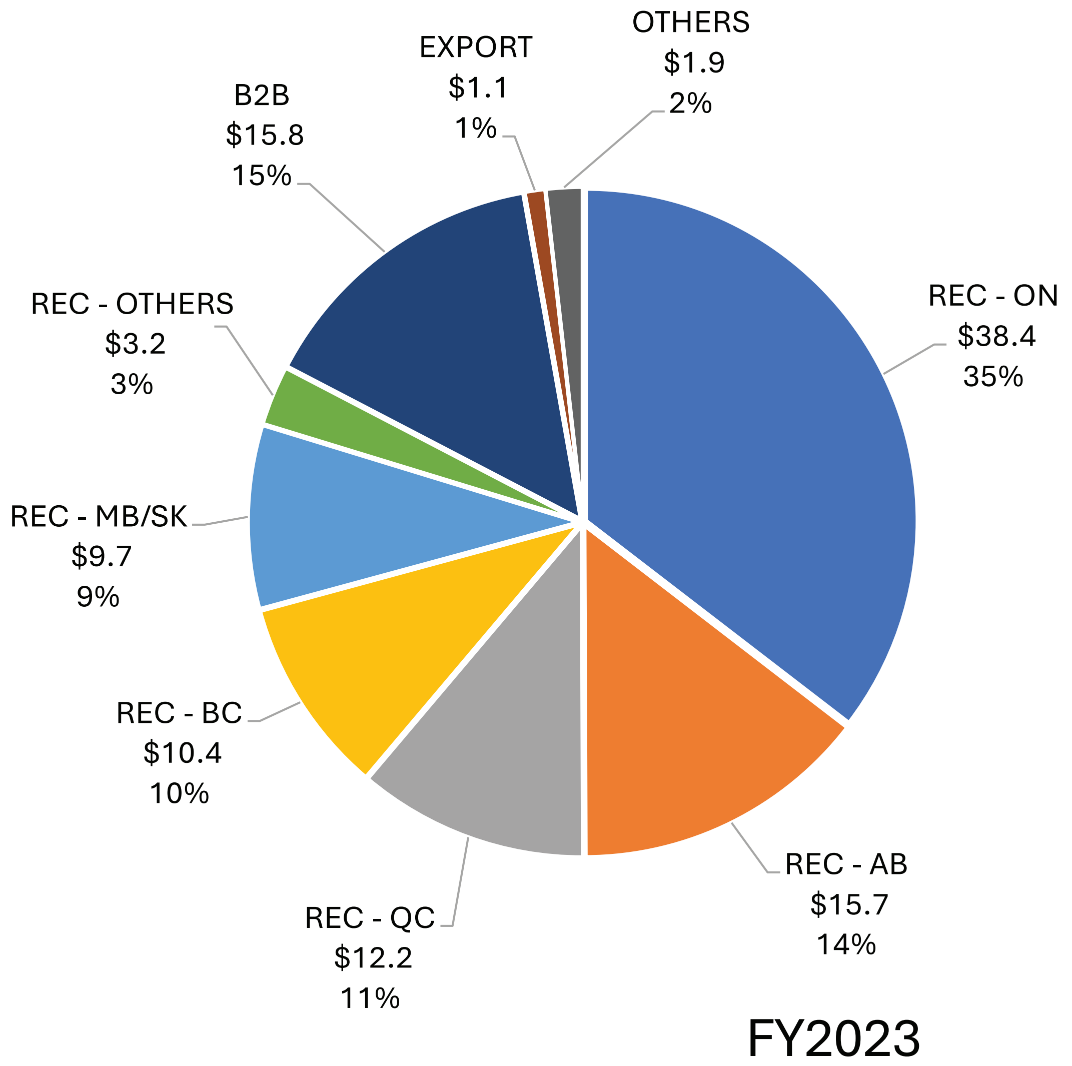
NET REVENUE

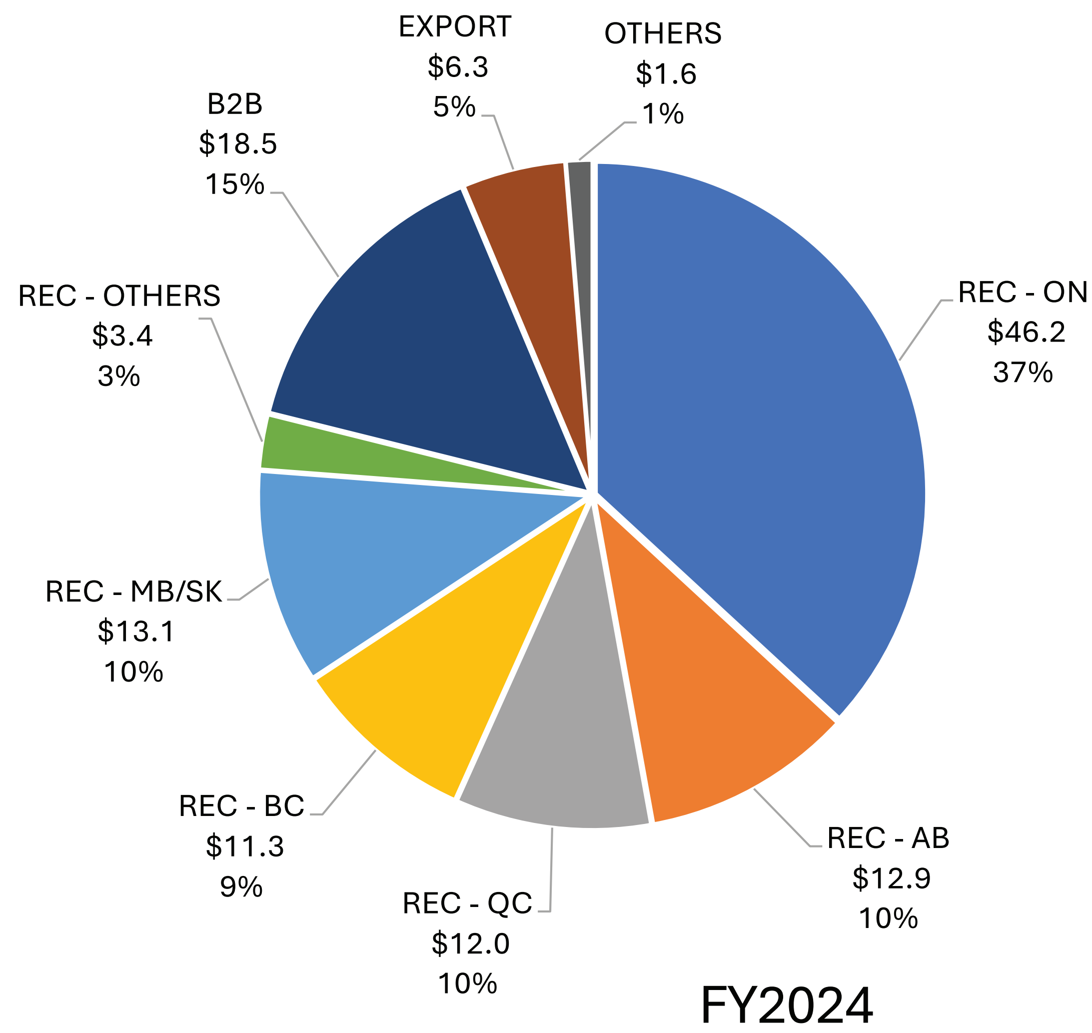


DIRECT MARGIN

2023-2024 Net Revenue by Channel & Province

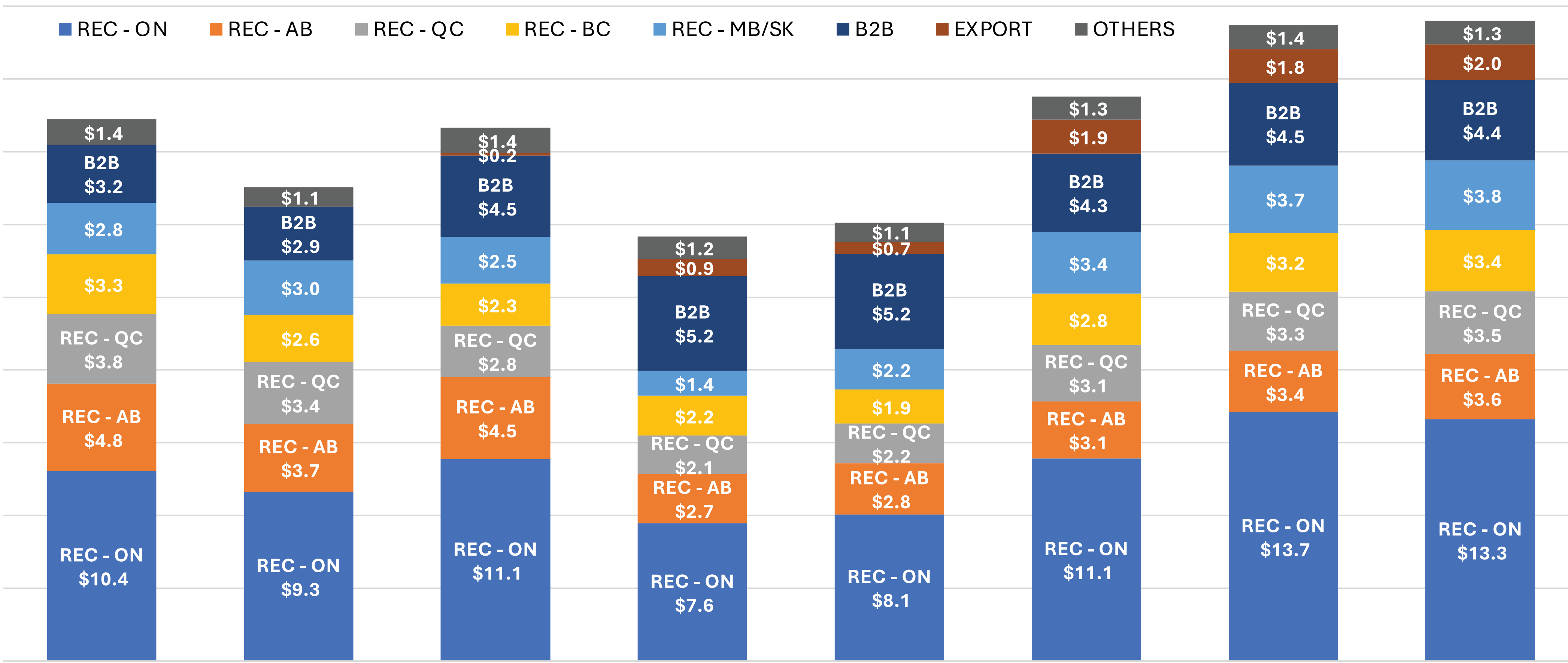
BZAM





2023-2024 Quarterly Net Revenue

BZAM™



TOTAL	$29.8	$26.0	$29.3	$23.3	$24.1	$31.0	$35.0	$35.2
Q-on-Q GROWTH		*-13%*	*13%*	*-20%*	*3%*	*29%*	*13%*	*1%*

FY 16% GROWTH

Consolidated EBITDA

BZAM™

INCOME STATEMENT	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Revenue-Rec	*27,940*	*39,028*	*45,673*	*45,748*	*158,389*
Revenue-Export/B2B/Others	*6,250*	*6,624*	*6,801*	*6,784*	*26,459*
Revenue	34,190	45,652	52,474	52,532	184,848
Excise duties	(10,082)	(14,614)	(17,497)	(17,340)	(59,533)
Net revenue	**24,108**	**31,038**	**34,976**	**35,192**	**125,314**
COGs-Direct	*(15,960)*	*(19,040)*	*(22,238)*	*(22,072)*	*(79,311)*
COGS-OH	*(2,830)*	*(2,940)*	*(2,949)*	*(2,924)*	*(11,644)*
COGs-Depreciation	*(1,708)*	*(1,708)*	*(1,708)*	*(1,708)*	*(6,833)*
Cost of Sales	(20,498)	(23,688)	(26,896)	(26,705)	(97,787)
Gross Profit before FV adjustments	**3,610**	**7,350**	**8,081**	**8,487**	**27,528**
FV Adjustments	0	0	0	0	0
Gross Profit	**3,610**	**7,350**	**8,081**	**8,487**	**27,528**
Sales and marketing expenses	(2,741)	(2,676)	(2,602)	(2,583)	(10,601)
General and administrative expenses	(4,153)	(4,091)	(4,007)	(3,968)	(16,219)
Share based compensation	(300)	(300)	(300)	(300)	(1,200)
Depreciation and amortization	(1,712)	(1,712)	(1,712)	(1,712)	(6,847)
Total operating expenses	(8,905)	(8,779)	(8,620)	(8,563)	(34,867)
Profit/(Loss) from operations	**(5,295)**	**(1,429)**	**(539)**	**(75)**	**(7,339)**
					0
Finance Costs (Interest)	(1,739)	(1,775)	(1,823)	(1,821)	(7,159)
Investment in assoc.	210	210	210	210	840
PPE/Intangible other charges	(1,476)	0	0	0	(1,476)
Restructuring	(400)	0	0	0	(400)
Income (Loss) before income taxes	**(8,701)**	**(2,995)**	**(2,152)**	**(1,687)**	**(15,534)**
Taxes					
Net (Loss) / Income	(8,701)	(2,995)	(2,152)	(1,687)	(15,534)
EBITDA	**(1,765)**	**2,501**	**3,391**	**3,855**	**7,981**

Positive EBITDA projected from March 2024

- **FY Gross Margin (excl. FV) AT 22% (37% Direct Margin when OH and Depreciation is excluded)**
- **SG&A reductions reflect changes in departmental structure and cost synergy initiatives**

Quarter-on-Quarter EBITDA

- **Q2 positive EBITDA improvement driven by revenue growth of 29% over Q1 (net revenue monthly average +$9.5m), favorable margin product mix and 2% SG&A reduction**
- **Q2 to Q3 driven by increase in sales, notably from Jeeter**
- **Q3 to Q4 EBITDA increase mainly attributable to COGS and SG&A reductions**

Direct Margin

BZAM™

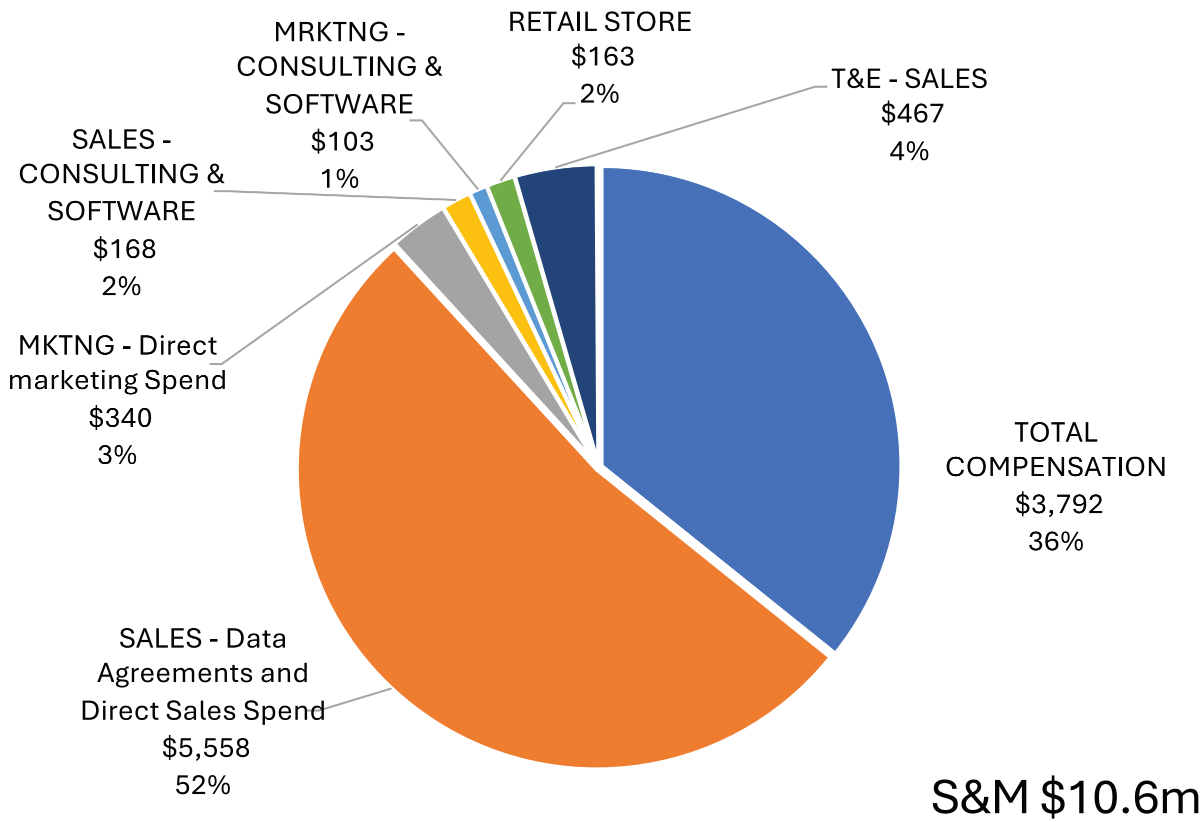
FY Direct Margin of $46.3m is 37% of Net Revenue

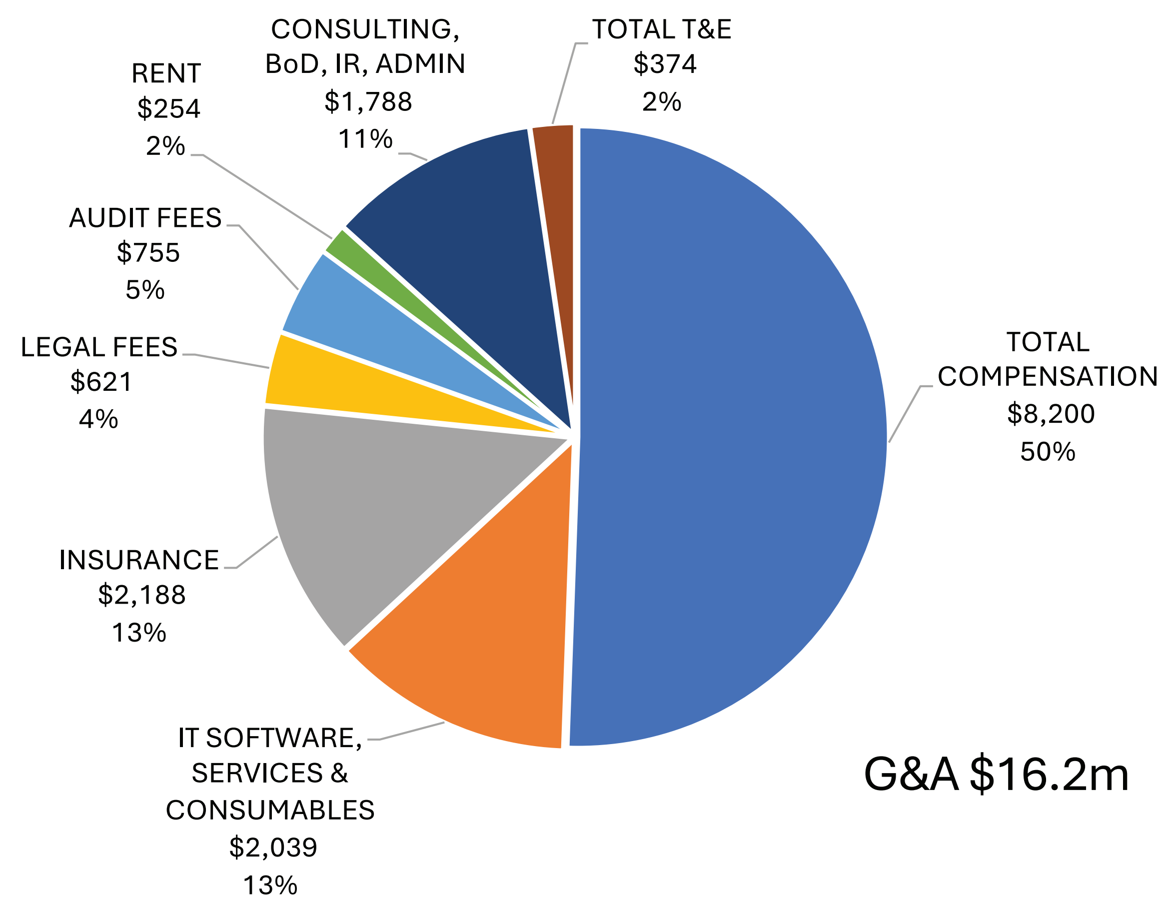
- **Recreational Direct Margin of 34% includes Royalties of $4.7m**
- **Manufacturing Overhead and Depreciation represent 10% and 5% of Net revenue, respectively.**

		Q1			Q2			Q3			Q4			FY			CONTRIBUTION	
CHANNEL	PROVINCE	REVENUE	MARGIN	MARGIN %	REVENUE	MARGIN	MARGIN %	REVENUE	MARGIN	MARGIN %	REVENUE	MARGIN	MARGIN %	REVENUE	MARGIN	MARGIN %	% OF REV	% OF MARGIN
Recreational	Dried Flower	$ 6.9	$ 2.9	**42%**	$ 10.0	$ 4.5	**45%**	$ 10.8	$ 4.8	**45%**	$ 10.9	$ 4.9	**45%**	$ 38.6	$ 17.1	**44%**	31%	**37%**
	Infused PR	$ 3.5	$ 0.8	**23%**	$ 6.8	$ 1.1	**16%**	$ 9.1	$ 1.2	**13%**	$ 8.8	$ 1.3	**15%**	$ 28.2	$ 4.4	**16%**	22%	**10%**
	Vape	$ 4.0	$ 1.5	**37%**	$ 4.1	$ 1.5	**37%**	$ 4.3	$ 1.6	**37%**	$ 4.4	$ 1.6	**37%**	$ 16.8	$ 6.2	**37%**	13%	**13%**
	Pre-roll	$ 0.8	$ 0.2	**28%**	$ 1.3	$ 0.4	**34%**	$ 1.7	$ 0.6	**34%**	$ 1.9	$ 0.7	**35%**	$ 5.6	$ 1.9	**34%**	5%	**4%**
	Vape Disposable	$ 1.2	$ 0.3	**21%**	$ 0.7	$ 0.1	**20%**	$ 0.8	$ 0.2	**20%**	$ 0.8	$ 0.2	**20%**	$ 3.6	$ 0.7	**20%**	3%	**2%**
	Hash	$ 1.0	$ 0.7	**65%**	$ 1.2	$ 0.7	**64%**	$ 1.2	$ 0.8	**64%**	$ 1.3	$ 0.8	**64%**	$ 4.7	$ 3.0	**64%**	4%	**7%**
	Pods	$ 0.3	$ 0.2	**81%**	$ 0.2	$ 0.2	**81%**	$ 0.1	$ 0.1	**81%**	$ 0.1	$ 0.1	**80%**	$ 0.7	$ 0.5	**81%**	1%	**1%**
	Diamonds	$ 0.0	$ 0.0	**37%**	$ -	$ -	*****	$ -	$ -	*****	$ -	$ -	*****	$ 0.0	$ 0.0	**37%**	0%	**0%**
	Resin and Rosin	$ 0.1	$ 0.0	**55%**	$ -	$ -	*****	$ -	$ -	*****	$ -	$ -	*****	$ 0.1	$ 0.0	**55%**	0%	**0%**
	Vape Battery	$ 0.2	$ (0.0)	**-1%**	$ 0.1	$ (0.0)	**-2%**	$ 0.2	$ (0.0)	**-3%**	$ 0.2	$ (0.0)	**-3%**	$ 0.6	$ (0.0)	**-2%**	1%	**0%**
RECREATIONAL		**$ 17.9**	**$ 6.5**	37%	**$ 24.4**	**$ 8.6**	35%	**$ 28.2**	**$ 9.3**	33%	**$ 28.4**	**$ 9.6**	34%	**$ 98.9**	**$ 34.0**	34%	**79%**	**73%**
B2B		$ 5.2	$ 1.1	**22%**	$ 4.3	$ 2.1	**49%**	$ 4.5	$ 2.2	**48%**	$ 4.4	$ 2.2	**50%**	$ 18.5	$ 7.6	**41%**	15%	**16%**
Export		$ 0.7	$ 0.4	**65%**	$ 1.9	$ 1.2	**65%**	$ 1.8	$ 1.2	**65%**	$ 2.0	$ 1.3	**65%**	$ 6.3	$ 4.1	**65%**	5%	**9%**
Others		$ 0.3	$ 0.1	**35%**	$ 0.4	$ 0.2	**38%**	$ 0.4	$ 0.2	**38%**	$ 0.4	$ 0.2	**38%**	$ 1.6	$ 0.6	**37%**	1%	**1%**
DIRECT MARGIN		**$ 24.1**	**$ 8.2**	34%	**$ 31.0**	**$ 12.1**	39%	**$ 35.0**	**$ 12.8**	37%	**$ 35.2**	**$ 13.2**	37%	**$ 125.3**	**$ 46.3**	37%	**100%**	**100%**
Manufacturing Overhead			$ (2.9)	**-12%**		$ (3.0)	**-10%**		$ (3.0)	**-9%**		$ (3.0)	**-9%**	$ -	$ (11.9)	**-10%**	0%	**-26%**
Depreciation			$ (1.7)	**-7%**		$ (1.7)	**-6%**		$ (1.7)	**-5%**		$ (1.7)	**-5%**	$ -	$ (6.8)	**-5%**	0%	**-15%**
GROSS PROFIT		**$ 24.1**	**$ 3.6**	15%	**$ 31.0**	**$ 7.3**	24%	**$ 35.0**	**$ 8.1**	23%	**$ 35.2**	**$ 8.5**	24%	**$ 125.3**	**$ 27.5**	22%	**100%**	**59%**

SG&A FY2024

BZAM





Sales & Marketing represents 8% of Net Sales (11% of Rec Revenue)

- Compensation is 3% of Net Sales
- Sales Data Agreements and Direct Sales spend is 4% of Net Sales

General & Administration represents 13% of Net Sales

- Compensation is 6% of Net Sales
- Software and IT Services is 2% of Net Sales
- Insurance is 2% of Net Sales
- Legal, Audit and Consulting/Prof Fees is 2% of Net Sales

Balance Sheet

BZAM™

BALANCE SHEET	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Current assets:				
Cash	2,385	(559)	(2,196)	950
Restricted Cash	521	521	521	521
Trade and other receivables	12,820	16,272	18,124	17,097
Biological Assets	4,230	4,266	4,268	4,255
Inventory-Cost	38,188	40,155	41,319	39,649
Inventory-FVA	13,417	13,417	13,417	13,417
Prepaid expenses and deposits	5,810	5,390	4,970	4,550
Other current assets	460	460	460	460
Total current assets	**77,831**	**79,923**	**80,883**	**80,899**
Non-current assets				
Property plant and equipment	72,962	69,632	66,302	62,972
Intangible assets	19,052	18,962	18,872	18,782
Goodwill	6,800	6,800	6,800	6,800
Other non-current assets	1,237	1,237	1,237	1,237
Total assets	**177,882**	**176,554**	**174,095**	**170,691**
Current liabilities				
Trade and accrued liabilities	35,050	34,477	33,047	32,285
Sales taxes payable	1,374	1,513	1,699	1,636
Senior loan	30,729	33,217	34,541	34,036
Total current liabilities	67,154	69,207	69,287	67,957
Term Debt - Other	16,278	16,041	15,804	15,567
Lease and other liabilities	14,873	14,423	13,973	13,523
Total liabilities	98,305	99,672	99,064	97,048
Shareholders equity				
Share capital	990,406	990,706	991,006	991,306
Retained earnings	(911,198)	(914,192)	(916,345)	(918,031)
Non-controlling interests	570	570	570	570
Reserve for foreign currency translations	(202)	(202)	(202)	(202)
Total shareholders equity	**79,577**	**76,882**	**75,030**	**73,643**
Total liabilities and shareholders equity	**177,882**	**176,554**	**174,095**	**170,691**

Cash Flow

BZAM™

Monthly lowest balance projected in September at -$2.2M, assuming:

- **Maximizing Loan advances from Cortland Revolving facility during the year**
- **Net Working Capital FY decrease includes $5.7m of Excise duty payment (legacy outstanding balance) and clearing of 2023 +120 days aging trade payables (within Q1)**
- **Additional net funds in March of $1m from the sale of the Edmonton facility**
- **Financing activities outflow represents mainly interest and payments on loans and prom notes**

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Cash, Beginning Balance	**4,192**	**2,385**	**(559)**	**(2,196)**	**4,192**
EBITDA	**(1,765)**	**2,501**	**3,391**	**3,855**	**7,981**
Non cash Adjustments	1,752	(15)	(15)	153	**1,875**
Net Working Capital changes	(5,714)	(6,086)	(4,473)	1,650	**(14,622)**
From (used in) Investing Activities	9,210	210	210	210	**9,840**
From (used in) Financing Activities	(5,290)	447	(750)	(2,722)	**(8,316)**
Increase/(decrease) in cash	**(1,807)**	**(2,943)**	**(1,637)**	**3,146**	**(3,242)**
Cash, Ending Balance	**2,385**	**(559)**	**(2,196)**	**950**	**950**

RISKS & OPPORTUNITIES

- **Replace Cortland with lower cost debt facility**
- **Potential for return of portion of $2.5M total CRA excise deposit, once EBITDA+ (ie Q2)**
- **Cost associated with replacing LED lights that are gradually reaching end of life at Ancaster**
- **Revenue sensitivity – each $10M in net revenue represents approximately $3-4M in EBITDA depending on mix**

Commercial

Commercial Strategy

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2024 Key Drivers

- Key Accounts
- Jeeter
- Innovation
- B2B and Export

Key Accounts

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Active Key Accounts - December Sales 2023

Rank	Key Accounts	Monthly Retail Sales	Share of National Retail Sales	BZAM Retail Sales	BZAM Share
1	**High Tide (BZAM/FB Combined Sales)**	$42,000,000	9.12%	$1,881,825	4.48%
2	**IRCC**	$38,000,000*	8.25%	$544,040	1.43%
3	**NOVA**	$23,815,714	5.17%	$1,194,861	5.02%
4	**Fika/F&F/Ganjika**	$15,000,000*	3.26%	$660,314	4.40%
5	**Tokyo Smoke**	$11,500,000	2.50%	$576,252	5.01%
6	**One Plant**	$10,300,000*	2.24%	$324,431	3.15%
7	**Sessions**	$6,200,000	1.35%	$105,590	1.70%
8	**Inspired**	$5,100,000	1.11%	$64,255	1.26%
9	**True North**	$4,900,000	1.06%	$150,000	3.06%
10	**Delta 9**	$4,675,025	1.01%	$136,345	2.92%
11	**PlantLife**	$4,000,000	0.87%	$152,649	3.82%
12	**The Joint**	$4,000,000	0.87%	$135,000	3.38%
13	**Shiny Buds**	$2,777,824	0.60%	$41,174	5.50%
14	**Hunny Pot**	$3,100,000	0.67%	$180,000	5.81%
15	**Four 20 (NOV Data)**	$2,900,000	0.63%	$26,442	0.91%
16	**Lux Leaf**	$1,100,000	0.24%	$42,000	3.82%
		$179,368,563	**38.93%**	**$6,215,178**	**3.47%**

*Estimated

Source: Key Account Sales Data

Key Accounts

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Opportunity Key Accounts - December Sales 2023

Opportunity Accounts	Retail Sales
Canna Collective	$20,000,000
Highlife	$3,400,000
Discounted Cannabis	$2,500,000
Cannabis House	$2,200,000
The We Store	$2,000,000
FORBES Group	$2,000,000
Miss Jones	$1,400,000
Trees Cannabis	$1,400,000
CO-OP	$1,100,000
Bud Supply	$1,100,000
Firestone	$1,100,000
MUSE	$1,100,000
Growers Retail	$1,000,000
Lucid Cannabis	$1,000,000
Seed & Stone	$800,000
Cannabis Xpress	$720,000
Total	**$42,820,000**

Based on internal estimates

Actions Underway

- Opportunity Accounts
- Improved Account Management
- Adding Final Bell to BZAM Key Accounts
- Increase Overall Market Share

#1 Pre-Roll in the World!

Celebrated for its status as America’s #1 cannabis lifestyle company and known for its best-selling pre-rolls, consumer pop-up activations and celebrity co-branded limited product drops, Jeeter is here to disrupt the Canadian market.

Jeeter Launch Plan

BZAM™

Q1 Product Launch

Product Name	Format	Size	THC	ON	BC	SK	MB
Baby Jeeter Mango Sherbs	Infused pre-roll	3 x 0.5g	34-40%	23-Feb			
Baby Jeeter Blue ZKZ	Infused pre-roll	5 x 0.5g	34-40%	23-Feb	15-Mar	25-Mar	25-Mar
Baby Jeeter Fire OG	Infused pre-roll	3 x 0.5g	34-40%	23-Feb			
Baby Jeeter Bubba OG	Infused pre-roll	5 x 0.5g	34-40%	23-Feb	15-Mar	25-Mar	25-Mar
Baby Jeeter Strawberry Sour Diesel	Infused pre-roll	5 x 0.5g	34-40%	23-Feb			
Baby Jeeter Mix Pack	Infused pre-roll	5 x 0.5g	34-40%	23-Feb	15-Mar	25-Mar	25-Mar

** 73% of General Admission infused pre-roll revenue at OCS is done by 6 SKUs – as per OCS data*

Roll Out Plan

- Jeeter personnel + BZAM sales team
- Jeeter university/night school
- Key Account focus – Top tier retailer chains
- Jeeter Mart + store takeovers and programming

Jeeter Launch Plan

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Q2 Product Launch

Product Name	Format	Size	THC	ON	BC	SK	MB
Baby Jeeter Piña	Infused pre-roll	5 x 0.5g	34-40%	15-May	15-May	15-May	15-May

Q3 Product Launch

Product Name	Format	Size	THC	ON	BC	SK	MB
Baby Jeeter New Flavour #1*	Infused pre-roll	5 x 0.5g	34-40%	08-Jul	08-Jul	08-Jul	08-Jul
Baby Jeeter New Flavour #2*	Infused pre-roll	5 x 0.5g	34-40%	08-Jul	08-Jul	08-Jul	08-Jul
Baby Jeeter New Flavour #3*	Infused pre-roll	5 x 0.5g	34-40%	08-Jul		08-Jul	08-Jul
Baby Jeeter Summer Mixer*	Infused pre-roll	3 x 0.5g	34-40%	08-Jul	08-Jul	08-Jul	08-Jul
Jeeter XL*	Infused pre-roll	1 x 2g	34-40%	08-Jul		08-Jul	08-Jul
Jeeter XL*	Infused pre-roll	1 x 2g	34-40%	08-Jul		08-Jul	08-Jul

Q4 Product Launch

Product Name	Format	Size	THC	ON	BC	SK	MB
Jeeter Juice w/ Liquid Diamonds x3*	Vape	1g	90-96%	01-Oct	01-Oct	01-Oct	01-Oct

*Tentative; pending official board approval

Opportunity: Infused Pre-rolls

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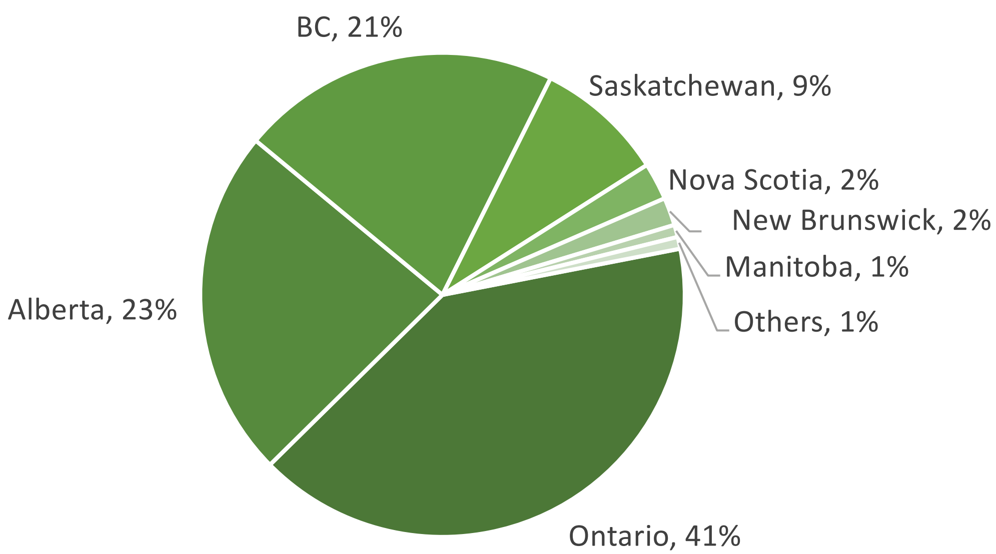
In 2023, Decibel owned the infused pre-roll category, which made up 64% of their sales…

Decibel Retail Sales by Province



Decibel Retail Sales 2023

Product Type	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Total	%
Infused Pre-rolls	40,763,027	59,331,676	69,709,731	61,831,292	231,635,726	64%
Vapes	30,863,917	30,420,940	27,350,544	24,846,870	113,482,271	31%
Pre-Rolls	1,867,058	1,962,273	1,510,572	1,533,676	6,873,579	2%
Flower	3,905,093	2,780,291	1,554,581	817,075	9,057,041	2%
Edibles	-	2,286	1,000,662	2,104,968	3,107,915	1%
Concentrates	584,889	217,679	108,154	33,153	943,875	0%
Total	**77,399,095**	**94,497,465**	**101,126,091**	**91,133,880**	**364,156,531**	**100%**

Source: Hifyre.com

- Forecasting Jeeter to reach about 1/3 of Decibel's 2023 infused pre-roll sales in 2024, representing 16% of the total infused pre-roll segment in 2023
- Supported by high degree of buy in at the provincial board level based on Jeeter's track record in the U.S.
- Extremely robust engagement at the retailer and key account level as we prep for the initial launch in Ontario in February

Innovation

BZAM

Cookies
Dual Chamber
Vape

Baby
Jeeter
Infused Pre-rolls

BZAM
DUNKD
Pre-rolls

BZAM
Liquid Blunt

Jeeter
Liquid Diamond
Vape

-ness
All-in-one Vape

B2B & Co-Man

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Current Business

Company	Product Type	Number of Products	2024 Forecast ($)
Cronos	1g 510 Vapes	11	$13M
	All-in-one 0.5 Vapes	4	
	All-in-one 1g Vapes	1	
	1.2g 510 Vapes	6	
Pure Sunfarms	1g 510 Vapes	2	$4M
	1g Infused Pre-roll Blunts	2	
	0.5g Infused Pre-rolls	2	
Organigram	1g 510 Vapes	2	$900K
Galaxie	Bulk Distillate	N/A	$400K

Opportunities

- Pure Sunfarms – In discussion about additional vapes (2 AIO + 510) and infused pre-rolls (2)
- Canopy Growth – In discussion to kick off all-in-one vapes (2) in Q2

International Export

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Current Partners

Company	Country	Price CDN	Volume in KG	Total Sales
4C Labs	United Kingdom	$3.50/gram	~400 kg/year	~1.40M
Dispensed	Australia	$3.50/gram	~500 kg/year	~1.75M
Demecan	Germany	$3.00/gram	~400 kg/year	~1.20M
Medicann	Australia	$3.50/gram	Re-negotiating strain exclusivity and corresponding volume	

Opportunities

Company	Country	Volume in KG
Adjupharm	Germany	~200 kg/year – Finalizing agreement currently ($3.00/gram)
4C Labs	United Kingdom	~120 kg/year – Stability testing in progress on craft flower ($4.50/gram)
Sanity Group	Germany	~200 kg/year
Iuvo	Germany	~250 kg/year
Medleaf	New Zealand	~200-300 kg/year
Medipharm	Australia	EU-GMP Vapes
Growlab	United Kingdom	~200 kg/year
Subprobion	Poland	Q4 Possibility

Domestic Medical

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Current Partners

Company	SKU Count	Comments
MyMedi	10	Previously Shopper's Drug Mart platform now owned by Avicanna
Abba Medix	8	Primarily focused on Canadian veterans and first responder patients
Herbal Dispatch	15	Focuses more on unique mainstream and premium-style products
Mendo Cannabis	11	Smaller, craft style medical platform

Opportunities

- Expand product offering on leading Canadian platform MyMedi (currently servicing ~30,000 patients)
- Add key SKUs from Final Bell portfolio onto existing partner platforms
- Add 2024 innovation SKUs onto existing partner platforms
- Explore additional platforms – Aurora, Medipharm

Marketing

BZAM

Educational Sampling Program:
Continue building on our sampling efforts where budtenders and buyers get early access to our products.

Targeted Digital Strategy:
Reach specific demographics with tailored marketing and offers. Leverage sales efforts with B2B e-mail automations for new product launches and campaigns.

Collaborations with Industry Influencers:
Expand our reach and engage in co-branding opportunities.

Targeted Community Engagement:
Engage with local communities through events and strategic partnerships with the goal of brand building and driving trial.

Interactive and Immersive:
Create interactive in-store displays and experiences with a focus on key account partnerships.

Operations & IT

Flower Output

Location	2023 KG	2024 KG
Ancaster	16,872	16,392
Saanichton	843	1,020
Total	17,715	17,412

- Ancaster, ON:
  7 greenhouse bays x 5.5 harvests per year

- Saanichton, BC:
  2 rooms x 6 harvests per year

Processing

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Product (Units)	2023	2024
Edibles	3,623,614	5,090,286
Infused Pre-rolls	1,402,459	4,448,726
Vapes	3,051,898	4,092,100
Flower	2,079,715	1,569,171
Pre-rolls	2,000,527	637,993
Total Units	12,158,213	15,838,276

Ancaster/Bowmanville, ON:
Coated Infused Pre-rolls; Vapes; Infused Pre-rolls; Flower

Vaudreuil, QC:
Hash; Vapes; Infused Pre-rolls;

Pitt Meadows, BC:
Edibles; Infused Pre-rolls (coated and uncoated); Vapes; Flower

Final Bell Integration

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1. Determine optimal allocation of production activities distribution across sites — February 2nd
2. Integrate new products into ERP and production planning — February 28th
3. Transition production while building stock — April 4th
4. Bowmanville staff reductions — April 8th
5. Limited activity at Bowmanville — April 15th

<u>Completed: Headcount Reductions</u>

- **Realized $1,437,300 in annualized savings from 17 reductions between the two entities in January 2024**

People & Culture

2023 Wins

BZAM™

P&C	Base Pay	Pay Bands Fully Integrated & Cascaded	✓
	Annual Incentive	Incentive program rolled-out to all employees	✓
	Workday	Workday fully integrated to all employees and functions (Savings of over $200K in 2024 due to integration)	✓
	Time-Off	Time-off (Vacation, STD, Sick Time, Personal etc.) updated and cascaded	✓
	Payroll & Benefits	Streamlined payroll frequencies and processing Implemented a better benefits value for less(~400K savings) with full Workday integration	✓
	Policies & Programs	All policies and programs integrated and implemented. Completed first compliance sign-off in 2023	✓

P&C Priorities

BZAM™

How P&C will make an impact in 2024

Integration & Support	Attract & Retain	Engagement & Culture	Automation & Data
• Yield savings by integrating payroll and benefits into Workday and iA, respectively • Combine programs, policies and processes to streamline activities and reduce duplication of work • Support current and new leaders in all areas of HR, such as: Org design, Employee Relations, Recruitment, coaching, strategic projects and Learning & Development	• Continue to bet on internal recruitment resources (minimal spend on external agencies) • Build capabilities in interviewing techniques and selection criteria • Become more proactive with an 'always on' recruitment model for benchmark roles • Conduct 'stay' interviews with key talent quarterly • Reduce annualized voluntary turnover to below 20% (2023: 20.5%)	• Run two Employee Voice Surveys in Q1 and Q3 with clear action items • Hold quarterly Town Halls for all employees to share and cascade information • Continue focus on key programs, such as: Goal Setting & Year-End Appraisals, Recognition, etc. • Build out and recalibrate purpose, values and principles for a unified BZAM post integration	• Continue to look for opportunities to enhance automation and reduce manual work (i.e., probationary check-ins on Workday) • Leverage 'clean' data to inform on people decisions (i.e., turnover, succession planning, stay interviews) • Ensure payroll is stable with minimal errors • Enhance onboarding processes leveraging technology

This is Exhibit "7" referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Kay Jessel
2985 Rosebery Ave
West Vancouver, BC, V7V 3A8
604.362.5255

West Vancouver, February 28th, 2024

Attn: The Board of Directors of BZAM Ltd.

Dear Board,

I write to tender my resignation as a director of BZAM Ltd. ("BZAM") effective immediately.

I am dismayed by this board's apparent intention of causing BZAM to seek protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("CCAA").

I have been provided with, and am aware of, no information that would indicate why BZAM would need to seek the protections under the CCAA. On the information available to me, BZAM is not insolvent, no creditors are threatening action, and BZAM is in a position to meet its obligations as a going concern. Furthermore, contrary to assertions in the materials provided to me in connection with the intended CCAA filing, there has been no effort to canvass alternatives to a CCAA filing to allow the board to make a reasoned determination that such a filing is necessary and in the company's best interests. No alternatives, including potential financing options, were presented to me since my appointment to the board in early January 2024.

As you know, under the *Canada Business Corporations Act*, RSC 1985, c C-44, a director has the duty to act honestly and in good faith with a view to the best interests of the corporation, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

On the information available to me, I am unable to determine why this board would be pursuing a CCAA filing or how such an action could preserve or maximize the value of BZAM's business, or be in the best interests of BZAM or BZAM's shareholders or other stakeholders. The CCAA filing instead appears to be an improper use of the statute for the sole purpose of benefitting a related party. In these untenable circumstances, it is no longer possible for me to continue as a director of BZAM and I must tender my resignation.

Yours truly,

Kay Jessel

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF KAY JESSEL

LAX O'SULLIVAN LISUS GOTTLIEB LLP
Suite 2750, 145 King Street West
Toronto ON M5H 1J8

Andrew Winton LSO#: 54473I
awinton@lolg.ca
Tel: 416 644 5342

David Ionis LSO#: 79542U
dionis@lolg.ca
Tel: 416 956 0117

Brendan Bohn LSO#: 81443O
bbohn@lolg.ca
Tel: 416 956 5084

Lawyers for Final Bell Holdings International Ltd.

TAB 5

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

REPLY AFFIDAVIT OF KAY JESSEL

I, Kay Jessel, of the Municipality of West Vancouver, in the Province of British Columbia, MAKE OATH AND SAY:

1. I am the Executive Director of Final Bell Holdings International Ltd. ("**Final Bell**"), and until recently a director of BZAM Ltd. ("**BZAM**"). I have personal knowledge of the facts and matters contained in this affidavit. To the extent I make statements based on information and belief, I have identified the source of my information or belief and I believe it to be true.

2. I have reviewed the affidavit of Matthew Milich, CEO of BZAM Ltd. ("**BZAM**"), sworn March 25, 2024 (the "**Responding Milich Affidavit**") and the affidavit of Deepak Alappatt of Cortland Credit Lending Corporation ("**Cortland**") sworn March 25, 2024. I am swearing this affidavit in response to those affidavits.

January 24, 2024 Meeting

3. Mr. Milich states that at the January 24, 2024 meeting the departure of Mr. Bovingdon as CFO of BZAM was discussed and that I voted to approve Mr. Bovingdon's resignation from BZAM's board of directors.

4. I attended a January 24, 2024 BZAM meeting, but it was my understanding that this was a meeting to discuss BZAM's budget, not a formal board of directors' meeting. The invitation I received to the meeting entitled "BZAM Budget Meeting Jan 24, 2024" is attached as **Exhibit "1"**.

5. The meeting took place by video conference, and I attended for two to three hours. At the end of the meeting, attendees began disconnecting from the video conference, but immediately before disconnecting, I heard someone mention that we were moving on to a BZAM board meeting. I was not aware that a board meeting had been scheduled but I rejoined the meeting a few minutes later. When I rejoined, I heard that Mr. Milich had been appointed to the board of directors. I was asked to vote in favour of Mr. Milich's appointment to the board which I agreed to. I do not recall being involved in discussions about Mr. Bovingdon leaving BZAM's board and I do not recall voting on this issue.

6. I was not sent a copy of BZAM board minutes attached as Exhibit "JJ" to Mr. Milich's affidavit and was not asked to approve them. The first time I saw these minutes was when I reviewed Mr. Milich's affidavit. My review of these minutes enabled me to recall that at the January 24, 2024 meeting, there was a discussion about Mr. Bovingdon leaving his role as CFO of the company. I do not recall that there was a detailed discussion of this change or the reasons for it.

7. In the afternoon of January 24, 2024, I received an email from BZAM's corporate secretary attaching a press release announcing that Mr. Bovingdon would be departing as CFO and stepping down from BZAM's board. In my affidavit dated March 18, 2024, I stated that I did not learn that Mr. Bovingdon had been removed as CFO until February 8, 2024. I now realize this statement was incorrect and I had misremembered when I learned of Mr. Bovingdon's departure.

February 6, 2024 Meeting

8. I attended the February 6, 2024 meeting of the BZAM board by video conference. However, I do not recall what was discussed at this meeting and did not mention it in my affidavit dated March 18, 2024. At the time, I was dealing with a family emergency and, as a result, although I logged into the meeting, I did not actively participate. I was not sent a copy of the minutes of this meeting attached as Exhibit "LL" to Mr. Milich's affidavit and was not asked to approve them. The first time I saw these minutes was when I reviewed Mr. Milich's affidavit.

February 8, 2024 Meeting

9. I also attended the February 8, 2024 meeting of the BZAM board by video conference. I referred to this meeting in my affidavit, dated March 18, 2024, as the first BZAM board meeting I attended as I did not recall attending the February 6th meeting until I reviewed Mr. Milich's affidavit and I did not consider the January 24 meeting to be a substantial meeting of the board.

10. Mr. Milich's affidavit states that the short duration of this meeting was always contemplated, and it was adjourned and then resumed on February 12th. The fact that the February 8th meeting was scheduled to be shorter than usual and was meant to continue on February 12th was not made clear to me at the time. That fact was not communicated to me prior to or at the meeting.

11. I was not sent a copy of the minutes of this meeting attached as Exhibit “MM” to Mr. Milich’s affidavit and was not asked to approve them. The first time I saw these minutes was when I reviewed Mr. Milich’s affidavit. The minutes refer to “a memo prepared by the external advisors with advice related to a potential CCAA filing for the Board’s review.” A copy of this memo was never provided to me. In addition, I do not believe that these minutes reflect what was discussed at the February 8, 2024 board meeting, as set out in my affidavit dated March 18, 2024. My understanding was that February 8th and February 12th were two separate board meetings and I am surprised that the minutes refer to them as a single meeting.

Final Bell’s Desire to Sever Ties with FBC

12. Mr. Milich's affidavit attaches, at Exhibit “GG”, a series of emails sent by me to Final Bell’s corporate counsel, Mihai Ionescu, on December 29, 2023. At the time I sent these emails, we were anticipating that the transaction would close on the next day, December 30, 2023 (ultimately the transaction did not end up closing until January 8, 2024).

13. In these emails I stated that Final Bell has “a strong desire to sever ties with FBC, and if we refuse, we will have to incur losses that we simply cannot bear" and “I need this deal to close.” I made these statements at a time when Final Bell’s due diligence on the transaction had largely been completed and the only outstanding matter was the negotiation of the terms of the promissory note. Mr. Ionescu had just sent me his comments on a revised draft of the promissory note that had been sent to Final Bell by Mr. Milich and reflected revisions by Cortland Credit Lending Corporation (“**Cortland**”).

14. When I stated that Final Bell has “a strong desire to sever ties with FBC, and if we refuse, we will have to incur losses that we simply cannot bear", I was referring to Final Bell’s rationale for selling FBC to BZAM. At the time, FBC was a valuable business that presented significant

cash flow problems to the rest of the Final Bell group of companies due to an escalation of intercompany debts that was unsustainable. The principal reason for this was an inability of FBC to move cash outside of Canada to fund intercompany payables and thereby adequately flow earnings across the corporate group, while simultaneously necessitating cash injections into FBC to fund growth. In addition, FBC was not able to use intercompany receivables in its borrowing base calculation which limited the amount available to FBC through the credit facility FBC's affiliate had with East West Bank. The acquisition of FBC by BZAM was intended to address this issue and allow FBC to continue to grow. My reference to losses that we cannot bear is a commentary on FBC's inability to continue in its current structure given the overall cash flow situation of the Final Bell group of companies. However, my email does not suggest that Final Bell was desperate to sell FBC or engaged in anything less than a thorough due diligence process.

15. When I stated that "I need this deal to close," I was expressing frustration to Mr. Ionescu that substantive issues regarding the promissory note were still unresolved a day before the expected closing. Final Bell wanted to go ahead with the deal, and I did not want issues around the promissory note to hold it back.

Discussions about a Potential Funder

16. I completely disagree with Mr. Milich's testimony at paragraph 103 of his affidavit. He claims that he offered to speak to a possible funder of BZAM that I had been in contact with but that I never followed-up on his offer. In fact, it was Mr. Milich who was not interested in discussing alternative funders for BZAM.

17. Following the BZAM board meeting on February 8, 2024, I reached out to key cannabis industry investors to explore financing alternatives to support BZAM instead of a possible restructuring, as Mr. Milich had explained at the meeting that BZAM had a “funding gap”.

18. I spoke with Peter Lee on or around February 8, 2024. Mr. Lee is the founder and principal of Gallant Investment Partners and an alumnus of the UBC Sauder School of Business. He had previously been involved in funding exercises with Final Bell including working with me as co-leader of Final Bell's inaugural funding round of $18.7 million USD, arranging an interim loan of $10 million CAD for Final Bell, and securing a $25 million USD investment from a senior lender in Asia to replace the interim financing. Mr. Lee has considerable influence within the Canadian investment community.

19. Mr. Lee expressed interest in structuring financing for BZAM and was open to further discussions with BZAM’s senior management. I exchanged text messages with Mr. Milich on February 8, 2024 to try and arrange a call with him to discuss potential financing. In the end we agreed to meet in person as Mr. Milich expected to be travelling to Vancouver a few days after our text exchange.

20. We were only able to meet on February 14, 2024, after the February 12, 2024 board meeting where I first found out that BZAM was planning for a CCAA application. We met at Joey’s restaurant on Burrard Street in downtown Vancouver but, as discussed in more detail in my March 18, 2024 affidavit, Mr. Milich was not interested in talking with the potential investors I had been in contact with. By this time, BZAM was already moving forward with a CCAA application which made it less appealing to Mr. Lee.

SWORN by Kay Jessel located in the City of Cabo San Lucas, in the country of Mexico, before me at the City of Toronto, in the Province of Ontario, on April 1, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:
FE82A36B667C4D2...

Commissioner for Taking Affidavits
(or as may be)

BRENDAN BOHN

KAY JESSEL

This is Exhibit "1" referred to in the Affidavit of Kay Jessel sworn by Kay Jessel located in the City of Cabo San Lucas, in the country of Mexico, before me at the City of Toronto, in the Province of Ontario, on April 1, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

From: Kay Jessel
To: Kay Jessel
Subject: Budget Meeting Jan 24, 2024
Date: March-27-24 7:27:25 PM

BZAM Budget Meeting - 10AM (ET)
09:00 - 12:00
Wed, Jan 24, 2024
Microsoft Teams Meeting; Mississauga Unite Boardroom, Mississauga Unite Boardroom
Agenda and materials to follow in due course.

____
Microsoft Teams meeting
Join on your computer, mobile app or room device
Click here to join the meeting<https://teams.microsoft.com/l/meetup-join/19%3ameeting_ZDUxYzgzYzEtNGVmZC00ODkyLWI3NmQtMmU2OGUyYjc3Mjc0%40thread.v2/0?context=%7b%22Tid%22%3a%22c622eb5f-198a-4fd4-90f5-235dfa8f3f30%22%2c%22Oid%22%3a%222eca8f40-2e5d-48c2-b02c-7775d405eb63%22%7d>;
Meeting ID: 292 667 492 713
Passcode: c5fJHA
Download Teams<https://www.microsoft.com/en-us/microsoft-teams/download-app>; | Join on the web<https://www.microsoft.com/microsoft-teams/join-a-meeting>;
[https://bzam.com/img/nav__logo.jpg]
If you need immediate assistance, please contact BZAM IT at 1.866.922.2926
Learn More<https://aka.ms/JoinTeamsMeeting>; | Help<https://servicedesk.bzam.com>; | Meeting options<https://teams.microsoft.com/meetingOptions/?organizerId=2eca8f40-2e5d-48c2-b02c-7775d405eb63&tenantId=c622eb5f-198a-4fd4-90f5-235dfa8f3f30&threadId=19_meeting_ZDUxYzgzYzEtNGVmZC00ODkyLWI3NmQtMmU2OGUyYjc3Mjc0@thread.v2&messageId=0&language=en-US>;
____

Kay Jessel
604-362-5255

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

REPLY AFFIDAVIT OF KAY JESSEL

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David Ionis LSO#: 79542U
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Tel: 416 956 0117

Brendan Bohn LSO#: 81443O
bbohn@lolg.ca
Tel: 416 956 5084

Lawyers for Final Bell Holdings International Ltd.

TAB 6

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

AFFIDAVIT OF ASHLEY MCKNIGHT

I, Ashley McKnight, of the City of Oshawa, in the Regional Municipality of Durham, MAKE OATH AND SAY:

1. I am a law clerk with the law firm of Lax O'Sullivan Lisus Gottlieb LLP, lawyers for Final Bell Holdings International Ltd. ("**Final Bell**"), and, as such, have knowledge of the matters contained in this Affidavit. To the extent the evidence in this affidavit is based on information, I have stated the source of that information and believe it to be true.

2. By email sent April 16, 2024, Andrew Winton, a lawyer at Lax O'Sullivan Lisus Gottlieb LLP ("**LOLG**"), served Final Bell's Opening Statement on the Service List. A copy of Mr. Winton's email is attached as **Exhibit "A"**.

3. By email from its counsel sent April 18, 2024, BZAM Ltd. ("**BZAM**") produced further documents to Final Bell. A copy of Joseph Blinick's email and its attachments are attached as **Exhibit "B"**.

4. I am informed by David Ionis, a lawyer at LOLG, that although the letter attached to Mr. Blinick's email is dated April 17, 2024, the letter and its enclosures were not produced to Final Bell until the evening of April 18.

5. By letter from its counsel sent April 22, 2024, Final Bell requested further productions from BZAM. A copy of Mr. Winton's letter is attached as **Exhibit "C"**.

6. By emails sent April 24, 2024, BZAM and Cortland Credit Lending Corporation ("**Cortland**") served motion records and facta on the Service List for separate motions seeking security for costs from Final Bell. Attached as **Exhibit "D"** is BZAM's email. Attached as **Exhibit "E"** is Cortland's email.

7. I am informed by Mr. Ionis that counsel to BZAM and Cortland did not inform Final Bell of their intention to bring these motions before serving their records and facta on the Service List.

8. By letter from its counsel sent April 29, 2024, BZAM responded to Final Bell's request for additional documents. A copy of BZAM's letter is attached as **Exhibit "F"**, and the documents enclosed therein are attached as **Exhibit "G"**.

9. By letter from its counsel sent May 3, 2024, Final Bell wrote to BZAM and Cortland. Among other things, the letter updated Final Bell's response to BZAM's Redfern requests and informed BZAM and Cortland of its intention to no longer seek to rescind the Share Exchange Agreement dated December 5, 2023. A copy of Mr. Winton's letter dated May 3, 2024, is attached as **Exhibit "H"**, and the enclosures therein are attached as **Exhibit "I"**.

10. On May 6, 2024, Final Bell served a Further Amended Notice of Motion on the Service List. A copy of the Further Amended Notice of Motion is attached as **Exhibit "J"**.

11. A copy of Final Bell's Bill of Costs prepared in response to the motions for security for costs is attached as **Exhibit "K"**.

12. Attached as **Exhibits "L"** through **"O"** are law firm biographies for:

(a) Michael S. Shakra, a partner at Bennett Jones;

(b) Alessandro Bozzelli, a partner at Cassels;

(c) Kori Williams, a partner at Cassels; and

(d) Natalie E. Levine, a partner at Cassels.

SWORN by Ashley McKnight of the City of Oshawa, in the Regional Municipality of Durham, before me at the City of Toronto, in the Province of Ontario, on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits
(or as may be)

DAVID IONIS

ASHLEY MCKNIGHT

This is Exhibit “A” referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham,, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

From: Andrew Winton
Sent: 16 April 2024 21:23
To: zweigs@bennettjones.com; shakram@bennettjones.com; blinickj@bennettjones.com; froha@bennettjones.com; ernstj@bennettjones.com; jeffrey.rosenberg@fticonsulting.com; kamran.hamidi@fticonsulting.com; adsaran.vithiyananthan@fticonsulting.com; mkonyukhova@stikeman.com; navis@stikeman.com; pyang@stikeman.com; jbellissimo@cassels.com; nlevine@cassels.com; abozzelli@cassels.com; ngoldstein@ksvadvisory.com; harvey@chaitons.com; pat.confalone@justice.gc.ca; kelly.smithwayland@justice.gc.ca; kevin.dias@justice.gc.ca; christopher.vanberkum@justice.gc.ca; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca; pat.confalone@cra-arc.gc.ca; sandra.palma@cra-arc.gc.ca; steven.groeneveld@ontario.ca; insolvency.unit@ontario.ca; servicebc@gov.bc.ca; aglsbrevtaxinsolvency@gov.bc.ca; fin.minister@gov.sk.ca; jus.minister@gov.sk.ca; janine.vindevoghel@gov.sk.ca; jsg.servicehmk@gov.ab.ca; danielcantin@revenuquebec.ca; notif-quebec@revenuquebec.ca; cassandra.scullion@hc-sc.gc.ca; licensing-cannabis-licenses@hc-sc.gc.ca; inquiry@slga.com; jgasper@slga.com; amacfarlane@blg.com; bbrooksbank@blg.com; nhollard@blg.com; jeffrey.ring@bcldb.com; cannabis.vendor@bcldb.com; procurement@aglc.ca; craig.smitten@aglc.ca; larysa.palyniak@aglc.ca; loi-cannabis@msss.gouv.qc.ca; inquiries@osc.gov.on.ca; maya@chaitons.com; info@thecse.com; cecilia@otcmarkets.com; ralgar@bdplaw.com; customercare@johnstonequipment.com; customerexperience@cangaspropane.ca; elisabeth.patrick@bmo.com; enquiries.canada@silverchef.ca; sheryl.nisenbaum@linde.com; contactus@linde.com; lapointeclaude@live.ca; ron@auxly.com; helen.martin@organigram.ca; tjeffries@farris.com; jquick@cannapiece.ca; gwhaywood642@msn.com; fnadon@pax.com; mgunderson@pax.com; mpatag@pax.com; sally@pax.com; bcosman@perkinscoie.com; hrutledge@perkinscoie.com; rleibowitz@perkinscoie.com; jlotz@lotzandco.com
Cc: David Ionis; Brendan Bohn; Joanna Vasiliou
Subject: BZAM Ltd., Court File No. CV-24-00715773-00CL, Final Bell Opening Statement [LOLG-DMS.FID160107]
Attachments: Written Opening Statement- Claimant - Final Bell - 16-APR-2024.pdf

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To the Service List:

Please find attached and served upon you pursuant to the *Rules of Civil Procedure* and the E-Service Protocol of the Commercial List the Written Opening Statement of Final Bell Holdings International Ltd. in connection with the summary trial scheduled to be heard on April 22-23, 2024.

The attached will be uploaded to Caselines.

Regards,

Andrew Winton
Direct 416 644 5342
Cell 647 286 9001
awinton@lolg.ca

Lax O'Sullivan Lisus Gottlieb LLP
Suite 2750, 145 King St W
Toronto ON M5H 1J8 Canada
T 416 598 1744 F 416 598 3730
www.lolg.ca

Lax O'Sullivan Lisus Gottlieb

This is Exhibit "B" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

From: Joseph Blinick <BlinickJ@bennettjones.com>
Sent: 18 April 2024 17:19
To: Andrew Winton; David Ionis; Brendan Bohn
Cc: Sean Zweig; Mike Shakra; Tom Feore; Pendrith, Colin; Levine, Natalie; Maria Konyukhova; Philip Yang; Nick Avis; Jeffrey Rosenberg (jeffrey.rosenberg@fticonsulting.com); kamran.hamidi@fticonsulting.com; adsaran.vithiyananthan@fticonsulting.com
Subject: BZAM/Final | Supplementary Answers to Undertakings
Attachments: Letter to Lax, April 17, 2024.pdf

Andrew,

Please see attached.

Yours truly,

Joseph Blinick
Partner,* Bennett Jones LLP
*Denotes Professional Corporation
3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4
T. 416 777 4828 | F. 416 863 1716 | M. 416 803 7301

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Tel: 416.863.1200 Fax: 416.863.1716

Joseph Blinick
Partner
Direct Line: 416.777.4828
e-mail: blinickj@bennettjones.com

April 17, 2024

Via Email

Andrew Winton
Lax O'Sullivan Lisus Gottlieb LLP
145 King Street West
Suite 2750
Toronto, ON M5H 1J8

Andrew:

Re: Supplementary Answers to Undertakings of Sean Bovingdon

We write in connection with the answers to undertakings arising from the examination of Mr. Bovingdon we delivered on April 12, 2024.

We have discovered that two of the B300s for BZAM Management Inc. previously produced in answer to an undertaking given on Mr. Bovingdon's examination contain dates which are not reflective of the actual filing dates. We understand that the dates on the B300s previously produced for August and November, both shown as being February 12, 2024, reflect the date the CRA may have last completed their routine audit review of these filings rather than the actual date of the filings. Accordingly, we hereby supplement Mr. Bovingdon's answer to undertaking by enclosing the B300 returns for August-November 2023 indicating the actual dates of filing. As set out in the enclosed documents, the B300 for August was filed on September 25, 2023 and the B300 for November was filed on December 22, 2023. We have also enclosed screenshots from the CRA website showing the received dates of the B300s.

Yours truly,

J. Bo

Joseph Blinick

JB
Enclosures
cc: Sean Zweig, Mike Shakra and Tom Feore, Bennett Jones LLP
Colin Pendrith and Natalie Levine, Cassels Brock & Blackwell LLP
Maria Konyukhova, Nicholas Avis and Philip Yang, Stikeman Elliott LLP
Jeffrey Rosenberg, Kamran Hamidi and Adsaran Vithiyananthan, FTI Consulting Canada Inc.

B300, Cannabis Duty and Information Return

Business number
70583 6518 RD0004

Business name
BZAM MANAGEMENT INC.

Filing date
2023-09-25

inventory for unpackaged flowering material	
Opening inventory	5,811.037
Additions to inventory	
Total production	0
Quantity received in Canada	933.552
Quantity imported into Canada	0
Total additions	933.552
Reductions to inventory	
Quantity packaged	0
Quantity taken for further processing or planted	1,755.232
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Quantity taken to produce low-THC cannabis products or prescription cannabis drugs	0
Other	0
Total reductions	1,755.232
Inventory adjustments (+ or -)	0
Closing inventory	4,989.357

inventory for unpackaged non-flowering material	
Opening inventory	8.282
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity taken for further processing or planted	0
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Quantity taken to produce low-THC cannabis products or prescription cannabis drugs	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	8.282

inventory for unpackaged whole cannabis plant	
Opening inventory	0
Additions to inventory	
Quantity received in Canada	0

Quantity transferred from vegetative cannabis plant	0
Total additions	0
Reductions to inventory	
Plant harvested	0
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for unpackaged viable seed	
Opening inventory	0
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity taken for further processing or planted	0
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for unpackaged vegetative cannabis plant	
Opening inventory	0
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity destroyed	0
Quantity sent for analysis	0
Quantity transferred to whole cannabis plant	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for unpackaged pure intermediates	
Opening inventory	4,686.517
Additions to inventory	
Total production	430.767
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	430.767
Reductions to inventory	

Quantity taken for further processing or planted	122.037
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0.989
Quantity taken to produce low-THC cannabis products or prescription cannabis drugs	0
Other	0
Total reductions	123.026
Inventory adjustments (+ or -)	0
Closing inventory	4,994.258

inventory for unpackaged finished cannabis extracts	
Opening inventory	320,977,951.53
Additions to inventory	
Total production	109,406,698
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	109,406,698
Reductions to inventory	
Quantity packaged	81,413,426
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	81,413,426
Inventory adjustments (+ or -)	0
Closing inventory	348,971,223.53

inventory for unpackaged finished edible cannabis	
Opening inventory	5,673,510
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	5,673,510

inventory for unpackaged finished cannabis topicals	
Opening inventory	0
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0

Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for packaged dried/fresh cannabis	
Opening inventory	2,159.329
Additions to inventory	0
Reductions to inventory	
Quantity delivered to a purchaser in Canada	609
Quantity destroyed	0
Other	0
Total reductions	609
Inventory adjustments (+ or -)	0
Closing inventory	1,550.329

inventory for packaged cannabis plant seeds	
Opening inventory	0
Additions to inventory	0
Reductions to inventory	
Quantity delivered to a purchaser in Canada	0
Quantity destroyed	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for packaged cannabis plants	
Opening inventory	0
Additions to inventory	0
Reductions to inventory	
Quantity delivered to a purchaser in Canada	0
Quantity destroyed	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for packaged cannabis extracts	
Opening inventory	138,353,095.18
Additions to inventory	81,413,426
Reductions to inventory	
Quantity delivered to a purchaser in Canada	129,102,636
Quantity destroyed	0
Other	0
Total reductions	129,102,636
Inventory adjustments (+ or -)	0
Closing inventory	90,663,885.18

inventory for packaged edible cannabis	
Opening inventory	582,311
Additions to inventory	5,009,538
Reductions to inventory	

Quantity delivered to a purchaser in Canada	5,060,530
Quantity destroyed	0
Other	0
Total reductions	5,060,530
Inventory adjustments (+ or -)	0
Closing inventory	531,319

inventory for packaged cannabis topicals	
Opening inventory	0
Additions to inventory	0
Reductions to inventory	
Quantity delivered to a purchaser in Canada	0
Quantity destroyed	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

Stamp inventory

Type of stamp	Opening inventory	Stamps received	Stamps used for products	Unusable stamps	Inventory adjustments (+ or -)	Closing inventory
Alberta	89,985	304,000	174,900	3,848	0	215,237
British Columbia	41,757	304,000	120,138	3,603	0	222,016
Manitoba	47,100	76,000	76,897	2,210	0	43,993
New Brunswick	46,310	0	0	0	0	46,310
Newfoundland and Labrador	167,865	0	10,050	0	0	157,815
Northwest Territories	75,954	0	3,984	2	0	71,968
Nova Scotia	138,102	0	7,440	0	0	130,662
Nunavut	75,198	0	0	0	0	75,198
Ontario	246,904	304,000	310,212	3,335	75,824	313,181
Prince Edward Island	111,277	0	1,644	0	0	109,633
Quebec	227,980	0	0	0	0	227,980
Saskatchewan	111,252	76,000	46,872	1,368	0	139,012
Yukon	93,286	0	2,460	0	0	90,826

Dried/fresh cannabis

Province/territory where sale was made	Sales ($)	Sales (kg of material)	Packages Sold (#)	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	338,660.00	90.822	10,152.00	22,705.50	68,116.50	35,647.92
British Columbia	375,937.00	139.944	7,686.00	34,986.00	104,958.00	0.00
Manitoba	174,435.00	86.73	7,044.00	21,682.50	0.00	0.00
New Brunswick	0.00	0	0.00	0.00	0.00	0.00
Newfoundland and Labrador	146,355.00	37.476	4,896.00	9,369.00	28,107.00	0.00
Northwest Territories	0.00	0	0.00	0.00	0.00	0.00
Nova Scotia	0.00	0	0.00	0.00	0.00	0.00
Nunavut	0.00	0	0.00	0.00	0.00	0.00
Ontario	898,857.00	215.28	30,642.00	53,820.00	161,460.00	25,658.83
Prince Edward Island	0.00	0	0.00	0.00	0.00	0.00
Quebec	0.00	0	0.00	0.00	0.00	0.00
Saskatchewan	111,986.00	38.61	3,264.00	9,652.50	28,957.50	4,446.01
Yukon	0.00	0	0.00	0.00	0.00	0.00

Cannabis extracts

Province/territory where sale was made	Sales ($)	Sales (mg of total THC)	Packages Sold (#)	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	993,301.00	33,171,360	55,260.00	82,928.40	248,785.20	95,159.86
British Columbia	654,760.00	241	43,326.00	60,490.05	181,470.15	0.00
Manitoba	1,995.00	9,365,880	14,682.00	23,414.70	0.00	0.00
New Brunswick	0.00	0	0.00	0.00	0.00	0.00
Newfoundland and Labrador	67,458.00	2,589,000	4,950.00	6,472.50	19,417.50	0.00
Northwest Territories	0.00	0	0.00	0.00	0.00	0.00
Nova Scotia	0.00	0	0.00	0.00	0.00	0.00
Nunavut	0.00	0	0.00	0.00	0.00	0.00
Ontario	1,281,737.00	54,891,516	101,574.00	137,228.79	411,686.37	27,507.27
Prince Edward Island	0.00	0	0.00	0.00	0.00	0.00
Quebec	0.00	0	0.00	0.00	0.00	0.00
Saskatchewan	144,118.00	4,888,860	8,442.00	12,222.15	36,666.45	5,770.13
Yukon	0.00	0	0.00	0.00	0.00	0.00

Edible cannabis						
Province/territory where sale was made	**Sales ($)**	**Sales (mg of total THC)**	**Packages Sold (#)**	**Duty ($)**	**Additional duty ($)**	**Adjustment to the additional duty ($)**
Alberta	359,028.00	1,094,880	109,488.00	2,737.20	8,211.60	50,066.26
British Columbia	201,546.00	729,360	72,936.00	1,823.40	5,470.20	0.00
Manitoba	153,548.00	516,370	51,637.00	1,290.93	0.00	0.00
New Brunswick	0.00	0	0.00	0.00	0.00	0.00
Newfoundland and Labrador	15,936.00	48,000	4,800.00	120.00	360.00	0.00
Northwest Territories	0.00	0	0.00	0.00	0.00	0.00
Nova Scotia	22,990.00	74,400	7,440.00	186.00	558.00	0.00
Nunavut	0.00	0	0.00	0.00	0.00	0.00
Ontario	560,722.00	2,228,760	222,876.00	5,571.90	16,715.70	20,210.71
Prince Edward Island	4,994.00	16,440	1,644.00	41.10	123.30	0.00
Quebec	0.00	0	0.00	0.00	0.00	0.00
Saskatchewan	124,588.00	327,720	32,772.00	819.30	2,457.90	7,350.43
Yukon	8,852.00	24,600	2,460.00	61.50	184.50	0.00

Duty payable	487,623.42
Additional duty payable	1,323,705.87
Adjustment to the additional cannabis duty payable	271,817.42
Total	2,083,146.71
Refund (B301)	0.00
Net Amount	2,083,146.71

B300, Cannabis Duty and Information Return

Business number
70583 6518 RD0004

Business name
BZAM MANAGEMENT INC.

Filing date
2023-10-30

inventory for unpackaged flowering material	
Opening inventory	4,989.357
Additions to inventory	
Total production	0
Quantity received in Canada	543.889
Quantity imported into Canada	0
Total additions	543.889
Reductions to inventory	
Quantity packaged	0
Quantity taken for further processing or planted	226.148
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Quantity taken to produce low-THC cannabis products or prescription cannabis drugs	0
Other	0
Total reductions	226.148
Inventory adjustments (+ or -)	0
Closing inventory	5,307.098

inventory for unpackaged non-flowering material	
Opening inventory	8.282
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity taken for further processing or planted	0
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Quantity taken to produce low-THC cannabis products or prescription cannabis drugs	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	8.282

inventory for unpackaged whole cannabis plant	
Opening inventory	0
Additions to inventory	
Quantity received in Canada	0

Quantity transferred from vegetative cannabis plant	0
Total additions	0
Reductions to inventory	
Plant harvested	0
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for unpackaged viable seed	
Opening inventory	0
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity taken for further processing or planted	0
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for unpackaged vegetative cannabis plant	
Opening inventory	0
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity destroyed	0
Quantity sent for analysis	0
Quantity transferred to whole cannabis plant	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for unpackaged pure intermediates	
Opening inventory	4,994.258
Additions to inventory	
Total production	415.597
Quantity received in Canada	9.018
Quantity imported into Canada	0
Total additions	424.615
Reductions to inventory	

Quantity taken for further processing or planted	484.275
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	2.65
Quantity taken to produce low-THC cannabis products or prescription cannabis drugs	0
Other	0
Total reductions	486.925
Inventory adjustments (+ or -)	0
Closing inventory	4,931.948

inventory for unpackaged finished cannabis extracts	
Opening inventory	348,971,223.53
Additions to inventory	
Total production	147,365,661
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	147,365,661
Reductions to inventory	
Quantity packaged	141,355,330
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	141,355,330
Inventory adjustments (+ or -)	0
Closing inventory	354,981,554.53

inventory for unpackaged finished edible cannabis	
Opening inventory	5,673,510
Additions to inventory	
Total production	5,409,100
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	5,409,100
Reductions to inventory	
Quantity packaged	5,260,325
Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	115,861
Quantity sent for analysis	860
Other	0
Total reductions	5,377,046
Inventory adjustments (+ or -)	0
Closing inventory	5,705,564

inventory for unpackaged finished cannabis topicals	
Opening inventory	0
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0

Quantity delivered in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for packaged dried/fresh cannabis	
Opening inventory	1,550.329
Additions to inventory	0
Reductions to inventory	
Quantity delivered to a purchaser in Canada	275.352
Quantity destroyed	0
Other	0
Total reductions	275.352
Inventory adjustments (+ or -)	0
Closing inventory	1,274.977

inventory for packaged cannabis plant seeds	
Opening inventory	0
Additions to inventory	0
Reductions to inventory	
Quantity delivered to a purchaser in Canada	0
Quantity destroyed	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for packaged cannabis plants	
Opening inventory	0
Additions to inventory	0
Reductions to inventory	
Quantity delivered to a purchaser in Canada	0
Quantity destroyed	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for packaged cannabis extracts	
Opening inventory	90,663,885.18
Additions to inventory	141,355,330
Reductions to inventory	
Quantity delivered to a purchaser in Canada	105,420,065
Quantity destroyed	0
Other	0
Total reductions	105,420,065
Inventory adjustments (+ or -)	0
Closing inventory	126,599,150.18

inventory for packaged edible cannabis	
Opening inventory	531,319
Additions to inventory	4,709,225
Reductions to inventory	

Quantity delivered to a purchaser in Canada	4,191,370
Quantity destroyed	0
Other	0
Total reductions	4,191,370
Inventory adjustments (+ or -)	0
Closing inventory	1,049,174

inventory for packaged cannabis topicals	
Opening inventory	0
Additions to inventory	0
Reductions to inventory	
Quantity delivered to a purchaser in Canada	0
Quantity destroyed	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

Stamp inventory

Type of stamp	Opening inventory	Stamps received	Stamps used for products	Unusable stamps	Inventory adjustments (+ or -)	Closing inventory
Alberta	215,237	0	104,508	1,283	0	109,446
British Columbia	222,016	0	111,528	1,152	0	109,336
Manitoba	43,993	75,963	62,977	753	0	56,226
New Brunswick	46,310	0	0	0	0	46,310
Newfoundland and Labrador	157,815	0	10,651	937	0	146,227
Northwest Territories	71,968	0	0	25	0	71,943
Nova Scotia	130,662	0	13,200	0	0	117,462
Nunavut	75,198	0	0	0	0	75,198
Ontario	313,181	303,949	278,245	13,469	0	325,416
Prince Edward Island	109,633	0	4,320	0	0	105,313
Quebec	227,980	0	0	0	0	227,980
Saskatchewan	139,012	0	49,321	631	0	89,060
Yukon	90,826	0	2,676	28	0	88,122

Dried/fresh cannabis

Province/territory where sale was made	Sales ($)	Sales (kg of material)	Packages Sold (#)	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	207,445.00	63	4,908.00	15,850.50	47,551.50	20,718.46
British Columbia	147,138.00	52	3,420.00	12,936.00	38,808.00	0.00
Manitoba	127,644.00	65	4,812.00	16,218.00	0.00	0.00
New Brunswick	0.00	0	0.00	0.00	0.00	0.00
Newfoundland and Labrador	0.00	0	0.00	0.00	0.00	0.00
Northwest Territories	0.00	0	0.00	0.00	0.00	0.00
Nova Scotia	0.00	0	0.00	0.00	0.00	0.00
Nunavut	0.00	0	0.00	0.00	0.00	0.00
Ontario	321,959.00	76	13,302.00	18,889.50	56,668.50	9,248.94
Prince Edward Island	0.00	0	0.00	0.00	0.00	0.00
Quebec	0.00	0	0.00	0.00	0.00	0.00
Saskatchewan	44,880.00	17	1,008.00	4,186.50	12,559.50	1,704.71
Yukon	11,027.00	3	300.00	757.50	2,272.50	0.00

Cannabis extracts

Province/territory where sale was made	Sales ($)	Sales (mg of total THC)	Packages Sold (#)	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	280,444.32	10,198,200	15,900.00	25,495.50	76,486.50	25,669.24
British Columbia	289,087.44	10,738,860	20,112.00	26,847.15	80,541.45	0.00
Manitoba	179,436.00	8,668,140	13,104.00	21,670.35	0.00	0.00
New Brunswick	0.00	0	0.00	0.00	0.00	0.00
Newfoundland and Labrador	25,776.00	836,400	2,040.00	2,091.00	6,273.00	0.00
Northwest Territories	0.00	0	0.00	0.00	0.00	0.00
Nova Scotia	0.00	0	0.00	0.00	0.00	0.00
Nunavut	5,280.00	168,000	240.00	420.00	1,260.00	582.40
Ontario	1,570,654.80	69,376,020	111,444.00	173,440.05	520,320.15	32,915.20
Prince Edward Island	0.00	0	0.00	0.00	0.00	0.00
Quebec	0.00	0	0.00	0.00	0.00	0.00
Saskatchewan	157,679.23	5,357,645	8,165.00	13,394.11	40,182.34	6,307.78
Yukon	2,329.80	76,800	96.00	192.00	576.00	0.00

Edible cannabis

Province/territory where sale was made	Sales ($)	Sales (mg of total THC)	Packages Sold (#)	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	287,718.72	829,440	82,944.00	2,073.60	6,220.80	40,191.17
British Columbia	245,806.08	879,960	87,996.00	2,199.90	6,599.70	0.00
Manitoba	132,925.13	450,130	45,013.00	1,125.33	0.00	0.00
New Brunswick	0.00	0	0.00	0.00	0.00	0.00
Newfoundland and Labrador	17,928.00	54,000	5,400.00	135.00	405.00	0.00
Northwest Territories	0.00	0	0.00	0.00	0.00	0.00
Nova Scotia	40,837.50	132,000	13,200.00	330.00	990.00	0.00
Nunavut	0.00	0	0.00	0.00	0.00	0.00
Ontario	375,048.12	1,389,720	138,972.00	3,474.30	10,422.90	13,556.19
Prince Edward Island	15,768.00	43,200	4,320.00	108.00	324.00	0.00
Quebec	0.00	0	0.00	0.00	0.00	0.00
Saskatchewan	146,022.48	390,120	39,012.00	975.30	2,925.90	8,611.39
Yukon	8,188.80	22,800	2,280.00	57.00	171.00	0.00

Duty payable	342,866.59
Additional duty payable	911,558.74
Adjustment to the additional cannabis duty payable	159,505.48
Total	1,413,930.81
Refund (B301)	0.00
Net Amount	1,413,930.81

B300, Cannabis Duty and Information Return

Business number
70583 6518 RD0004

Business name
BZAM MANAGEMENT INC.

Filing date
2023-11-28

inventory for unpackaged flowering material	
Opening inventory	5,307.098
Additions to inventory	
Total production	0
Quantity received in Canada	383.928
Quantity imported into Canada	0
Total additions	383.928
Reductions to inventory	
Quantity packaged	17.077
Quantity taken for further processing or planted	66.341
Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0.05
Quantity taken to produce low-THC cannabis products or prescription cannabis drugs	0
Other	7.225
Total reductions	90.693
Inventory adjustments (+ or -)	0
Closing inventory	5,600.333

inventory for unpackaged non-flowering material	
Opening inventory	8.282
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity taken for further processing or planted	0
Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Quantity taken to produce low-THC cannabis products or prescription cannabis drugs	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	8.282

inventory for unpackaged whole cannabis plant	
Opening inventory	0
Additions to inventory	
Quantity received in Canada	0

Quantity transferred from vegetative cannabis plant	0
Total additions	0
Reductions to inventory	
Plant harvested	0
Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for unpackaged viable seed	
Opening inventory	0
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity taken for further processing or planted	0
Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for unpackaged vegetative cannabis plant	
Opening inventory	0
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity destroyed	0
Quantity sent for analysis	0
Quantity transferred to whole cannabis plant	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for unpackaged pure intermediates	
Opening inventory	4,931.948
Additions to inventory	
Total production	809.488
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	809.488
Reductions to inventory	

Quantity taken for further processing or planted	384.922
Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	174.929
Quantity sent for analysis	0.537
Quantity taken to produce low-THC cannabis products or prescription cannabis drugs	0
Other	52.08
Total reductions	612.468
Inventory adjustments (+ or -)	0
Closing inventory	5,128.968

inventory for unpackaged finished cannabis extracts	
Opening inventory	354,981,554.53
Additions to inventory	
Total production	93,966,527
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	93,966,527
Reductions to inventory	
Quantity packaged	101,214,945
Quantity sold in Canada	17,786,405
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	119,001,350
Inventory adjustments (+ or -)	0
Closing inventory	329,946,731.53

inventory for unpackaged finished edible cannabis	
Opening inventory	5,821,425
Additions to inventory	
Total production	3,656,054
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	3,656,054
Reductions to inventory	
Quantity packaged	5,093,142
Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	564,175
Total reductions	5,657,317
Inventory adjustments (+ or -)	0
Closing inventory	3,820,162

inventory for unpackaged finished cannabis topicals	
Opening inventory	0
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0

Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for packaged dried/fresh cannabis	
Opening inventory	1,274.977
Additions to inventory	
Quantity packaged	17.077
Quantity purchased in Canada - unstamped	0
Total additions	17.077
Reductions to inventory	
Quantity stamped and delivered to a purchaser in Canada	292
Quantity sold in Canada - unstamped	0
Quantity destroyed	0
Other	0
Total reductions	292
Inventory adjustments (+ or -)	0
Closing inventory	1,000.054

inventory for packaged cannabis plant seeds	
Opening inventory	0
Additions to inventory	
Quantity packaged	0
Quantity purchased in Canada - unstamped	0
Total additions	0
Reductions to inventory	
Quantity stamped and delivered to a purchaser in Canada	0
Quantity sold in Canada - unstamped	0
Quantity destroyed	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for packaged cannabis plants	
Opening inventory	0
Additions to inventory	
Quantity packaged	0
Quantity purchased in Canada - unstamped	0
Total additions	0
Reductions to inventory	
Quantity stamped and delivered to a purchaser in Canada	0
Quantity sold in Canada - unstamped	0
Quantity destroyed	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for packaged cannabis extracts	
Opening inventory	232,018,950.2
Additions to inventory	
Quantity packaged	101,214,945

Quantity purchased in Canada - unstamped	0
Total additions	101,214,945
Reductions to inventory	
Quantity stamped and delivered to a purchaser in Canada	105,948,060
Quantity sold in Canada - unstamped	0
Quantity destroyed	0
Other	0
Total reductions	105,948,060
Inventory adjustments (+ or -)	0
Closing inventory	227,285,835.2

inventory for packaged edible cannabis	
Opening inventory	1,049,174
Additions to inventory	
Quantity packaged	4,052,198
Quantity purchased in Canada - unstamped	0
Total additions	4,052,198
Reductions to inventory	
Quantity stamped and delivered to a purchaser in Canada	3,929,760
Quantity sold in Canada - unstamped	0
Quantity destroyed	0
Other	0
Total reductions	3,929,760
Inventory adjustments (+ or -)	0
Closing inventory	1,171,612

inventory for packaged cannabis topicals	
Opening inventory	0
Additions to inventory	
Quantity packaged	0
Quantity purchased in Canada - unstamped	0
Total additions	0
Reductions to inventory	
Quantity stamped and delivered to a purchaser in Canada	0
Quantity sold in Canada - unstamped	0
Quantity destroyed	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

Stamp inventory

Type of stamp	Opening inventory	Stamps received	Stamps used for products	Unusable stamps	Inventory adjustments (+ or -)	Closing inventory
Alberta	109,446	128,971	131,808	861	0	105,748
British Columbia	109,336	172,887	118,235	729	0	163,259
Manitoba	56,226	151,974	71,532	216	0	136,452
New Brunswick	46,310	0	0	0	0	46,310
Newfoundland and Labrador	146,227	0	5,274	161	0	140,792
Northwest Territories	71,943	0	1,152	0	0	70,791
Nova Scotia	117,462	0	18,960	88	0	98,414
Nunavut	75,198	0	0	0	0	75,198
Ontario	325,416	295,975	203,257	6,612	0	411,522
Prince Edward Island	105,313	0	1,920	0	0	103,393
Quebec	227,980	0	0	0	0	227,980
Saskatchewan	89,060	0	35,552	800	0	52,708

Yukon	88,122	0	2,322	0	0	85,800

Dried/fresh cannabis

Province/territory where sale was made	Sales ($)	Sales (kg of material)	Packages Sold (#)	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	248,347.00	66	6,858.00	16,501.50	49,504.50	26,227.16
British Columbia	173,602.00	39	6,852.00	9,717.00	29,151.00	0.00
Manitoba	65,086.00	30	3,012.00	7,549.50	0.00	0.00
New Brunswick	0.00	0	0.00	0.00	0.00	0.00
Newfoundland and Labrador	91,020.00	34	1,200.00	8,400.00	25,200.00	0.00
Northwest Territories	0.00	0	0.00	0.00	0.00	0.00
Nova Scotia	0.00	0	0.00	0.00	0.00	0.00
Nunavut	0.00	0	0.00	0.00	0.00	0.00
Ontario	579,241.00	111	16,962.00	27,873.00	83,619.00	17,557.48
Prince Edward Island	5,654.00	1	240.00	210.00	630.00	0.00
Quebec	0.00	0	0.00	0.00	0.00	0.00
Saskatchewan	26,826.00	9	960.00	2,257.50	6,772.50	1,078.30
Yukon	6,708.00	2	120.00	567.00	1,701.00	0.00

Cannabis extracts

Province/territory where sale was made	Sales ($)	Sales (mg of total THC)	Packages Sold (#)	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	768,252.48	26,441,760	46,818.00	66,104.40	198,313.20	72,469.40
British Columbia	467,591.28	18,310,800	29,052.00	45,777.00	137,331.00	0.00
Manitoba	160,082.52	7,697,760	12,048.00	19,244.40	0.00	0.00
New Brunswick	0.00	0	0.00	0.00	0.00	0.00
Newfoundland and Labrador	44,760.00	2,064,000	2,400.00	5,160.00	15,480.00	0.00
Northwest Territories	0.00	0	0.00	0.00	0.00	0.00
Nova Scotia	0.00	0	0.00	0.00	0.00	0.00
Nunavut	0.00	0	0.00	0.00	0.00	0.00
Ontario	1,108,871.64	48,218,280	76,590.00	120,545.70	361,637.10	23,523.45
Prince Edward Island	12,465.00	430,500	720.00	1,076.25	3,228.75	0.00
Quebec	0.00	0	0.00	0.00	0.00	0.00
Saskatchewan	69,079.44	2,365,680	3,996.00	5,914.20	17,742.60	2,752.24
Yukon	12,781.08	419,280	510.00	1,048.20	3,144.60	0.00

Edible cannabis

Province/territory where sale was made	Sales ($)	Sales (mg of total THC)	Packages Sold (#)	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	289,546.56	813,120	81,312.00	2,032.80	6,098.40	40,477.55
British Columbia	234,547.20	822,000	82,200.00	2,055.00	6,165.00	0.00
Manitoba	166,429.68	565,680	56,568.00	1,414.20	0.00	0.00
New Brunswick	0.00	0	0.00	0.00	0.00	0.00
Newfoundland and Labrador	0.00	0	0.00	0.00	0.00	0.00
Northwest Territories	5,058.00	11,520	1,152.00	28.80	86.40	0.00
Nova Scotia	62,546.25	189,600	18,960.00	474.00	1,422.00	0.00
Nunavut	0.00	0	0.00	0.00	0.00	0.00
Ontario	355,161.24	1,200,360	120,036.00	3,000.90	9,002.70	12,880.80
Prince Edward Island	2,707.20	9,600	960.00	24.00	72.00	0.00
Quebec	0.00	0	0.00	0.00	0.00	0.00
Saskatchewan	113,058.48	300,960	30,096.00	752.40	2,257.20	6,668.06
Yukon	6,457.68	16,920	1,692.00	42.30	126.90	0.00

Duty payable	347,770.05
Additional duty payable	958,685.85
Adjustment to the additional cannabis duty payable	203,634.44
Total	1,510,090.34
Refund (B301)	131,754.24
Net Amount	1,378,336.10

B300, Cannabis Duty and Information Return

Business number
70583 6518 RD0004

Business name
BZAM MANAGEMENT INC.

Filing date
2023-12-22

inventory for unpackaged flowering material	
Opening inventory	5,600.333
Additions to inventory	
Total production	0
Quantity received in Canada	688.03
Quantity imported into Canada	0
Total additions	688.03
Reductions to inventory	
Quantity packaged	0
Quantity taken for further processing or planted	108.78
Quantity sold in Canada	904.528
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0.411
Quantity taken to produce low-THC cannabis products or prescription cannabis drugs	0
Other	160.432
Total reductions	1,174.151
Inventory adjustments (+ or -)	0
Closing inventory	5,114.212

inventory for unpackaged non-flowering material	
Opening inventory	8.282
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity taken for further processing or planted	0
Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Quantity taken to produce low-THC cannabis products or prescription cannabis drugs	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	8.282

inventory for unpackaged whole cannabis plant	
Opening inventory	0
Additions to inventory	
Quantity received in Canada	0

Quantity transferred from vegetative cannabis plant	0
Total additions	0
Reductions to inventory	
Plant harvested	0
Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for unpackaged viable seed	
Opening inventory	0
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity taken for further processing or planted	0
Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for unpackaged vegetative cannabis plant	
Opening inventory	0
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0
Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity destroyed	0
Quantity sent for analysis	0
Quantity transferred to whole cannabis plant	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for unpackaged pure intermediates	
Opening inventory	5,128.968
Additions to inventory	
Total production	509.546
Quantity received in Canada	16.3
Quantity imported into Canada	0
Total additions	525.846
Reductions to inventory	

Quantity taken for further processing or planted	533.773
Quantity sold in Canada	433.916
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	4.788
Quantity sent for analysis	1.365
Quantity taken to produce low-THC cannabis products or prescription cannabis drugs	0
Other	0
Total reductions	973.842
Inventory adjustments (+ or -)	0
Closing inventory	4,680.972

inventory for unpackaged finished cannabis extracts	
Opening inventory	329,946,731.53
Additions to inventory	
Total production	85,098,454
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	85,098,454
Reductions to inventory	
Quantity packaged	23,320,202
Quantity sold in Canada	30,108,655
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	4,983,900
Quantity sent for analysis	0
Other	0
Total reductions	58,412,757
Inventory adjustments (+ or -)	0
Closing inventory	356,632,428.53

inventory for unpackaged finished edible cannabis	
Opening inventory	3,820,162
Additions to inventory	
Total production	4,970,379
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	4,970,379
Reductions to inventory	
Quantity packaged	3,563,823
Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	185,754
Quantity sent for analysis	0
Other	0
Total reductions	3,749,577
Inventory adjustments (+ or -)	0
Closing inventory	5,040,964

inventory for unpackaged finished cannabis topicals	
Opening inventory	0
Additions to inventory	
Total production	0
Quantity received in Canada	0
Quantity imported into Canada	0
Total additions	0
Reductions to inventory	
Quantity packaged	0

Quantity sold in Canada	0
Quantity exported outside Canada	0
Quantity incurred as drying or processing loss	0
Quantity destroyed	0
Quantity sent for analysis	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for packaged dried/fresh cannabis	
Opening inventory	1,000.054
Additions to inventory	
Quantity packaged	0
Quantity purchased in Canada - unstamped	0
Total additions	0
Reductions to inventory	
Quantity stamped and delivered to a purchaser in Canada	157
Quantity sold in Canada - unstamped	0
Quantity destroyed	0
Other	0
Total reductions	157
Inventory adjustments (+ or -)	0
Closing inventory	843.054

inventory for packaged cannabis plant seeds	
Opening inventory	0
Additions to inventory	
Quantity packaged	0
Quantity purchased in Canada - unstamped	0
Total additions	0
Reductions to inventory	
Quantity stamped and delivered to a purchaser in Canada	0
Quantity sold in Canada - unstamped	0
Quantity destroyed	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for packaged cannabis plants	
Opening inventory	0
Additions to inventory	
Quantity packaged	0
Quantity purchased in Canada - unstamped	0
Total additions	0
Reductions to inventory	
Quantity stamped and delivered to a purchaser in Canada	0
Quantity sold in Canada - unstamped	0
Quantity destroyed	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

inventory for packaged cannabis extracts	
Opening inventory	227,285,835.2
Additions to inventory	
Quantity packaged	42,119,810

Quantity purchased in Canada - unstamped	0
Total additions	42,119,810
Reductions to inventory	
Quantity stamped and delivered to a purchaser in Canada	57,597,394
Quantity sold in Canada - unstamped	0
Quantity destroyed	0
Other	4,983,900
Total reductions	62,581,294
Inventory adjustments (+ or -)	0
Closing inventory	206,824,351.2

inventory for packaged edible cannabis	
Opening inventory	1,171,612
Additions to inventory	
Quantity packaged	4,970,379
Quantity purchased in Canada - unstamped	0
Total additions	4,970,379
Reductions to inventory	
Quantity stamped and delivered to a purchaser in Canada	3,953,640
Quantity sold in Canada - unstamped	0
Quantity destroyed	0
Other	175,182
Total reductions	4,128,822
Inventory adjustments (+ or -)	0
Closing inventory	2,013,169

inventory for packaged cannabis topicals	
Opening inventory	0
Additions to inventory	
Quantity packaged	0
Quantity purchased in Canada - unstamped	0
Total additions	0
Reductions to inventory	
Quantity stamped and delivered to a purchaser in Canada	0
Quantity sold in Canada - unstamped	0
Quantity destroyed	0
Other	0
Total reductions	0
Inventory adjustments (+ or -)	0
Closing inventory	0

Stamp inventory

Type of stamp	Opening inventory	Stamps received	Stamps used for products	Unusable stamps	Inventory adjustments (+ or -)	Closing inventory
Alberta	105,748	300,000	91,344	3,723	0	310,681
British Columbia	163,259	200,000	105,792	1,127	0	256,340
Manitoba	136,452	0	78,548	2,465	0	55,439
New Brunswick	46,310	0	0	0	0	46,310
Newfoundland and Labrador	140,792	0	0	0	0	140,792
Northwest Territories	70,791	0	0	0	0	70,791
Nova Scotia	98,414	0	21,000	30	0	77,384
Nunavut	75,198	0	0	0	0	75,198
Ontario	411,522	0	144,348	3,852	0	263,322
Prince Edward Island	103,393	0	7,200	142	0	96,051
Quebec	227,980	0	0	0	0	227,980
Saskatchewan	52,708	76,000	36,638	2,989	0	89,081

Yukon	85,800	0	972	1	0	84,827

Dried/fresh cannabis						
Province/territory where sale was made	**Sales ($)**	**Sales (kg of material)**	**Packages Sold (#)**	**Duty ($)**	**Additional duty ($)**	**Adjustment to the additional duty ($)**
Alberta	218,298.72	79.04	3,744.00	19,761.00	59,283.00	20,029.79
British Columbia	132,119.28	44.18	3,756.00	11,046.00	33,138.00	0.00
Manitoba	300.00	0.08	24.00	21.00	0.00	0.00
New Brunswick	0.00	0	0.00	0.00	0.00	0.00
Newfoundland and Labrador	7,941.60	1.26	360.00	315.00	945.00	0.00
Northwest Territories	13,920.00	3.36	330.00	840.00	2,520.00	0.00
Nova Scotia	0.00	0	0.00	0.00	0.00	0.00
Nunavut	0.00	0	0.00	0.00	0.00	0.00
Ontario	131,616.12	26.58	6,108.00	6,645.00	19,935.00	3,942.65
Prince Edward Island	11,308.80	1.68	480.00	420.00	1,260.00	0.00
Quebec	0.00	0	0.00	0.00	0.00	0.00
Saskatchewan	1,620.00	0.38	108.00	94.50	283.50	75.26
Yukon	0.00	0	0.00	0.00	0.00	0.00

Cannabis extracts						
Province/territory where sale was made	**Sales ($)**	**Sales (mg of total THC)**	**Packages Sold (#)**	**Duty ($)**	**Additional duty ($)**	**Adjustment to the additional duty ($)**
Alberta	223,786.08	8,081,328	10,980.00	20,203.32	60,609.96	20,564.58
British Columbia	315,939.60	11,553,600	22,092.00	28,884.00	86,652.00	0.00
Manitoba	56,385.72	2,690,220	4,422.00	6,725.55	0.00	0.00
New Brunswick	0.00	0	0.00	0.00	0.00	0.00
Newfoundland and Labrador	33,990.00	1,356,000	1,800.00	3,390.00	10,170.00	0.00
Northwest Territories	17,040.00	579,360	696.00	1,448.40	4,345.20	0.00
Nova Scotia	0.00	0	0.00	0.00	0.00	0.00
Nunavut	0.00	0	0.00	0.00	0.00	0.00
Ontario	765,892.12	29,434,366	44,177.00	73,585.92	220,757.75	17,700.09
Prince Edward Island	4,528.80	168,000	240.00	420.00	1,260.00	0.00
Quebec	0.00	0	0.00	0.00	0.00	0.00
Saskatchewan	107,258.16	3,734,520	5,214.00	9,336.30	28,008.90	4,236.15
Yukon	0.00	0	0.00	0.00	0.00	0.00

Edible cannabis						
Province/territory where sale was made	**Sales ($)**	**Sales (mg of total THC)**	**Packages Sold (#)**	**Duty ($)**	**Additional duty ($)**	**Adjustment to the additional duty ($)**
Alberta	288,771.84	826,560	82,656.00	2,066.40	6,199.20	40,346.79
British Columbia	248,403.60	889,200	88,920.00	2,223.00	6,669.00	0.00
Manitoba	198,972.12	674,520	67,452.00	1,686.30	0.00	0.00
New Brunswick	0.00	0	0.00	0.00	0.00	0.00
Newfoundland and Labrador	3,984.00	12,000	1,200.00	30.00	90.00	0.00
Northwest Territories	0.00	0	0.00	0.00	0.00	0.00
Nova Scotia	15,960.00	60,000	6,000.00	150.00	450.00	0.00
Nunavut	0.00	0	0.00	0.00	0.00	0.00
Ontario	304,191.00	1,102,440	110,244.00	2,756.10	8,268.30	11,004.33
Prince Edward Island	20,485.20	69,600	6,960.00	174.00	522.00	0.00
Quebec	0.00	0	0.00	0.00	0.00	0.00
Saskatchewan	117,078.48	309,600	30,960.00	774.00	2,322.00	6,906.41
Yukon	3,474.48	9,720	972.00	24.30	72.90	0.00

Duty payable	193,020.09
Additional duty payable	553,761.71
Adjustment to the additional cannabis duty payable	124,806.05
Total	871,587.85
Refund (B301)	62,724.43
Net Amount	808,863.42

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My Business Account

View a B300, Cannabis Duty and Information Return

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Business number:	70583 6518 RD0004
Business name:	BZAM MANAGEMENT INC.
Period covered :	2023-08-31
Received Date :	2023-09-25

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My Business Account

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Business number:	70583 6518 RD0004
Business name:	BZAM MANAGEMENT INC.
Period covered :	2023-09-30
Received Date :	2023-10-30

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My Business Account

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Business number:	70583 6518 RD0004
Business name:	BZAM MANAGEMENT INC.
Period covered :	2023-10-31
Received Date :	2023-11-28

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Canada Revenue Agency

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My Business Account

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Business number:	70583 6518 RD0004
Business name:	BZAM MANAGEMENT INC.
Period covered :	2023-11-30
Received Date :	2023-12-22

This is Exhibit "C" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Andrew Winton
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Lax O'Sullivan Lisus Gottlieb

April 22, 2024

BY EMAIL

Joseph Blinick
Bennett Jones LLP
Barristers and Solicitors
1 First Canadian Place, Suite 3400
P.O. Box 130
Toronto ON M5X 1A4

Dear Mr. Blinick:

Additional Excise Tax Documents from BZAM

Further to Justice Osborne's endorsement and direction dated April 19, 2024, Final Bell International Holdings Ltd. requires your clients to delivery the following documents forthwith:

1. All correspondence between BZAM, or its representatives, and Canada Revenue Agency ("CRA"), for the period spanning July 1, 2023 through February 27, 2024, including, but not limited to, correspondence within BZAM summarizing oral conversations with CRA;

2. All general ledger and journal entries concerning excise tax liabilities, including entries capturing excise tax payable and payments to CRA on account of excise taxes, for the period spanning April 1, 2023 through February 27, 2024;

3. All bank records recording payments to CRA on account of excise taxes payable for the period spanning July 1, 2023 through February 27, 2024;

4. All B300 forms for BZAM Management Inc. ("BMI") for the period spanning April 1, 2023 through February 27, 2024, including forms that are "refiled" for any reason;

5. All documents relevant to any audits of BMI's excise tax filings for the period spanning August-November 2023;

6. Printouts from BMI’s CRA account for the period spanning July 1, 2023 through February 27, 2024 showing all excise tax form filings and payments during this period, including an updated “View and pay account balance” printout for the period spanning June 2023 to the present;
7. All correspondence within BZAM, including, if available, with its auditors, concerning excise taxes payable for the period spanning August 1, 2023 through February 27, 2024;
8. Monthly *pro forma* financial statements for BMI on a standalone basis, and for BZAM on a consolidated basis, for the period spanning August 2023 through February 2024;
9. General ledger entries for accrued liabilities and accounts payable for BMI for the period spanning July 1, 2023 through February 27, 2024;
10. All correspondence between BZAM and Cortland, or their respective representatives, sent or received between July 1, 2023 and February 27, 2024, concerning excise taxes; and
11. All correspondence between BZAM and Stone Pine, or its affiliates, or their respective representatives, sent or received between July 1, 2023 and February 27, 2024 concerning excise taxes.

We require original digital versions of these documents with metadata intact. Following receipt and review of these documents, we will be in touch to schedule an examination for discovery of Mr. Bovingdon for up to two hours. Given the manner in which BZAM has disclosed documents to Final Bell concerning the excise tax issue, we do not agree that Final Bell should be restricted to an examination of Mr. Bovingdon as a witness on a pending motion.

Yours truly,

Andrew Winton

cc: Brendan Bohn / David Ionis, *Lax O’Sullivan Lisus Gottlieb LLP*
Mike Shakra / Tom Feore, *Bennett Jones LLP*
Colin Pendrith / Natalie E. Levine / Jonathan Shepherd, *Cassels Brock & Blackwell LLP*
Maria Konyukhova / Nick Avis, *Stikeman Elliott LLP*

This is Exhibit "D" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

From:	Tom Feore <FeoreT@bennettjones.com>
Sent:	24 April 2024 11:09
To:	PYang@stikeman.com; Andrew Froh; Jamie Ernst; jeffrey.rosenberg@fticonsulting.com; kamran.hamidi@fticonsulting.com; adsaran.vithiyananthan@fticonsulting.com; MKonyukhova@stikeman.com; NAvis@stikeman.com; Joseph; Levine, Natalie; Pendrith, Colin; abozzelli@cassels.com; ngoldstein@ksvadvisory.com; harvey@chaitons.com; pat.confalone@justice.gc.ca; kelly.smithwayland@justice.gc.ca; kevin.dias@justice.gc.ca; christopher.vanberkum@justice.gc.ca; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca; pat.confalone@cra-arc.gc.ca; sandra.palma@cra-arc.gc.ca; steven.groeneveld@ontario.ca; insolvency.unit@ontario.ca; servicebc@gov.bc.ca; aglsbrevtaxinsolvency@gov.bc.ca; fin.minister@gov.sk.ca; jus.minister@gov.sk.ca; janine.vindevoghel@gov.sk.ca; jsg.servicehmk@gov.ab.ca; danielcantin@revenuquebec.ca; notif-quebec@revenuquebec.ca; cassandra.scullion@hc-sc.gc.ca; licensing-cannabis-licenses@hc-sc.gc.ca; inquiry@slga.com; jgasper@slga.com; amacfarlane@blg.com; bbrooksbank@blg.com; nhollard@blg.com; jeffrey.ring@bcldb.com; cannabis.vendor@bcldb.com; procurement@aglc.ca; craig.smitten@aglc.ca; larysa.palyniak@aglc.ca; loi-cannabis@msss.gouv.qc.ca; inquiries@osc.gov.on.ca; maya@chaitons.com; info@thecse.com; cecilia@otcmarkets.com; ralgar@bdplaw.com; customercare@johnstonequipment.com; customerexperience@cangaspropane.ca; elisabeth.patrick@bmo.com; enquiries.canada@silverchef.ca; sheryl.nisenbaum@linde.com; contactus@linde.com; Andrew Winton; Brendan Bohn; David Ionis; lapointeclaude@live.ca; ron@auxly.com; helen.martin@organigram.ca; tjeffries@farris.com; jquick@cannapiece.ca; gwhaywood642@msn.com; fnadon@pax.com; mgunderson@pax.com; mpatag@pax.com; sally@pax.com; bcosman@perkinscoie.com; hrutledge@perkinscoie.com; rleibowitz@perkinscoie.com; jlotz@lotzandco.com
Cc:	Sean Zweig; Mike Shakra; Joseph Blinick; Tom Feore
Subject:	Re BZAM Ltd. et al. (Court File No.: CV-24-00715773-00CL) [BJ-WSLegal.FID6404647]
Attachments:	Factum of BZAM Ltd. (Motion for Security for Costs) - Moving Party - 24 APR 2024.pdf; Motion Record of BZAM Ltd. (Security for Costs) - Moving Party - 24 APR 2024.PDF

To the Service List:

Attached please find BZAM Ltd.'s materials for its motion seeking security for costs from Final Bell Holdings International Ltd., which is hereby served pursuant to the *Rules of Civil Procedure* and the E-Service Protocol.

Yours truly,

Tom Feore
Associate, Bennett Jones LLP
3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4
T. 416 777 7905 | F. 416 863 1716

BennettJones.com

Bennett Jones

This is Exhibit "E" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

From:	Pendrith, Colin <cpendrith@cassels.com>
Sent:	24 April 2024 17:56
To:	Tom Feore; PYang@stikeman.com; Andrew Froh; Jamie Ernst; jeffrey.rosenberg@fticonsulting.com; kamran.hamidi@fticonsulting.com; adsaran.vithiyananthan@fticonsulting.com; MKonyukhova@stikeman.com; NAvis@stikeman.com; Bellissimo, Joseph; Levine, Natalie; Bozzelli, Alessandro; ngoldstein@ksvadvisory.com; harvey@chaitons.com; pat.confalone@justice.gc.ca; kelly.smithwayland@justice.gc.ca; kevin.dias@justice.gc.ca; christopher.vanberkum@justice.gc.ca; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca; pat.confalone@cra-arc.gc.ca; sandra.palma@cra-arc.gc.ca; steven.groeneveld@ontario.ca; insolvency.unit@ontario.ca; servicebc@gov.bc.ca; aglsbrevtaxinsolvency@gov.bc.ca; fin.minister@gov.sk.ca; jus.minister@gov.sk.ca; janine.vindevoghel@gov.sk.ca; jsg.servicehmk@gov.ab.ca; danielcantin@revenuquebec.ca; notif-quebec@revenuquebec.ca; cassandra.scullion@hc-sc.gc.ca; licensing-cannabis-licenses@hc-sc.gc.ca; inquiry@slga.com; jgasper@slga.com; amacfarlane@blg.com; bbrooksbank@blg.com; nhollard@blg.com; jeffrey.ring@bcldb.com; cannabis.vendor@bcldb.com; procurement@aglc.ca; craig.smitten@aglc.ca; larysa.palyniak@aglc.ca; loi-cannabis@msss.gouv.qc.ca; inquiries@osc.gov.on.ca; maya@chaitons.com; info@thecse.com; cecilia@otcmarkets.com; ralgar@bdplaw.com; customercare@johnstonequipment.com; customerexperience@cangaspropane.ca; elisabeth.patrick@bmo.com; enquiries.canada@silverchef.ca; sheryl.nisenbaum@linde.com; contactus@linde.com; Andrew Winton; Brendan Bohn; David Ionis; lapointeclaude@live.ca; ron@auxly.com; helen.martin@organigram.ca; tjeffries@farris.com; jquick@cannapiece.ca; gwhaywood642@msn.com; fnadon@pax.com; mgunderson@pax.com; mpatag@pax.com; sally@pax.com; bcosman@perkinscoie.com; hrutledge@perkinscoie.com; rleibowitz@perkinscoie.com; jlotz@lotzandco.com
Cc:	Sean Zweig; Mike Shakra; Joseph Blinick; Shepherd, Jonathan
Subject:	RE: Re BZAM Ltd. et al. (Court File No.: CV-24-00715773-00CL) [BJ-WSLegal.FID6404647] [IWOV-LEGAL.FID4772116]
Attachments:	Motion Record-Motion for Security for Costs-Moving Party-Cortland-24-APRL-2024.pdf; Factum-Moving Party-Cortland-24-APRL-2024.pdf

To the Service List:

We attach Cortland's motion record and factum seeking security for costs from Final Bell Holdings International Ltd. which is served in accordance with the Rules.

Regards,
Colin

Cassels

Colin Pendrith *(he/him/his)*
Partner
t: +1 416 860 6765
e: cpendrith@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3200, Bay Adelaide Centre – North Tower
40 Temperance St.
Toronto, ON M5H 0B4 Canada

From: Tom Feore
Sent: Wednesday, April 24, 2024 11:09 AM
To: PYang@stikeman.com; Andrew Froh ; Jamie Ernst ; jeffrey.rosenberg@fticonsulting.com; kamran.hamidi@fticonsulting.com; adsaran.vithiyananthan@fticonsulting.com; MKonyukhova@stikeman.com; NAvis@stikeman.com; Bellissimo, Joseph ; Levine, Natalie ; Pendrith, Colin ; Bozzelli, Alessandro ; ngoldstein@ksvadvisory.com; harvey@chaitons.com; pat.confalone@justice.gc.ca; kelly.smithwayland@justice.gc.ca;

kevin.dias@justice.gc.ca; christopher.vanberkum@justice.gc.ca; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca; pat.confalone@cra-arc.gc.ca; sandra.palma@cra-arc.gc.ca; steven.groeneveld@ontario.ca; insolvency.unit@ontario.ca; servicebc@gov.bc.ca; aglsbrevtaxinsolvency@gov.bc.ca; fin.minister@gov.sk.ca; jus.minister@gov.sk.ca; janine.vindevoghel@gov.sk.ca; jsg.servicehmk@gov.ab.ca; danielcantin@revenuquebec.ca; notif-quebec@revenuquebec.ca; cassandra.scullion@hc-sc.gc.ca; licensing-cannabis-licenses@hc-sc.gc.ca; inquiry@slga.com; jgasper@slga.com; amacfarlane@blg.com; bbrooksbank@blg.com; nhollard@blg.com; jeffrey.ring@bcldb.com; cannabis.vendor@bcldb.com; procurement@aglc.ca; craig.smitten@aglc.ca; larysa.palyniak@aglc.ca; loi-cannabis@msss.gouv.qc.ca; inquiries@osc.gov.on.ca; maya@chaitons.com; info@thecse.com; cecilia@otcmarkets.com; ralgar@bdplaw.com; customercare@johnstonequipment.com; customerexperience@cangaspropane.ca; elisabeth.patrick@bmo.com; enquiries.canada@silverchef.ca; sheryl.nisenbaum@linde.com; contactus@linde.com; awinton@lolg.ca; bbohn@lolg.ca; dionis@lolg.ca; lapointeclaude@live.ca; ron@auxly.com; helen.martin@organigram.ca; tjeffries@farris.com; jquick@cannapiece.ca; gwhaywood642@msn.com; fnadon@pax.com; mgunderson@pax.com; mpatag@pax.com; sally@pax.com; bcosman@perkinscoie.com; hrutledge@perkinscoie.com; rleibowitz@perkinscoie.com; jlotz@lotzandco.com
Cc: Sean Zweig ; Mike Shakra ; Joseph Blinick ; Tom Feore
Subject: Re BZAM Ltd. et al. (Court File No.: CV-24-00715773-00CL) [BJ-WSLegal.FID6404647]

CAUTION: External Email

To the Service List:

Attached please find BZAM Ltd.'s materials for its motion seeking security for costs from Final Bell Holdings International Ltd., which is hereby served pursuant to the *Rules of Civil Procedure* and the E-Service Protocol.

Yours truly,

Tom Feore
Associate, Bennett Jones LLP
3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4
T. 416 777 7905 | F. 416 863 1716

BennettJones.com

Bennett Jones

This is Exhibit "F" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

____
Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Bennett Jones

Bennett Jones LLP
3400 One First Canadian Place, PO Box 130
Toronto, Ontario, Canada M5X 1A4
Tel: 416.863.1200 Fax: 416.863.1716

Joseph Blinick
Partner
Direct Line: 416.777.4828
e-mail: blinickj@bennettjones.com

April 29, 2024

Via Email

Andrew Winton
Lax O'Sullivan Lisus Gottlieb LLP
145 King Street West
Suite 2750
Toronto, ON M5H 1J8

Andrew:

Re: Supplementary Productions of BZAM

We write further to the adjournment of the hearing, which was obtained by Final Bell at its insistence, and over the objection of all other parties, on the basis that Final Bell needed to seek additional documentary productions concerning the issue of the B300 filings of BZAM Management Inc. ("**BMI**") for August-November 2023 (the "**Relevant Time Period**") and conduct a further examination of Sean Bovingdon with respect to this specific subject-matter.

Basis for the Adjournment

As you know, the hearing of Final Bell's claim for rescission was returnable on April 22 and 23, 2024, and the parties diligently complied with all steps under the agreed upon timetable in the lead up to the hearing and were ready to proceed on the scheduled dates.

We note that on April 12, 2024, at a case conference at which Final Bell strongly opposed any further evidence being adduced by the Monitor, Final Bell represented to the Court that the evidentiary record was robust and complete, subject only to the completion of in-court examinations of certain witnesses.[1] In Final Bell's Aide Memoire filed on that case conference, it took the position that "the pre-hearing evidence is sufficiently developed such that only limited in-court evidence is now required. The evidentiary record is now substantially formed. The affidavits (with exhibits) comprise almost 1,500

[1] As the Court noted in its endorsement dated April 12, 2024: "*Final Bell strongly opposes the Monitor adducing or obtaining any additional evidence. The Applicants take no position, and nor does the secured lender, Cortland. The parties have exchanged six affidavits that will constitute the evidence in chief. Cross examinations have been conducted with the result that, as directed, the viva voce evidence to be led at the hearing will be very limited. In short, the evidentiary record is relatively mature, subject to the additional evidence to be led at the trial of the issue*."

pages. The cross-examination transcripts comprise approximately 450 pages, plus exhibits…Cross-examinations – which are different from examinations from discovery – were conducted with care and precision."

We also note that it was the supplemental production of just four additional versions of the B300s for BMI for the Relevant Time Period that were originally produced on April 12, 2024 by way of answer to a question taken under advisement on Mr. Bovingdon's examination conducted on April 8, 2024, that resulted in Final Bell seeking, and obtaining, the adjournment of the hearing on April 19, 2024.[2] In Final Bell's Aide Memoire seeking the adjournment of the hearing, it noted that it wished to conduct "*limited* documentary and oral discovery" with respect to the additional versions of BMI's B300s for the Relevant Time Period produced on April 18. As Final Bell further asserted in its Aide Memoire, "[t]he circumstances of BZAM's filing of its B300 forms and payment of its excise taxes for the period spanning August through November 2023 [i.e. the Relevant Time Period] is a core issue" in the litigation.

<u>Supplementary Productions and Potential Continued Out-of-Court Examination of Mr. Bovingdon</u>

We have reviewed and considered Final Bell's document request letter dated April 22, 2024, which requests an excessively broad scope of documents, many of which have no connection to BMI's B300s for the Relevant Time Period or to excise tax at all. Accordingly, we have disregarded those requests which are a clear overreach.

We have enclosed BZAM's supplementary productions concerning BMI's B300s for the Relevant Time Period and matters relating thereto. Given that your client's Chief Financial Officer, Keith Adams, acknowledged under oath while being cross-examined that he has no knowledge of how the excise tax regime in Canada works (see, *e.g.*, Q/As. 684-685 and 714-716 of his cross-examination transcript),[3] we have also set out below a detailed explanation for the enclosed documents with a view to: (i) helping clarify the circumstances relating to BMI's B300s, (ii) avoiding further tactical delays by Final Bell in having the matter adjudicated on the merits, and (iii) reducing the additional costs and prejudice that would be occasioned by any such further delays, which would only serve to further

---

[2] The supplemental production of the additional versions of the B300s for BMI for the Relevant Time Period taken from the CRA portal simply illustrated the difference between the filing date and the CRA review date for the B300s for August and November 2023.

[3] **Q.** You believe that what you have said here [at paragraph 32 of Mr. Adams' affidavit sworn March 18, 2024] might be mistaken? **A.** Mm-hmm. **Q.** And so that your entire understanding of how excise tax works might be misguided in some respect? **A.** I wouldn't say misguided. I might not be fully informed. […] **Q.** Again, you have no knowledge of what a B300 is? **A.** I do not. **Q.** You have no knowledge of -- firsthand knowledge of how the excise tax regime up here in Canada works? **A.** I do not. **Q.** Might that be important information to have before alleging fraud as against a party? **MR. WINTON**: That's fine. **THE WITNESS**: It is not.

compound the harm and prejudice that has already been caused by Final Bell's adjournment of the matter.

Both we and Mr. Bovingdon will make ourselves available at the earliest possible date for any further limited examination that Final Bell may wish to conduct concerning this subject matter. To the extent that Final Bell intends to continue its examination of Mr. Bovingdon, please provide us with your availability as soon as possible so we may schedule the examination for the earliest available date. As previously advised, our position is that any such examination should be a continued Rule 39.03 examination, consistent with the process the parties agreed upon and have followed throughout, including so that the entire transcript of Mr. Bovingdon's examination will be before the Court at the return of the hearing. Should Final Bell continue to insist that any further out-of-court examination should be an examination for discovery – which is entirely inconsistent with the process the parties designed, agreed upon and have followed throughout – we would be pleased to discuss why, in our view, that would be wholly inappropriate, procedurally unfair and not something that would best serve the Court's fact-finding function.

The B300s – Tab 1

At Tab 1, you will find all of the B300s (Cannabis Duty and Information Returns under *Excise Act, 2001*) for the Relevant Time Period, plus additional B300s concerning the time period immediately preceding and following the Relevant Time Period (i.e. July 2023 and December 2023-January 2024). This includes all of the B300s for this time period, including (i) the B300s as originally filed by BMI, (ii) the B300s as subsequently amended by BMI (to the extent applicable) and (iii) the B300s as subsequently reviewed by the CRA (to the extent applicable). We have also enclosed at Tab 1 the print-outs of the CRA webpage setting out the monthly account activity with respect to the B300s for this time period. For ease of reference, the below chart summarizes the relevant information with respect to the documentation enclosed at Tab 1:

B300 Return Period	Filed	Updated/Amended (if applicable)	CRA Reviewed (if applicable)
Jul-23	8/31/2023		
Aug-23	9/12/2023	9/25/2023	2/12/2024
Sep-23	10/30/2023		2/26/2024
Oct-23	11/28/2023		2/26/2024
Nov-23	12/22/2023		2/12/2024
Dec-23	1/25/2024		
Jan-24	2/28/2024		

As should be apparent from both the documents enclosed at Tab 1 and the above chart summarizing the documents with respect to BMI's B300s, all of the B300s were filed with the CRA on time.

As it relates to the B300s for August and November 2023 in particular (which are the two B300s that prompted the adjournment), the enclosed supplementary documentation clearly contradicts the assertion made in Final Bell's opening statement that BMI "failed to file its B300 excise tax returns for August and November 2023 within the time required and was therefore not current with its excise tax filings".

The B301s (Refund Credits) – Tab 2

In addition to B300s, BMI (like all cannabis companies) also from time-to-time filed B301s (Applications for a Refund of Cannabis Duty under the *Excise Act, 2001*), typically if inventory for which a B300 had been filed had been destroyed, such that excise tax should not have been paid or be payable with respect to that inventory. Enclosed at Tab 2 are all of BMI's relevant B301 filings, which resulted in refund credits being issued to BMI starting in September 2023. For ease of reference, the below chart summarizes the relevant information with respect to the documentation enclosed at Tab 2:

B300 Return Period	**B301 Refund Credit Date**	**Refund Credit Amount**
Feb-22	1/31/2024	27,830.94
Mar-22	1/31/2024	303,061.12
Apr-22	1/31/2024	155,649.47
May-22	1/31/2024	17,955.63
Jun-22	1/31/2024	15,820.00
Jul-22	1/31/2024	77,468.38
Aug-22	1/31/2024	17,955.63
Dec-22	1/31/2024	114,529.04
Mar-23	9/13/2023	382,062.50
Jun-23	9/13/2023	259,424.37
Aug-23	9/13/2023	208,729.89
Sep-23	11/1/2023	140,493.12
Oct-23	11/28/2023	131,754.24
Total Refund Credits:		1,852,734.33

As should be apparent from the documents enclosed at Tab 2 and summarized in the chart above, BMI received substantial refund credits for excise tax paid/payable in both 2022 (which credits were applied by the CRA in January 2024) and 2023 (which credits were applied by the CRA in September and November 2023 for prior return periods).

Correspondence with BZAM and the CRA – Tab 3

Enclosed at Tab 3 is additional relevant correspondence with the CRA dated February 15, 2024 concerning BMI's excise taxes for the Relevant Time Period that was not previously requested by Final Bell and therefore not previously produced by BZAM. According to the enclosed letter from the CRA dated February 15, 2024, BMI's outstanding excise tax liabilities as at that date amounted to $3,841,933.

Payment Documentation for BMI's B300s for the Relevant Time Period – Tab 4

Enclosed at Tab 4 is documentation comprised of BMI bank statements for July 2023 – January 2024 (with redactions for matters unrelated to excise tax payments) evidencing the payments made to the CRA in respect of BMI's B300s. These documents confirm that all of BMI's excise taxes for the Relevant Time Period were paid.

Final Bell's Representation to the Court Concerning What was Requested

We would be remiss if we did not address the representation made to the Court on April 19, 2024 with regard to BZAM's documentary productions. At no point prior to Final Bell seeking an adjournment of the hearing did you so much as suggest that BZAM's productions were in any way incomplete. Rather, as set out above, you specifically represented to the Court on April 12, 2024 that the evidentiary record was robust and complete, subject only to the completion of in-court examinations of certain witnesses. Accordingly, we were surprised that you suggested otherwise to the Court when seeking an adjournment of this matter. We are of the view that this may have improperly influenced the Court's reluctant granting of the adjournment. We trust that, going forward, you will refrain from inaccurately characterizing the facts or the procedural history relating to this matter.

Next Steps

The enclosed supplementary productions fully address the issue concerning BMI's B300s for the Relevant Time Period, which prompted the adjournment. We trust Final Bell will now proceed with having all of the issues in dispute between the parties determined by the Court on the merits and not attempt to use these supplementary productions as a springboard to further delay the process, drive-up costs even further, or again purport to expand or change the scope of the agreed-upon process even further.

As noted toward the outset of this letter, we and Mr. Bovingdon are available for a further out-of-court examination at any time to the extent Final Bell wishes to ask any questions about BMI's B300s for the Relevant Time Period or matters relating thereto. While we do not believe a further examination should be necessary in the circumstances, we look forward to hearing from you in this regard and to getting this matter back on track for timely adjudication.

Finally, we have still not heard from you regarding Final Bell's proposed timing for delivering its responding materials on the motions for security for costs. Despite having been served with our motion materials on the morning of Wednesday, April 24, Justice Osborne having directed the parties to agree to a timetable for the motions on Thursday, April 25 despite your insistence that timetabling be deferred, and us having followed up on multiple occasions asking when you intend to deliver Final Bell's responding materials, you have maintained your refusal to commit to a date for delivering Final Bell's responding materials and instead maintained, inconsistent with what the Court directed, that Final Bell cannot propose a date until the record for the rescission claim is complete. As we would prefer to set a timetable amongst ourselves without the need to involve the Court, we ask again that you please advise as to when you will be in a position to deliver Final Bell's responding materials so that we can settle a timetable and get the motions fully briefed and adjudicated at the earliest opportunity.

Yours truly,

J. Bo

Joseph Blinick

JB
Enclosures
cc: Sean Zweig, Mike Shakra and Tom Feore, Bennett Jones LLP
Colin Pendrith, Natalie Levine and Jonathan Shepperd, Cassels Brock & Blackwell LLP
Maria Konyukhova, Nicholas Avis and Philip Yang, Stikeman Elliott LLP
Jeffrey Rosenberg, Kamran Hamidi and Adsaran Vithiyananthan, FTI Consulting Canada Inc.

This is Exhibit "G" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Government of Canada Gouvernement du Canada

Canada Revenue Agency

Account activities — excise duty

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-07-31

Fields marked with an asterisk (*) are required.

Select an assessment type

All

*** Start date (YYYY-MM-DD)**

2023-07-01

*** End date (YYYY-MM-DD)**

2023-07-31

Search

Filter items Showing 1 to 2 of 2 entries**Show** 10 **entries**

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

Assessment type	Version type	Period end date	Status	Amount total ($)

Assessment type	Version type	Period end date	Status	Amount total ($)
Refund	Corrected	2023-08-31	Assessed	-$208,729.89
Return	Received	2023-07-31	Assessed	$1,598,438.48

Previous

Screen ID: B-RD-VR-01

Date modified: 2021-06-29

Government of Canada Gouvernement du Canada

Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-07-31

Received Date :
2023-08-31

Unpackaged product inventory

Finished cannabis extracts

Inventory	Quantity
Opening inventory	276,541,779.53
Total additions	101,243,959
Total reductions	56,807,787
Adjustments (+ or -)	0
Closing inventory	320,977,951.53

Finished edible cannabis

Inventory	Quantity

Inventory	Quantity
Opening inventory	4,269,019
Total additions	3,487,658
Total reductions	2,083,167
Adjustments (+ or -)	0
Closing inventory	5,673,510

Flowering material

Inventory	Quantity
Opening inventory	6,904.188
Total additions	824.967
Total reductions	1,918.118
Adjustments (+ or -)	0
Closing inventory	5,811.037

Non-Flowering material

Inventory	Quantity
Opening inventory	8.282
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	8.282

Pure intermediates

Inventory	Quantity

Inventory	Quantity
Opening inventory	4,367.456
Total additions	454.399
Total reductions	135.338
Adjustments (+ or -)	0
Closing inventory	4,686.517

Packaged product inventory

Dried/fresh cannabis

Inventory	Quantity
Opening inventory	2,585.627
Total additions	0
Total reductions	426.298
Adjustments (+ or -)	0
Closing inventory	2,159.329

Cannabis extracts

Inventory	Quantity
Opening inventory	179,576,598.81
Total additions	56,807,787
Total reductions	98,031,291
Adjustments (+ or -)	0
Closing inventory	138,353,094.81

Edible cannabis

Inventory	Quantity
Opening inventory	1,257,110
Total additions	2,082,009
Total reductions	2,756,808
Adjustments (+ or -)	0
Closing inventory	582,311

Stamp inventory

Jurisdiction	Closing inventory
Alberta	89,985
British Columbia	41,757
Manitoba	47,100
New Brunswick	46,310
Newfoundland and Labrador	167,865
Northwest Territories	75,954
Nova Scotia	138,102
Nunavut	75,198
Ontario	246,904
Prince Edward Island	111,277
Quebec	227,980
Saskatchewan	111,252
Yukon	93,286

Sales and duties

Dried/fresh cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	32,953.50	98,860.50	43,923.32
British Columbia	21,210.00	63,630.00	0.00
Manitoba	14,301.00	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	0.00	0.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	29,952.00	89,856.00	18,036.75
Prince Edward Island	4,578.00	13,734.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	6,252.00	18,756.00	3,183.84
Yukon	0.00	0.00	0.00

Edible cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	3,415.80	10,247.40	66,566.32
British Columbia	1,601.40	4,804.20	0.00
Manitoba	452.70	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	0.00	0.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	93.00	279.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	1,563.60	4,690.80	5,654.85
Prince Edward Island	4.50	13.50	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	429.60	1,288.80	3,872.06
Yukon	0.00	0.00	0.00

Cannabis extracts

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	74,431.20	223,293.60	80,092.75
British Columbia	11,898.60	35,695.80	0.00
Manitoba	16,881.00	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	0.00	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	133,179.84	399,539.52	22,806.27
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	8,169.15	24,507.45	3,738.86
Yukon	0.00	0.00	0.00

Duty payable :	$361,366.89
Additional Duty Payable :	$989,196.57
Adjustment to the additional duty payable :	$247,875.02
Total amount payable :	**$1,598,438.48**

Screen ID: B-VR-B300-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

Account activities — excise duty

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-08-31

Fields marked with an asterisk (*) are required.

Select an assessment type

All

*** Start date (YYYY-MM-DD)**

2023-08-01

*** End date (YYYY-MM-DD)**

2023-08-31

Search

Filter items Showing 1 to 4 of 4 entries**Show** 10 **entries**

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

Assessment type	Version type	Period end date	Status	Amount total ($)
Return	Received	2023-08-31	Replaced	$2,083,146.71

Assessment type	Version type	Period end date	Status	Amount total ($)
Return	Received - Amended	2023-08-31	Replaced	$2,083,146.71
Return	Received - Amended	2023-08-31	Assessed	$2,083,146.71
Refund	Corrected	2023-08-31	Assessed	-$208,729.89

Previous

Screen ID: B-RD-VR-01

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-08-31

Received Date :
2023-09-12

Unpackaged product inventory

Finished cannabis extracts

Inventory	Quantity
Opening inventory	320,977,951.53
Total additions	109,406,698
Total reductions	81,413,426
Adjustments (+ or -)	0
Closing inventory	348,971,223.53

Finished edible cannabis

Inventory	Quantity

Inventory	Quantity
Opening inventory	5,673,510
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	5,673,510

Flowering material

Inventory	Quantity
Opening inventory	5,811.037
Total additions	933.552
Total reductions	1,755.232
Adjustments (+ or -)	0
Closing inventory	4,989.357

Non-Flowering material

Inventory	Quantity
Opening inventory	8.282
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	8.282

Pure intermediates

Inventory	Quantity

Inventory	Quantity
Opening inventory	4,686.517
Total additions	430.767
Total reductions	123.026
Adjustments (+ or -)	0
Closing inventory	4,994.258

Packaged product inventory

Dried/fresh cannabis

Inventory	Quantity
Opening inventory	2,159.329
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	2,159.329

Cannabis extracts

Inventory	Quantity
Opening inventory	138,353,094.81
Total additions	81,413,426
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	219,766,520.81

Edible cannabis

Inventory	Quantity
Opening inventory	582,311
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	582,311

Stamp inventory

Jurisdiction	Closing inventory
Alberta	215,237
British Columbia	222,016
Manitoba	43,993
New Brunswick	46,310
Newfoundland and Labrador	157,815
Northwest Territories	71,970
Nova Scotia	130,662
Nunavut	75,198
Ontario	237,357
Prince Edward Island	109,633
Quebec	227,980
Saskatchewan	139,012
Yukon	90,826

Sales and duties

Dried/fresh cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	22,705.50	68,116.50	35,647.92
British Columbia	34,986.00	104,958.00	0.00
Manitoba	21,682.50	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	9,369.00	28,107.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	53,820.00	161,460.00	25,658.83
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	9,652.50	28,957.50	4,446.01
Yukon	0.00	0.00	0.00

Edible cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	2,737.20	8,211.60	50,066.26
British Columbia	1,823.40	5,470.20	0.00
Manitoba	1,290.93	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	120.00	360.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	186.00	558.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	5,571.90	16,715.70	20,210.71
Prince Edward Island	41.10	123.30	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	819.30	2,457.90	7,350.43
Yukon	61.50	184.50	0.00

Cannabis extracts

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	82,928.40	248,785.20	95,159.86
British Columbia	60,490.05	181,470.15	0.00
Manitoba	23,414.70	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	6,472.50	19,417.50	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	137,228.79	411,686.37	27,507.27
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	12,222.15	36,666.45	5,770.13
Yukon	0.00	0.00	0.00

Duty payable :	$487,623.42
Additional Duty Payable :	$1,323,705.87
Adjustment to the additional duty payable :	$271,817.42
Total amount payable :	**$2,083,146.71**

Screen ID: B-VR-B300-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-08-31

Received Date :
2023-09-25

Unpackaged product inventory

Finished cannabis extracts

Inventory	Quantity
Opening inventory	320,977,951.53
Total additions	109,406,698
Total reductions	81,413,426
Adjustments (+ or -)	0
Closing inventory	348,971,223.53

Finished edible cannabis

Inventory	Quantity

Inventory	Quantity
Opening inventory	5,673,510
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	5,673,510

Flowering material

Inventory	Quantity
Opening inventory	5,811.037
Total additions	933.552
Total reductions	1,755.232
Adjustments (+ or -)	0
Closing inventory	4,989.357

Non-Flowering material

Inventory	Quantity
Opening inventory	8.282
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	8.282

Pure intermediates

Inventory	Quantity

Inventory	Quantity
Opening inventory	4,686.517
Total additions	430.767
Total reductions	123.026
Adjustments (+ or -)	0
Closing inventory	4,994.258

Packaged product inventory

Dried/fresh cannabis

Inventory	Quantity
Opening inventory	2,159.329
Total additions	0
Total reductions	609
Adjustments (+ or -)	0
Closing inventory	1,550.329

Cannabis extracts

Inventory	Quantity
Opening inventory	138,353,095.18
Total additions	81,413,426
Total reductions	129,102,636
Adjustments (+ or -)	0
Closing inventory	90,663,885.18

Edible cannabis

Inventory	Quantity
Opening inventory	582,311
Total additions	5,009,538
Total reductions	5,060,530
Adjustments (+ or -)	0
Closing inventory	531,319

Stamp inventory

Jurisdiction	Closing inventory
Alberta	215,237
British Columbia	222,016
Manitoba	43,993
New Brunswick	46,310
Newfoundland and Labrador	157,815
Northwest Territories	71,968
Nova Scotia	130,662
Nunavut	75,198
Ontario	313,181
Prince Edward Island	109,633
Quebec	227,980
Saskatchewan	139,012
Yukon	90,826

Sales and duties

Dried/fresh cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	22,705.50	68,116.50	35,647.92
British Columbia	34,986.00	104,958.00	0.00
Manitoba	21,682.50	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	9,369.00	28,107.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	53,820.00	161,460.00	25,658.83
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	9,652.50	28,957.50	4,446.01
Yukon	0.00	0.00	0.00

Edible cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	2,737.20	8,211.60	50,066.26
British Columbia	1,823.40	5,470.20	0.00
Manitoba	1,290.93	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	120.00	360.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	186.00	558.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	5,571.90	16,715.70	20,210.71
Prince Edward Island	41.10	123.30	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	819.30	2,457.90	7,350.43
Yukon	61.50	184.50	0.00

Cannabis extracts

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	82,928.40	248,785.20	95,159.86
British Columbia	60,490.05	181,470.15	0.00
Manitoba	23,414.70	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	6,472.50	19,417.50	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	137,228.79	411,686.37	27,507.27
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	12,222.15	36,666.45	5,770.13
Yukon	0.00	0.00	0.00

Duty payable :	$487,623.42
Additional Duty Payable :	$1,323,705.87
Adjustment to the additional duty payable :	$271,817.42
Total amount payable :	**$2,083,146.71**

Screen ID: B-VR-B300-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-08-31

Received Date :
2024-02-12

Unpackaged product inventory

Finished cannabis extracts

Inventory	Quantity
Opening inventory	320,977,951.53
Total additions	109,406,698
Total reductions	81,413,426
Adjustments (+ or -)	0
Closing inventory	348,971,223.53

Finished edible cannabis

Inventory	Quantity

Inventory	Quantity
Opening inventory	5,673,510
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	5,673,510

Flowering material

Inventory	Quantity
Opening inventory	5,811.037
Total additions	933.552
Total reductions	1,755.232
Adjustments (+ or -)	0
Closing inventory	4,989.357

Non-Flowering material

Inventory	Quantity
Opening inventory	8.282
Total additions	0
Total reductions	8.282
Adjustments (+ or -)	0
Closing inventory	0

Pure intermediates

Inventory	Quantity

Inventory	Quantity
Opening inventory	4,686.517
Total additions	430.767
Total reductions	123.026
Adjustments (+ or -)	0
Closing inventory	4,994.258

Packaged product inventory

Dried/fresh cannabis

Inventory	Quantity
Opening inventory	2,159.329
Total additions	0
Total reductions	609
Adjustments (+ or -)	0
Closing inventory	1,550.329

Cannabis extracts

Inventory	Quantity
Opening inventory	138,353,095.18
Total additions	81,413,426
Total reductions	129,102,636
Adjustments (+ or -)	0
Closing inventory	90,663,885.18

Edible cannabis

Inventory	Quantity
Opening inventory	582,192
Total additions	5,009,538
Total reductions	5,060,530
Adjustments (+ or -)	0
Closing inventory	531,200

Stamp inventory

Jurisdiction	Closing inventory
Alberta	208,383
British Columbia	222,016
Manitoba	61,608
New Brunswick	46,310
Newfoundland and Labrador	162,578
Northwest Territories	72,016
Nova Scotia	130,662
Nunavut	75,198
Ontario	237,357
Prince Edward Island	109,633
Quebec	227,980
Saskatchewan	139,012
Yukon	90,826

Sales and duties

Dried/fresh cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	22,705.50	68,116.50	35,647.92
British Columbia	34,986.00	104,958.00	0.00
Manitoba	21,682.50	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	9,369.00	28,107.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	53,820.00	161,460.00	25,658.83
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	9,652.50	28,957.50	4,446.01
Yukon	0.00	0.00	0.00

Edible cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	2,737.20	8,211.60	50,066.26
British Columbia	1,823.40	5,470.20	0.00
Manitoba	1,290.93	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	120.00	360.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	186.00	558.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	5,571.90	16,715.70	20,210.71
Prince Edward Island	41.10	123.30	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	819.30	2,457.90	7,350.43
Yukon	61.50	184.50	0.00

Cannabis extracts

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	82,928.40	248,785.20	95,159.86
British Columbia	60,490.05	181,470.15	0.00
Manitoba	23,414.70	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	6,472.50	19,417.50	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	137,228.79	411,686.37	27,507.27
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	12,222.15	36,666.45	5,770.13
Yukon	0.00	0.00	0.00

Duty payable : $487,623.42
Additional Duty Payable : $1,323,705.87
Adjustment to the additional duty payable : $271,817.42
Total amount payable : $2,083,146.71

Screen ID: B-VR-B300-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

Account activities — excise duty

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-09-30

Fields marked with an asterisk (*) are required.

Select an assessment type

All

*** Start date (YYYY-MM-DD)**

2023-09-01

*** End date (YYYY-MM-DD)**

2023-09-30

Search

Filter items

Showing 1 to 4 of 4 entries**Show** 10 **entries**

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

Assessment type	Version type	Period end date	Status	Amount total ($)

Assessment type	Version type	Period end date	Status	Amount total ($)
Return	Adjusted	2023-09-30	Replaced	$1,413,930.81
Return	Received - Amended	2023-09-30	Assessed	$1,413,931.01
Refund	Corrected	2023-09-30	Assessed	$0.00
Refund	Corrected	2023-09-30	Assessed	-$140,493.12

Previous

Screen ID: B-RD-VR-01

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-09-30

Received Date :
2023-10-30

Unpackaged product inventory

Finished cannabis extracts

Inventory	Quantity
Opening inventory	348,971,223.53
Total additions	147,365,661
Total reductions	141,355,330
Adjustments (+ or -)	0
Closing inventory	354,981,554.53

Finished edible cannabis

Inventory	Quantity

Inventory	Quantity
Opening inventory	5,673,510
Total additions	5,409,100
Total reductions	5,377,046
Adjustments (+ or -)	0
Closing inventory	5,705,564

Flowering material

Inventory	Quantity
Opening inventory	4,989.357
Total additions	543.889
Total reductions	226.148
Adjustments (+ or -)	0
Closing inventory	5,307.098

Non-Flowering material

Inventory	Quantity
Opening inventory	8.282
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	8.282

Pure intermediates

Inventory	Quantity

Inventory	Quantity
Opening inventory	4,994.258
Total additions	424.615
Total reductions	486.925
Adjustments (+ or -)	0
Closing inventory	4,931.948

Packaged product inventory

Dried/fresh cannabis

Inventory	Quantity
Opening inventory	1,550.329
Total additions	0
Total reductions	275.352
Adjustments (+ or -)	0
Closing inventory	1,274.977

Cannabis extracts

Inventory	Quantity
Opening inventory	90,663,885.18
Total additions	141,355,330
Total reductions	105,420,065
Adjustments (+ or -)	0
Closing inventory	126,599,150.18

Edible cannabis

Inventory	Quantity
Opening inventory	531,319
Total additions	4,709,225
Total reductions	4,191,370
Adjustments (+ or -)	0
Closing inventory	1,049,174

Stamp inventory

Jurisdiction	Closing inventory
Alberta	109,446
British Columbia	109,336
Manitoba	56,226
New Brunswick	46,310
Newfoundland and Labrador	146,227
Northwest Territories	71,943
Nova Scotia	117,462
Nunavut	75,198
Ontario	325,416
Prince Edward Island	105,313
Quebec	227,980
Saskatchewan	89,060
Yukon	88,122

Sales and duties

Dried/fresh cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	15,850.50	47,551.50	20,718.46
British Columbia	12,936.00	38,808.00	0.00
Manitoba	16,218.00	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	0.00	0.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	18,889.50	56,668.50	9,248.94
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	4,186.50	12,559.50	1,704.71
Yukon	757.50	2,272.50	0.00

Edible cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	2,073.60	6,220.80	40,191.17
British Columbia	2,199.90	6,599.70	0.00
Manitoba	1,125.33	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	135.00	405.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	330.00	990.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	3,474.30	10,422.90	13,556.19
Prince Edward Island	108.00	324.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	975.30	2,925.90	8,611.39
Yukon	57.00	171.00	0.00

Cannabis extracts

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	25,495.50	76,486.50	25,669.24
British Columbia	26,847.15	80,541.45	0.00
Manitoba	21,670.35	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	2,091.00	6,273.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	420.00	1,260.00	582.40
Ontario	173,440.05	520,320.15	32,915.20
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	13,394.11	40,182.34	6,307.78
Yukon	192.00	576.00	0.00

Duty payable :	$342,866.59
Additional Duty Payable :	$911,558.74
Adjustment to the additional duty payable :	$159,505.48
Total amount payable :	**$1,413,930.81**

Screen ID: B-VR-B300-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-09-30

Received Date :
2024-02-26

Unpackaged product inventory

Finished cannabis extracts

Inventory	Quantity
Opening inventory	348,971,223.53
Total additions	147,365,661
Total reductions	141,355,330
Adjustments (+ or -)	0
Closing inventory	354,981,554.53

Finished edible cannabis

Inventory	Quantity

Inventory	Quantity
Opening inventory	5,673,510
Total additions	5,409,100
Total reductions	5,261,185
Adjustments (+ or -)	0
Closing inventory	5,821,425

Flowering material

Inventory	Quantity
Opening inventory	4,989.357
Total additions	543.889
Total reductions	226.148
Adjustments (+ or -)	0
Closing inventory	5,307.098

Pure intermediates

Inventory	Quantity
Opening inventory	4,994.258
Total additions	424.615
Total reductions	486.925
Adjustments (+ or -)	0
Closing inventory	4,931.948

Packaged product inventory

Dried/fresh cannabis

Inventory	Quantity
Opening inventory	1,550.329
Total additions	0
Total reductions	275.352
Adjustments (+ or -)	0
Closing inventory	1,274.977

Cannabis extracts

Inventory	Quantity
Opening inventory	90,663,885.18
Total additions	141,355,330
Total reductions	105,420,065
Adjustments (+ or -)	0
Closing inventory	126,599,150.18

Edible cannabis

Inventory	Quantity
Opening inventory	531,319
Total additions	4,709,225
Total reductions	4,191,370
Adjustments (+ or -)	0
Closing inventory	1,049,174

Stamp inventory

Jurisdiction	Closing inventory

Jurisdiction	Closing inventory
Alberta	102,592
British Columbia	109,336
Manitoba	75,587
New Brunswick	46,266
Newfoundland and Labrador	150,990
Northwest Territories	71,991
Nova Scotia	117,462
Nunavut	75,198
Ontario	459,085
Prince Edward Island	105,313
Quebec	227,980
Saskatchewan	91,187
Yukon	87,997

Sales and duties

Dried/fresh cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	15,850.50	47,551.50	20,718.46
British Columbia	12,936.00	38,808.00	0.00
Manitoba	16,218.00	0.00	0.00
New Brunswick	0.00	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Newfoundland and Labrador	0.00	0.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	18,889.50	56,668.50	9,248.94
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	4,186.50	12,559.50	1,704.71
Yukon	757.50	2,272.50	0.00

Edible cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	2,073.80	6,220.80	40,191.17
British Columbia	2,199.90	6,599.70	0.00
Manitoba	1,125.33	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	135.00	405.00	0.00
Northwest Territories	0.00	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Nova Scotia	330.00	990.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	3,474.30	10,422.90	13,556.19
Prince Edward Island	108.00	324.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	975.30	2,925.90	8,611.39
Yukon	57.00	171.00	0.00

Cannabis extracts

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	25,495.50	76,486.50	25,669.24
British Columbia	26,847.15	80,541.45	0.00
Manitoba	21,670.35	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	2,091.00	6,273.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	420.00	1,260.00	582.40
Ontario	173,440.05	520,320.15	32,915.20

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	13,394.11	40,182.34	6,307.78
Yukon	192.00	576.00	0.00

Duty payable :	$342,866.79
Additional Duty Payable :	$911,558.74
Adjustment to the additional duty payable :	$159,505.48
Total amount payable :	**$1,413,931.01**

Screen ID: B-VR-B300-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

Account activities — excise duty

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-10-31

Fields marked with an asterisk (*) are required.

Select an assessment type

All

*** Start date (YYYY-MM-DD)**

2023-10-01

*** End date (YYYY-MM-DD)**

2023-10-31

Search

Filter items Showing 1 to 3 of 3 entries**Show** 10 **entries**

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

Assessment type	Version type	Period end date	Status	Amount total ($)

Assessment type	Version type	Period end date	Status	Amount total ($)
Return	Received	2023-10-31	Replaced	$1,510,090.34
Return	Received - Amended	2023-10-31	Assessed	$1,510,090.34
Refund	Corrected	2023-10-31	Assessed	-$131,754.24

Previous

Screen ID: B-RD-VR-01

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-10-31

Received Date :
2023-11-28

Unpackaged product inventory

Finished cannabis extracts

Inventory	Quantity
Opening inventory	354,981,554.53
Total additions	93,966,527
Total reductions	119,001,350
Adjustments (+ or -)	0
Closing inventory	329,946,731.53

Finished edible cannabis

Inventory	Quantity

Inventory	Quantity
Opening inventory	5,821,425
Total additions	3,656,054
Total reductions	5,657,317
Adjustments (+ or -)	0
Closing inventory	3,820,162

Flowering material

Inventory	Quantity
Opening inventory	5,307.098
Total additions	383.928
Total reductions	90.693
Adjustments (+ or -)	0
Closing inventory	5,600.333

Non-Flowering material

Inventory	Quantity
Opening inventory	8.282
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	8.282

Pure intermediates

Inventory	Quantity

Inventory	Quantity
Opening inventory	4,931.948
Total additions	809.488
Total reductions	612.468
Adjustments (+ or -)	0
Closing inventory	5,128.968

Packaged product inventory

Dried/fresh cannabis

Inventory	Quantity
Opening inventory	1,274.977
Total additions	17.077
Total reductions	292
Adjustments (+ or -)	0
Closing inventory	1,000.054

Cannabis extracts

Inventory	Quantity
Opening inventory	232,018,950.2
Total additions	101,214,945
Total reductions	105,948,060
Adjustments (+ or -)	0
Closing inventory	227,285,835.2

Edible cannabis

Inventory	Quantity
Opening inventory	1,049,174
Total additions	4,052,198
Total reductions	3,929,760
Adjustments (+ or -)	0
Closing inventory	1,171,612

Stamp inventory

Jurisdiction	Closing inventory
Alberta	105,748
British Columbia	163,259
Manitoba	136,452
New Brunswick	46,310
Newfoundland and Labrador	140,792
Northwest Territories	70,791
Nova Scotia	98,414
Nunavut	75,198
Ontario	411,522
Prince Edward Island	103,393
Quebec	227,980
Saskatchewan	52,708
Yukon	85,800

Sales and duties

Dried/fresh cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	16,501.50	49,504.50	26,227.16
British Columbia	9,717.00	29,151.00	0.00
Manitoba	7,549.50	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	8,400.00	25,200.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	27,873.00	83,619.00	17,557.48
Prince Edward Island	210.00	630.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	2,257.50	6,772.50	1,078.30
Yukon	567.00	1,701.00	0.00

Edible cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	2,032.80	6,098.40	40,477.55
British Columbia	2,055.00	6,165.00	0.00
Manitoba	1,414.20	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	0.00	0.00	0.00
Northwest Territories	28.80	86.40	0.00
Nova Scotia	474.00	1,422.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	3,000.90	9,002.70	12,880.80
Prince Edward Island	24.00	72.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	752.40	2,257.20	6,668.06
Yukon	42.30	126.90	0.00

Cannabis extracts

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	66,104.40	198,313.20	72,469.40
British Columbia	45,777.00	137,331.00	0.00
Manitoba	19,244.40	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	5,160.00	15,480.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	120,545.70	361,637.10	23,523.45
Prince Edward Island	1,076.25	3,228.75	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	5,914.20	17,742.60	2,752.24
Yukon	1,048.20	3,144.60	0.00

Duty payable :	$347,770.05
Additional Duty Payable :	$958,685.85
Adjustment to the additional duty payable :	$203,634.44
Total amount payable :	**$1,378,336.10**

Screen ID: B-VR-B300-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-10-31

Received Date :
2024-02-26

Unpackaged product inventory

Finished cannabis extracts

Inventory	Quantity
Opening inventory	354,981,554.53
Total additions	93,966,527
Total reductions	119,001,350
Adjustments (+ or -)	0
Closing inventory	329,946,731.53

Finished edible cannabis

Inventory	Quantity

Inventory	Quantity
Opening inventory	5,821,425
Total additions	3,656,054
Total reductions	5,657,317
Adjustments (+ or -)	-139,918.95
Closing inventory	3,680,243.05

Flowering material

Inventory	Quantity
Opening inventory	5,307.1
Total additions	383.93
Total reductions	109.77
Adjustments (+ or -)	0
Closing inventory	5,581.26

Pure intermediates

Inventory	Quantity
Opening inventory	4,931.948
Total additions	451.054
Total reductions	580.014
Adjustments (+ or -)	0
Closing inventory	4,802.988

Packaged product inventory

Dried/fresh cannabis

Inventory	Quantity
Opening inventory	1,274.98
Total additions	17.08
Total reductions	322.42
Adjustments (+ or -)	0
Closing inventory	969.64

Cannabis extracts

Inventory	Quantity
Opening inventory	232,018,950.2
Total additions	101,214,945
Total reductions	105,948,060
Adjustments (+ or -)	0
Closing inventory	227,285,835.2

Edible cannabis

Inventory	Quantity
Opening inventory	1,049,174
Total additions	21,544,836
Total reductions	1,209,630
Adjustments (+ or -)	0
Closing inventory	21,384,380

Stamp inventory

Jurisdiction	Closing inventory

Jurisdiction	Closing inventory
Alberta	98,894
British Columbia	163,259
Manitoba	155,458
New Brunswick	46,266
Newfoundland and Labrador	145,555
Northwest Territories	70,839
Nova Scotia	98,382
Nunavut	75,198
Ontario	552,330
Prince Edward Island	103,393
Quebec	227,980
Saskatchewan	60,141
Yukon	85,645

Sales and duties

Dried/fresh cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	16,501.50	49,504.50	26,227.16
British Columbia	9,717.00	29,151.00	0.00
Manitoba	7,549.50	0.00	0.00
New Brunswick	0.00	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Newfoundland and Labrador	8,400.00	25,200.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	27,873.00	83,619.00	17,557.48
Prince Edward Island	210.00	630.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	2,257.50	6,772.50	1,078.30
Yukon	567.00	1,701.00	0.00

Edible cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	2,032.80	6,098.40	40,477.55
British Columbia	2,055.00	6,165.00	0.00
Manitoba	1,414.20	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	0.00	0.00	0.00
Northwest Territories	28.80	86.40	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Nova Scotia	474.00	1,422.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	3,000.90	9,002.70	12,880.80
Prince Edward Island	24.00	72.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	752.40	2,257.20	6,668.06
Yukon	42.30	126.90	0.00

Cannabis extracts

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	66,104.40	198,313.20	72,469.40
British Columbia	45,777.00	137,331.00	0.00
Manitoba	19,244.40	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	5,160.00	15,480.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	120,545.70	361,637.10	23,523.45

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Prince Edward Island	1,076.25	3,228.75	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	5,914.20	17,742.60	2,752.24
Yukon	1,048.20	3,144.60	0.00

Duty payable :	$347,770.05
Additional Duty Payable :	$958,685.85
Adjustment to the additional duty payable :	$203,634.44
Total amount payable :	**$1,510,090.34**

Screen ID: B-VR-B300-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

Account activities — excise duty

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-11-30

Fields marked with an asterisk (*) are required.

Select an assessment type

All

*** Start date (YYYY-MM-DD)**

2023-11-01

*** End date (YYYY-MM-DD)**

2023-11-30

Search

Filter items Showing 1 to 3 of 3 entries**Show** 10 **entries**

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

Assessment type	Version type	Period end date	Status	Amount total ($)
Return	Received	2023-11-30	Replaced	$871,587.85

Assessment type	Version type	Period end date	Status	Amount total ($)
Return	Received - Amended	2023-11-30	Assessed	$871,587.85
Refund	Corrected	2023-11-30	In Progress	-$62,724.43

Previous

Screen ID: B-RD-VR-01

Date modified: 2021-06-29

Government of Canada Gouvernement du Canada

Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-11-30

Received Date :
2023-12-22

Unpackaged product inventory

Finished cannabis extracts

Inventory	Quantity
Opening inventory	329,946,731.53
Total additions	85,098,454
Total reductions	58,412,757
Adjustments (+ or -)	0
Closing inventory	356,632,428.53

Finished edible cannabis

Inventory	Quantity

Inventory	Quantity
Opening inventory	3,820,162
Total additions	4,970,379
Total reductions	3,749,577
Adjustments (+ or -)	0
Closing inventory	5,040,964

Flowering material

Inventory	Quantity
Opening inventory	5,600.333
Total additions	688.03
Total reductions	1,174.151
Adjustments (+ or -)	0
Closing inventory	5,114.212

Non-Flowering material

Inventory	Quantity
Opening inventory	8.282
Total additions	0
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	8.282

Pure intermediates

Inventory	Quantity

Inventory	Quantity
Opening inventory	5,128.968
Total additions	525.846
Total reductions	973.842
Adjustments (+ or -)	0
Closing inventory	4,680.972

Packaged product inventory

Dried/fresh cannabis

Inventory	Quantity
Opening inventory	1,000.054
Total additions	0
Total reductions	157
Adjustments (+ or -)	0
Closing inventory	843.054

Cannabis extracts

Inventory	Quantity
Opening inventory	227,285,835.2
Total additions	42,119,810
Total reductions	62,581,294
Adjustments (+ or -)	0
Closing inventory	206,824,351.2

Edible cannabis

Inventory	Quantity
Opening inventory	1,171,612
Total additions	4,970,379
Total reductions	4,128,822
Adjustments (+ or -)	0
Closing inventory	2,013,169

Stamp inventory

Jurisdiction	Closing inventory
Alberta	310,681
British Columbia	256,340
Manitoba	55,439
New Brunswick	46,310
Newfoundland and Labrador	140,792
Northwest Territories	70,791
Nova Scotia	77,384
Nunavut	75,198
Ontario	263,322
Prince Edward Island	96,051
Quebec	227,980
Saskatchewan	89,081
Yukon	84,827

Sales and duties

Dried/fresh cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	19,761.00	59,283.00	20,029.79
British Columbia	11,046.00	33,138.00	0.00
Manitoba	21.00	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	315.00	945.00	0.00
Northwest Territories	840.00	2,520.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	6,645.00	19,935.00	3,942.65
Prince Edward Island	420.00	1,260.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	94.50	283.50	75.26
Yukon	0.00	0.00	0.00

Edible cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	2,066.40	6,199.20	40,346.79

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
British Columbia	2,223.00	6,669.00	0.00
Manitoba	1,686.30	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	30.00	90.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	150.00	450.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	2,756.10	8,268.30	11,004.33
Prince Edward Island	174.00	522.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	774.00	2,322.00	6,906.41
Yukon	24.30	72.90	0.00

Cannabis extracts

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	20,203.32	60,609.96	20,564.58
British Columbia	28,884.00	86,652.00	0.00
Manitoba	6,725.55	0.00	0.00
New Brunswick	0.00	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Newfoundland and Labrador	3,390.00	10,170.00	0.00
Northwest Territories	1,448.40	4,345.20	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	73,585.92	220,757.75	17,700.09
Prince Edward Island	420.00	1,260.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	9,336.30	28,008.90	4,236.15
Yukon	0.00	0.00	0.00

Duty payable : $193,020.09

Additional Duty Payable : $553,761.71

Adjustment to the additional duty payable : $124,806.05

Total amount payable : $808,863.42

Screen ID: B-VR-B300-02

Date modified: 2021-06-29

Government of Canada Gouvernement du Canada

Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-11-30

Received Date :

2024-02-12

Unpackaged product inventory

Finished cannabis extracts

Inventory	Quantity
Opening inventory	329,946,731.53
Total additions	21,511,751.73
Total reductions	43,878,221.16
Adjustments (+ or -)	-33,261.02
Closing inventory	307,547,001.08

Finished edible cannabis

Inventory	Quantity

Inventory	Quantity
Opening inventory	3,680,243.04
Total additions	5,090,413.63
Total reductions	3,623,761.24
Adjustments (+ or -)	-672
Closing inventory	5,146,223.43

Flowering material

Inventory	Quantity
Opening inventory	5,581.26
Total additions	797.9
Total reductions	614.65
Adjustments (+ or -)	0
Closing inventory	5,764.51

Pure intermediates

Inventory	Quantity
Opening inventory	4,802.987
Total additions	25.84
Total reductions	1,080.213
Adjustments (+ or -)	-35.745
Closing inventory	3,712.869

Packaged product inventory

Dried/fresh cannabis

Inventory	Quantity
Opening inventory	969.63
Total additions	326.58
Total reductions	1,039.42
Adjustments (+ or -)	0
Closing inventory	256.79

Cannabis extracts

Inventory	Quantity
Opening inventory	227,285,835.2
Total additions	58,641,249
Total reductions	140,772,389.93
Adjustments (+ or -)	0
Closing inventory	145,154,694.27

Edible cannabis

Inventory	Quantity
Opening inventory	21,384,380
Total additions	7,101,970
Total reductions	24,448,270
Adjustments (+ or -)	135,850
Closing inventory	4,173,930

Stamp inventory

Jurisdiction	Closing inventory

Jurisdiction	Closing inventory
Alberta	303,827
British Columbia	262,946
Manitoba	77,466
New Brunswick	46,266
Newfoundland and Labrador	145,555
Northwest Territories	70,862
Nova Scotia	77,352
Nunavut	73,194
Ontario	340,625
Prince Edward Island	96,051
Quebec	227,980
Saskatchewan	70,333
Yukon	84,675

Sales and duties

Dried/fresh cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	19,761.00	59,283.00	20,029.79
British Columbia	11,046.00	33,138.00	0.00
Manitoba	21.00	0.00	0.00
New Brunswick	0.00	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Newfoundland and Labrador	315.00	945.00	0.00
Northwest Territories	840.00	2,520.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	6,645.00	19,935.00	3,942.65
Prince Edward Island	420.00	1,260.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	94.50	283.50	75.26
Yukon	0.00	0.00	0.00

Edible cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	2,066.40	6,199.20	40,346.79
British Columbia	2,223.00	6,669.00	0.00
Manitoba	1,686.30	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	30.00	90.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Northwest Territories	0.00	0.00	0.00
Nova Scotia	150.00	450.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	2,756.10	8,268.30	11,004.33
Prince Edward Island	174.00	522.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	774.00	2,322.00	6,906.41
Yukon	24.30	72.90	0.00

Cannabis extracts

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	20,203.32	60,609.96	20,564.58
British Columbia	28,884.00	86,652.00	0.00
Manitoba	6,725.55	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	3,390.00	10,170.00	0.00
Northwest Territories	1,448.40	4,345.20	0.00
Nova Scotia	0.00	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Nunavut	0.00	0.00	0.00
Ontario	73,585.92	220,757.75	17,700.09
Prince Edward Island	420.00	1,260.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	9,336.30	28,008.90	4,236.15
Yukon	0.00	0.00	0.00

Duty payable : $193,020.09
Additional Duty Payable : $553,761.71
Adjustment to the additional duty payable : $124,806.05

Total amount payable : $871,587.85

Screen ID: B-VR-B300-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

Account activities — excise duty

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-12-31

Fields marked with an asterisk (*) are required.

Select an assessment type

All

*** Start date (YYYY-MM-DD)**

2023-12-01

*** End date (YYYY-MM-DD)**

2023-12-31

Search

Filter items Showing 1 to 2 of 2 entries**Show** 10 **entries**

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

Assessment type	Version type	Period end date	Status	Amount total ($)

Assessment type	Version type	Period end date	Status	Amount total ($)
Return	Adjusted	2023-12-31	Assessed	$787,507.66
Refund	Corrected	2023-12-31	In Progress	-$5,907.73

Previous

Screen ID: B-RD-VR-01

Date modified: 2021-06-29

Government of Canada Gouvernement du Canada

Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-12-31

Received Date :
2024-01-25

Unpackaged product inventory

Finished cannabis extracts

Inventory	Quantity
Opening inventory	307,547,001.07
Total additions	4,618,729.35
Total reductions	82,071,681.49
Adjustments (+ or -)	0
Closing inventory	230,094,048.93

Finished edible cannabis

Inventory	Quantity

Inventory	Quantity
Opening inventory	5,146,223.43
Total additions	4,134,874.4
Total reductions	4,538,157.9
Adjustments (+ or -)	-622
Closing inventory	4,742,317.93

Flowering material

Inventory	Quantity
Opening inventory	5,764.51
Total additions	553.72
Total reductions	461.38
Adjustments (+ or -)	-62.85
Closing inventory	5,794

Pure intermediates

Inventory	Quantity
Opening inventory	3,712.869
Total additions	445.135
Total reductions	673.33
Adjustments (+ or -)	0
Closing inventory	3,484.674

Packaged product inventory

Dried/fresh cannabis

Inventory	Quantity
Opening inventory	256.8
Total additions	56.29
Total reductions	203.21
Adjustments (+ or -)	-0.57
Closing inventory	109.31

Cannabis extracts

Inventory	Quantity
Opening inventory	145,154,694.27
Total additions	8,749,231.59
Total reductions	46,711,602.62
Adjustments (+ or -)	0
Closing inventory	107,192,323.24

Edible cannabis

Inventory	Quantity
Opening inventory	4,173,930
Total additions	4,696,265.94
Total reductions	6,858,844
Adjustments (+ or -)	0
Closing inventory	2,011,351.94

Stamp inventory

Jurisdiction	Closing inventory

Jurisdiction	Closing inventory
Alberta	303,827
British Columbia	347,874
Manitoba	187,475
New Brunswick	46,266
Newfoundland and Labrador	145,555
Northwest Territories	70,836
Nova Scotia	72,559
Nunavut	73,194
Ontario	387,489
Prince Edward Island	94,871
Quebec	228,000
Saskatchewan	220,333
Yukon	84,176

Sales and duties

Dried/fresh cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	9,822.00	29,466.00	11,169.95
British Columbia	20,157.00	47,871.00	0.00
Manitoba	0.00	0.00	0.00
New Brunswick	0.00	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Newfoundland and Labrador	0.00	0.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	105.00	315.00	417.38
Ontario	13,948.50	41,845.50	8,250.74
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	0.00	0.00	0.00
Yukon	0.00	0.00	0.00

Edible cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	2,608.80	7,826.40	54,008.40
British Columbia	1,215.00	3,645.00	0.00
Manitoba	1,134.90	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	60.00	180.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Northwest Territories	0.00	0.00	0.00
Nova Scotia	495.00	1,485.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	2,569.80	7,709.40	10,975.26
Prince Edward Island	30.00	90.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	721.80	2,165.40	6,768.04
Yukon	12.30	36.90	0.00

Cannabis extracts

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	17,044.20	51,132.60	17,249.02
British Columbia	18,926.10	56,778.30	0.00
Manitoba	0.00	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	0.00	0.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Nunavut	1,227.00	3,681.00	1,671.48
Ontario	78,260.49	234,781.47	18,959.33
Prince Edward Island	0.00	0.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	0.00	0.00	0.00
Yukon	172.80	518.40	0.00

Duty payable : $168,510.69
Additional Duty Payable : $489,527.37
Adjustment to the additional duty payable : $129,469.60
Total amount payable : $781,599.93

Screen ID: B-VR-B300-02

Date modified: 2021-06-29

Government of Canada Gouvernement du Canada

Canada Revenue Agency

Account activities — excise duty

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2024-01-31

Fields marked with an asterisk (*) are required.

Select an assessment type

All

*** Start date (YYYY-MM-DD)**

2024-01-01

*** End date (YYYY-MM-DD)**

2024-01-31

Search

Filter items Showing 1 to 2 of 2 entries**Show** 10 **entries**

Assessment information

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Assessment type	Version type	Period end date	Status	Amount total ($)

Assessment type	Version type	Period end date	Status	Amount total ($)
Return	Received	2024-01-31	Assessed	$1,012,921.91
Refund	Corrected	2024-01-31	Assessed	-$92,557.81

Previous

Screen ID: B-RD-VR-01

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2024-01-31

Received Date :
2024-02-28

Unpackaged product inventory

Finished cannabis extracts

Inventory	Quantity
Opening inventory	230,094,048.93
Total additions	8,500,000
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	238,594,048.93

Finished edible cannabis

Inventory	Quantity

Inventory	Quantity
Opening inventory	4,742,317.93
Total additions	5,552,520.5
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	10,294,838.43

Flowering material

Inventory	Quantity
Opening inventory	5,793.99
Total additions	193.78
Total reductions	4,594.13
Adjustments (+ or -)	5.02
Closing inventory	1,398.66

Pure intermediates

Inventory	Quantity
Opening inventory	3,484.67
Total additions	245.276
Total reductions	0
Adjustments (+ or -)	0
Closing inventory	3,729.946

Packaged product inventory

Dried/fresh cannabis

Inventory	Quantity
Opening inventory	109.31
Total additions	48.6
Total reductions	66.55
Adjustments (+ or -)	0
Closing inventory	91.36

Cannabis extracts

Inventory	Quantity
Opening inventory	107,192,323.24
Total additions	17,974,100
Total reductions	111,591,754.08
Adjustments (+ or -)	0
Closing inventory	13,574,669.16

Edible cannabis

Inventory	Quantity
Opening inventory	2,011,351.94
Total additions	5,133,300
Total reductions	5,540,455.55
Adjustments (+ or -)	0
Closing inventory	1,604,196.39

Stamp inventory

Jurisdiction	Closing inventory

Jurisdiction	Closing inventory
Alberta	205,408
British Columbia	282,752
Manitoba	119,987
New Brunswick	46,266
Newfoundland and Labrador	137,750
Northwest Territories	70,822
Nova Scotia	51,197
Nunavut	73,194
Ontario	187,301
Prince Edward Island	91,034
Quebec	228,000
Saskatchewan	178,184
Yukon	82,620

Sales and duties

Dried/fresh cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	2,929.50	8,788.50	8,942.53
British Columbia	664.50	1,993.50	0.00
Manitoba	0.00	0.00	0.00
New Brunswick	0.00	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Newfoundland and Labrador	0.00	0.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	8,971.50	26,914.50	5,673.86
Prince Edward Island	126.00	378.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	0.00	0.00	0.00
Yukon	63.00	189.00	0.00

Edible cannabis

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	2,392.80	7,178.40	45,310.43
British Columbia	1,584.00	4,752.00	0.00
Manitoba	1,694.42	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	195.00	585.00	0.00
Northwest Territories	0.00	0.00	0.00

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Nova Scotia	534.00	1,602.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	5,100.60	15,301.80	22,006.01
Prince Edward Island	93.30	279.90	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	1,047.60	3,142.80	9,599.36
Yukon	41.10	123.30	0.00

Cannabis extracts

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Alberta	39,736.80	119,210.40	41,161.23
British Columbia	19,668.90	59,006.70	0.00
Manitoba	0.00	0.00	0.00
New Brunswick	0.00	0.00	0.00
Newfoundland and Labrador	0.00	0.00	0.00
Northwest Territories	0.00	0.00	0.00
Nova Scotia	0.00	0.00	0.00
Nunavut	0.00	0.00	0.00
Ontario	128,849.68	386,549.04	28,740.95

Province/territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to the additional duty ($)
Prince Edward Island	210.00	630.00	0.00
Quebec	0.00	0.00	0.00
Saskatchewan	0.00	0.00	0.00
Yukon	240.00	720.00	0.00

Duty payable :	$214,142.70
Additional Duty Payable :	$637,344.84
Adjustment to the additional duty payable :	$161,434.37
Total amount payable :	**$920,364.10**

Screen ID: B-VR-B300-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-02-28

Received Date :

2024-01-31

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	British Columbia	$6,589.63	$19,768.88	$0.00	$26,358.51

Total Dried/fresh cannabis : **$26,358.51**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	British Columbia	$366.76	$1,100.29	$0.00	$1,467.05
Destruction of cannabis products	Manitoba	$5.38	$0.00	$0.00	$5.38

Total Cannabis extracts : **$1,472.43**

Total refund amount : **$27,830.94**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Government of Canada Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-03-31

Received Date :

2024-01-31

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	British Columbia	$19,109.13	$57,327.38	$0.00	$76,436.51

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Manitoba	$164.50	$0.00	$0.00	$164.50
Destruction of cannabis products	Ontario	$6,428.63	$19,285.88	$4,328.29	$30,042.80

Total Dried/fresh cannabis : **$106,643.81**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$334.37	$1,003.10	$731.48	$2,068.95
Destruction of cannabis products	British Columbia	$16,455.00	$49,365.00	$0.00	$65,820.00

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Manitoba	$212.58	$0.00	$0.00	$212.58
Destruction of cannabis products	Ontario	$30,788.00	$92,364.00	$5,163.78	$128,315.78

Total Cannabis extracts : **$196,417.31**

Total refund amount : **$303,061.12**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Government of Canada Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-04-30

Received Date :

2024-01-31

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Manitoba	$264.25	$0.00	$0.00	$264.25

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Ontario	$6,428.63	$19,285.88	$4,328.29	$30,042.80

Total Dried/fresh cannabis : **$30,307.05**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$26.75	$80.25	$54.78	$161.78
Destruction of cannabis products	Manitoba	$33.95	$0.00	$0.00	$33.95
Destruction of cannabis products	Ontario	$29,926.33	$89,779.01	$5,441.35	$125,146.69

Total Cannabis extracts : **$125,342.42**

Total refund amount : **$155,649.47**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-05-31

Received Date :

2024-01-31

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$1,568.80	$4,706.41	$4,737.36	$11,012.57
Destruction of cannabis products	British Columbia	$269.50	$808.50	$0.00	$1,078.00

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Ontario	$11.38	$34.13	$5.27	$50.78
Destruction of cannabis products	Saskatchewan	$161.00	$483.00	$54.80	$698.80

Total Dried/fresh cannabis : **$12,840.15**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	British Columbia	$1,249.18	$3,747.52	$0.00	$4,996.70
Destruction of cannabis products	Manitoba	$118.78	$0.00	$0.00	$118.78

Total Cannabis extracts : **$5,115.48**

Total refund amount : **$17,955.63**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Government of Canada Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-06-30

Received Date :

2024-01-31

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$576.24	$1,728.72	$1,740.09	$4,045.05

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Manitoba	$1.75	$0.00	$0.00	$1.75
Destruction of cannabis products	Ontario	$42.00	$126.00	$27.13	$195.13

Total Dried/fresh cannabis : **$4,241.93**

Cannabis plant seeds

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	British Columbia	$3,955.00	$11,865.00	$0.00	$15,820.00

Total Cannabis plant seeds : **$15,820.00**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	British Columbia	$1,346.60	$4,039.80	$0.00	$5,386.40
Destruction of cannabis products	Manitoba	$26.80	$0.00	$0.00	$26.80

Total Cannabis extracts : **$5,413.20**

Total refund amount : **$25,475.13**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-07-31

Received Date :

2024-01-31

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$914.13	$2,742.39	$2,831.19	$6,487.71
Destruction of cannabis products	Manitoba	$30.88	$0.00	$0.00	$30.88

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Newfoundland and Labrador	$6.12	$18.38	$0.00	$24.50
Destruction of cannabis products	Ontario	$73.50	$220.50	$34.53	$328.53

Total Dried/fresh cannabis : **$6,871.62**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$1,165.43	$3,496.28	$1,980.10	$6,641.81
Destruction of cannabis products	Manitoba	$17.14	$0.00	$0.00	$17.14
Destruction of cannabis products	Ontario	$15,273.60	$45,820.80	$2,498.57	$63,592.97
Destruction of cannabis products	Saskatchewan	$77.40	$232.20	$35.24	$344.84

Total Cannabis extracts : **$70,596.76**

Total refund amount : **$77,468.38**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Government of Canada Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2022-05-31

Received Date :
2024-01-31

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$1,568.80	$4,706.41	$4,737.36	$11,012.57
Destruction of cannabis products	British Columbia	$269.50	$808.50	$0.00	$1,078.00

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Ontario	$11.38	$34.13	$5.27	$50.78
Destruction of cannabis products	Saskatchewan	$161.00	$483.00	$54.80	$698.80

Total Dried/fresh cannabis : **$12,840.15**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	British Columbia	$1,249.18	$3,747.52	$0.00	$4,996.70
Destruction of cannabis products	Manitoba	$118.78	$0.00	$0.00	$118.78

Total Cannabis extracts : **$5,115.48**

Total refund amount : **$17,955.63**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Government of Canada Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-12-31

Received Date :

2024-01-31

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$10,815.65	$32,624.25	$36,642.04	$80,081.94

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	British Columbia	$58.63	$175.88	$0.00	$234.51
Destruction of cannabis products	Manitoba	$85.50	$0.00	$0.00	$85.50
Destruction of cannabis products	Ontario	$3,465.13	$10,395.38	$1,291.59	$15,152.10

Total Dried/fresh cannabis : **$95,554.05**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$3,226.74	$9,680.25	$3,704.81	$16,611.80

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	British Columbia	$307.46	$922.39	$0.00	$1,229.85
Destruction of cannabis products	Manitoba	$25.80	$0.00	$0.00	$25.80
Destruction of cannabis products	Ontario	$266.40	$799.20	$41.94	$1,107.54

Total Cannabis extracts : **$18,974.99**

Total refund amount : **$114,529.04**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-03-31

Received Date :
2023-09-13

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$20,605.41	$61,816.23	$34,046.84	$116,468.48
Destruction of cannabis products	British Columbia	$10,564.50	$31,693.50	$0.00	$42,258.00
Destruction of cannabis products	Manitoba	$101.50	$0.00	$0.00	$101.50

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Newfoundland and Labrador	$1,722.00	$5,166.00	$0.00	$6,888.00
Destruction of cannabis products	Ontario	$4,648.50	$13,945.50	$2,229.87	$20,823.87
Destruction of cannabis products	Saskatchewan	$210.00	$630.00	$174.21	$1,014.21

Total Dried/fresh cannabis : **$187,554.06**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$417.75	$1,253.25	$79.16	$1,750.16
Destruction of cannabis products	British Columbia	$2,292.55	$6,877.65	$0.00	$9,170.20
Destruction of cannabis products	Ontario	$42,535.05	$127,605.15	$11,732.03	$181,872.23

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Saskatchewan	$387.00	$1,161.00	$167.85	$1,715.85

Total Cannabis extracts : **$194,508.44**

Total refund amount : **$382,062.50**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Government of Canada Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-06-30

Received Date :

2023-09-13

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$11,923.52	$35,770.55	$30,855.74	$78,549.81
Destruction of cannabis products	British Columbia	$8,252.88	$24,758.63	$0.00	$33,011.51

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Manitoba	$18.00	$0.00	$0.00	$18.00
Destruction of cannabis products	Ontario	$9,716.26	$29,148.75	$3,983.70	$42,848.71
Destruction of cannabis products	Saskatchewan	$37.50	$112.50	$25.17	$175.17

Total Dried/fresh cannabis : **$154,603.20**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Alberta	$309.78	$929.35	$281.03	$1,520.16
Destruction of cannabis products	British Columbia	$2,174.50	$6,523.50	$0.00	$8,698.00

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Ontario	$22,636.00	$67,908.00	$3,906.61	$94,450.61
Destruction of cannabis products	Manitoba	$152.40	$0.00	$0.00	$152.40

Total Cannabis extracts : **$104,821.17**

Total refund amount : **$259,424.37**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Government of Canada Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-08-31

Received Date :
2023-09-13

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Ontario	$37,098.38	$111,295.13	$12,709.43	$161,102.94

Total Dried/fresh cannabis : **$161,102.94**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Destruction of cannabis products	Ontario	$2,576.05	$7,728.15	$741.43	$11,045.63
Destruction of cannabis products	Alberta	$7,513.15	$22,539.45	$6,528.72	$36,581.32

Total Cannabis extracts : **$47,626.95**

Total refund amount : **$208,729.89**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Government of Canada | Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-09-30

Received Date :

2023-11-01

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Re-work of cannabis products	Ontario	$928.63	$2,785.88	$267.66	$3,982.17

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Other reason	Ontario	$5,743.50	$17,230.50	$2,998.00	$25,972.00

Total Dried/fresh cannabis : **$29,954.17**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Re-work of cannabis products	Ontario	$1,964.12	$5,892.36	$322.07	$8,178.55
Other reason	Ontario	$24,165.45	$72,496.35	$4,177.42	$100,839.22

Total Cannabis extracts : **$109,017.77**

Edible cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Re-work of cannabis products	Ontario	$0.03	$0.08	$0.08	$0.19
Other reason	Ontario	$195.00	$585.00	$740.99	$1,520.99

Total Edible cannabis : **$1,521.18**

Total refund amount : **$140,493.12**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Government of Canada / Gouvernement du Canada

Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-10-31

Received Date :

2023-11-28

Dried/fresh cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Other reason	British Columbia	$2,100.00	$6,300.00	$0.00	$8,400.00

Total Dried/fresh cannabis : **$8,400.00**

Cannabis extracts

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Other reason	British Columbia	$6,615.00	$19,845.00	$0.00	$26,460.00
Other reason	Ontario	$5.25	$15.75	$1.75	$22.75
Other reason	Ontario	$23,257.50	$69,772.50	$3,780.99	$96,810.99

Total Cannabis extracts : **$123,293.74**

Edible cannabis

Reason for refund	Province or territory where sale was made	Duty ($)	Additional duty ($)	Adjustment to additional duty ($)	Claimed Amount ($)
Other reason	Ontario	$7.20	$21.60	$31.70	$60.50

Total Edible cannabis : **$60.50**

Total refund amount : **$131,754.24**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29

Canada Revenue Agency — Agence du revenu du Canada

Summerside, PE, C1N 6A2

Date Issued	Feb 15, 2024
Business Number	70583 6518
Case/reference	FBC000507403

BZAM MANAGEMENT INC.
BZAM CANNABIS
518 - 19100 AIRPORT WAY
PITT MEADOWS BC V3Y 0E2

Subject: Filing and balance confirmation letter

Dear Sir or Madam:

The information provided is valid only on the date this letter is issued.

Here is the information you asked for:

Filing and balance summary

Business number	Registration date	$ Account balance	Returns up to date
70583 6518	Mar 12, 2019	5,205,283.20	Yes

Filing and balance details

Account number	Program	Registration date	$ Account balance	Returns up to date
70583 6518 RT0001	GST/HST	Mar 12, 2019	1,363,291.60	Yes
70583 6518 RD0004	EXCISE DTY	Apr 1, 2020	3,841,933.41	Yes
70583 6518 RP0001	PAYRLL DED	Mar 14, 2019	58.19	Yes

The information in this letter comes from the Canada Revenue Agency (CRA) computer records. It does not mean that we audited your records or verified that the information you gave us was accurate and complete.

BZAM MANAGEMENT INC. is responsible for making sure that all obligations under the Income Tax Act, Excise Tax Act, and any other applicable legislation are met. The CRA does not guarantee that there are no additional requirements or amounts owing that are not appearing on this letter.

The amounts appearing in the Account balance column may not include held credits, amounts under dispute, amounts not yet due and amounts not yet applied.

Canada

Date Issued	Feb 15, 2024
Business Number	70583 6518
Case/reference	FBC000507403

This barcode contains information from the Filing balance and confirmation letter.

Your branch address:

595 BURRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

BZAM MANAGEMENT INC.
200 BURRARD STREET UNIT 1570
VANCOUVER BC   V6C 3L6

Business Banking statement

For the period ending July 31, 2023

Summary of account

Account	Opening balance ($)	-	Total amounts debited ($)	+	Total amounts credited ($)	=	Closing balance ($) on Jul 31, 2023
[redacted]							

Learn how to best protect yourself when using Wi-Fi networks; private and public. For useful security tips, visit **bmo.com/security**

Transaction details

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)

Business Current Account # 0004 1738-474

Account Type: BLOCKED
Business name:
BZAM MANAGEMENT INC.

[redacted]

continued

BMO Bank of Montreal

A member of BMO Financial Group

15130E (09/02)

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted] Payment [redacted] FDEXD 2919960 [redacted]	167,204.30		[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

Your branch address:

595 BURRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

BZAM MANAGEMENT INC.
200 BURRARD STREET UNIT 1570
VANCOUVER BC   V6C 3L6

Business Banking statement

For the period ending August 31, 2023

Summary of account

Account	Opening balance ($)	-	Total amounts debited ($)	+	Total amounts credited ($)	=	Closing balance ($) on Aug 31, 2023
[redacted]							

Security Tip

Vacation pictures ready for posting on social media? Maybe reconsider. Sharing too much information on social media may provide clues to cybercriminals to access your accounts. Visit **bmo.com/security** - Security Tips section for more resources on how to stay protected.

Transaction details

Business Current Account # 0004 1738-474

Account Type: BLOCKED
Business name:
BZAM MANAGEMENT INC.

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
[redacted]				
Aug 01	Pre-Authorized Payment No Fee, FDEXD 1105135 BUS/ENT	2,070,911.65		[redacted]
[redacted]				

continued

BMO Bank of Montreal

A member of BMO Financial Group

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**
[redacted]				
Aug 15	Pre-Authorized Payment No Fee, FDEXD 4575750 BUS/ENT	167,204.30		[redacted]
[redacted]				

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

Get convenient access to your BMO® bank account statements online with eStatements

Did you know that you can access your BMO® bank account statements securely from anywhere, at any time? Check out our eStatement options at **bmo.com/estatements.**

To view your eStatements you must be registered for Digital Banking or Online Banking for Business (OLBB).

Your branch address:

595 BURRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

BZAM MANAGEMENT INC.
200 BURRARD STREET UNIT 1570
VANCOUVER BC V6C 3L6

Business Banking statement

For the period ending September 29, 2023

Summary of account

Account	Opening balance ($)	-	Total amounts debited ($)	+	Total amounts credited ($)	=	Closing balance ($) on Sep 29, 2023
[redacted]							

Security Tip

Kids are growing up in a vast and ever-changing digital environment. As online learning and socializing increases, find tips by visiting **bmo.com/security** to help keep your kids safe on the Internet.

Transaction details

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			
	Account Type: BLOCKED			
	Business name: BZAM MANAGEMENT INC.			
[redacted]				
Sep 01	Pre-Authorized Payment No Fee, FDEXD 1454908 BUS/ENT	1,598,438.48		[redacted]
[redacted]				

continued

BMO Bank of Montreal

A member of BMO Financial Group

15130E (09/02)

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Business Banking 800

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**
[redacted]				
[redacted]	[redacted] Payment [redacted] FDEXD 4038600 BUS/ENT	167,204.30		[redacted]
[redacted]				

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Business Banking

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

Important information request

As part of our regulatory ongoing monitoring requirements and continued efforts to safeguard your banking information, we want to ensure your profile information is kept up-to-date and accurate. If there are any changes to your profile information, **and BMO has not yet been advised,** please **call us at 1-877-345-7777 or visit your local BMO branch.**

Please bring applicable documentation depending on the nature of any changes as per below along with the proof of continuity of business (e.g., recent Financial Statement) to your BMO representative or local BMO Branch (proof of continuity is not required for Sole Proprietors):

- **Legal or Trade Name Change**
  - Articles of Amendment, Trade Name Registration, etc.
- **Directors**
  - Information of all new or changed Directors including:
    - Name
    - Occupation (or if self-employed, nature of primary business)
  - Supporting documentation of amendment (e.g., change notice, amend notice, etc.)
- **Beneficial Owners**
  - Information of all Beneficial Owners owning 25% or more of the business including:
    - Name
    - Address
    - Occupation (or if self-employed, nature of primary business)
    - Percentage ownership
- **Trustees; Beneficiaries**
  - Information of all Trustees and named Beneficiaries including:
    - Name
    - Address
  - Supporting documentation of amendment (e.g., Trust document)

Please note that depending on the nature of any changes, updated account documentation may need to be executed at the branch by the appropriate signing officers and cannot be completed over the phone.

Your branch address:

595 BURRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

BZAM MANAGEMENT INC.
200 BURRARD STREET UNIT 1570
VANCOUVER BC V6C 3L6

Business Banking statement

For the period ending October 31, 2023

Summary of account

Account	Opening balance ($)	-	Total amounts debited ($)	+	Total amounts credited ($)	=	Closing balance ($) on Oct 31, 2023
[redacted]							

Security Tip

October is Cyber Security Month! It can be distressing to learn that a cybercriminal has taken over your bank account, but a few tips from the experts can help you avoid becoming a victim of Account Takeover. Learn more at **bmo.com/security**

Transaction details

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			
	Account Type: BLOCKED			
	Business name: BZAM MANAGEMENT INC.			
[redacted]				
Oct 03	Pre-Authorized Payment No Fee, FDEXD 9991840 BUS/ENT	2,083,146.70		[redacted]
[redacted]				

continued

BMO Bank of Montreal
A member of BMO Financial Group

15130E (09/02)

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Business Banking

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**
[redacted]				
Oct 12	Pre-Authorized Payment No Fee, FDEXD 1742330 BUS/ENT	167,204.30		548,520.47
[redacted]				

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Business Banking

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**
[redacted]				
Oct 31	Pre-Authorized Payment No Fee, FDEXD 0632610 BUS/ENT	1,402,527.00		[redacted]
[redacted]				

BMO Bank of Montreal

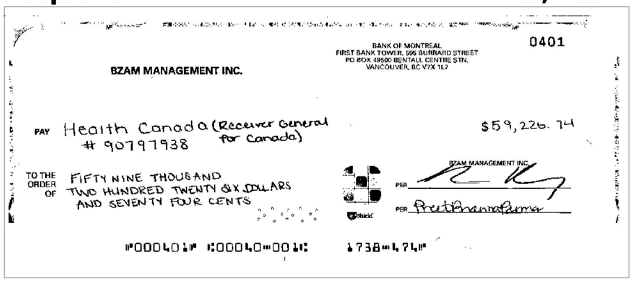
A member of BMO Financial Group

A better Digital Banking experience is coming soon!

Starting in October, an enhanced BMO Online Banking and BMO Mobile Banking App experience will begin to roll out to make everyday banking even easier and more secure.

Learn more at **bmodemos.com/onlinebanking**

ISN: 5414111632
Cheque #401 **59,226.74**



BANK OF MONTREAL
FIRST BANK TOWER, 595 BURRARD STREET
PO BOX 49500 BENTALL CENTRE STN.
VANCOUVER, BC V7X 1L7

0401

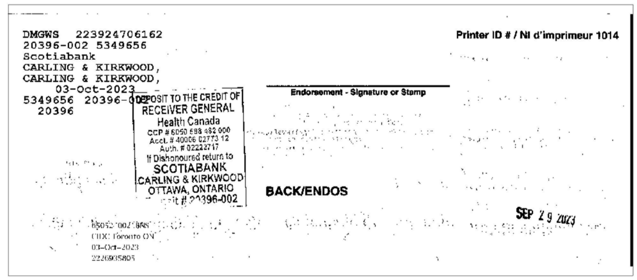
BZAM MANAGEMENT INC.

PAY Health Canada (Receiver General for Canada) # 90797938 $59,226.74

TO THE ORDER OF FIFTY NINE THOUSAND TWO HUNDRED TWENTY SIX DOLLARS AND SEVENTY FOUR CENTS

BZAM MANAGEMENT INC.
PER
PER

⑈000401⑈ ⑆00040⑉001⑆ 1738⑉474⑈



DMGWS 223924706162
20396-002 5349656
Scotiabank
CARLING & KIRKWOOD,
CARLING & KIRKWOOD,
03-Oct-2023
5349656 20396-002
20396

DEPOSIT TO THE CREDIT OF
RECEIVER GENERAL
Health Canada
CCP # 6050 598 482 000
Acct. # 40006 02773 12
Auth. # 02222717
If Dishonoured return to
SCOTIABANK
CARLING & KIRKWOOD
OTTAWA, ONTARIO
Transit # 20396-002

Endorsement - Signature or Stamp

BACK/ENDOS

Printer ID # / NI d'imprimeur 1014

SEP 29 2023

65052-002 BNS
CIDC Toronto ON
03-Oct-2023
2226935805

Your branch address:

595 BURRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

BZAM MANAGEMENT INC.
200 BURRARD STREET UNIT 1570
VANCOUVER BC V6C 3L6

Business Banking statement

For the period ending November 30, 2023

Summary of account

Account	Opening balance ($)	-	Total amounts debited ($)	+	Total amounts credited ($)	=	Closing balance ($) on Nov 30, 2023

[redacted]

Security Tip

With digital payments being processed in seconds, fraudsters are getting bolder and more sophisticated in their efforts to trick individuals into wiring money. Learn more about wire fraud scams at **bmo.com/security**

Transaction details

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)

Business Current Account # 0004 1738-474

Account Type: BLOCKED
Business name:
BZAM MANAGEMENT INC.

[redacted]

continued

BMO Bank of Montreal

A member of BMO Financial Group

15130E (09/02)

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**
[redacted]				
Nov 16	Pre-Authorized Payment No Fee, FDEXD 5676370 BUS/ENT	167,204.30		[redacted]
[redacted]				

continued

Business Banking

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

BMO Bank of Montreal

A member of BMO Financial Group

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

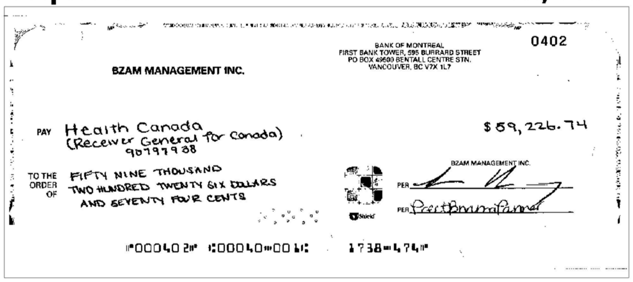
[redacted]

A better Digital Banking experience is here!

As of October, an enhanced BMO Online Banking and BMO Mobile Banking App experience started to roll out to make everyday banking even easier and more secure.

Learn more at **bmo.com/newdigital**

ISN: 5415327109
Cheque #402 **59,226.74**



BANK OF MONTREAL
FIRST BANK TOWER, 595 BURRARD STREET
PO BOX 49500 BENTALL CENTRE STN.
VANCOUVER, BC V7X 1L7

0402

BZAM MANAGEMENT INC.

PAY Health Canada (Receiver General for Canada) 90797938

$59,226.74

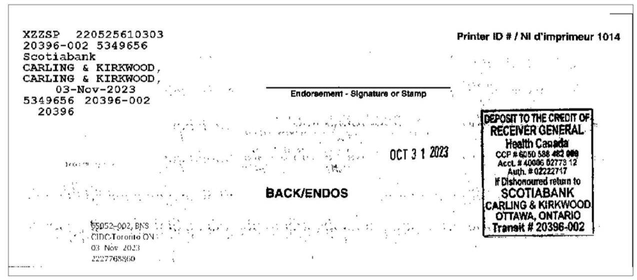
TO THE ORDER OF FIFTY NINE THOUSAND TWO HUNDRED TWENTY SIX DOLLARS AND SEVENTY FOUR CENTS

BZAM MANAGEMENT INC.

PER

PER

⑈000402⑈ ⑆00040⑉001⑆ 1738⑉474⑈



XZZSP 220525610303
20396-002 5349656
Scotiabank
CARLING & KIRKWOOD,
CARLING & KIRKWOOD,
03-Nov-2023
5349656 20396-002
20396

Printer ID # / NI d'imprimeur 1014

Endorsement - Signature or Stamp

OCT 3 1 2023

BACK/ENDOS

DEPOSIT TO THE CREDIT OF
RECEIVER GENERAL
Health Canada
CCP # 6050 586 482 000
Acct. # 40006 02773 12
Auth. # 02222717
If Dishonoured return to
SCOTIABANK
CARLING & KIRKWOOD
OTTAWA, ONTARIO
Transit # 20396-002

55052-002, BNS
CIDC-Toronto ON
03 Nov 2023
2227768860

Your branch address:

595 BURRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking

BZAM MANAGEMENT INC.
200 BURRARD STREET UNIT 1570
VANCOUVER BC V6C 3L6

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

Business Banking statement

For the period ending December 29, 2023

Summary of account

Account	Opening balance ($)	-	Total amounts debited ($)	+	Total amounts credited ($)	=	Closing balance ($) on Dec 29, 2023

[redacted]

Security Tip

Learn what you can do to stay safe this holiday season by visiting bmo.com/security. Get the best gift of all; peace of mind.

Transaction details

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)

Business Current Account # 0004 1738-474

Account Type: BLOCKED
Business name:
BZAM MANAGEMENT INC.

[redacted]

continued

BMO Bank of Montreal

A member of BMO Financial Group

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**
[redacted]				
Dec 18	Pre-Authorized Payment No Fee, FDEXD 5462680 BUS/ENT	167,204.30		[redacted]
[redacted]				

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

Important information request

As part of our regulatory ongoing monitoring requirements and continued efforts to safeguard your banking information, we want to ensure your profile information is kept up-to-date and accurate. If there are any changes to your profile information, **and BMO has not yet been advised,** please **call us at 1-877-345-7777 or visit your local BMO branch.**

Please bring applicable documentation depending on the nature of any changes as per below along with the proof of continuity of business (e.g., recent Financial Statement) to your BMO representative or local BMO Branch (proof of continuity is not required for Sole Proprietors):

- **Legal or Trade name change**
  - Articles of Amendment, Trade Name Registration, etc.
- **Directors**
  - Information of all new or changed Directors including:
    - Name
    - Occupation (or if self-employed, nature of primary business)
  - Supporting documentation of amendment (e.g., change notice, amend notice, etc.)
- **Beneficial Owners**
  - Information of all Beneficial Owners owning 25% or more of the business including:
    - Name
    - Address
    - Occupation (or if self-employed, nature of primary business)
    - Percentage ownership
- **Trustees; Beneficiaries**
  - Information of all Trustees and named Beneficiaries including:
    - Name
    - Address
  - Supporting documentation of amendment (e.g., Trust document)

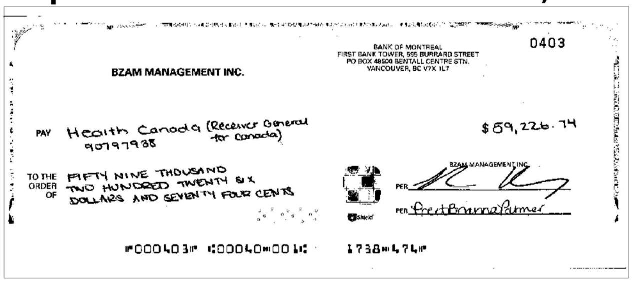
Please note that depending on the nature of any changes, updated account documentation may need to be executed at the branch by the appropriate signing officers and cannot be completed over the phone.

A better Digital Banking experience is here!

As of October, an enhanced BMO Online Banking and BMO Mobile Banking App experience started to roll out to make everyday banking even easier and more secure.

Learn more at **bmo.com/newdigital**

ISN: 4616391209
Cheque #403 **59,226.74**



BANK OF MONTREAL
FIRST BANK TOWER, 595 BURRARD STREET
PO BOX 49500 BENTALL CENTRE STN.
VANCOUVER, BC V7X 1L7

0403

BZAM MANAGEMENT INC.

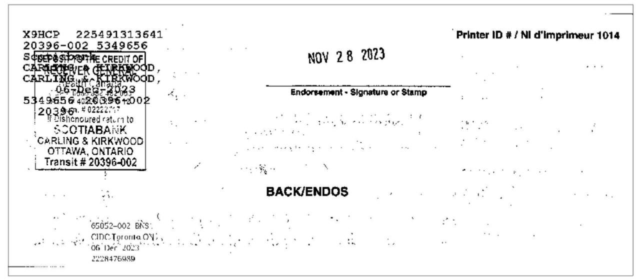
PAY Health Canada (Receiver General for Canada) 90797938

$ 59,226.74

TO THE ORDER OF FIFTY NINE THOUSAND TWO HUNDRED TWENTY SIX DOLLARS AND SEVENTY FOUR CENTS

BZAM MANAGEMENT INC.
PER
PER

⑈000403⑈ ⑆00040⑉001⑆ 1738⑉474⑈



X9HCP 225491313641
20396-002 5349656
Scotiabank
CARLING & KIRKWOOD,
CARLING & KIRKWOOD,
06-Dec-2023
5349656 20396-002

DEPOSIT TO THE CREDIT OF
RECEIVER GENERAL
20396
If Dishonoured return to
SCOTIABANK
CARLING & KIRKWOOD
OTTAWA, ONTARIO
Transit # 20396-002

Printer ID # / NI d'imprimeur 1014

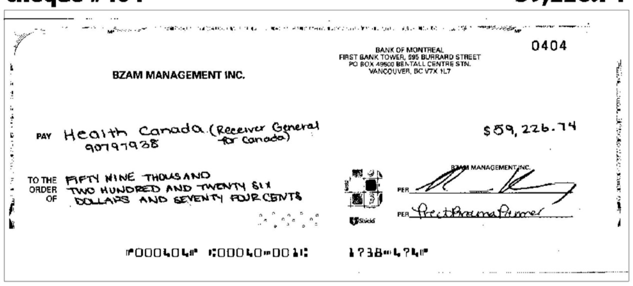
NOV 28 2023

Endorsement - Signature or Stamp

BACK/ENDOS

65052-002 BNS
CIBC Toronto ON
06 Dec 2023

ISN: 5417179843
Cheque #404 **59,226.74**



BANK OF MONTREAL
FIRST BANK TOWER, 595 BURRARD STREET
PO BOX 49500 BENTALL CENTRE STN.
VANCOUVER, BC V7X 1L7

0404

BZAM MANAGEMENT INC.

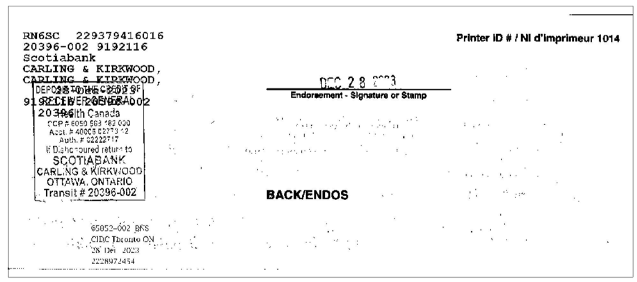
PAY Health Canada (Receiver General for Canada) 90797938

$ 59,226.74

TO THE ORDER OF FIFTY NINE THOUSAND TWO HUNDRED AND TWENTY SIX DOLLARS AND SEVENTY FOUR CENTS

BZAM MANAGEMENT INC.
PER
PER

⑈000404⑈ ⑆00040⑉001⑆ 1738⑉474⑈



RN6SC 229379416016
20396-002 9192116
Scotiabank
CARLING & KIRKWOOD,
CARLING & KIRKWOOD,
28-Dec-2023
9192116 20396-002

DEPOSIT TO THE CREDIT OF
RECEIVER GENERAL
Health Canada
If Dishonoured return to
SCOTIABANK
CARLING & KIRKWOOD
OTTAWA, ONTARIO
Transit # 20396-002

Printer ID # / NI d'imprimeur 1014

DEC 28 2023

Endorsement - Signature or Stamp

BACK/ENDOS

65052-002 BNS
CIBC Toronto ON
28 Dec 2023

A member of BMO Financial Group

15130E (09/02)

Your branch address:

595 BURRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking

BZAM MANAGEMENT INC.
200 BURRARD STREET UNIT 1570
VANCOUVER BC V6C 3L6

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

Business Banking statement

For the period ending January 31, 2024

Summary of account

Account	Opening balance ($)	-	Total amounts debited ($)	+	Total amounts credited ($)	=	Closing balance ($) on Jan 31, 2024
[redacted]							

Security Tip

Data Privacy Day is January 28. Never post your birthday or personal information on social media sites. This information can be used to target you. For more security tips, visit bmo.com/security.

Transaction details

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)

Business Current Account # 0004 1738-474

Account Type: BLOCKED
Business name:
BZAM MANAGEMENT INC.

[redacted]

continued

BMO Bank of Montreal

A member of BMO Financial Group

15130E (09/02)

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Business Banking

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**
[redacted]				
Jan 16	Pre-Authorized Payment No Fee, FDEXD 5014030 BUS/ENT	808,863.00		[redacted]
Jan 16	Pre-Authorized Payment No Fee, FDEXD 5014370 BUS/ENT	1,510,090.00		[redacted]
[redacted]				

continued

BMO Bank of Montreal
A member of BMO Financial Group

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

[redacted]

continued

Transaction details (continued)

Date	Description	Amounts debited from your account ($)	Amounts credited to your account ($)	Balance ($)
	Business Current Account # 0004 1738-474			**(continued)**

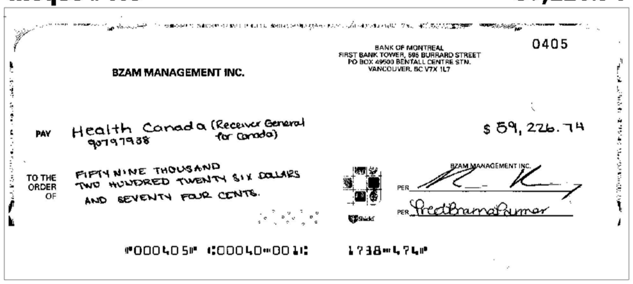
[redacted]

Business Banking statement

BZAM MANAGEMENT INC.
For the period ending January 31, 2024

Business Banking

ISN: 4618473326
Cheque #405 **59,226.74**



0405

BANK OF MONTREAL
FIRST BANK TOWER, 595 BURRARD STREET
PO BOX 49500 BENTALL CENTRE STN.
VANCOUVER, BC V7X 1L7

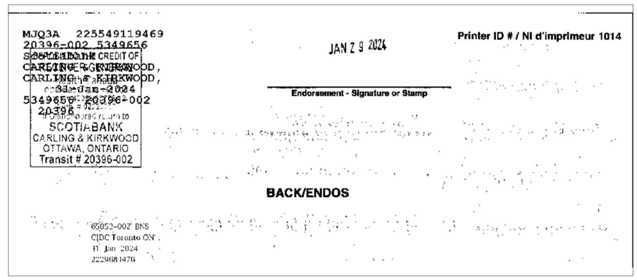
BZAM MANAGEMENT INC.

PAY Health Canada (Receiver General for Canada) 90797938 $ 59, 226. 74

TO THE ORDER OF FIFTY NINE THOUSAND TWO HUNDRED TWENTY SIX DOLLARS AND SEVENTY FOUR CENTS.

BZAM MANAGEMENT INC.
PER
PER

⑈000405⑈ ⑆00040⑉001⑆ 1738⑉474⑈



MJQ3A 225549119469
20396-002 5349656
DEPOSITED TO THE CREDIT OF
CARLING & KIRKWOOD,
31-Jan-2024
5349656 20396-002
20396
SCOTIABANK
CARLING & KIRKWOOD
OTTAWA, ONTARIO
Transit # 20396-002

JAN 29 2024

Printer ID # / NI d'imprimeur 1014

Endorsement - Signature or Stamp

BACK/ENDOS

65052-002' BNS
CIDC Toronto ON
31 Jan 2024
222968 1476

BMO Bank of Montreal
A member of BMO Financial Group

15130E (09/02)

This is Exhibit "H" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Andrew Winton
Direct 416 644 5342
awinton@lolg.ca

Lax O'Sullivan Lisus Gottlieb LLP
Suite 2750, 145 King St W
Toronto ON M5H 1J8 Canada
T 416 598 1744 F 416 598 3730
www.lolg.ca

Lax O'Sullivan Lisus Gottlieb

May 3, 2024

BY EMAIL

Joseph Blinick
Bennett Jones LLP
1 First Canadian Place, Suite 3400
P.O. Box 130
Toronto ON M5X 1A4

Colin Pendrith
Cassels Brock & Blackwell LLP
Suite 3200, Bay-Adelaide Centre - North Tower
Toronto ON M5H 0B4

Dear Counsel:

Final Bell Claim v BZAM Ltd. *et al.* - Various Issues & Updates

I am writing with respect to three issues concerning the upcoming hearing of Final Bell's claim against BZAM Ltd. *et al.*:

Updated Documentary Production

On April 30, 2024, Final Bell Holdings International Ltd. filed its annual audited financial statements for the year ended March 31, 2024 and the related management's discussion and analysis on SEDAR. A copy of these documents is enclosed. We are delivering these documents to update Final Bell's April 4, 2024 Response to BZAM's Redfern Requests, as these documents were not available prior to this week. In the event that Final Bell is able to release interim financial statements for the quarters subsequent to March 31, 2024, we will deliver those to you upon receipt.

Pre-Hearing Record Now Complete

On April 29, 2024, BZAM delivered additional documents in response to our April 22 document request, but it refused to produce all of the documents requested. In many cases, entire categories of documents were refused. At trial, we will rely on this refusal if necessary to ask the Court to draw the adverse inference that the documents would have supported Final Bell's claim and undermined BZAM's and Cortland's defences. We understand the defendants will debate that position, but we wanted to put you on notice of our intention so there is no complaint when we seek the adverse inference at trial.

As we informed you via email earlier this week, upon review of the additional documents BZAM disclosed on April 29, 2024, we did not need to conduct a further examination of Mr. Bovingdon. This confirms that the pre-hearing record is now complete.

Withdrawal of Rescission Claim, Restricting Claim to Equitable Damages and Constructive Trust

We understand that since Mr. Milich's cross-examination on April 8, 2024, more former employees of Final Bell Canada have left BZAM. We further understand that the business formerly operated under the Final Bell Canada brand has deteriorated significantly since it merged with BZAM's operations, to the point where there is little value left in Final Bell Canada as a standalone entity.

Having regard to these developments, and with an awareness that the SISP Process requires approval of the Stalking Horse Bid by May 21, 2024, Final Bell has determined that it is no longer feasible for it to seek rescission of the Share Exchange Agreement, as there is effectively nothing left for BZAM to return to Final Bell if rescission is granted.

In light of these circumstances, we will be amending our notice of motion to confirm that Final Bell's claim will be limited to one for equitable damages in lieu of rescission, and that Final Bell claims a constructive trust over the proceeds of sale of BZAM's shares or assets, as the case may be, to support its claim (see, e.g., *Credifinance Securities Limited v DSLC Capital Corp.*, 2011 ONCA 160, ¶33).

We will deliver a further amended notice of motion in due course to plead this change in the relief sought. We wanted to alert you to it as soon as the determination was made so that BZAM can proceed with its sale approval motion.

Yours truly,

Andrew Winton

Enclosures

cc: Brendan Bohn / David Ionis, *Lax O'Sullivan Lisus Gottlieb LLP*
Mike Shakra / Tom Feore, *Bennett Jones LLP*
Natalie E. Levine / Jonathan Shepherd, *Cassels Brock & Blackwell LLP*
Maria Konyukhova / Nick Avis, *Stikeman Elliott LLP*

This is Exhibit "I" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

FINAL BELL HOLDINGS INTERNATIONAL LTD
(FORMERLY FINAL BELL HOLDINGS, INC.)

CONSOLIDATED
FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

(Audited)

FINAL BELL HOLDINGS INTERNATIONAL LTD.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Independent Auditor's Report	1 - 4
Consolidated Statements of Financial Position	5 - 6
Consolidated Statements of Loss and Comprehensive Loss	7
Consolidated Statements of Changes in Shareholders' Equity	8
Consolidated Statements of Cash Flows	9 - 10
Notes to the Consolidated Financial Statements	11 – 63

DAVIDSON & COMPANY LLP Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Final Bell Holdings International Ltd. (formerly Final Bell Holding, Inc.)

Opinion

We have audited the accompanying consolidated financial statements of Final Bell Holdings International Ltd. (formerly Final Bell Holding, Inc.) (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in Note 25. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of the Company for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on September 13, 2022.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matters to be communicated in our auditor's report.

Impairment Assessment of Goodwill

We draw your attention to Note 9 to the consolidated financial statements. The Company's goodwill balance was $12,175,000 as at March 31,2023. The goodwill is allocated to the cash generating units. Management conducts an impairment assessment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill and may not be recoverable. Any impairment charges are determined by comparing the recoverable amount of the cash generating unit to its carrying value. The recoverable amount is the higher of the value in use and the fair value less costs to dispose. Management, with the support of valuations specialists, prepared cash flows models to support the recoverable value which included significant judgements and assumptions relating to future cash flows, growth rates and discount rates. Based on the results of the impairment assessment, management did not record an impairment for the year ended March 31, 2023.

The principal considerations for our determination that performing procedures relating to the impairment assessment of goodwill at the cash generating unit level is a key audit matter are (i) the significant judgement required by management when developing the recoverable of the cash generating units; and (ii) a high degree of auditor judgement, subjectivity and effort in performing procedures to evaluate management's significant assumptions, including future cash flows, growth rates and discount rates.

Addressing the matter involved performing procedures and evaluating audit evidence, in connection with forming our overall opinion on the consolidated financial statements. These procedures included among others:

- Evaluating the appropriateness of the underlying discounted cash flow model.
- Testing the completeness and accuracy of underlying data used in the models.
- Evaluating the reasonableness of the significant assumptions used by management, including the future cash flows, growth rates and discount rates.
- Evaluating management's significant assumptions related to future cash flows, growth rates and the discount rates involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the cash generating units; (ii) the consistency with external market and industry data; (iii) sensitivities over significant inputs and assumptions; and (iv) whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable.
- Utilizing valuations professionals with specialized skill and knowledge to assist in testing the reasonableness of certain significant inputs and assumptions used, as well as examining the appropriateness of the impairment models.

Valuation of Consideration, Assets Acquired and Liabilities Assumed in the Reverse Takeover Transaction (RTO) and Related Acquisitions

We draw your attention to Note 4 to the consolidated financial statements. The Company entered into a RTO and a series of acquisition transactions during the year ended March 31, 2023. Management used estimates and judgment in measuring the considerations provided and in measuring the fair value of the intangible assets acquired and liabilities assumed.

The principal considerations for our determination that this is a key audit matter are (i) the significant judgment required by management when assessing the fair value of the consideration, assets acquired and liabilities assumed; and (ii) a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate management's significant assumptions, including future cash flows, growth rates and discount rates.

Addressing the matter involved performing procedures and evaluating audit evidence, in connection with forming our overall opinion on the consolidated financial statements. These procedures included among others:

- Examining and evaluating the contractual terms identified in underlying agreements in connection with the RTO an the series of acquisition transactions for consistency with the amounts recorded in the financial statements.
- Testing management's process for developing the cash flows used in the impairment models.
- Evaluating the appropriateness of the underlying discounted cash flow model.
- Evaluating the reasonableness of the significant assumptions used by management, including the future cash flows, growth rates and discount rates.
- Utilizing valuations professionals with specialized skill and knowledge to assist in testing the reasonableness of certain significant inputs and assumptions used, as well as examining the appropriateness of the impairment models.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Peter Maloff.

Davidson & Company LLP

Vancouver, Canada — Chartered Professional Accountants

April 29, 2024

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statements of Financial Position
As of March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

		March 31, 2023	March 31, 2022
ASSETS			
Current Assets:			
Cash		$ 3,683	$ 3,407
Accounts Receivable, Net	*NOTE 6, 25*	10,274	12,360
Inventories	*NOTE 7*	10,680	9,338
Prepaid Expenses		1,967	1,712
Total Current Assets		26,604	26,817
Property and Equipment, Net	*NOTE 8*	5,467	4,613
Intangible Assets, Net	*NOTE 9*	15,388	16,230
Goodwill	*NOTE 9*	12,175	2,030
Right-of-Use Asset	*NOTE 10*	5,487	8,771
Notes Receivable- Related Party	*NOTE 11*	-	5,951
Net Investment in Sublease	*NOTE 10*	430	759
Other Long Term Assets		561	414
TOTAL ASSETS		$ 66,112	$ 65,585
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Liabilities:			
Current Liabilities:			
Accounts Payable		$ 18,634	$ 12,853
Accrued Expenses	*NOTE 13*	1,700	5,335
Deferred Revenue	*NOTE 19*	1,877	2,388
Related Party Loans	*NOTE 23*	1,250	3,216
Current Portion of Credit Facility	*NOTE 14*	3,079	-
Unsecured Convertible Notes	*NOTE 16, 24*	19,108	-
Promissory Note	*NOTE 16*	1,111	-
Derivative Financial Instruments	*NOTE 16, 24*	167	75
Series A Preferred Stock Liability	*NOTES 17, 2*	10,036	-
Current Portion of Lease Liability	*NOTE 10*	1,251	1,365
Income Tax Payable		236	197
Total Current Liabilities		58,449	25,429
Lease Liability, Net of Current Portion	*NOTE 10*	5,273	8,755
Credit Facility	*NOTE 14*	-	3,469
Contingent Liability	*NOTE 24*	2,863	500
Series A Preferred Stock Liability	*NOTES 17, 2*	-	11,150
Notes Payable	*NOTE 16*	-	27,898
Secured Term Loan	*NOTE 16*	22,700	-
Other Long Term Liability		59	59
Deferred Income Tax Liability	*NOTE 15*	1,139	470
TOTAL LIABILITIES		90,483	77,730

Continued Next Page

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statements of Financial Position
As of March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

		March 31, 2023	March 31, 2022
Shareholders' deficit:	*NOTE 17*		
Share Capital		30,713	6,617
Share Based Payments Reserve		1,278	-
Warrants		3,028	-
Accumulated Other Comprehensive Income		4,067	35
Accumulated Deficit		(64,325)	(22,847)
Deficit attributable to Controlling Shareholders		(25,239)	(16,195)
Non-controlling interest	*NOTE 18*	868	4,050
TOTAL SHAREHOLDERS' DEFICIT		(24,371)	(12,145)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		$ 66,112	$ 65,585

Approved and authorized by the Board of Directors on April 29, 2024

"Jason DeLand"
Director and Chairman of the Board

"Kay Jessel"
Director

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

		For the year ended March 31, 2023	For the year ended March 31, 2022
Revenues	*NOTES 19, 26*	$ 69,589	$ 76,055
Cost of Goods Sold	*NOTE 26*	52,908	60,186
Gross Profit		16,681	15,869
Expenses:			
Selling, General and Administrative	*NOTE 20*	24,775	23,255
Stock Based Compensation	*NOTE 17*	218	834
Depreciation and Amortization	*NOTES 8, 9*	6,229	4,918
Total Expenses		31,222	29,007
Loss from Operations		(14,541)	(13,138)
Change in Fair Value of Series A Preferred Stock Liability	*NOTE 24*	1,114	(859)
Change in Fair Value of Contingent Consideration	*NOTE 24*	(28)	(18)
Change in Fair Value of Investments	*NOTE 12*	-	(7,049)
Change in Fair Value of Convertible Notes	*NOTE 16*	(363)	-
Change in Fair Value of Derivative Liabilities	*NOTE 24*	45	-
Loss from Investment in Associate		-	(73)
Fair Value Adjustment on Equity Accounted Investment		-	73
Finance Cost		(2,781)	(2,324)
Listing Fee	*NOTE 4*	(19,046)	-
Other (Expense) Income		1,095	322
Total Other Expense		(19,964)	(9,928)
Loss before Income Taxes		(34,505)	(23,066)
Income Tax (Provision) Benefit	*NOTE 15*	(135)	544
Net Loss		(34,640)	(22,522)
Other Comprehensive Income (Loss):			
Items to be reclassifed subsequently to Profit & Loss statement			
Foreign Currency Translation Gain		4,032	5
Comprehensive Loss		$ (30,608)	$ (22,517)
Net Loss Attributable to:			
Final Bell Holding, Inc.		(33,843)	(19,488)
Non-Controlling Interest	*NOTE 18*	(797)	(3,034)
		$ (34,640)	$ (22,522)
Comprehensive Loss for the Period Attributable to:			
Final Bell Holding, Inc.		(29,811)	(19,491)
Non-Controlling Interest	*NOTE 18*	(797)	(3,026)
		$ (30,608)	$ (22,517)
Weighted Average Number of Common Shares (formerly LLC Units) - Basic and Diluted		90,883,934	1,501,200
Basic and Diluted Loss per Share	*NOTE 21*	$ (0.33)	$ (12.98)

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statement of Changes in Shareholders' Deficit
For the Years Ended March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

		Shares Issued	PV Shares Issued	SV Shares Issued	Share Capital	Additonal Paid-In-Capital	Share Based Payments Reserve	Warrants	Accumulated Other Comprehensive Income	Accumulated Deficit	Equity Attributable to Controlling Shareholders	Non-Controlling Interest	Total Shareholders' Deficit
Balance as of March 31, 2021 (as previously reported)		-	2,495,072	-	$ -	$ 6,617	$ -	$ -	$ 38	$ (3,224)	$ 3,431	$ 4,679	$ 8,110
Retroactive application of reverse recapitalization		-	(2,495,072)	14,469,531	6,617	(6,617)	-	-	-	-	-	-	-
Balance as of March 31, 2021 (as adjusted)		-	-	14,469,531	6,617	-	-	-	$ 38	(3,224)	3,431	4,679	8,110
Net (Loss)		-	-	-	-	-	-	-	-	(19,488)	(19,488)	(3,034)	(22,522)
Foreign Currency Translation Gain		-	-	-	-	-	-	-	(3)	-	(3)	8	5
Stock-Based Compensation	*NOTE 17*												
Vesting Stock		-	-	-	-	-	-	-	-	-	-	(53)	(53)
Warrants		-	-	-	-	-	-	-	-	-	-	109	109
Options		-	-	-	-	-	-	-	-	-	-	775	775
Warrant exercise		-	-	-	-	-	-	-	-	-	-	30	30
Amortization of Discount on Note Receivable - Related Party		-	-	-	-	-	-	-	-	-	-	13	13
Share of Assets Acquired from Non-Controlling Interest		-	-	-	-	-	-	-	-	179	179	(179)	-
Extinguishment of Note Receivable - Related Party		-	-	-	-	-	-	-	-	(314)	(314)	-	(314)
Acquisition of Westside		-	-	-	-	-	-	-	-	-	-	1,702	1,702
Balance as of March 31, 2022		**-**	**-**	**14,469,531**	**$ 6,617**	**$ -**	**$ -**	**$ -**	**$ 35**	**$ (22,847)**	**$ (16,195)**	**$ 4,050**	**$ (12,145)**
Balance as of March 31, 2022 (as previously reported)		-	2,495,072	-	$ -	$ 6,617	$ -	$ -	$ 35	$ (22,847)	$ (16,195)	$ 4,050	$ (12,145)
Retroactive application of reverse recapitalization		-	(2,495,072)	14,469,531	6,617	(6,617)	-	-	-	-	-	-	-
Balance as of March 31, 2022 (as adjusted)		-	-	14,469,531	6,617	-	-	-	35	(22,847)	(16,195)	4,050	(12,145)
Net (Loss) Income		-	-	-	-	-	-	-	-	(33,843)	(33,843)	(797)	(34,640)
Foreign Currency Translation Gain		-	-	-	-	-	-	-	4,032	-	4,032	-	4,032
Reverse takeover of FBHI by FBH at Fair Value of Capital Considerat	*NOTE 4*	173,596,400	1,735,964	-	12,476	-	-	-	-	-	12,476	-	12,476
Acquisition of Final Bell Canada	*NOTE 4*	4,453,609	-	4,453,609	626	-	-	-	-	-	626	-	626
Acquisition of 14th Round Minority Interest	*NOTE 4*	63,998,600	639,986	-	8,960	-	1,224	-	-	(8,098)	2,086	(2,086)	-
Shares Issued for Debt Restructuring	*NOTE 17*	3,000,000		3,000,000	210					-	210	-	210
Stock-Based Compensation	*NOTE 17*	13,046,474	-	13,046,474	1,798	-	54	-	-	-	1,852	164	2,016
Shares Issued for Interest in Lieu of Cash	*NOTE 17*	273,728	-	273,728	26	-	-	-	-	-	26	-	26
Warrant Issuance	*NOTE 17*	-	-	-	-	-	-	3,028	-	-	3,028	-	3,028
Option Expiry		-	-	-	-	-	-	-	-	94	94	(94)	-
Warrant Expiry		-	-	-	-	-	-	-	-	369	369	(369)	-
Balance as of March 31, 2023		**258,368,811**	**2,375,950**	**35,243,342**	**30,713**	**-**	**1,278**	**3,028**	**4,067**	**(64,325)**	**(25,239)**	**868**	**(24,371)**

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statement of Cash Flows
For the Years Ended March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

		For the year ended March 31, 2023	For the year ended March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Loss for the year		$ (34,640)	$ (22,522)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and Amortization	*NOTE 8, 9, 10*	6,229	4,918
Amortization of Loan Discount	*NOTE 16*	123	-
Share-based Payments Expense	*NOTE 17*	218	834
Current Income Taxes	*NOTE 15*	380	249
Deferred Income Taxes	*NOTE 15*	96	(793)
Bad Debt (Recovery) Expense	*NOTE 6*	138	6,714
Gain on Forgiveness of Small Business Loan	*NOTE 22*	-	(1,260)
Gain on Lease Amendment/Termination	*NOTE 10*	(294)	(273)
Loss on Disposal of Fixed Assets	*NOTE 8*	74	128
Interest income accrued	*NOTE 10*	(386)	(311)
Interest expense accrued		958	1,274
Shares Issued for Interest in Lieu of Cash	*NOTE 17, 24*	26	-
Warrants issued for Credit Facility		-	75
Change in Fair Value of Preferred Stock Liability	*NOTE 24*	(1,114)	859
Change in Fair Value of Contingent Liability	*NOTE 24*	28	18
Change in Fair Value of Investments	*NOTE 12*	-	7,049
Change in Fair Value of Convertible Notes	*NOTE 24*	363	-
Change in Fair Value of Derivative Liabilities	*NOTE 24*	(45)	-
Transaction Costs	*NOTE 4*	19,046	-
Issuance of Shares upon debt restructuring	*NOTE 16*	210	-
Issuance of Compensation Shares on Close of Business Combination	*NOTE 17*	1,798	-
Loss from investment in associate		-	73
Fair Value Adjustment on Equity Accounted Investment		-	(73)
Changes in Operating Assets and Liabilities:			
Accounts Receivable, Net		(179)	(7,813)
Inventories		2,711	(8,187)
Prepaid Expenses		305	(507)
Other Long Term Assets/Liabilities		(149)	101
Accounts Payable		2,133	5,002
Accrued Expenses		(3,184)	4,620
Income Tax Payable		(341)	(115)
Performance Obligation		(860)	(598)
NET CASH USED IN OPERATING ACTIVITIES		(6,356)	(10,538)

Continued Next Page

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statement of Cash Flows
For the Years Ended March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

		For the year ended March 31, 2023	For the year ended March 31, 2022
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of Property and Equipment	*NOTE 8*	(2,274)	(1,958)
Payment of Contingent Consideration	*NOTE 24*	(319)	(440)
Payment of Holdback Liability		-	(197)
Principal Reduction in Lease Receivable	*NOTE 10*	370	167
Investment in GSW Creative Corporation and Elysian Group, Inc.		-	(7,049)
Consideration paid, net of cash acquired for Final Bell Canada	*NOTE 4*	(1,232)	-
Cash Acquired on Deemed Acquisition of Final Bell Holdings International Inc.	*NOTE 4*	517	-
Acquisition of Westside Caregivers Club, Inc.	*NOTE 18*	-	(7,400)
Issuance of Notes Receivable - Related Party	*NOTE 11*	-	(5,640)
NET CASH USED IN INVESTING ACTIVITIES		(2,938)	(22,517)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of Common Shares	*NOTE 17*	-	-
Issuance of Notes Payable	*NOTE 16*	5,650	26,648
Proceeds of Credit Facility	*NOTE 14*	6,228	3,469
Payment of Credit Facility	*NOTE 14*	(6,831)	-
Proceeds of Related Party Loans		1,253	1,930
Repayment of Related Party Loans		(3,463)	(1)
Proceeds of Term Loan	*NOTE 16*	4,000	-
Cash Contributions from Non-Controlling Interest		-	30
Principal Reduction in Lease Liability	*NOTE 10*	(1,549)	(604)
NET CASH PROVIDED BY FINANCING ACTIVITIES		5,288	31,472
Effect of Exchange Rate Changes on Cash		4,282	(39)
NET INCREASE (DECREASE) IN CASH		276	(1,622)
CASH AT BEGINNING OF YEAR		3,407	5,029
CASH AT END OF YEAR		$ 3,683	$ 3,407
SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES			
Cash Paid for Interest		$ 399	$ -
Cash Paid for Income Taxes and Installments		$ 113	$ 182
NON-CASH INVESTING AND FINANCING ACTIVITIES			
Value of Shares Issued on Acquisition of Final Bell Canada		$ 626	$ -
Acquisition of 14th Round Minority Interest		$ 8,960	$ (179)
Accounts Receivable for Common Shares		$ (3)	$ -
Net Investment in Sublease		$ -	$ (1,222)
Extinguishment of Note Receivable - Related Party		$ -	$ 313
Change in Non-Controlling Interest due to Effect of Exchange Rate on Cash		$ -	$ (8)
Change in Non-Controlling Interest due to Amortization of Note Receivable - Related Party		$ -	$ (13)
Right of Use Asset and Lease Liability at Acquisition/Inception		$ 916	$ 8,956

See accompanying notes to the consolidated financial statements.

1. REPORTING ENTITY AND NATURE OF OPERATIONS

Final Bell Holdings International Ltd.

Final Bell Holdings International Ltd. (the "Company" or "FBHI") was incorporated as Karsten Energy Corp. under the *Business Corporations Act* (British Columbia) ("BCBCA") on November 28, 2012, and was classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. On November 18, 2014, the Company completed its qualifying transaction and was listed on the TSX-V as a tier 2 mining issuer. The listing of the Company's common shares was transferred to the NEX Board of the TSX-V on January 31, 2017. The Company's common shares were voluntarily delisted from the NEX Board on April 30, 2021. On October 27, 2021, the Company filed articles of amendment under the BCBCA changing its name from "Karsten Energy Corp." to "Final Bell Holdings International Ltd."

Effective November 30, 2022, the Company completed a series of transactions (collectively, the "Reverse Take-over ("RTO") and other acquisitions"), pursuant to which it acquired the group of companies operating in the cannabis industry known as the "Final Bell Group", including Final Bell Holdings, Inc., a Delaware corporation ("FBH"), 14th Round Inc., a Delaware corporation ("14R" or "14th Round"), Final Bell Canada Inc., an Ontario corporation ("FB Canada"), and their respective subsidiaries and managed entities.

Also effective November 30, 2022, in connection with the RTO, the Company completed a share reorganization pursuant to which its share capital was reorganized to create and authorize a new class of Class B Proportionate Voting Shares (the "PV Shares") and to reclassify the common shares as Class A Subordinate Voting Shares (the "SV Shares"). Subject to certain conditions, each PV Share is convertible into 100 SV Shares, and is entitled to vote with the SV Shares at the rate of 100 votes per PV Share.

Final Bell Holdings, Inc.

The predecessor of FBH is Final Bell Holdings, LLC ("FB LLC"), which was formed on November 25, 2020 as a California limited liability company. On December 27, 2020, pursuant to a Formation and Contribution Agreement, a roll-up transaction (the "Final Bell Roll-Up Transaction") was completed whereby FB LLC acquired the assets and liabilities of a combined group of companies operating in the cannabis industry. The acquisition included a majority interest in 14R (56%). Subsequently, on July 1, 2021, FB LLC completed a restructuring whereby the FB LLC shareholders transferred all of their membership interests in FB LLC to FBH in exchange for FBH shares. As a result of the restructuring, FB LLC became a Delaware corporation and a wholly owned subsidiary of FBH.

Reverse Take-over and Other Acquisitions

On October 12, 2021, the Company entered into a share exchange agreement with FBH and FBH's shareholders, as amended (the "FBH SEA"), pursuant to which the Company would acquire all of the FBH common shares in exchange for PV Shares of the Company. The FBH SEA resulted in the Company acquiring, effective November 30, 2022, each outstanding share of FBH in exchange for approximately 0.69576 PV Shares, being 1,735,964 PV Shares in the aggregate.

On November 30, 2022, the Company also entered into agreements to acquire Final Bell Canada and the remaining 44% noncontrolling interest of 14R. Refer to Note 4 the further details on these acquisitions.

As a result of the RTO which closed on November 30, 2022, the resulting business of the Company, and the application of the relevant guidance for reverse acquisitions under IFRS 3, FBH (the entity receiving securities) has been deemed the "accounting acquirer" while the Company (the entity issuing securities) has been deemed the "accounting acquiree". As such, the financial statements included herein reflect the historical results of FBH and equity has been retrospectively adjusted to present FBHI's equity structure for all periods presented.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Nature of Operations

The Company operates a consolidated group of businesses providing end-to-end supply chain solutions to cannabis brands through integrated product development, manufacturing, and supply chain management. Through 14R, the Company operates in the design and technology space offering industrial design, engineering, manufacturing, branding, and child-resistant packaging solutions for cannabis vaporizers, edibles, and related products.

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

		% Ownership		
	Country of incorporation	**March 31, 2023**	March 31, 2022	Subsidiary of
Final Bell Holding, Inc.	USA	**100%**	NA	Final Bell Holdings International Ltd.
14th Round, Inc. ("14th Round")	USA	**100%**	56%	Final Bell Holding, Inc.
Uneka Concepts, Inc. ("Uneka")	USA	**100%**	100%	14th Round
14th Round Technology & Trade (Shenzhen) Co., Ltd. ("14th Round Shenzhen")	China	**100%**	100%	14th Round
Mallen Tech Co., Limited ("Mallentech")	Hong Kong	**100%**	100%	14th Round
Mallen Tech (Dongguan) Co., Ltd. ("DG Co.")	China	**100%**	100%	14th Round
Ares Imports, Inc. ("Ares")	USA	**100%**	100%	14th Round
14th Round (Canada) Inc.	Canada	**100%**	100%	14th Round
Final Bell Corp	USA	**100%**	100%	Final Bell Holding, Inc.
DB Innovation Inc. ("DB Innovation")	USA	**89%**	89%	Final Bell Holding, Inc.
DB Designs, LLC ("DB Designs")	USA	**100%**	100%	DB Innvoation Inc.
Westside Caregivers Club, Inc. ("WCC")	USA	**81%**	81%	Final Bell Corp.
Final Bell Canada Inc.	Canada	**100%**	NA	Final Bell Holdings International Ltd.
Final Bell Corp	Canada	**100%**	NA	Final Bell Canada Inc.
Starseed Medicinal Inc.	Canada	**100%**	NA	Final Bell Canada Inc.

These consolidated financial statements were authorized for issue by the Company's board of directors on April 29, 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied are consistent to all periods presented in these consolidated financial statements by the Company and its subsidiaries.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). FBHI did not early apply any new IFRS requirements that were not yet effective in fiscal year 2023.

Basis of Preparation and Measurement

The Company’s consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. A material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern, and therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Company’s ability to continue as a going concern is dependent upon its ability to generate profits and positive cash flows from operations and obtaining additional funding from financing arrangements. However, there can be no assurance that these activities will be successful or that financing will be available on terms acceptable to the Company.

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values and classification of assets and liabilities, and such adjustments could be material.

Functional and Presentation Currency

Unless otherwise specified, all financial information included in the consolidated financial statements has been stated in the US dollar (“USD”) and has been rounded to the nearest thousand. The Company selected the USD as the presentation currency to align with the most significant operating currency and underlying financial performance. The functional currency of the parent company is the Canadian dollar (“CAD”), and the functional currency of subsidiaries is USD, CAD, and Renminbi (“RMB”).

Principles of Consolidation

The Company uses judgment in determining the entities that it controls and accordingly consolidates. An entity is controlled when the Company has power over an entity, exposure or rights of variable returns from its involvement with the entity and is able to use its power over the entity to affect its return from the entity. The Company has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, which are activities that significantly affect the investee’s returns. Since power comes from rights, power can result from contractual arrangements. However, certain contractual arrangements contain rights that are designed to protect the Company’s interest, without giving it power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. Changes in the Company’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All intercompany transactions, balances and unrealized gains and losses on transactions between companies have been eliminated.

A listing of the Company’s subsidiaries is listed in Note 1, *Reporting Entity and Nature of Operations*.

Material Accounting Policy Information

Foreign Currencies

Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing on the date of the statement of financial position. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate of the transaction date. Non-monetary assets and liabilities which are measured at historical costs denominated in foreign currencies that are stated at fair value are translated to US dollar at foreign exchange rates prevailing at the dates the fair value was determined.

Translation of the results and financial position of foreign operations

Assets and liabilities of foreign operations are translated to US dollar at foreign exchange rates prevailing at the reporting date. Statements of profit or loss of foreign operations are translated to US dollar at the average exchange rates for the period. The components of shareholders' equity are translated at historical rates. Exchange differences arising from the translation of shareholders' equity to US dollar at period-end exchange rates are recognized in other comprehensive income. On disposal of a foreign entity the deferred cumulative amount recognized in equity relating to the particular operation is recognized in profit or loss.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate fair values at the date of exchange of the assets given, liabilities assumed, and equity instruments issued. Identifiable assets, liabilities, and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date. The excess of the cost of the acquisition over the Company's interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The assumptions and estimates relating to the determination of fair value require management to use a high degree of judgement and include estimates of future incomes, cash flows and discount rates. Changes in any of these estimates or assumptions could result in changes in fair values assigned to the consideration for the acquisition and the fair value of the assets, liabilities and goodwill in the purchase price allocation. The fair value of contingent consideration is revalued on the date of the statement of financial position and changes are recognized through profit or loss.

Acquisition-related costs are expensed as incurred.

Goodwill

Goodwill is determined as the excess cost of the acquisition over the Company's interest in the fair value of the identifiable net assets.

In accordance with IFRS 3, *Business Combinations,* goodwill is carried at cost and not amortized but tested for impairment on an annual basis and whenever there is an indicator the cash-generating unit to which goodwill has been allocated may be impaired.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses. Depreciation is calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets.

Depreciation is calculated using the following average estimated useful lives:

Category	Estimated Useful Life
Furniture and Fixtures	7 Years
Manufacturing Equipment	1.5 to 10 Years
Leasehold Improvements	Remaining Life of Lease
Tooling, Moulding and Dies	3 Years
Automobiles	5 Years
Computers	3 Years

The assets' residual values, useful lives and methods of depreciation are reviewed annually and adjusted prospectively, if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the statements of loss and comprehensive loss in the year the asset is derecognized.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred.

Intangible Assets

The Company recognizes intangible assets acquired in a business combination, and recognized separately from goodwill, at their fair value at the acquisition date.

The Company uses a straight-line method of amortization, unless a method that better reflects the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up can be reliably determined. The following are the estimated useful lives of the Company's intangible assets:

	Useful Life (in years)
Customer Relationships	1-5
Patents and Intellectual Property	7
Marketing Related Intangible Assets	3-5
Non-Competition Agreement	3
Licenses	15-24

Intangible assets that have indefinite useful lives are tested annually for impairment or reversal of impairment in addition to whenever events and circumstances indicate the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount of the asset group exceeds its recoverable amount.

Long-Lived Asset Impairment

The carrying amounts of property, plant and equipment, goodwill and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indicator of impairment, the asset's recoverable amount is estimated. In addition, goodwill, intangible assets that are not yet available for use and intangibles with an indefinite useful life are tested for impairment annually at the CGU level. An impairment loss is recognized whenever the carrying amount of an asset or the related CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of non-financial assets is determined as the higher of their fair value less costs to sell and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of the cash generating units to which the goodwill and the intangible assets with indefinite useful life belong is based on discounted future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in respect of cash-generating units firstly reduce allocated goodwill and then the carrying amounts of the other assets in the unit on a pro rata basis.

Reversal of impairment losses

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed only to the extent the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Cash

Cash includes cash deposits in financial institutions. Cash is a financial asset that is measured at amortized cost, which approximates fair value.

Accounts Receivable and Note Receivable

Accounts receivables are carried at amortized cost net of credit losses. Expected credit losses reflect the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability, unwillingness to pay, or changing forward looking market uncertainties. Collectability of trade receivables is reviewed on an ongoing basis for each segment of the business. The expected credit loss is determined based on a combination of factors, including the segment's risk assessment regarding the credit worthiness of its customers, historical collection experience, current aging status of customer accounts, financial condition of its customers, and economic conditions. Any credit losses are recognized directly in profit or loss.

Note Receivable – Related Party

Note receivables are recognized at amortized cost. The Company reviews its notes receivable for collectability as information becomes available pertaining to the Company's inability to collect. An allowance for the note receivable is recorded for the likelihood of non-collectability.

Inventories

The Company's inventories are initially recognized at costs, and subsequently valued at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to completion and selling costs. Cost comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition. Direct costs such as labor and the related overhead attributable to the inventories are capitalized to the extent that cost is less than net realizable value.

Inventory is written down on a SKU level basis if the anticipated net realizable value declines below the carrying about of the inventories. The Company considers obsolescence, redundant and slow-moving goods, damage, or declining selling prices when calculating the net realizable value of a product.

Inventory acquired in a business combination is valued at selling price less selling and disposal costs.

Leases and Right of Use ("ROU") Asset

Leases are recorded in accordance with IFRS 16, *Leases*. The Company assesses whether a contract is, or contains, a lease at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in cash flow from operating activities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate specific to the operating location. The Company considers its recent transactions and management assumptions when calculating the incremental borrowing rates. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the Company is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in profit or loss in the period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a renewal and/or purchase option. The corresponding adjustment is made to the related right-of-use asset. The principal portion of the lease payments is presented within financing activities and the interest component is presented within operating activities in the consolidated cash flow statement.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term.

Income Taxes

Income tax on the profit or loss for the year is comprised of current and deferred tax. Income tax (benefit) is recognized in profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or subsequently enacted, at the reporting date, and any adjustment to tax payable in respect to previous years.

In accordance with IAS 12, *Income Taxes,* deferred taxes are provided using the balance sheet liability method. This means that, for all taxable and deductible differences between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position a deferred tax liability or asset is recognized. Under this method a provision for deferred taxes is also made for differences between the fair values of assets and liabilities acquired in a business combination and their tax base. IAS 12 prescribes that no deferred taxes are recognized (i) on initial recognition of goodwill, (ii) at the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit and (iii) on differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and to the extent that the Company is able to control the timing of the reversal. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using currently or substantively enacted tax rates.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Company recognizes deferred tax assets, including assets arising from losses carried forward, to the extent that future probable taxable profit will be available against which the deferred tax asset can be utilized.

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Financial Instruments

The Company recognizes financial instruments when it becomes party to the contractual provisions of the instrument.

Classification and Measurement

With the exception of trade receivables, financial assets are initially measured at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred. Debt financial instruments are subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification is based on two criteria: the objective of the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

The classification and measurement of the Company's financial assets is as follows:

- Debt instruments at amortized cost: Investments in debt securities where the contractual cash flows are solely payments of principal and interest, and the Company's business model is to collect contractual cash flows. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss.
- Debt instruments at FVOCI with gains and losses recycled to profit or loss on derecognition: Investments in debt securities where the contractual cash flows are solely payments of principal and interest, and the Company's business model is achieved by both collecting contractual cash flows and selling financial assets. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other fair value gains and losses are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.
- Equity instruments designated at FVOCI, with no recycling of gains or losses to profit or loss on derecognition: Instruments in which the Company does not have significant influence or control and is generally evidenced by ownership of less than 20% of the voting rights. The Company designates these investments on an instrument-by-instrument basis as equity securities at FVOCI because they represent investments held for long-term strategic purposes. Investments in unquoted companies are subsequently measured at cost, when appropriate. These investments are non-monetary items and gains or losses presented in the other comprehensive income include any related foreign exchange component. Dividends received are recognized in profit or loss. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss accumulated in other comprehensive income are not reclassified to profit or loss.
- Financial assets and liabilities at FVTPL: Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss.

Key Classifications of Financial Instruments

Cash	Amortized Cost
Accounts Receivable	Amortized Cost
Notes Receivable	Amortized Cost
Accounts Payable and Accrued Expenses	Amortized Cost
Other Long-Term Assets	Amortized Cost
Credit Facility	Amortized Cost
Related Party Loans	FVTPL*
Notes Payable	FVTPL*
Secured Term Loan	FVTPL*

Promissory Note	FVTPL*
Series A Preferred Stock Liability	FVTPL
Contingent Liability	FVTPL
Convertible Notes	FVTPL
Derivative Financial Instrument	FVTPL

* Initially measured at FVTPL and subsequently measured on an amortized cost basis

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company has a currently legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Derecognition

A financial asset is derecognized when its contractual rights to the cash flows from the financial asset expire. A financial liability is derecognized only when its contractual obligations are discharged, cancelled or expire.

Fair Value Measurement

A number of FBHI's accounting policies and notes require fair value measurements for both financial and non-financial items.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 – Significant inputs that are not based on observable market data.

If the inputs used to measure an asset or liability's fair value fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company applies fair value measurement to the instruments listed below.

- Contingent Liability
- Series A Preferred Stock Liability
- Unsecured Convertible Notes
- Derivative Financial Instrument
- Related Party loans
- Promissory notes
- Notes payable
- Secured term loan

The fair value of each of these instruments is based on inputs that are not based on observable market data as such, all instruments fall into Level 3 on the fair value hierarchy. The value is determined by commonly used valuation techniques (Black Scholes, etc.) to arrive at the most relevant fair value calculation.

Revenue Recognition

Goods Sold

Revenue is recognized in accordance with IFRS 15, *Revenue from Contracts with Customers.* Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Specifically, revenue recognition follows the following five-step approach:

- Identify the contract with a customer
- Identify the performance obligation(s) in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when performance obligations are satisfied

Revenue from contracts with customers is recognized in the statement of profit or loss when the control of the asset or of the service has been transferred to the customer. The control transfer date is generally in accordance with ex work terms under which control is transferred upon shipment date. Revenue is presented net of discounts and sales tax and other related taxes.

When determining the amount of revenue from contracts with customers, the Company evaluates whether it functions as a primary provider, or as an agent in the contract. The Company is the primary provider when it controls the guaranteed goods or services before they are transferred to the customer. In such cases, the Company recognizes revenue as the gross amount of proceeds. In cases where the Company functions as an agent, the Company recognizes the revenue as a net amount, after deducting the amounts which are owed to the primary provider.

Net revenue for the Company is defined as gross revenue, which is net of any customer discounts, rebates, and sales returns and recoveries, less excise taxes.

Deferred Revenue

If consideration is received by the Company before the related performance obligation is satisfied, the advance payment is recorded as deferred revenue until the obligation is satisfied at which time revenue is recorded. Deferred revenue is a liability on the statement of financial position.

Costs of Goods Sold

The Company's policy is to recognize costs of goods sold in the same manner in conjunction with revenue recognition. Cost of goods sold includes the costs directly attributable to revenue recognition and includes amounts paid for finished goods, such as batteries, cartridges, as well as packaging and other supplies for its products.

Share-based Compensation

The Company accounts for its share-based compensation in accordance with IFRS 2, *Share-Based Payments*, which requires fair value measurement on the grant date and recognition of compensation expense for all share-based payment awards made. For options and warrants, the Company estimates the fair value using a closed option valuation (Black-Scholes) model. The fair value of restricted share awards is based upon the estimated fair value price of the common shares on the date of grant. The fair value is then expensed over the requisite service periods of the awards, net of estimated forfeitures, which is generally the performance period, and the related amount is recognized in profit or loss.

The Black-Scholes option-pricing model requires the input of certain assumptions that require the Company's judgment, including the expected term and the expected share price volatility of the underlying stock.

The assumptions used in calculating the fair value of stock-based compensation represent management's best estimates, but these estimates involve inherent uncertainties and the application of judgment. As a result, if factors change resulting in the use of different assumptions, stock-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those share-based rewards expected to vest. If the actual forfeiture rate is materially different from management's estimates, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

Share based payment reserve

The fair value of stock options is recorded as an expense on the grant date with a corresponding credit to share reserves. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of stock options, proceeds received from stock option holders are recorded as an increase to share capital and the related share reserve is transferred to share capital.

Earnings (loss) per share

The calculation of basic EPS has been based on the profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding. SV Shares and PV Shares are considered ordinary shares to be included in the denominator of EPS. PV Shares have been converted into SV Shares in accordance with its liquidation rights in ratio of 100:1 to compute basic EPS for one class of ordinary shares. As the legal subsidiary is the accounting acquirer, the number of shares to use in the earnings per share calculations for the period before the RTO is based on the weighted average number of outstanding shares of the accounting acquirer before the RTO adjusted to reflect the exchange ratio applied in the reverse acquisition.

The Company calculates diluted earnings (loss) per share by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive ordinary shares such as exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Adoption of New and Revised Standards and Interpretations

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after April 1, 2023. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The Company has not identified any upcoming changes which could materially impact the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture

Amendments to IAS 1	Classification of Liabilities as Current or Non-Current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Company does not expect the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated below.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Company anticipates the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

The Company does not anticipate the application of these amendments may have an impact on the Company's consolidated financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The Company anticipates the application of these amendments may have an impact on the Company's consolidated financial statements in future periods.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of

Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Company anticipates the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or, if the revision affects both current and future periods, in the period of the revision and future periods.

Although each of its significant accounting policies reflects judgments, assessments or estimates, the Company believes the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to its business operations and understanding results: RTO transaction (Note 4), business combinations (Note 4), intangible assets (Note 4), goodwill (Note 4), impairment (Note 9), derivatives (Note 24), share-based payments (Note 17), contingent liabilities (Note 24), preferred stock liabilities (Note 24), and accounting for current and deferred tax (note 15). Estimates and key assumptions made in applying accounting policies are included in the notes referenced above for each of these accounting policies.

The Company employs significant estimates to determine the estimated useful lives of property, plant and equipment and intangible assets with finite useful lives, considering industry trends such as technological advancements, past experience, expected use and review of asset useful lives.

The fair values of acquired identifiable intangibles are based on an assessment of future cash flows. Fair value at acquisition is calculated using the present value of estimated future cash flows the Company expects to generate from the asset acquired using a risk-adjusted discount rate. In determining its estimated future cash flows associated with its intangible assets, the Company uses estimates and assumptions about future revenue contributions, cost structures and remaining useful lives of the asset (asset group).

Impairment analyses of goodwill and indefinite-lived intangible assets are performed annually and whenever a triggering event has occurred, in order to determine whether the carrying value exceeds the recoverable amount. These calculations are based on estimates of future cash flows.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The Company is subject to income tax in multiple jurisdictions. Significant judgment is required to determine the provision for income tax. All income, capital and commodity tax filings are subject to audits and reassessments. In assessing the amount of any income tax provisions to be recognized in the financial statements, estimates are made of the expected successful settlement of these matters, as applicable. Estimates of interest and penalties on tax liabilities are also recorded. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period that such determination is made.

The Company uses its judgment to select a variety of methods including the discounted cash flow method and option valuation models and makes assumptions about the fair value of financial instruments that are mainly based on market conditions existing at each reporting date.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the following year are further discussed in the relevant notes hereafter.

4. REVERSE TAKE-OVER AND RELATED ACQUISITIONS

Share Exchange Agreement

On November 30, 2022, the Company completed an acquisition pursuant to the FBH SEA whereby shareholders of FBH received PV Shares. Each common share of FBH was exchanged for 0.69576 of a PV Share. The combination constituted a RTO transaction whereby, following the closing of the share exchange, FBH is now a wholly-owned subsidiary of the Company and the Company will carry on the business of FBH.

At the time of the acquisition, the Company's assets consisted primarily of cash, accounts receivable and convertible note receivable and it did not have any processes capable of generating outputs; therefore, the Company did not meet the definition of a business. Accordingly, as the Company did not qualify as a business in accordance with IFRS 3 *Business Combinations*, the acquisition did not constitute a business combination; however, by analogy it has been accounted for as a reverse take-over following the guidance set out in IFRS 2 *Share-based Payment*. Therefore, FBH, the legal subsidiary, has been treated as the accounting acquirer, and the Company, the legal parent, has been treated as the accounting acquiree. The assets acquired and liabilities assumed were recorded at their estimated fair values, which are based on management's estimates and independent third party valuations.

Upon completion of the RTO the shareholders of FBH received 1,735,964 PV Shares in exchange for 2,495,072 FBH shares on a 1:0.69576 basis. The consideration relating to the deemed shares issued in the reverse acquisition was nil based on the fair value per common share of the Company on November 30, 2022. The fair value was estimated using income and market approaches. More specifically, 33.3% weight was given to the discounted cash flow model, guideline public company method, and guideline transaction methods given the close proxminity of the value indicators with the following assumptions.

Discounted Cash Flow assumptions

Discount rate	14.5%
Long-term growth rate	4%

Guideline public companies assumptions

Risk Free-Rate	2.5%
Beta adjusted equity risk premium	7.23%
Enterprise Value Multiple	1.3x

Guideline transaction methods

Enterprise Value Multiple	1.5x

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Management determined that due to the short-term nature of cash, accounts receivable, convertible note receivable, accounts payable, accrued expenses and secured loan, the carrying amounts of these items approximate their fair values. The convertible note payable was recorded at fair value using a Black-Scholes Merton option pricing model for the conversion feature and a probability-weighted amortized cost method under two distinct redemption scenarios for the principal to be repaid with the following assumptions:

Volatility	102%
Risk-free rate	4.2%
Dividend yield	0.0%
Time in years	1.17

As the acquisition was not considered a business combination, the excess of consideration paid over the net assets acquired together with any transaction costs incurred for the RTO is expensed as a listing expense in accordance with IFRS 2 *Share-based Payments*.

Net assets acquired (FBHI at November 30, 2022):

Cash	$	517
Accounts Receivable, Net		32
Notes Receivable		33,796
Accounts Payable		(514)
Accrued Expenses		(32)
Senior Secured Term Loan Facility		(21,476)
Unsecured Convertible Notes		(18,780)
Warrant Liability		(113)
Total Identifiable Net Assets		(6,570)
Excess of Purchase Price over Fair Value of Assets Acquired (expensed)		19,046
Net Assets Acquired	$	12,476

14th Round Minority Acquisition

Further to the FBH SEA, FBHI completed the acquisition of the remaining 44% of 14R's outstanding shares not held by FBH pursuant to 14R Merger Agreement whereby the remaining shareholders of 14R received 639,986 PV Shares of the Company with an estimated fair value of $9.0 million based on the deemed valuation of the Company after giving pro forma effect to the completion the transacions contemplated by the FBH SEA agreements. As a result of the close of the acquisition, 14R became a wholly-owned subsidiary of FBHI. As of March 31, 2023, PV Shares of the Company were not yet issued to 14R minority shareholders that either dissented to the transaction or had options and / or warrants that were to be reissued by FBHI at a later date. Refer to Note 18, *Shareholders' Equity* for discussion of the modification of the 14R options and warrants as a result of this transaction.

Carrying Amount of NCI acquired	$	2,086
Consideration paid to NCI		8,960
A decrease in equity attributable to owners of the Company	$	(6,874)

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

FB Canada Acquisition

On November 30, 2022, the Company completed the acquisition of all outstanding shares of FB Canada according to the terms of the FB Canada share purchase agreement to acquire 100% of FB Canada. The acquisition was completed to faciliate the Company's entry into the Canadian cannabis market. Total purchase consideration for FB Canada had a fair value of $19.1 million and consisted of the following:

Cash	$	2,480
Promissory notes		1,113
Estimated fair value of shares issued		626
Contingent Consideration		2,663
Settlement of Pre-existing Relationship		12,253
Total Consideration	$	19,135

The Company issued (as part of the total consideration for the FB Canada acquisition) a promissory note to the FB Canada sellers in the aggregate amount of $1.2 million (C$1.65 million), which had a fair value of $1.1 million (C$1.5 million) as of the date of acquisition. The fair value of the promissory note was determined by the Company's third-party valuation specialists and was based on the time value of money. The promissory note does not bear interest and matures at the earlier of fifteen (15) months from issuance, or the completion of an equity capital raise by the Company for gross proceeds equal to or greater than C$5.0 million. The consideration relating to the SV Shares issued for the acquisition was based on the fair value of the 4,453,609 SV Shares issued having a fair value of $0.6 million based on the fair value of $0.14 per SV Share of the Company on November 30, 2022. The fair value was estimated by third-party specialists using income and market approaches. More specifically, 33.3% weight was given to the discounted cash flow model, guideline public company method, and guideline transaction methods given the close proxminity of the value indicators with the following assumptions.

Discounted Cash Flow assumptions

Discount rate	12%
Long-term growth rate	4%

Guideline public companies assumptions

Risk Free-Rate	2.5%
Beta adjusted equity risk premium	7.23%
Enterprise Value Multiple	1.3x

Guideline transaction methods

Enterprise Value Multiple	1.2x

Contingent consideration is to be issued if FBHI issues shares at a valuation that is less than $250 million in connection with a listing of FBHI SV Shares on a public stock exchange or if FBHI is acquired prior to the listing of FBHI SV Shares at a valuation that is less than $250 million. The contingent consideration was valued using the Black-Scholes-Merton model, further adjusted for counterparty credit risk, with the following assumptions:

Equity Volatility	102.0%
Risk-free rate	4.31%
Risk-adjusted discount rate	15.0%
Term to exit (years)	1.00

The acquisition of FB Canada effectively settled pre-existing relationships with FBH and 14R, and accordingly has been included within purchase consideration.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Management determined this acquistion meets the definition of a business under IFRS 3 and therefore the transaction was accounted for as a business combination. As a result of the control obtained through the acquisition, the fair value of the assets and liabilities of FB Canada were consolidated into the Company's financial statements as of November 30, 2022.

The following table summarizes the fair values of the assets acquired and liabilities assumed:

Cash	$	1,248
Accounts Receivable, Net		4,331
Inventories		4,053
Other Currents Assets		560
Property and Equipment, Net		566
ROU Asset		710
Intangible Assets		2,517
Accounts Payable		(3,179)
Accrued Expenses		(108)
Deferred Tax Liability		(667)
Performance Obligation		(349)
ROU Liability		(710)
Total Identifiable Net Assets		8,972
Goodwill		10,163
Preliminary Fair Value of Assets Acquired and Liabilities Assumed	$	19,135

The Company acquired a lease for a building in Bowmanville, Canada. This lease was valued in accordance with IFRS 16 utilizing an incremental borrowing rate of 12.5%.

Intangible assets acquired from FB Canada consistent of a market related intangible (tradename), customer relationships, and a cannabis license. The market related intangible asset was fair valued at $0.4 million having an estimated useful life of 3.3 years valued using the relief from royalty income approach with the following assumptions: Royalty Rate 0.5%, Discount Rate 18.0%, and Tax Rate 26.5%. The customer relationships intangible was fair valued at $0.6 million using the multi-period excess earnings method with a discount rate of 18.0%. The cannabis license was fair valued at $1.5 million using the with and without method having an estimated useful life of 5 years and a discount rate of 18%.

As a result of the acquisition, the Company also recognized $10.2 million of goodwill based on expected financial synergies resulting from full integration of the company's supply chain to consumer in the Canadian market.

For the year ended March 31, 2023, FB Canada contributed revenue of $7.0 million and loss of $3.9 million to the Company's consolidated results. If the acquisition had occurred on April 1, 2022, management estimates consolidated revenue would have been $81.1 million and consolidated loss would have been $18.1 million.

5. CONCENTRATIONS OF BUSINESS AND CREDIT RISK

The Company maintains cash balances in reputable financial institutions in Canada and the US that are insured by the Canada Deposit Insurance Corporation (CDIC) and Federal Deposit Insurance Corporation ("FDIC") up to certain federal limitations. At times, the Company's cash balance exceeds these federal limitations. As of March 31, 2023 and March 31, 2022, the amount held above the limit in Canada and US financial institutions was $2.5 million and $2.0 million, respectively. The Company has not historically experienced any material losses. The Company's cash held in foreign banks that are not subject to FDIC or CDIC coverage as of March 31, 2023 and March 31, 2022 was $0.2 million and $0.3 million, respectively.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The Company provides credit in the normal course of business to customers located throughout the U.S. and Canada. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information.

Sales to the Company's three largest customers accounted for 33.0% and 40% of total revenues for the years ended March 31, 2023, and March 31, 2022, respectively. Accounts receivable for these three customers was $2.4 million and $3.5 million as of March 31, 2023 and 2022, respectively.

One of the Company's hardware suppliers accounted for 45% and 51% of the cost of goods sold for the year ended March 31, 2023, and 2022, respectively. As of March 31, 2023 and 2022, $11.0 million and $7.1 million, respectively, was included in accounts payable and $0.2 million was included in prepaid expenses for each year related to the Company's outsourced hardware and packaging manufacturer.

6. ACCOUNTS RECEIVABLE

Accounts receivable primarily consists of trade receivables, sales tax receivable and excise tax receivable, net of an allowance for expected credit losses. Sales tax receivable and excise tax receivable represent excess of input tax credits on purchased goods or services received over sales and excise tax collected on the taxable sales in Canada and the United States. Accounts receivable for the years ended March 31, 2023 and 2022 is summarized below:

	March 31, 2023	March 31, 2022
Accounts Receivable	$ 12,117	$ 16,209
Allowance	(1,843)	(3,849)
Accounts Receivable, Net	$ 10,274	$ 12,360

The following summarizes the changes in expected credit losses for the years ended March 31, 2023 and 2022:

	March 31, 2023	March 31, 2022
Opening Allowance	$ (3,849)	$ (1,647)
Write Off	29	-
Credit Loss	103	(2,202)
Recovery	1,874	-
Total Allowance	$ (1,843)	$ (3,849)

During the year ended March 31, 2023, the Company recorded a recovery of a $1.9 million of which $1.7 million is a result of settling the receivables between related parties as a result of the Final Bell Canada acquisition. Additionally, the company's expected credit losses decreased year over year as a result of improvements in the expected credit losses for each aged receivable aging bucket. This resulted in a reduction to the allowance that was not attributed directly to a recovery or write off of a specific customer balance. The Company recorded bad debt of $138 thousand for the year ended March 31, 2023 (year ended March 31, 2022 – bad debt expense $6.7 million) recorded within selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

7. INVENTORY

As of March 31, 2023 and 2022, inventory consisted of the following:

	March 31, 2023	March 31, 2022
Hardware and Packaging	$ 6,104	7,933
Raw Materials - Cannabis	3,218	180
Work in Progress	490	-
Finished Goods	868	1,225
Inventory	$ 10,680	$ 9,338

The cost of goods sold is comprised of the cost of inventories sold during the period, provisions and write-downs for inventory that does not pass the Company's quality assurance standards and obsolete products and packaging. As of March 31, 2023 and 2022, the total inventory specific reserve recorded was $317.5 thousand and $546.7 thousand, respectively and write-downs recorded within cost of goods sold were $2.1 million in expense and $175.4 thousand recovery, respectively.

8. PROPERTY AND EQUIPMENT

As of and for the years ended March 31, 2023 and 2022, property and equipment consisted of the following:

	Furniture and Fixtures	Machinery and Equipment	Tooling, Moulding and Dies	Leasehold Improvements	Automobiles	Computers	Total
Cost							
Balance as of April 1, 2022	$ 430	$ 4,011	$ 1,440	$ 1,266	$ 270	$ 364	$ 7,781
Additions	1	688	818	739	12	16	2,274
Acquisition of FB Canada	6	206	-	350	-	5	567
Disposals	-	(57)	-	(25)	(17)	-	(99)
Effect of Foreign Exchange	(1)	(102)	-	(2)	-	(1)	(106)
Balance as of March 31, 2023	$ 436	$ 4,746	$ 2,258	$ 2,328	$ 265	$ 384	$ 10,417
Accumulated Depreciation							
Balance as of April 1, 2022	$ 197	$ 1,183	$ 1,217	$ 244	$ 152	$ 175	$ 3,168
Depreciation	92	884	259	465	56	67	1,823
Disposals	-	(22)	-	-	(3)	-	(25)
Effect of Foreign Exchange	-	(16)	-	-	-	-	(16)
Balance as of March 31, 2023	$ 289	$ 2,029	$ 1,476	$ 709	$ 205	$ 242	$ 4,950
Net Book Value							
Balance as of April 1, 2022	$ 233	$ 2,828	$ 223	$ 1,022	$ 118	$ 189	$ 4,613
Balance as of March 31, 2023	$ 147	$ 2,717	$ 782	$ 1,619	$ 60	$ 142	$ 5,467

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Notes to Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

	Furniture and Fixtures	Machinery and Equipment	Tooling, Moulding and Dies	Leasehold Improvements	Automobiles	Computers	Total
Cost							
Balance as of April 1, 2021	$ 227	$ 2,744	$ 1,125	$ 300	$ 216	$ 169	$ 4,781
Acquisition of Westside	134	246	15	766	-	-	1,161
Additions	69	996	300	344	54	195	1,958
Disposals	-	(19)	-	(150)	-	-	(169)
Effect of Foreign Exchange	-	45	-	5	-	-	50
Balance as of March 31, 2022	$ 430	$ 4,012	$ 1,440	$ 1,265	$ 270	$ 364	$ 7,781
Accumulated Depreciation							
Balance as of April 1, 2021	$ 153	$ 566	$ 973	$ 112	$ 103	$ 120	$ 2,027
Disposals	-	(4)	-	(37)	-	-	(41)
Depreciation	44	618	244	168	49	55	1,178
Effect of Foreign Exchange	-	4	-	-	-	-	4
Balance as of March 31, 2022	$ 197	$ 1,184	$ 1,217	$ 243	$ 152	$ 175	$ 3,168
Net Book Value							
Balance as of April 1, 2021	$ 74	$ 2,178	$ 152	$ 189	$ 113	$ 49	$ 2,755
Balance as of March 31, 2022	$ 233	$ 2,828	$ 223	$ 1,022	$ 118	$ 189	$ 4,613

The Company reviews the carrying value of its property and equipment at each reporting period for indicators of impairment and assesses the useful lives of its property and equipment in accordance with IAS 36. The Company did not record any impairment losses related to its property and equipment during the year ended March 31, 2023 or the year ended March 31, 2022.

Depreciation expense was $1.8 million and $1.2 million for the years ended March 31, 2023 and March 31, 2022, respectively.

9. INTANGIBLE ASSETS AND GOODWILL

Intangibles

The components of intangible assets as of and for the years ended March 31, 2023 and 2022 are as follows:

	Patents and Intellectual Property	Customer Relationships	Marketing Related Intangible Assets	Non-competition agreement	Licenses	Total
Balance March 31, 2021	$ 11,644	$ 1,085	$ 175	$ 12	$ -	$ 12,916
Acquisition of WCC	-	-	-	-	6,300	6,300
Amortization	(2,411)	(310)	(117)	(8)	(140)	(2,986)
Balance March 31, 2022	$ 9,233	$ 775	$ 58	$ 4	$ 6,160	$ 16,230
Acquisition of Final Bell Canada	-	629	407	-	1,481	2,517
Amortization	(2,411)	(402)	(100)	(4)	(441)	(3,358)
Effect of Foreign Exchange	-	1	-	-	(2)	(1)
Balance March 31, 2023	$ 6,822	$ 1,003	$ 365	$ -	$ 7,198	$ 15,388

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The Company's patents and intellectual property primarily relate to 14R's acquisition of Uneka, which occurred in October 2019. The patent and intellectual property had a fair value of $8.9 million upon recognition, with an estimated useful life of 7 years. As of March 31, 2023, the carrying amount of the patent and intellectual property was $4.4 million with a remaining useful life of approximately 3.5 years as compared to $5.7 million and 4.5 years as of March 31, 2022.

The Company's licenses primarily related to FBH's acquisition of WCC on November 30, 2021 when the Company recognized the fair value of the WCC cannabis license under the Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA") (the "WCC License"). Management estimated a useful life of 15 years for the WCC License based on analysis of market and legislative trends and standard practice for intangibles. The license had a fair value of $6.3 million upon recognition. As of March 31, 2023, the carrying amount of the license was $5.7 million with a remaining useful life of approximately 14 years as compared to $6.2 million and 15 years as of March 31, 2022.

During the year ended March 31, 2023, the Company acquired intangible assets related to the FB Canada transaction. Refer to Note 4 for further discussion. The Company reviews the carrying value of its intangible assets with definite lives in accordance with IAS 36 at each reporting period for indicators of impairment. No impairment losses were recorded for the year ended March 31, 2023 or 2022 related to the Company's intangible assets.

Amortization expense was $3.4 million and $3.0 million and is recorded within depreciation and amortization within the consolidated statement of loss and comprehensive and loss for the years ended March 31, 2023 and 2022, respectively.

Goodwill

Changes in the carrying amount of goodwill are as follows:

Balance March 31, 2021	$	-
Acquisition of WCC		2,030
Balance March 31, 2022	$	2,030
Acquisition of FB Canada (see Note 4)		10,163
Effect of Foreign Exchange		(18)
Balance March 31, 2023	$	12,175

On an annual basis, the Company assesses for indicators of impairment or when facts or circumstances suggest the carrying amount may exceed the recoverable amount. Goodwill is tested for impairment annually.

FBHI performed its annual impairment test as of March 31, 2023 based on the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). As of March 31, 2023, the Company's CGUs have been identified at the operating entity level and consist of 14R, Final Bell U.S., and FB Canada. The units cannot be separated further due to the level of integration, and to a certain degree, interdependence between products and services lines within the business. The CGUs to which goodwill is allocated are Final Bell U.S. and Final Bell Canada. The recoverable amount of the CGUs were determined based on FVLCD using Level 3 inputs in a discounted cash flow ("DCF") analysis. Where applicable, the Company uses its market capitalization and comparative market multiples to corroborate DCF results. No goodwill impairment was identified as a result of the 2023 annual impairment test. The significant assumptions applied in the determination of the recoverable amount are described below:

i. Cash flows: Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends. Estimated cash flows are primarily driven by forecasted revenues and earnings before interest, taxes, depreciation and amortization (EBITDA) margins. The Final Bell U.S. CGU and Final Bell Canada CGU forecasts were extended to a total of 7 years (and a terminal year thereafter).

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

ii. Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth. The terminal growth rate utilized in the Final Bell U.S. CGU and Final Bell Canada CGU forecasts were 4.0% and 3.5%, respectively.

iii. Post-tax discount rate: The post-tax discount rate is reflective of the CGU's Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, levered equity beta adjustment, an unsystematic size and Company-specific risk premium, and after-tax cost of debt based on the average interest expense of comparable companies. The discount rates utilized in the Final Bell U.S. CGU and Final Bell Canada CGU forecasts were 27.0% and 16.0%, respectively.

iv. Tax rate: The tax rates used in determining the future cash flows were those substantively enacted at the respective valuation date.

10. LEASES

As of March 31, 2023, the Company's right of use asset consisted of the following:

	Cost	Amortization	Balance
Balance, March 31, 2021	**$ 2,306**	**$ (916)**	**$ 1,390**
Additions	4,528	(545)	3,983
Acquisition of Westside	4,546	(209)	4,337
Transition to investment in sublease receivable	(1,773)	823	(950)
Effect of Foreign Exchange	-	11	11
Balance, March 31, 2022	**$ 9,607**	**$ (836)**	**$ 8,771**
Additions	915	(1,048)	(133)
Lease modification	(3,060)	190	(2,870)
Lease extinguishment	(405)	136	(269)
Effect of Foreign Exchange	(11)	(1)	(12)
Balance, March 31, 2023	**$ 7,046**	**$ (1,559)**	**$ 5,487**

On May 7, 2018, 14R entered into a lease assignment agreement for its corporate office with a related party, which includes an option to extend or terminate the lease. On September 1, 2021, 14R subleased the space to a third party under the same terms as the original lease and recognized an investment in sublease receivable of $1.2 million included in other long-term assets in the consolidated statements of financial position. The gain on the lease transition of $272.8 thousand is included in general and administrative expense in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2022. This sublease agreement resulted in the recognition of a net investment in sublease by 14R included under long-term assets in the statements of financial position.

On May 1, 2020, 14R entered into a lease agreement for factory space in China. 14R's average monthly payments for the lease term are $7.0 thousand subject to an 8% increase after two years. At inception, 14R recognized a ROU asset and a lease liability in the amount of $374.1 thousand. In February 2022, the lease was terminated resulting in the Company forfeiting a two-month deposit for an immaterial amount. A gain on the lease termination of $28.8 thousand is included in other income (expense) in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2023.

On June 24, 2021, 14R entered into a lease assignment agreement for its warehouse space with a 5-year lease term commencing September 1, 2021, which includes two renewal options for 60 months each. 14R's monthly payments are $26.1 thousand, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of $1.4 million.

On September 29, 2021, 14R entered into a lease agreement for office space with a 6-year lease term commencing March 1, 2022. The lease includes a renewal option for 60 months. 14R's monthly payments are $40.5 thousand, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of $3.0 million. On February 3, 2023, 14R terminated the lease resulting in a gain on lease termination of $239.9 thousand recorded within other income (expense) in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2023.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

On November 30, 2021, FBH acquired WCC which had a lease agreement for its warehouse space. At acquisition, FBH recognized a right of use asset and a lease liability in the amount of $4.5 million, using its incremental borrowing rate of 7.33%.

On January 15, 2022, FBH entered into a lease agreement for office space with a 2-year lease term commencing January 15, 2022. The lease includes a renewal option for 24 months. FBH's monthly payments were $6.3 thousand, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of $117.5 thousand. On August 1, 2022, the lease was amended to reduce the office space and lower the monthly payments to $2.0 thousand subject to a 3% annual increase for the remainder of the lease term. A gain on the lease amendment of $25.2 thousand is included in other income (expense) in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2023.

On January 20, 2022, 14R entered into a lease agreement for a factory to be used for production in China. 14R's average monthly payments for the lease term are RMB 32.4 thousand subject to a 10% increase after ten years. At inception, 14R recognized a ROU asset and a lease liability in the amount of $205.7 thousand.

On November 30, 2022, FBHI acquired FB Canada (see Note 4, *Reverse Take-Over and Related Acquisitions*) which had a lease agreement for its office space. At acquisition, FBHI recognized a right of use asset and a lease liability in the amount of $710 thousand using FB Canada's incremental borrowing rate of 12.5%.

A reconciliation of the lease liabilities for the years ended March 31, 2023 and 2022 are as follows:

	March 31, 2023	March 31, 2022
Balance, Beginning of Year	$ 10,120	$ 1,639
Acquisition of WCC	-	4,546
Acquisition of Canada	710	-
Lease amendment	(3,135)	-
Lease extinguishment	(298)	-
Lease Additions	206	4,528
Lease Payments	(1,549)	(927)
Interest Expense on Lease Liability	487	323
Foreign Currency Adjustment	(17)	11
Balance, End of Year	$ 6,524	$ 10,120

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Future minimum payments due under the Company's leases as of March 31, 2023 are as follows:

Year Ended March 31		Lease Payments
2024	$	1,705
2025		1,729
2026		1,450
2027		1,163
2028		1,026
Thereafter		810
Total Lease Payments	$	7,883
Less Imputed Interest		(1,359)
Total	$	6,524
Less: current portion		(1,251)
Lease Liability, Net of Current Portion	$	5,273

A reconciliation of investment in sublease for the years ended March 31, 2023 and 2022 is as follows:

		March 31, 2023		March 31, 2022
Balance, Beginning of Year	$	1,055	$	-
Transition from Lease Liability		-		1,222
Lease Payments Received		(362)		(208)
Interest Income		65		40
Balance, End of Year	$	759	$	1,055

Future minimum payments receivable under the Company's investment in sublease as of March 31, 2023 are as follows:

Year Ended March 31		Lease Receivable
2024	$	373
2025		384
2026		65
2027		-
Total Undiscounted Lease Receivable		822
Less Imputed Interest Income		(63)
Total	$	759
Less: Current Portion Included in Accounts Receivable		(329)
Investment in Sublease, Net of Current Portion	**$**	**430**

During the years ended March 31, 2023 and 2022, the company did incur costs associated with low value leases or variable lease payments that were not included in the lease liabilities. Costs associated with short term leases were $1.2 million and $0.5 million as of March 31, 2023 and 2022, respectively.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

11. NOTES RECEIVABLE – RELATED PARTY

FB Canada

During the year ended March 31, 2022, FBH entered into a promissory note and related amendments with FB Canada, whereby FBH agreed to lend FB Canada $5.6 million. The note bore interest at a rate of 8% per annum calculated on the principal outstanding. On November 30, 2022, the Company completed the acquisition of FB Canada (see Note 4, *Reserve Take-Over and Related Acquisitions*), and the balance of the promissory note was determined to be a pre-existing relationship and accordingly, was included in purchase consideration. As a result, as of March 31, 2023, the balance of the principal and accrued interest was $nil as compared to $5.6 million as of the same period in 2022. During the years ended March 31, 2023 and 2022, the Company accrued $nil and $311.1 thousand, respectively, in interest on the loan that is included in other income (expense) in the consolidated statements of loss and comprehensive loss.

12. INVESTMENTS

GSW Creative Corporation dba dosist ("GSW")

On March 15, 2021, FBH executed a stock purchase agreement with GSW to purchase 8,000,000 shares of its Series B-1 Preferred Stock at $0.625 per share for a total consideration of $5 million, representing 4% of the outstanding shares of GSW. GSW is a wellness company. The purchase closed in May 2021. In November 2021, FBH executed a licensing agreement with GSW which provides FBH the right to manage the manufacturing, sale and distribution of GSW's products in exchange for a sales-based royalty. At March 31, 2023 and 2022, management assessed the fair value of its investment in GSW as $nil. The loss on the change in fair value of the investment of $5 million is included in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2022.

Sherbinskis

On August 5, 2021, FBH executed a stock purchase agreement with Elysian Group, Inc. ("Elysian"), which owns the trademarks for the brand Sherbinskis ("Sherbinskis"), whereby FBH agreed to purchase 17,400 shares of Elysian Common Stock, representing a 3.8% ownership interest, at a price of $143.68 per share for an aggregate purchase price of $2.5 million. In September 2021, FBH completed a cash payment of $2.0 million to Elysian and made other payments of $48.8 thousand related to the purchase. At March 31, 2023 and 2022, management assessed the fair value of its investment in Sherbinskis as $nil. The loss on the change in fair value of the investment of $2.0 million is included in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2022.

13. ACCRUED EXPENSES

As of March 31, 2023 and 2022, accrued expenses consisted of the following:

	March 31, 2023	March 31, 2022
Goods Received/Not Invoiced	$ -	$ 4,493
Credit Card Payable	3	22
Accrued Salaries	518	577
Accrued Audit and Tax Fees	-	25
Accrued Interest Expense	79	16
Customer Payable	677	126
Other	423	76
Total Accrued Expenses	$ 1,700	$ 5,335

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

14. CREDIT FACILITIES

East West Bank ("EWB")

In February 2022, 14R entered into a credit agreement with EWB, whereby EWB will provide an Asset Based Lending Facility (the "ABL Facility") in the amount of up to $5 million to fund the 14R's working capital needs. The ABL Facility matures on January 5, 2024 and is secured by 14R's inventory and accounts receivable. If at any time the aggregate principal amount of the ABL Facility exceeds the Borrowing Base (the lesser of $5 million and 80% of eligible accounts receivable), 14R is required to immediately repay, upon written or oral notice from EWB, an amount equal to the difference between the outstanding principal balance and the Borrowing Base. Interest on amounts drawn under the ABL Facility will be paid monthly at the Wall Street Journal Prime rate plus 2.50% per annum, subject to a minimum interest rate of 5.75% per annum. Principal payments shall be made based on borrowing base availability. The balance of the unpaid principal and any unpaid interest is due and payable on January 5, 2024. The ABL Facility contains certain covenants, including but not limited to a Minimum Fixed Charge Coverage Ratio of 1.50x to be tested on a quarterly basis. The Company is required to provide audited financial statements to EWB for its debt covenant requirements. During the year ended March 31, 2023, 14R drew down $1.5 million on the credit facility, recorded $0.4 million in interest expense and repaid principal and interest of $2.3 million. As of March 31, 2023 and 2022, the principal balance of the lending facility was $3.1 million and $3.5 million, respectively. Accrued interest of $23.5 thousand and $16.4 thousand are included in accrued expenses in the statements of financial position for fiscal years ended March 31 2023 and 2022.

Short-Term Financing Facility

In June 2022, the Company entered into a short-term financing facility with Fusion LLF, LLC (dba "Leaflink Financial") and borrowed $2.0 million. In September 2022, the Company borrowed an additional $2.0 million. On November 28, 2022, the Company drew down an additional tranche of funding from Leaflink Financial in the principal amount of $700.7 thousand. The outstanding amount accrues interest at 2.0% per month. Thus, during the year ended March 31, 2023, the Company drew down a total of $4.7 million against the facility, incurred interest expense of $281.8 thousand and made cash repayments of principal and interest of $5.0 million. As of March 31, 2023, there was no remaining oustanding balance on this financing facility.

15. INCOME TAXES

The following table sets forth the components of income tax (benefit) expense for the years ended March 31, 2023 and 2022:

	March 31, 2023	March 31, 2022
Current:		
Federal	51	229
State	84	-
Foreign	17	20
Total current state tax expense (benefit)	152	249
Deferred:		
Federal	(49)	(1,394)
State	87	602
Foreign	(55)	-
Total deferred state tax expense (benefit)	(17)	(792)
Total income tax expense (benefit)	135	(543)

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

A reconciliation of total income tax expense and the amount computed by applying the statutory income tax rate of 21% to loss before provision from income taxes is as follows:

	March 31, 2023	March 31, 2022
Loss before income taxes	(34,505)	(23,066)
Statutory tax rate	21%	21%
Expense (benefit) based on statutory rates	(7,246)	(4,844)
Expenses disallowed under IRC 280E	2,062	2,795
Remeasurment on derivative liabilities	1,127	207
Transaction Costs	396	(114)
Loss on debt extinguishment	45	
State income taxes	84	(1,302)
Change in valuation allowance	4,643	3,919
Foreign Rate Difference	1,285	17
Net Operating Loss Carryforwards	-	(1,895)
Deferred tax true-ups	(1,344)	-
Return-to-provision adjustments	(265)	-
Other adjustments	(652)	674
Total income tax expense (benefit)	**135**	**(543)**

The tax effects of temporary differences giving rise to deferred tax assets and deferred tax liabilities as of as of March 31, 2023 and 2022 are set out below:

	March 31, 2023	March 31, 2022
Deferred tax assets:		
Net operating losses	13,472	3,776
Inventory Reserve	84	169
Investments	619	619
Other	484	586
Accounts Receivable Reserve	359	391
Gross deferred tax assets	15,018	5,541
Valuation allowance	(13,738)	(4,065)
Net deferred tax assets	1,280	1,476
Deferred tax liabilities:		
Property and equipment	(364)	(217)
Intangible assets	(1,609)	(1,765)
Right-of-use assets	208	36
Other 1	(654)	-
Net deferred tax liabilities	(2,419)	(1,946)
Total deferred liabilities	**(1,139)**	**(470)**

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

As the Company has operations in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

As of March 31, 2023, the Company has gross Federal net operating losses of approximately $16 million of which expire in 2037 and the remainder can be carried forward indefinitely, and gross state net operating losses of approximately $39.5 million, which begin to expire in 2029. Pursuant to Section 382 of the Internal Revenue Code, utilization of net operating losses and may be subject to annual limitations in the event of a change in ownership of the Company. These annual limitations may result in the expiration of net operating losses prior to utilization.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company assesses the positive and negative evidence to determine if sufficient future taxable income will be generated at use its existing deferred tax assets. The Company has recorded a valuation allowance related to its Federal and state net operating loss carryforwards as of March 31, 2023 and 2022 in the amount of $13.7 million and $4.1 million, respectively.

As of March 31, 2023 and 2022, the Company had no unrecognized tax benefits. The Company does not anticipate any significant unrecognized tax benefits to arise within the next twelve months.

The Company files income tax returns in the US, various state jurisdictions, Canada, and other foreign jurisdictions, and is subject to examination of its income tax returns by tax authorities in these jurisdictions who may challenge any item on these returns.

16. DEBT

	March 31, 2022	Additions	Payments (Cash and Equity)	Interest	Acquired through Acquisition	Equity Component	Change in Fair Value	FX	March 31, 2023
Related Party Loans	$ 3,216	$ 1,253	$ (3,463)	$ 244	$ -	$ -	$ -	$ -	$ 1,250
Credit Facility	3,469	6,228	(7,275)	657	-	-	-	-	3,079
Unsecured Convertible Notes	-	-	(26)	304	18,780	-	363	(313)	19,108
Promissory Note	-	-	-	-	1,113	-	-	(2)	1,111
Notes Payable	27,898	5,650	-	-	(33,796)	-	-	248	-
Secured Term Loan	-	4,000	(792)	1,044	21,476	(3,028)	-	-	22,700
Total	$ 34,583	$ 17,131	$ (11,556)	$ 2,249	$ 7,573	$ (3,028)	$ 363	$ (67)	$ 47,248

	March 31, 2021	Additions	Payments (Cash and Equity)	Interest	Acquired through Acquisition	Equity Component	Change in Fair Value	FX	March 31, 2022
Related Party Loans	$ 1,279	$ 1,930	$ (1)	$ 8	$ -	$ -	$ -	$ -	$ 3,216
Credit Facility	-	3,469	-	-	-	-	-	-	3,469
Notes Payable	-	26,648	-	1,250	-	-	-	-	27,898
Total	$ 1,279	$ 32,047	$ (1)	$ 1,258	$ -	$ -	$ -	$ -	$ 34,583

FBHI Notes Payable

On May 10, 2021, Final Bell Corp (the California entity) entered into a convertible note agreement with the Company in the principal amount of $6.3 million. The note bore interest at a rate of 7.00% per annum calculated on the principal outstanding. In fiscal years 2022 and 2023, the Company subscribed for additional principal amounts of $20.4 million and $5.7 million, respectively under the same terms. The notes gave the Company the right to convert the principal and interest outstanding into equity securities of Final Bell Corp at any time up to the March 10, 2023 maturity date at price of $2.0 million per equity security. In the event Final Bell Corp raised $50 million (including through a series of financings) in equity securities, the conversion price would be adjusted to 80% of the price in that equity raise (or in the event it issues a series of equity raises, the weighted average price thereof). As a result of this provision, the conversion option does not have a fixed settlement amount and was designated a financial liability. The estimated fair value of the conversion option at inception and as of December 31, 2021, was immaterial and was not recognized in the financials.

On November 30, 2022, the Company completed the RTO with FBH under the terms of the FBH SEA (see Note 4, *Reverse Take-over and Related Acquisitions* for details) and the intercompany notes totaling $33.8 million were eliminated in consolidation and interest expense was eliminated with interest income resulting in interest expense of $nil as compared to $1.2 million for the year ended March 31, 2022. As a result, of March 31, 2023, the balance of the loan, including interest accrued, was $nil as compared to $27.9 million as of March 31, 2022.

Unsecured Convertible Notes

Throughout calendar year 2021, FBHI completed private placements of the Unsecured Convertible Notes in the aggregate principal amount of C$22.8 million. The Unsecured Convertible Notes were issued pursuant to the terms of a trust indenture with an institutional trustee (the "Indenture") dated May 6, 2021 and will mature on January 31, 2024 (the "Maturity Date"). The Unsecured Convertible Notes bear interest at 4% per annum from the date of issue and will be payable semi-annually in either cash or SV Shares, at the discretion of the Company. See Note 28, *Amendment to the Unsecured Convertible Notes,* for information relating to the conversion terms of the Unsecured Convertible Notes.

The Unsecured Convertible Notes are subordinated to the senior indebtedness of the Company but rank pari passu with other issues of Unsecured Convertible Notes and, subject to statutory preferred exceptions, with all other present and future unsecured indebtedness of the Company. As the conversion price of the Unsecured Convertible Notes was variable during the fiscal year ended March 31, 2023, the Company accounted for the notes as a hybrid financial instrument with separate debt and derivative liability components.

The balance as of March 31, 2023 was $19.1 million and a loss on change in fair value of the Unsecured Convertible Notes of $363.1 thousand was recognized for the year ended March 31, 2023 (see Note 24, *Fair Value of Financial Instruments*). The Company incurred interest expense of $304.4 thousand for the year ended March 31, 2023. No comparable balance existed as of March 31, 2022

Senior Secured Term Loan Facility

On August 18, 2022, the Company entered into a loan agreement with Golden Iris International Limited, which provided for a senior secured term loan facility of up to $25 million (the "Term Loan"). The proceeds of the Term Loan were used to repay the Secured Convertible Notes plus all accrued interest, costs and expenses related thereto, including the amendment fee, and are also available to finance growth initiatives, pay the cash portion of the purchase price pursuant to the FB Canada SPA, and provide for ongoing working capital requirements. The Term Loan has a maturity date of August 18, 2025 (the "GI Loan Maturity Date") and bears interest from and including each funding date at a rate of 12.0% per annum, the first half of which (6.0% per annum) is payable quarterly, and the second half of which (6.0% per annum) accrues quarterly and is due and payable on the GI Loan Maturity Date or earlier repayment in full of the Term Loan.

The Term Loan also provides for an incentive payment to the senior lender in an amount equal to the full amount of the Term Loan plus interest thereon, which was satisfied through the issuance of a share purchase warrant following funding and another share purchase warrant on equivalent terms following repayment of the Term Loan in respect of the second half of the interest rate accrued to such time.

At March 31, 2023, $25 million of the Term Loan had been fully drawn across four funding tranches. The first three tranches totaling $21 million occurred prior to the RTO date and were included in the net assets acquired of FBHI on November 30, 2022. The fourth tranche of $4 million was funded post-RTO on January 25, 2023. Accordingly, interest expense incurred as of March 31, 2023 on the Term Loan totaled $920.9 thousand. The Company is required to file its annual audited financial statements on SEDAR+ and provide the audited annual financial statements to Golden Iris for its debt covenant requirements. For the year ended March 31, 2023, the company has received an extension from Golden Iris on providing the audit financial statements.

Upon the full funding and closing of the Term Loan on January 25, 2023, the incentive payment for the term loan amount became due and payable to Golden Iris. On February 1, 2023, the Company issued one (1) warrant to Golden Iris exercisable into 28,089,888 SV Shares at an exercise price of $0.89 per warrant. The warrant expires on August 17,

2025. At inception, the warrant was classified and recorded as an equity instrument at its residual value of $3.0 million within the statements of changes in shareholders' equity. As of March 31, 2023, the outstanding balance of the secured team loan was $22.7 million, net of a $2.9 million discount. Amortization of the debt discount totaled $123.1 thousand for the year ended March 31, 2023. See Note 27, *Subsequent Events,* for information relating to subsequent debt amendment.

Bridge Acquisition Loan

In December 2022, the Company secured debt financing in the aggregate principal amount of $1.25 million from a group of strategic investors. The Bridge Acquisition Loans bears interest at a rate of 9.00% per annum and matures on June 30, 2023. In consideration for the advance of the funding, the Company has agreed to issue the investors SV Shares. See Note 27, *Subsequent Events* for additional details. As of March 31, 2023, the principal balance of the Bridge Acquisition Loan was $1.25 million and interest accrued was $22.7 thousand.

In March 2023, FBHI appointed Mr. Robert Meyer (Director of Angsana Investment Private Limited) to perform certain CEO services for the Company pursuant to the Management Service Agreement terms. Following this transaction, Angsana Investment Private Limited became a related party to FBHI through appointment of common control director Mr. Meyer. Thus, out of the $1.25 million of debt, $0.25 million principal balance remains outstanding from a third party and included in accrued expenses on the consolidated statements of financial position and $1 million principal balance remains outstanding from related parties as of March 31, 2023 (see *Note 23 – Related Parties* for further information).

Final Bell Canada Shareholder Promissory Note

As part of the consideration for the FB Canada acquisition, the Company issued a promissory note to FB Canada shareholders in the aggregate amount of $1.2 million having a fair value of $1.1 million as of November 30, 2022. The promissory note does not bear interest and matures at the earlier of fifteen (15) months from issuance, or the completion of an equity capital raise by the Company for gross proceeds equal to or greater than C$5.0 million. The balance as of March 31, 2023 was $1.1 million, inclusive of the effect of foreign currency. There was no balance as of March 31, 2022. See Note 27, *Subsequent Events,* for information relating to subsequent debt amendment.

17. SHAREHOLDERS' EQUITY

Company Share Classes

The Company is authorized to issue an unlimited number of SV Shares with no par value, an unlimited number of PV Shares with no par value (the PV Shares and the SV Shares together referred to as, the "Common Shares") and an unlimited number of Class C Preferred Shares.

Voting rights

SV Shares are entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting at which only holders of another class or series of shares of the Company will have the right to vote. At each such meeting, holders of SV Shares will be entitled to one vote in respect of each SV Share held.

Holders of PV Shares will be entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting of which only holders of another class or series of shares of the Company will have the right to vote. Subject to the terms set out in the articles of the Company, at each such meeting, holders of PV Shares will be entitled to 100 votes in respect of each PV Share, and each fraction of a PV Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 100 and rounding the product down to the nearest whole number, at each such meeting.

Dividends

Holders of SV shares are entitled to receive dividends, if any, as and when declared by the Board at its discretion. The directors may declare a stock dividend payable in PV Shares on the SV Shares, but only if the directors simultaneously declare a stock dividend payable in PV Shares on the PV Shares, in a number of shares per PV Share equal to the number of PV Shares declared as a dividend per SV Share, multiplied by 100.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Liquidation rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the SV Shares shall be entitled to participate pari passu with the holders of PV Shares, with the amount of such distribution per SV Share equal to the amount of such distribution per PV Share divided by 100.

The holders of the PV Shares shall be entitled to participate pari passu with the holders of SV Shares, with the amount of such distribution per PV Share equal to the amount of such distribution per SV Share multiplied by 100.

Shares Issued and Outstanding

SV Shares and PV Shares

The Company has two classes of equity shares, SV Shares and PV Shares. Both these classes are considered as ordinary shares and are treated equivalently for the purpose of accounting. Total ordinary shares of FBHI would be the sum of SV Shares and PV shares mandatorily convertible into SV shares by multiplying the number of PV Shares by 100. Thus, total common shares outstanding as of March 31, 2023 is 272,838,342.
The changes in the number of issued and outstanding shares for the periods is as follows:

	Class A Subordinate Voting Shares	Class B Proportionate Voting Shares
Balance, March 31, 2022 and 2021 (as previously reported)	-	**2,495,072**
Retroactive application of reverse recapitalization	14,469,531	(2,495,072)
Balance, March 31, 2022 and 2021 (adjusted)	**14,469,531**	-
Shares Issued on Reverse Take-Over of FBHI	-	1,735,964
Acquisition of Final Bell Canada	4,453,609	-
Acquisition of 14th Round Minority Interest	-	639,986
Shares Issued for Debt Restructuring	3,000,000	-
Shares Issued for Interest in Lieu of Cash	273,728	-
Compensation Shares Issued on Closing of Acquisitions	13,046,474	-
Balance, March 31, 2023	**35,243,342**	**2,375,950**

(i) Shares issued for reverse take over:

Upon completion of the RTO on November 30, 2022 the shareholders of FBH received 1,735,964 PV Shares in exchange for 2,495,072 FBH shares on a 1:0.69576 basis.

(ii) Shares issued for Final Bell Canada acquisition:

Upon completion of the FB Canada acquisition on November 30, 2022 the sellers of FB Canada received 4,453,609 SV Shares.

(iii) Shares issued for 14R minority interest acquisition:

During the year, FBHI completed the acquisition of the remaining 44% of 14R's outstanding shares not held by FBH pursuant to 14R Merger Agreement whereby the remaining shareholders of 14R received 639,986 PV Shares of the Company.

14R Series A Preferred Stock

14R was authorized to issue up to 84,389 preferred shares with $0.01 par value per share.

On September 18, 2019, 14R closed on a Series A brokered financing (the "Second Offering") for 50,211 preferred shares, at a price of $237 per share, for gross proceeds of $11.9 million. On December 6, 2019, 14R closed an additional tranche to the Second Offering and issued 3,164 preferred shares, at a price of $237 per share (the "Original Issue Price"), for gross proceeds of $749.9 thousand. The Series A preferred stock is a class of voting preferred stock with certain anti-dilution rights and protective provisions. The holders of Series A preferred stock are entitled to receive dividends at a rate of 6% per annum.

Such dividend is payable only when, as, and if declared by the board of directors of 14R and is non-cumulative. On February 12, 2021, 14R filed an Amended and Restated Certificate of Incorporation changing the conversion ratio for Series A preferred stock to common stock from a 1:1 ratio to a ratio equal to 1:1.354286 calculated by taking the Original Issue Price of $237 divided by the Series A Conversion Price of $175 (the "Conversion Ratio") and also made changes to the mandatory conversion price and threshold for such underwritten public offering as outlined in the conversion rights listed below.

Each share of Series A preferred is convertible, without payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable common stock as determined by the Conversion Ratio. The rights terminate in the event of liquidation, dissolution or winding up of 14R. The Series A preferred stockholders also have an anti-dilution protection that in the event of a merger or reorganization where additional shares of common stock are issued by 14R, the holders of Series A preferred stock are entitled to anti-dilution protection and the Series A Conversion Price would be adjusted, such that any value of common stock that is less than the Series A Conversion Price would result in an increase to the Conversion Ratio in favor of the holders of Series A preferred stock. As a result of this provision, the conversion option does not have a fixed settlement amount and the Series A preferred stock was designated a financial liability (see Note 24).

Share – Based Compensation

Prior to completion of the RTO, 14R administered a plan (the "14R Stock Plan") providing for the grant of options, warrants, restricted stock units ("RSUs") or common stock in exchange for services. 14R recognized compensation expense for stock option, warrant and RSU awards over the applicable service period of the award. The service period is generally the vesting period. Following the RTO, the 14R options are governed by FBHI and subject to the terms of the original grant agreements based on the existing terms and conditions of the stock options granted by 14R.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The weighted average inputs used in the measurement of the grant date fair values of equity-settled share-based payments granted during the year ended March 31, 2022 were as follows:

	Year ended March 31, 2022	
Fair Value at Grant Date	$	33.03
Share Price at Grant Date	$	73.24
Exercise Price	$	86.04
Expected Volatility		142.14%
Expected Life		2.56
Divident Yield		0%
Risk-free Interest Rate		0.59%

14R Options no longer represent an entitlement of the holder to acquire shares of 14R and will only represent the right to acquire FBHI PV Shares. Upon the closing date of November 30, 2022, all equity grants issued by 14R became exercisable into PV Shares of FBHI.

As a result of this transaction, FBHI granted replacement equity options for unexercised 14R equity instruments. Accordingly, following the IFRS 2 guidance, 14R performed pre- and post-modification valuations to determine the fair value for the original awards and the fair value of modified awards on the date of modification. As a result of the valuations performed, it was determined the value of the options declined post-modification and accordingly, no additional compensation was recorded.

For post modification value determination, the following inputs were used:

	Year ended March 31, 2023	
Fair Value at Grant Date	$	33.03
Share Price at Grant Date	$	73.24
Exercise Price	$	0.73
Expected Volatility		87.00%
Expected Life		1.75
Dividend Yield		0%
Risk-free Interest Rate		4.40%

The share-based payments recorded on the consolidated statements of loss and comprehensive loss are presented in the table below:

	Year ended March 31, 2023	Year ended March 31, 2022
Restricted Share Units	-	3
Warrants	-	109
Common Shares	218	(53)
Options	-	775
Total share-based payments	$ 218	$ 834

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The continuity of share-based payments reserve activity for the years ended March 31, 2023 and was as follows:

Share based payments reserve	Year ended March 31, 2023	Year ended March 31, 2022
Balance, beginning of period	$ -	$ -
Amortization of fair value of warrants	-	109
Amortization of fair value of common stock	54	(53)
Grant of options	-	774
Exercise of warrants	-	(17)
Reclass to Non-Controlling Interest upon Rollup	-	(814)
Acquisition of minority interest	1,224	-
Balance, end of period	$ 1,278	$ -

Restricted Stock Units

During prior years, 14R granted restricted share units in exchange for services provided. 14R issued 6,500 RSUs in advance for future services that vested on July 1, 2020. 14R also has 7,230 restricted share units outstanding that vest at a rate of 1/6th every six months beginning in December 2018, with each vesting tranche considered a separate award.

As the restricted share units were issued in advance, 14R recorded prepayments of these shares in the amount of $513.4 thousand which was the grant date fair value of the shares based on the price of the most recent private placement. The grant date fair value was amortized over the vesting period. For the years ended March 31, 2023 and 2022, $nil and $3.3 thousand), respectively, related to this amortization was recognized as share-based payments expense in the statement of profit or loss. As of March 31, 2023 and 2022, 13,730 restricted share units were issued and outstanding, all of which were fully vested.

The RTO transaction did not have an impact on the stock-based compensation expenses as all the RSUs were fully vested before the closing date. FBHI issued replacement awards for outstanding 14R vested RSUs. As the RSUs were fully vested prior to the current fiscal year and the fair value is less than the previously expensed amount, no compensation expense was recorded in as of March 31, 2023.

Vesting Stock

On July 1, 2020, 14R granted 2,777 common shares of 14R under the terms of a board of advisor's agreement (the "Advisors Agreement"). The Advisors Agreement was subsequently amended on February 1, 2021, May 24, 2021, December 30, 2021 and February 11, 2022. The estimated fair value of the common shares on the date of grant of $180 per common share was based on the consideration value in the Advisors Agreement.

Post RTO, the vesting of 1,666 awards issued by 14R accelerated as a result of change in control of 14R and 2,662 FBHI PV shares vested within 45 days after the RTO date – i.e. January 15, 2023. Thus, FBHI recorded an additional compensation expense for 2,662 vested shares of $54.1 thousand.

During the years ended March 31, 2023 and 2022, the Company recorded an expense of $218.3 thousand and recovery of $52.7 thousand, respectively, related to this amortization included in share-based payments expense in the consolidated statements of loss and comprehensive loss.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Stock Options

The following table summarizes the option activity for the periods:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life
Options Exercisable as of March 31, 2021	-	$ -	-
Options Granted	17,223	73.24	2.42
Options Exercisable as of March 31, 2022	17,223	$ 73.24	2.42
Options Cancelled	(2,100)	73.24	1.92
Options Exercisable as of November 30, 2022	15,123	$ 73.24	1.92
Post RTO, Exercisable into FBHI PV Shares	24,501	45.21	1.75
Options Cancelled	(3,767)	45.21	1.75
Options Exercisable as of March 31, 2023	20,734	$ 45.21	1.42

During the year ended March 31, 2022, 14R granted 17,223 options with an exercise price of $73.24 per option to employees and consultants of 14R that vested upon grant. The weighted average grant date fair value of the options was estimated using the Black Scholes option pricing model with the following weighted average assumptions: a market price of $73.24, based on a third-party valuation of 14R's shares, expected dividend yield of 0%, expected volatility of 172.5%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 0.42% and a weighted average expected life of 3 years. The weighted average grant-date fair value of the options was $774.4 thousand.

During the year ended March 31, 2023, 2,100 14R options and 3,767 FBHI options with exercise prices of $73.24, and $45.21 expired, unexercised. As of March 31, 2023, the Company had the following options outstanding:

Date of expiry	Options outstanding	Options exercisable	Weighted average Exercise price	Grant date fair value vested	Weighted average remaining life (in years)
August 31, 2024	20,734	20,734	$ 45.21	$ 575,475	1.42

All the options were vested on the date of grant and no further grants were issued. As a result of the RTO transaction, management obtained a valuation report to determine the pre and post modification valuation, it was determined that the value of the options declined post-modification and accordingly, no additional compensation was recorded.

Warrants

Warrant transactions for years ended March 31, 2023 and 2022 were as follows:

	Year ended March 31, 2023		Year ended March 31, 2022	
	Number of warrants	Weighted-Average Exercise Price Per Share	Number of warrants	Weighted-Average Exercise Price Per Share
Balance, beginning of period	23,289	$ 80	22,180	$ 63
Warrants Granted	-	-	2,109	237
Warrants Exercised	-	-	(1,000)	30
Warrants Cancelled	(15,180)	59	-	-
Balance, end of period	8,109	$ 119	23,289	$ 80
Post RTO, exercisable into FBHI Warrants	12,887			

During the year ended March 31, 2022, 1,000 warrants were exercised for gross proceeds of $30,000.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

On January 14, 2022, 14R granted 2,109 warrants to EWB with an initial exercise price of $237 per common share. These warrants will expire on January 14, 2027. The warrants carry a conversion right which allows the holder to exercise the warrants into that number of shares as determined by dividing the fair market value of the common shares issuable upon exercise less the aggregate exercise value by the fair market value of one common share. The fair market value will be either (a) the closing price of the common shares on the business day immediately preceding the date the holder delivers a notice of exercise to 14th Round, if the common shares are traded in a public market or (b) if the shares are not traded in a public market, a market price as determined by the board of directors of 14th Round. Since the number of shares to be issued on the exercise of the warrants is not fixed, the warrants have been classified as a derivative financial instrument in the consolidated statements of financial position. The grant-date fair value of the warrants was $74.9 thousand. As on March 31, 2023 and March 31, 2022, the fair value of EWB warrants was $99.5 thousand and $74.9 thousand, respectively. See Note 24, *Fair Value of Financial Instruments* for additional details.

On February 11, 2022, 14R extended the expiration dates of certain warrants already issued such that 6,000 warrants expiring on June 30, 2022, would expire on June 30, 2023. The weighted average incremental fair value of the warrants was estimated using the Black Scholes option pricing model, calculated immediately before and after the extension, with the following weighted average assumptions: a market price of $73.24, based on a third-party valuation of 14th Round's shares, expected dividend yield of 0%, expected volatility of 96.35%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 1.07% and a weighted average expected life of 1.4 years. The fair value of the warrant extension was $67.7 thousand.

Following the RTO closing on November 30, 2022, the 14R warrants shall continue to be governed by FBHI, exchanged using the merger ratio and subject to the terms of the original warrants agreements based on the existing terms and conditions of the warrants granted by 14R. It was observed that the fair value of post modification replacement warrants are less than fair value of pre modification original warrants, thus no accounting implication will be there as a result of this modification.

As of March 31, 2023, FBHI had warrants outstanding as follows:

Date of expiry	Warrants outstanding	Warrants exercisable	Weighted average Exercise price	Grant date fair value vested	Weighted average remaining life (in years)
June 30, 2023	9,470	9,470	$ 0.49	$ 219,745	0.25
January 14, 2027	3,417	3,417	2.37	74,916	3.79
	12,887	12,887	$ 1.19	$ 294,661	1.19

Gallant Investment Partners Limited

On May 19, 2022, FBHI entered into an Advisory Services Agreement with Gallant, which was amended and restated on September 30, 2022, and engaged the advisor to provide certain consulting and advisory services related to the Company's strategic growth initiatives. With respect to the compensation fees, the advisor and the Company entered into an Option Award Agreement dated November 29, 2022, wherein Company granted the advisor an option to acquire 13,046,474 SV Shares of the Company in connection with the closing of the RTO. As a result of the closing of the RTO and other acquisitions on November 30, 2022, such options became exercisable at a de minimis exercise price, and the advisor exercised the options and received 13,046,474 SV Shares valued at $1.8 million (based on the number of SV Shares at the fair value per share on the RTO date), which resulted in compensation cost of $1.8 million (net of foreign exchange translation adjustment of $39.5 thousand). These compensation costs are recorded as selling, general, and administrative costs for the year ended March 31, 2023.

Shares issued with respect to debt restructuring arrangement with Angsana

During the year ended March 31, 2023, the Company entered into a debt restructuring agreement with Angsana Investment Private Limited pursuant to which FBHI issued 3,000,000 SV Shares to Angsana as a compensation for restructured terms with valuing compensation cost of $0.2 million, which is included in finance cost for the year ended March 31, 2023. Refer to Note 24 for additional discussion.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

18. NON-CONTROLLING INTEREST

As part of the Final Bell Roll-Up Transaction on December 27, 2020, the assets and liabilities of a combined group of companies were transferred into FBH, resulting in FBH owning 56% of 14R and 89% of DB Innovations as of March 31, 2022 with the remaining 44% and 11%, respectively, retained by the other owners of the contributed entities. On November 30, 2022, as part of the FBH SEA, FBHI acquired the remaining 44% of 14R. As a result, the Company owns 100% of 14R and 89% of DB Innovations as of March 31, 2023.

On January 1, 2021, FBH entered into a stock purchase agreement ("SPA") with Westside 1237, Inc. ("Seller") whereby FBH would purchase all shares the Seller owned in WCC, totaling 813 shares or 81.3% of the total ownership stake. In May 2021, FBH paid an initial $2 million for 220 shares or 22% of WCC equity and on November 30, 2021, paid $5.4 million for an additional 593 shares or 59.3% of WCC, resulting in the Company owning 81.3% of WCC with 18.7% retained by the other owners of WCC.

The following summarizes the changes in non-controlling interest for the years ended March 31, 2023 and 2022:

		Total
Balance, March 31, 2021	$	4,679
Share of Assets Acquired from Non-Controlling Interest		(179)
Amortization of Discount on Note Receivable - Related Party		13
Share Based Compensation		831
Warrant exercise		30
Acquisiton of WCC		1,702
Share of loss for the year		(3,026)
Balance, March 31, 2022	$	4,050
Share Based Compensation		164
Option cancellation		(94)
Warrant cancellation		(369)
Share of loss for the period		(797)
Share of Assets Acquired from Non-Controlling Interest		(2,086)
Balance, March 31, 2023	$	868

The following summarizes the amounts attributable to NCI for the years ended March 31, 2023:

Current assets	$	1,057
Non-current assets		2,819
Liabilities - Current and Non-Current		(2,211)
Net Assets		1,665
Carrying amount of NCI	$	868
Loss for the period	$	3,267
Loss allocated to NCI		797

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

19. REVENUE RECOGNITION

The Company generates revenue from the transfer of goods and services at a point-in-time from the revenue streams below:

	For the year ended March 31, 2023		For the year ended March 31, 2022	
Hardware & Packaging	$	45,434	$	58,499
Master Manufacturing		24,155		17,556
Revenue from External Customers	$	69,589	$	76,055

The Company's deferred revenue primarily relates to deposits received from customers that are used to start production. Deferred revenue is typically recognized as revenue within 8-12 weeks once the product is delivered. The following summarizes the changes in deferred revenue for the years ended March 31, 2023 and 2022:

	March 31, 2023		March 31, 2022	
Beginning deferred revenue balance	$	2,388	$	2,987
Recognition of deferred revenue included in beginning balance		(2,388)		(2,987)
Deferred Revenue acquired as part of acquisition		349		-
Deferred Revenue recognized in the current period		1,528		2,388
Deferred Revenue	$	1,877	$	2,388

20. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended March 31, 2023 and 2022, general and administrative expenses comprised:

	For the year ended March 31, 2023			For the year ended March 31, 2022		
Salaries and Benefits	$	11,706	47%	$	7,715	33%
Professional Fees		6,890	28%		3,650	16%
Office Expenses		5,019	20%		4,440	19%
Advertising and Marketing		610	2%		284	1%
Meals, Entertainment and Travel		412	2%		452	2%
Bad Debt (Recovery) Expense		138	1%		6,714	29%
Total	$	24,775	100%	$	23,255	100%

Certain costs related to a variety of transactions including the RTO, acquisition of FB Canada and debt financings were expensed as incurred and included in professional fees during the years ended March 31, 2023 and 2022, since such costs were not readily identifiable to the specific transactions.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

21. EARNINGS PER SHARE

The calculation of basic EPS has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. SV Shares and PV Shares are considered ordinary shares to be included in the denominator of EPS. PV Shares have been converted into SV Shares in accordance with its liquidation rights in ratio of 100:1 to compute basic EPS for one class of ordinary shares. As the legal subsidiary is the accounting acquirer, the number of shares to use in the earnings per share calculations for the period before the RTO is based on the weighted average number of outstanding shares of the accounting acquirer before the RTO adjusted to reflect the exchange ratio applied in the reverse acquisition.

	March 31, 2023	March 31, 2022
Loss for the year, attributable to the ordinary shareholders	(29,811)	(19,491)
Weighted-average number of ordinary shares	90,883,934	1,501,200
Basic loss per share	$ (0.33)	$ (12.98)

Basic and diluted EPS are equal as the Company incurred operating losses for both comparative periods presented.

22. COMMITMENTS AND CONTINGENCIES

Local and State Regulations

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes the Company is in compliance with applicable local and state regulations as of March 31, 2023, regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

US Cannabis Industry

While marijuana is legal under the laws of several U.S. states (with varying restrictions), the United States Federal Controlled Substances Act classifies all "marijuana" as a Schedule I drug, whether for medical or recreational use. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. As such, there is an inherent risk related to the federal government's position on cannabis. There is additional risk associated with the Company's business in cannabis that third-party service providers could suspend or withdraw services and regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S. As of March 31, 2023, Company has not estimated a potential liability related to the possible enforcement of laws against the medical cannabis industry.

Litigation

From time to time, the Company may be involved in litigation related to claims arising out of operations in the normal course of business. As of March 31, 2023, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has material interest adverse to the Company's interest.

Paycheck Protection Program Loans

At formation and rollup, 14th Round had a loan from First Republic Bank in the amount of $534.0 thousand dated April 20, 2020 and received an additional loan from First Republic in the amount of $726.3 thousand dated January 31, 2021. Both loans were received under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and

Economic Security ("CARES") Act. The loans may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loans bear interest at a rate of 1% and are payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the respective note. The loans may be repaid at any time with no prepayment penalty. On April 7, 2021 and November 24, 2021, $534.0 thousand and $726.3 thousand, respectively, of loans received under the Payroll Protection Program were forgiven. The resulting gain on forgiveness of debt of $1.3 million was netted against general and administrative expenses in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2022.

Promissory Notes

Tom Fornarelli

On March 1, 2023, the Company entered into a loan agreement with Tom Fornarelli ("Borrower") who is a related party being a co-founder and head of innovation at Final Bell Holdings. As part of the agreement, the Company is obliged to fund the principal sum of $600.0 thousand, pursuant to payment instructions provided by borrower without accruing any interest on the principal sum outstanding. Upon occurrence of an event of default (as defined in the loan agreement) any amounts unpaid and outstanding shall accrue interest at the rate of 10% per annum. As collateral and continued security for the loan, the borrower agrees to pledge 141,176 PV shares in the favor of the Company. A promissory note was delivered by the Borrower which represents a promise to pay the Company the maximum of amount of principal sum and all other monies owing to the Company on or before March 31, 2024. As of March 31, 2023, no amount was funded or outstanding.

Jeremy Green

On March 1, 2023, the Company entered into a loan agreement with Jeremy Green ("Borrower") who is a related party being the CEO of 14th Round Inc. (a wholly owned subsidiary of FBHI). As part of the agreement, the Company is obliged to fund the principal sum of $400.0 thousand, pursuant to payment instructions provided by borrower without accruing any interest on the principal sum outstanding. Upon occurrence of event of default (as defined in the loan agreement) any amounts unpaid and outstanding shall accrue interest at the rate of 10% per annum. As a collateral and continued security for the loan, the borrower agrees to pledge 94,117 PV shares in favor of the Company. A promissory note was delivered by the Borrower which represents a promise to pay the Company the maximum amount of principal sum and all other monies owing to the Company on or before March 31, 2024. As of March 31, 2023, no amount was funded or outstanding.

23. RELATED PARTIES

Product Sales

In the normal course of business, the Company regularly has product sales to customers that are affiliated through common ownership. During the years ended March 31, 2023 and 2022, the Company had sales to related parties of $1.6 million and $1.5 million, respectively, and is owed trade receivables from related parties in the amount of $358.0 thousand and $170.2 thousand, respectively, that are included in accounts receivable in the consolidated statements of financial position.

Key Management Compensation

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The remuneration of directors and other members of key management personnel were as follows:

	Twelve months ended March 31, 2023	Twelve months ended March 31, 2022
Directors & officer compensation	$ 3,590	$ 2,158
Share-based Payments	-	389
	$ 3,590	$ 2,547

During the year ended March 31, 2022, 14R granted 8,300 options to directors and officers of 14R with a fair value of $389 thousand. No options were granted during the year ended March 31, 2023.

On March 9, 2023, the Company entered into a Management Service Agreement (MSA) with Angsana and agreed to appoint Mr. Robert Meyer ("Advisor") as chief executive officer of the Company, replacing the existing chief executive officer, effective April 1, 2023. The Advisor is engaged to provide certain management, consulting, and capital markets advisory services. As compensation for the services, the Company issued stock options to Mr. Meyer to acquire 8,807,624 SV Shares with service and certain non-market performance conditions. It was determined that the grant date for this transaction is April 1, 2023. The share-based compensation cost will be recognized over the vesting period of 1.5 years from the date that Mr. Meyer's employment is effective and the Company starts to obtain benefit from those services rendered. No options were granted during the year ended March 31, 2023.

Prepaid Sales-Based Royalty Fees

During the year ended March 31, 2023, the Company pre-paid sales-based royalty fees of $1.2 million to GSW associated with the licensing agreement discussed in Note 12, *Investments*. No prepayments were made for the year ended March 31, 2022. Amounts are recorded within prepaid expenses in the consolidated statements of financial position. The Chairman of the Company's Board of Directors is the Executive Chairman, CEO, and co-founder of GSW.

Notes Payable

As of March 31, 2023, outstanding balances of note payables to GEV Consultants, LLC ("GEV") and Avanzato Technology Corp ("ATC") are both $nil as compared to $0.7 million and $1.0 million as of March 31, 2022, respectively. The total principal balance outstanding with GEV and ATC was repaid in full on January 25, 2023.

On September 7, 2021, the Company entered into a promissory note with PrimeTime Raley LLC ("PrimeTime"), a company with a common director, in the principal amount of $1.5 million with a maturity date of March 2022. The interest rate on the promissory note is 1%. On March 1, 2022, the Maturity date on the promissory note with PrimeTime was extended to August 31, 2022. As of March 31, 2023, there was no balance outstanding on the loan as compared to $1.5 million as of March 31, 2022.

In January 2021, FBHI entered into an arrangement with Dexchange Financial Corp. for consulting and advisory services on different general issues concerning the Company for compensation to be paid of $250 thousand. This amount was outstanding as of March 31, 2023 and is recorded within accrued expenses within the consolidated statements of financial position as of March 31, 2023 as a director of the Company is the President and Founder of Dexchange Financial Corp.

Angsana Investment Private Limited and Jason DeLand

From December 2022 to March 2023, the Company secured debt financing in the aggregate principal amount of $900.0 thousand from Angsana (entity controlled by Mr. Meyer) and $100 thousand from Jason DeLand (Chairman of the Company's Board of Directors). The Bridge Acquisition Loan bears interest at a rate of 9.00% per annum and matures on June 30, 2023. In consideration for the advance of the funding, the Company has agreed to issue the investors warrants to acquire SV Shares of the Company upon closing. As of March 31, 2023, the balance of the Bridge Acquisition Loan with Angsana, inclusive of accrued interest was $916.4 thousand. The balance outstanding, inclusive of accrued interest, with Jason DeLand was $102.6 thousand.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

On March 9, 2023, FBHI entered into a Debt Restructuring Agreement with Angsana with respect to the $900 thousand outstanding Bridge Loan resulting in the following:

a. The maturity date of these Bridge Loans was extended from June 30, 2023, to September 30, 2023
b. The warrants issued by the Company to acquire SV Shares were cancelled as part of this restructuring.
c. In consideration for extension of the loan, the Company issued 3,000,000 SV Shares to Angsana. The Company has accounted for the restructuring agreement as a loan extinguishment and recognized $215 thousand as loss on extinguishment of debt within finance cost for the year ended March 31, 2023.
d. The restructuring agreement added another extension clause which states that if any portion of the Loan and any amounts owing remains outstanding as of September 30, 2023, the maturity date will be further extended to March 31, 2024, in consideration for which Angsana will receive an additional 2,817,750 SV Shares.

Summary

As of March 31, 2023, the outstanding balance of related party loans to the Company totaled $1.3 million as compared to $3.2 million as of March 31, 2022.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following summary shows the carrying amount and fair value of each financial instrument for the years ended March 31, 2023 and 2022:

Financial Instruments	March 31, 2023	March 31, 2022	March 31, 2023			March 31, 2022		
	Carrying amount		Fair Value			Fair Value		
			Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Unsecured Convertible Notes	19,108	-			19,108			-
Contingent Liability	2,863	500			2,863			500
Derivative Financial Instruments	167	75			167			75
Series A Preferred Stock	10,036	11,150			10,036			11,150

All other financial instruments are measured at amortized cost each statement of financial position. Refer to Note 2 for additional discussion. There were no transfers into or out of the fair value levels for the year ended March 31, 2023 or the year ended March 31, 2022.

Contingent Liability

As part of the consideration for the February 2020 acquisition of Uneka, there was a holdback and contingent payouts based on gross profit milestones of $5 million and $6 million being met for fiscal years ended March 31, 2021 and March 31, 2022. These holdbacks and contingents were fair valued as of the transaction date and revaluated on the date of the statement of financial position. During the years ended March 31, 2023 and 2022, the Company made payments of $318.5 thousand and $440.0 thousand, respectively, against the liability. The Holdback Liability was settled in full prior to March 31, 2023, resulting in a gain on the change in fair value of the contingent consideration of $181.1 thousand recorded in profit or loss as compared to a loss of $18.1 thousand for the fiscal year ended March 31, 2022. As of March 31, 2023 and 2022, the fair value of the Contingent Liability was $nil and $499.6 thousand, respectively.

On November 30, 2022, FBHI obtained control of FB Canada (Note 4, *Reverse Take-over and Related Acquisitions*). Additional FBHI SV Shares are required to be issued by FBHI if FBHI issues shares at a valuation that is less than $250 million in connection with the listing of SV Shares or if FBHI is acquired prior to the listing of FBHI SV Shares at a valuation that is less than $250 million. As of March 31, 2023, the fair value of the contingent liability related the FB

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Canada acquisition was valued at $2.9 million, resulting in a loss on the change in fair value of the contingent consideration of $208.8 thousand. The contingent liability was valued using the Black-Scholes-Merton model, further adjusted for counterparty credit risk, with the following assumptions:

Equity Volatility	120%
Risk-free rate	4.28%
Risk-adjusted discount rate	18.0%
Term to exit (years)	1.00

As of March 31, 2023 and 2022, the contingent liabilities resulting from these transactions are designated as a financial liability measured at fair value through profit and loss from the initial recognition date in accordance with IFRS 9.

Series A Preferred Stock Liability

Following the 14R acquisition and subsequent to the fiscal year ended March 31, 2023, the preferred ownership interest of 53,375 shares of Series A preferred stock in 14R held by dissenting holders in 14R were exchanged for an aggregate 140,844 Class C Series A preferred shares and 18,325 PV shares in the capital of FBHI. See Note 27 – S*ubsequent Events*. As of March 31, 2023 and 2022, the Series A preferred stock was valued at $10.0 million and $11.2 million, respectively. The fair value was estimated using income and market approaches. More specifically, 33.3% weight was given to the discounted cash flow model, guideline public company method, and guideline transaction methods given the close proxminity of the value indicators with the following assumptions.

Discounted Cash Flow assumptions

Discount rate	10.5%
Long-term growth rate	0%

Guideline public companies assumptions

Risk Free-Rate	3.5%
Beta adjusted equity risk premium	7.59%
Enterprise Value Multiple	1.1x

Guideline transaction methods

Enterprise Value Multiple	1.2x

The change in the fair value of the preferred stock liability was a gain of $1.1 million and a loss of $859.3 thousand, respectively for the years ended March 31, 2023 and 2022.

Derivative Financial Instruments

As of March 31, 2023 and 2022, the fair value of the Company's derivative financial instruments was $167 thousand and $74.9 thousand, respectively. The derivative financial instruments relate to the warrants issued with the Secured Convertible Notes (2023 - $65 thousand, 2022 - nil) and the warrants issued to EWB (2023 – $99.5 thousand, 2022 - $74.9 thousand).

The fair value of the Secured Convertible Notes warrants was valued using the Black-Scholes method. The warrants were valued using the following significant assumptions:

Volatility	94%
Risk-free rate	4.35%
Dividend yield	0.0%
Time in years	1.5

The fair value of the EWB warrants were valued using the Black-Scholes method, with the following weighted average assumptions: a market price of $73.24, based on a third-party valuation of 14R's shares, expected dividend yield of 0%, expected volatility of 110.13%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 1.55% and a weighted average expected life of 5 years.

The gain on change in the fair value of the derivative liabilities for the year ended March 31, 2023 was $45 thousand and is included in the statement of profit or loss. There was no comparable gain or loss recorded as of March 31, 2022.

Unsecured Convertible Notes

As of March 31, 2023, the fair value of the Company's Unsecured Convertible Notes was $19.1 million as of March 31, 2023. No comparable balance existed as of March 31, 2022 (see Note 16, *Debt*). The fair value of the Unsecured Convertible Notes was estimated using the significant assumptions regarding the probability of a maturity event or a Qualifying Capital Transaction and the discount rate selected from a market debt yield analysis.

The loss on change in fair value of the Unsecured Convertible Notes for the year ended March 31, 2023 was $363.1 thousand (March 31, 2022 – $nil) and is included in the statement of profit or loss.

The Company uses a sensitivity analysis to estimate the impact in profit or loss of a strengthening or a weakening of the US dollar against the other group currencies. If the fair value of these financial liabilities categorized within level 3 were to increase or decrease by 10% as of March 31, 2023, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately $2.3 million (March 31, 2022 – $nil). The results of the sensitivity analysis should not be considered as projections of likely future events, as the gains or losses from exchange rates in the future may differ due to developments in the global financial markets.

25. RISK MANAGEMENT FACTORS

Market/Price risk

Market risk is the risk that changes in the market-related factors, such as foreign currency exchange rates and interest rates, will affect the Company's (loss) income or the fair value of finance instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal as the leases and notes had fixed terms for the year ended March 31, 2023.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in its foreign subsidiaries. The Company's foreign currency risk arises primarily with respect to the Chinese Yuan Renminbi ("RMB") and the Canadian Dollar ("CAD"). Fluctuations in the exchange rates between the RMB and CAD and the US dollar could have a material impact on the Company's business, financial condition and results of operations. The Company does not engage in hedging activity to mitigate this risk.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The exchange rates that have been used in preparing the financial statements are:

	March 31, 2023		March 31, 2022	
	Average rate	Closing rate	Average rate	Closing rate
RMB	0.1446	0.1456	0.1406	0.1576
CAD	0.7565	0.7390	0.798	0.8003

A 1% strengthening or weakening of the US dollar against the RMB at March 31, 2023 would result in an increase or decrease in other comprehensive income of approximately $11.8 thousand. A 1% strengthening or weakening of the US dollar against the CAD at March 31, 2023 would result in an increase or decrease in other comprehensive income of approximately $333.9 thousand.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable, and notes receivable. The risk to cash deposits is mitigated by holding these instruments with regulated financial institutions. Accounts receivable, and notes receivables credit risk arises from the possibility that principal and interest due may become uncollectible. The Company mitigates this risk by managing and monitoring the underlying business relationships. As of March 31, 2023 and 2022, the maximum credit exposure related to the carrying amounts of accounts receivable and notes receivable was $10.3 million and $18.3 million, respectively.

The Company's aging of trade receivables, net of expected credit losses, was as follows:

	Accounts Receivable, Net	
	March 31, 2023	March 31, 2022
Current	$ 5,294	$ 6,796
Past due 1 to 30 days	2,845	3,115
Past due 31 to 60 days	1,044	3,778
Past due 61 to 90 days	941	870
Past due 91 to 120 days	1,993	1,650
Total Accounts Receivable	12,117	16,209
Less Expected Credit Loss Allowance	(1,843)	(3,849)
Total	$ 10,274	$ 12,360

Financial Risk Factors

Liquidity risk

The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to raise sufficient capital to settle obligations and liabilities when due and manage cash flow from operating activities.

The Company objective when managing liquidity is to ensure that it will have sufficient liquidity to meet its contractual financial obligations when they become due under normal and stressed situations without incurring unacceptable losses. Historically, the Company's primary source of liquidity has been its operations, capital contributions made by equity investors and debt issuances.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, which primarily includes cash inflows from trade receivables in comparison to cash outflows from trade payables and accrued liabilities. As of March 31, 2023 and 2022, the Company had cash balances of $3.7 million and $3.4 million, respectively, and accounts receivable balances of $10.3 million and $12.4 million, respectively.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The Company has experienced significant losses, has a working capital deficiency of approximately $31.8 million at March 31, 2023, negative cash flows from operations, and accumulated deficit of $34.6 million. Refer to Note 27 "Subsequent Events" for management's progress toward addressing the liquidity risks.

The Company has the following gross contractual obligations as of March 31, 2023, which are expected to be payable in the following respective periods:

	Less than 1 year	1 to 3 years	Greater than 3 years	Total
Accounts payable and accrued liabilities	$ 22,211	$ -	$ -	$ 22,211
Convertible notes, notes payable and accrued interest	24,548	22,700		47,248
Total	46,759	22,700	-	69,459

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue operations. In the management of capital, the Company includes its components of operating lease obligations, cash and equity.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling its expenses. Management reviews its capital management policies on an ongoing basis. Post the RTO transaction, there have been no changes to the Company's capital structure.

26. OPERATING SEGMENTS

IFRS 8 requires operating segments to be determined based on the Company's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Company's CEO as he is primarily responsible for the assessment of performance. The CODM uses revenues as the key measure of each segment's performance for the period under evaluation.

The Company has determined it has two key segments 1) hardware and packaging and 2) formulating, filling and co-packing products for various cannabis brands in California and Canada ("Master Manufacturing"). Together, these segments provide the Company with a fully integrated business model.

Segmented Operating Results for the year ended March 31, 2023

	Hardware & Packaging	Master Manufacturing	Corporate	Total
Revenue	$ 45,434	$ 24,155	$ -	$ 69,589
Cost of Goods Sold	31,287	21,621	-	52,908
Gross Profit	14,147	2,534	-	16,681
Expenses	12,070	10,511	8,641	31,222
Income (Loss) from Operations	$ 2,077	$ (7,977)	$ (8,641)	$ (14,541)

Segmented Operating Results for the year ended March 31, 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

	Hardware & Packaging	Master Manufacturing	Corporate	Total
Revenue	$ 58,499	$ 17,556	$ -	$ 76,055
Cost of Goods Sold	44,005	16,181	-	60,186
Gross Profit	14,494	1,375	-	15,869
Expenses	20,659	5,193	3,155	29,007
Income (Loss) from Operations	$ (6,165)	$ (3,818)	$ (3,155)	$ (13,138)

Within the Master Manufacturing segment, the Company recorded revenue of $7.0 million and $17.2 million in Canada and the United States, respectively, for the year ended March 31, 2023 as compared to $nil and $17.6 million, respectively for the year ended March 31, 2022.

27. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 29,2024, which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition at March 31, 2023 have been incorporated into these consolidated financial statements.

Equity Financing

The Company received $5.1 million pursuant to a non-brokered private placement. On January 12, 2024 under the partial revocation order, the Company completed a non-brokered private placement for aggregate gross proceeds of C$1.37 million through the issuance of 2,978,261 Class A Subordinate Voting Shares at a price of C$0.46. The remaining amounts remain available for an offering that may be completed following the revocation of the Cease Trade Order issued by the British Columbia Securities Commission. In 2024, term sheets were executed to replace the portion of the equity offering outstanding following the issuance under the partial revocation order.

Transactional Update Related to 14R Merger Agreement

On April 5, 2023, the Company announced that it completed the orderly settlement of all outstanding matters relating to the merger with 14R that was completed in late 2022. Previous holders of preferred shares in 14R who had dissented from the Merger received an aggregate 140,844 Class C Preferred Shares and 18,325 PV Shares. Each Preferred Share is exchangeable into one PV Share, and the Preferred Shares include preference rights to dividends and distributions on liquidation, as well as price protection equal to the consideration securityholders received on completion of the RTO.

Related Party Loans

Tom Fornarelli
Pursuant to the loan agreement dated March 1, 2023 between FBHI and Tom Fornarelli (co-founder and head of innovation at Final Bell Holdings), the Company made loan advances for $712.3 thousand as total drawn from April 1, 2023 to March 31, 2024. In January 2024, $500 thousand of these drawn amounts were repaid. As of March 31, 2024, there was $212.3 thousand outstanding and payable on this loan.

Jeremy Green
Pursuant to the loan agreement dated March 1, 2023 between FBHI and Jeremy Green, who is a related party being the CEO of 14R, the Company made loan advances for $150.0 thousand. The entire outstanding amount was repaid to Company on June 9, 2023.

Warrant Exercise

On June 10, 2023, the Company issued 4,675 PV Shares for gross proceeds of $87.8 thousand upon the exercise of replacement warrants issued in connection with the Merger.

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Cease Trade Order

On August 14, 2023, the Company was issued a failure to file cease trade order under the securities legislation of British Columbia as a result of the Company not filing its audited annual financial statements, management discussion and analysis, and certification of annual filings for the year ended March 31, 2023. On September 27, 2023, the Company received a partial revocation order to complete the issuance to Convertible Note holders, before September 30, 2023, of 998,139 Subordinate Voting shares at the deemed price of $0.46 per share, in full satisfaction of the September 15, 2023 interest payment. On January 9, 2024, the Company received a partial revocation order to complete the issuance of shares for a private placement and trigger the qualifying capital transaction for the conversion of the unsecured notes.

Unsecured Convertible Notes Interest, Amendment, and Conversion

On April 11, 2023, the Company issued 240,003 SV Shares to settle interest payments outstanding.

On June 23, 2023, the Company announced that holders of its outstanding Unsecured Convertible Notes approved certain amendments to the Indenture to provide for the mandatory conversion of the Notes into SV Shares at a fixed price of C$0.46 per SV Share upon the Company completing an equity financing for gross proceeds of at least C$1.36 million (US$1.0 million). This equity financing was completed on January 12, 2024 and on January 19, 2024, 50,259,477 SV shares were issued to the holders of the Notes upon conversion of all outstanding principal plus accrued and unpaid interest to the effective conversion date of January 19, 2024.

Sale of Mallen Tech Co. Limited

On May 23, 2023, the Company entered into an agreement to sell the ownership of Mallen Tech Co. Limited through a 100% equity interest transfer.

Settlement of Outstanding Loans

On June 30, 2023, the Company entered into Debt Settlement Agreements with multiple debt holders wherein the parties agreed to settle the debt in FBHI SV shares. Please see below table for settlement summary:

Lender	Bridge Loan Balance	Settlement by issuing SV shares
Angsana Investment Private Limited *(entity controlled by FBHI current CEO Mr. Meyer)*	900	2,647,059
Jason DeLand *(Director and Chairman of the Company's Board of Directors)*	100	294,118
Dexchange Financial Corp. *(entity related to Kay Jessel, Board of Director Member)*	250	735,294
Peter Lee	140	304,348
Naval Elite Limited	250	735,294
Total balance of bridge loan will be settled in SV shares	**1,640**	**4,716,113**

The conversion price for these exchanges was determined to be $0.34 per share. Accrued interest will be paid in cash. As of the date if these statements, no shares had been issued to settle the debt as a result of the Cease Trade Order issued by the British Columbia Securities Commission. In 2024, term sheets were executed to settle these outstanding amounts through the 15% FBI Note Offering detailed below. These term sheets supersede the original June 30, 2023 settlement agreement.

14R Loan Agreement with Nut Hill Investment Ltd

On August 21, 2023, 14R entered into two loan agreements with Nut Hill Investment Ltd, a Company partially owned by Mr. Meyer, to borrow $1.6 million in the form of promissory notes.

The first loan was obtained for the principal amount of $1.0 million payable on the first maturity date (61st day following the loan date) without accruing any interest. For the outstanding principal amount due on the first maturity date, the maturity for such outstanding amount shall be extended to the second maturity date (181st day following the loan date). Interest shall accrue on the outstanding balance during the period from the first to the second maturity date at the rate of 15% per annum. If the principal remains outstanding on the second maturity date, Nut Hill shall have the right to convert the principal outstanding along with interest accrued into SV Shares at a conversion price of $0.34 per share, subject to the revocation of the Cease Trade Order issued by the British Columbia Securities Commission. On November 17, 2023, a written consent from Mr. Meyer was obtained which allowed for the conversion of the $1.0 million loan to equity of the Company subject to the revocation of the Cease Trade Order. On January 17, 2024, written consent to convert the remaining $0.6 million subject to the revocation of the Cease Trade Order was obtained from Mr. Meyer. As of the date of filing, the loan has not yet been converted and remains outstanding.

The second loan was obtained for the principal amount of $0.6 million payable on the first maturity date (121st day following the loan date). For the outstanding principal amount due on the first maturity date, the maturity date for such outstanding amount shall be extended to the second maturity date (241st day following the loan date). No interest will accrue on the outstanding principal balance during the term. In consideration for the second loan, Nut Hill shall be entitled to:

(i) the right to receive royalties in the aggregate amount of $0.1 million payable on or before the first maturity date based on sales through to that date;

(ii) if the principal amount of the loan remains unpaid by the first maturity date, Nut Hill shall have the right to receive royalties in addition to (i) above in the amount of $0.1 million payable on or before the second maturity date based on sales through to that date;

(iii) If any of the royalties provided for in paragraphs (i) and (ii) above remains unpaid on or before June 30, 2024, such outstanding royalties shall be paid thereafter either (i) in twelve (12) consecutive equal monthly cash installments, beginning on June 30, 2024; or (ii) at the discretion of 14R and its parent company FBHI, the outstanding royalties amount shall be converted into SV Shares at the price of $0.34 per share, subject to the revocation of the Cease Trade Order.

In March 2024, a term sheet was executed to settle these outstanding amounts through the 15% FBI Note Offering detailed below. This term sheet supersedes the November 17, 2023 conversion option.

14R Loan Agreement with Jason DeLand

On September 1, 2023 14R entered into a loan agreement with Jason DeLand (Chairman of the Company's Board of Directors) to borrow $0.3 million in the form of promissory note.

The loan shall be payable on the first maturity date (61st day following the loan date) without accruing any interest. For the outstanding principal amount due on the first maturity date, the maturity for such outstanding amount shall be extended to the second maturity date (181st day following the loan date). Upon occurrence of event of default (as defined in the loan agreement) any amounts unpaid and outstanding shall accrue interest at the rate 18% per annum.

If the principal remains outstanding on the second maturity date, Mr. DeLand shall have the right to convert the principal outstanding along with interest accrued into SV Shares at a conversion price of $0.34 per share subject to the revocation of the Cease Trade Order. As of the date of this filing, this loan was outstanding. In April 2024, a term sheet was executed to settle these outstanding amounts through the 15% FBI Notes detailed below.

Asset Purchase Agreement ("APA") for GSW

On December 11, 2023, FBH completed an asset acquisition of substantially all of GSW's, and its affiliates' and subsidiaries', assets, for an aggregate purchase price of approximately $10.3 million, paid solely through the assumption of GSW's liabilities. The Company agreed to guarantee certain of the liabilities assumed by FBH in an aggregate amount of approximately $4.7 million.

Sale of FB Canada

On December 5, 2023, the Company entered into a share exchange agreement (the "SEA") with BZAM Ltd. ("BZAM") pursuant to which the Company agreed to sell all of the issued and outstanding shares of FB Canada to BZAM in consideration for 90,000,000 common shares of BZAM (the "BZAM Shares"), representing approximately 33.23% of the issued and outstanding shares of BZAM, at a deemed price of C$0.15 per share, for an aggregate value of C$13,500,000. The transaction closed on January 5, 2024. Consideration for the sale of FB Canada also included the issuance by BZAM of an unsecured promissory note in the amount of C$8 million in favor of a subsidiary of the Company.

On February 29, 2024, BZAM applied for and was granted an order from the Ontario Superior Court of Justice under the Companies' Creditors Arrangement Act (the "CCAA") in order to restructure its business and financial affairs as an insolvent company. The Company has formally opposed the CCAA proceedings to hold BZAM and its management accountable for their actions and such proceedings are ongoing.

East West Bank Extension

On December 29, 2023, the Company received an extension on the maturity date of the ABL Facility for 90 days. On April 3, 2024, the Company received another extension on the maturity date of the ABL Facility for an additional 90 days.

Offering of 15% Secured Convertible Notes

In March 2024, the Company pursued an offering of secured convertible notes of Final Bell Innovations, a wholly owned subsidiary of FBHI, up to an aggregate maximum principal amount of US$12 million. This offering is intended to replace the offering of SV Shares by way of private placement, as described above, that did not complete as a result of the implementation of the Cease Trade Order.

The secured convertible notes shall bear interest at a rate of 15% per annum, with 4% payable quarterly and the remaining interest due upon maturity. The notes will be convertible into either SV shares, subject to the revocation of the Cease Trade Order, or shares of Final Bell Innovations, subject to certain conditions and pricing methodologies, and include mandatory conversion events. Subscriptions for $8.1 million principal amount of secured convertible notes have been received by the Company to date, inclusive of funds previously received under the 2023 private placement that did not complete and outstanding debt. The offering is expected to close in one or more tranches in the first fiscal quarter of 2024.

Angsana Management Services Agreement

Effective December 31, 2023, in consideration for the ongoing capital support by Angsana and its affliates to the Company, Angsana and the Company entered into an amended Debt Restructuring Agreement resulting in the acceleration of the issuance of 11,625,374 SV Shares remaining to be issued to Angsana upon completion of an equity or debt raise of the Company or any of its affiliates or subsidiaries, subject to certain conditions. The revised settlement agreement was entered into to cancel the stock options for 8,807,624 SV Shares and replace those with the issuance of 8,807,624 SV Shares. Angsana also agreed to subscribe for securities under any such equity or debt raise for US$800 thousand.

Executive and Board Director Changes

On November 1, 2023, Keith Adams was appointed as CFO the company. As part of the appointment, Mr. Adams was issued 4,000,000 RSUs to be converted into on a 1:1 ratio to SV Shares. These RSUs vest over 3 years.

On January 5, 2024, in connection with the sale of FB Canada, Greg Boone resigned as a director of the Company and was replaced by Robert Meyer.

Golden Iris Note Amendment

On March 4, 2024, FBHI entered into an amendment agreement to the Golden Iris loan. The amendment deferred the quarterly interest payment date of December 31, 2023 to January 31, 2024, increased the quarterly interest rate from 6% to 6.50%, increased the interest rate due at maturity from 6% to 8.5%, and extended the maturity date to August 18, 2026 in exchange for a facility fee of $250,000 to be paid in three tranches ($50 thousand due upon execution, $100 thousand on June 30, 2024 and $100 thousand on December 31, 2024). All existing covenants were extended to begin effective June 30, 2024. A covenant was also added to the agreement to establish a debt service reserve account which is required to have 100% of any scheduled quarterly payment of interest on the Term Loan for the quarter in which the interest is due and payable. Additionally, the warrant was amended to extend the expiration date from August 17, 2025 to August 17, 2028 and reduce the exercise price from US$0.89 to US$0.34 per warrant share. Conditions subsequent to the amendment include the obligation by the Company to complete and file these financial statements and obtain a full revocation of the Cease Trade Order within three months of the amendment.

FB Canada Promissory Note Extension

The promissory note issued to the FB Canada sellers on November 30, 2022 had an original maturity date of February 2024. This maturity date was amended to February 28, 2025 through an amendment to the promissory notes signed in April 2024.

FINAL BELL HOLDINGS INTERNATIONAL LTD.

(Formerly Final Bell Holding, Inc)

(the "**Company**")

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2023

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with both the Company's audited consolidated financial statements as at and for the year ended March 31, 2023 and the accompanying notes thereto (the "Financial Statements"), which have been prepared in accordance with International Accounting Standards ("IFRS"). The MD&A has been prepared as of April 29, 2024 pursuant to the disclosure requirements under National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102") of the Canadian Securities Administrators ("CSA"). These financial statements, and additional information relating to the Company, are available for viewing at www.sedar.com.

All dollar amounts are expressed in thousands of United States dollars ($USD), expect for share and per share amounts, and where otherwise indicated.

This MD&A contains forward-looking information within the meaning of applicable securities laws, and the use of Non-IFRS measures (as defined below). Refer to "Cautionary Statement Regarding Forward-Looking Statements" and "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" included within this MD&A.

Corporate Structure

Effective November 30, 2022, Final Bell Holdings International Ltd completed a series of transactions (collectively the "Business Combination" or the "Reverse Takeover" or the "RTO")) pursuant to which it acquired the group of companies known as the Final Bell Group, including Final Bell Holdings, Inc., a Delaware corporation ("FBH"), 14th Round Inc., a Delaware corporation ("14R"), Final Bell Canada Inc., an Ontario corporation ("FB Canada"), and their respective subsidiaries and managed entities. As a result of the RTO, the resulting business of the Company, and the application of the relevant guidance for reverse acquisitions under IFRS 3, FBH (the entity receiving securities) has been deemed the "accounting acquirer" while the Company (the entity issuing securities) has been deemed the "accounting acquiree".

In connection with RTO, the Company completed a share reorganization pursuant to which its share capital was reorganized to create and authorize a new class of Class B Proportionate Voting Shares (the "PV Shares") and to reclassify the common shares as Class A Subordinate Voting Shares (the "SV Shares"), each having the special rights and restrictions set out in Schedule A to the Management Information Circular dated January 28, 2022 in respect of a special meeting of shareholders of the Company held on February 28, 2022. Subject to certain conditions, each PV Share is convertible into 100 SV Shares, and is entitled to vote with the SV Shares at the rate of 100 votes per PV Share.

The Company now operates a highly competitive consolidated group of businesses providing end-to-end solutions to leading cannabis brands with integrated product development, manufacturing, and supply chain management. Through the Company's operating unit of 14th Round (14R), the Company operates in the design and technology space, offering industrial design, engineering, manufacturing, branding, and child-resistant packaging solutions for cannabis pre-rolls, vaporizers, edibles, and related products. The Company's California and Canadian operations enables cannabis brands to fully outsource production and manufacturing to state-of-the-art hardware and packaging environments, licensed co-manufacturing, and product commercialization expertise to a single supply chain partner. The company's operations fall within the following segments: (i) Hardware and Packaging and (ii) Master Manufacturing.

Operating Segments

Hardware and Packaging

The Company's hardware and packaging segment's capabilities range from branding, product development, custom vaporizer designs to CR-certified edibles dispensers and packaging. 14R provides full-service solutions including product design, innovation and supply chain management for companies that want to build differentiated brands across multiple regions in both Canada and the US. 14R develops and utilizes its own IP and innovative technology including a wide range of custom container and packaging solutions and vaporizer technology that is engineered to a brand's unique specifications.

14R is the go-to designer and supplier to many of the leading and most strategic North American brands with many customers ranking within the top 5 in sales for their respective product categories. 14R focuses on partnering with leading brands and operating in the largest product categories across the North American markets. 14R does not perform "cannabis-touching" services or activities, thus, it is not subject to cannabis regulations in either Canada or the US and can ship products across state and country borders to enable brands to partner with companies across and build a national differentiated product. While 14R is based in Los Angeles, California, operations span both the US and China through the company's Chinese wholly owned foreign subsidiary (14R Shenzhen).

Master Manufacturing

The Company's Master Manufacturing segment, Final Bell, through its licensed manufacturing facilities, provides unrivaled quality, manufacturing expertise, and world class operations to leading cannabis brands (Brands) in the California and Canadian markets. Final Bell's Master Manufacturing model (Final Bell as a Service or FBaaS) absorbs one of the biggest challenges for brands to scale manufacturing, compliance, dispensary sales, and supply chain across regions and turns them into the platform for driving brand growth. FBaaS reduces complexity, touch points, operational mishaps, and unproductive capital expenditures to streamline the entire supply chain and provides world class Standard Operating Procedure (SOPs) for our Brands.

Brand partners utilize Final Bell's licensed manufacturing facilities and are billed based on the level of services provided by Final Bell. To ease Brands burdens with scaling, the Brands rely on FBaS to simplify the operation work and risks. Final Bell typically charges a flat fee per unit produced that is payable by the Brand upon manufacturing completion of the product. The flat unit fee charged by FBaaS includes the price of raw materials (hardware and packaging, terpenes, etc.) and a co-manufacturing fee based on labor costs. The co-manufacturing fee varies by production complexity and additional services rendered (e.g., formulation, filling, and/or co-packing).

By providing backend manufacturing services through to distributor management, the Master Manufacturing segment is a true full-service, end-to-end solution.

Key Fourth Quarter Results

During the first quarter following the RTO transaction in November 2022, the company's financial operations continued to perform at historical levels. This was the first quarter that fully integrated the financial results of Final Bell Canada. Final Bell Canada contributed $6.2 million in revenue during the fourth quarter of 2023. The Company's consolidated gross profit margin during the fourth quarter was approximately 10% as compared to 12% during the same period in 2022. This decline in margin was driven by integration costs in the Master Manufacturing segment.

As a result of the significant technical accounting matters arising from the RTO, adjustments were made in the fourth quarter of fiscal year ended March 31, 2023 related to the valuation methodologies used to measure transaction and financial instruments. Consequently, listing fees from the RTO declined materially to $19.0 million as compared to $30.9 million which was originally disclosed in the December 2022 quarterly statements.

During the fourth quarter, the company incurred increased SG&A costs as compared to the prior quarters. This is primarily driven by the increased expenses related to the integration of multiple separate businesses through the business combination transaction. Management expects these costs to normalize in the fiscal year 2024.

Annual Comparative Results for the fiscal years ended March 31, 2023, and March 31, 2022

The following selected financial information is derived from the consolidated financial statements of the Company for the most recent comparable periods.

($ in thousands, except shares and per share)	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Revenues	$ 69,589	$ 76,055
Loss from Operations	(14,541)	(13,138)
Loss Attributable to the Company	(33,843)	(19,488)
Comprehensive Loss Attributable to the Company	(29,811)	(19,491)
Weighted-average number of ordinary shares	90,883,934	1,501,200
Basic and Diluted Loss per Share	(0.33)	(12.98)
Total Assets	66,112	65,585
Total Long-Term Liabilities	32,034	41,151

Segmented Operating Results for the fiscal year ended March 31, 2023

	Hardware & Packaging	Master Manufacturing	Corporate	Total
Revenue	$ 45,433	$ 24,155	$ -	$ 69,589
Cost of Goods Sold	31,287	21,620	-	52,908
Gross Profit	14,146	2,535	-	16,681
Expenses	12,070	10,511	8,641	31,222
Income (Loss) from Operations	$ 2,076	$ (7,976)	$ (8,641)	$ (14,541)

Segmented Operating Results for the fiscal year ended March 31, 2022

	Hardware & Packaging	Master Manufacturing	Corporate	Total
Revenue	$ 58,499	$ 17,556	$ -	$ 76,055
Cost of Goods Sold	44,005	16,181	-	60,186
Gross Profit	14,494	1,375	-	15,869
Expenses	20,659	5,193	3,154	29,007
Loss from Operations	$ (6,165)	$ (3,818)	$ (3,154)	$ (13,138)

Revenue

For the year ended March 31, 2023, revenue was $69.6 million, a decrease of $6.5 million or 9% compared to the prior year.

Hardware & Packaging revenue decreased $13.1 million or 22% for the year ended March 31, 2023, as a large customer had built inventory in the prior year for a new product launch. The revenue decline in Hardware & Packaging is also attributed to migration of customers to our Master Manufacturing segment opting to take advantage of our end-to-end solution(s). This resulted in a transfer of revenues to the Master Manufacturing segment.

Master Manufacturing revenue increased $6.6 million or 38% for the year ended March 31, 2023. The year over year increase in revenue is largely due to the addition of new customers, migration of customers from Hardware and Packaging and partial year contribution from FB Canada. FB Canada acquisition was completed on November 30, 2022. The increase in revenue was partially offset by one customer no longer requiring Master Manufacturing services and, instead, purchasing Hardware & Packaging solution directly from 14R.

Gross Profit

For the year ended March 31, 2023, gross profit was $16.7 million as compared to prior year of $15.9 million, representing gross margin of 24% as compared to prior year of 21%.

Gross profit in the Hardware & Packaging segment was $14.1 million for the year ended March 31, 2023 as compared to prior year $14.5 million, representing gross margin of 31% as compared to prior year of 25%. The improvement in segmental gross margin was due to reduced volatility and costs related to freight and shipping, reductions in COVID-related disruptions in China and a change in product mix.

Gross profit in the Master Manufacturing segment was $2.5 million for the year ended March 31, 2023 as compared to the prior year of $1.4 million. This represents gross margin of 10% as compared to prior year of8%. The improvement in segment gross margin was due to the acquisition of FB Canada, a shift from full end-to-end services to co-packing for customers, along with a migration to higher margin preroll, vape products and services.

Depreciation and Amortization

For the year ended March 31, 2023, depreciation and amortization expense was $6.2 million as compared to prior year of $4.9 million. The increase in was primarily due to additions of property and plant & equipment.

General and Administrative

For the year ended March 31, 2023, general and administrative expenses were $24.8 million as compared to the prior year of $23.3 million. The current year includes $1.8 million of non-cash advisory expenses stemming from the RTO transaction. Excluding the aforementioned non-cash expense, general and administrative expenses increased as a percentage of revenue during the year ended March 31, 2023 as a result of higher salaries and benefits and other expenses related to FB Canada and corporate expense due to being public upon closing of the RTO on November 30, 2022.

Comprehensive Loss

The comprehensive net loss attributable to the company for the year ended March 31, 2023, was $29.8 million as compared to prior year of $19.5 million. The primary drivers were (i) general and administrative expenses; (ii) interest and accretion expenses (iii) transaction costs related to the RTO and (iv) changes in the accounting for fair value of investments.

Drivers of Operational Performance

Revenue

For the year ended March 31, 2023, the Hardware & Packaging segment generated 65% of the Company's total revenue and its Master Manufacturing segment generated 35%, as compared to 77% and 23%, respectively in the prior year. This shift in revenue largely reflects the growth in business following the acquisition of FB Canada.

Gross Profit

Gross profit is revenue less costs of goods sold. The cost of goods sold for our Hardware and Packaging segment includes the costs directly attributable to revenue recognition and includes amounts paid for goods, such as batteries, cartridges, as well as packaging and other supplies for its products. Cost of goods sold for our Master Manufacturing segment includes costs directly attributable to processing cannabis, including labor, raw materials, and compliance testing, as well as costs attributable to wholesale sales of finished goods. Gross margin measures the Company's gross profit as a percentage of revenue.

For the year ended March 31, 2023, 85% of the Company's total gross profit was generated by its Hardware & Packaging segment and 15% by the Master Manufacturing segment, as compared to 91% and 9%, respectively in the prior year.

Operating Expenses

Total operating expenses, other than cost of goods sold, primarily consist of corporate infrastructure and personnel to support customer relationships and ongoing business, which are reflected as general and administrative expenses, and expense associated with depreciation and amortization.

For the year ended March 31, 2023, operating expenses as a percentage of revenue were 45% as compared to 38%. General and administrative costs increased as a result of being a public entity and increased integration expense associated with FB Canada.

Provision for Income Taxes

The Company is subject to income taxes in the jurisdictions in which it operates and, consequently, income tax expense is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. As the Master Manufacturing segment operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to the sale of products. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E and a higher effective tax rate than most industries. However, the Hardware and Packaging segment is a non-plant-touching cannabis business and as such, it is not subject to the limitations of IRC Section 280E.

Non-IFRS Financial and Performance Measures

In addition to providing financial measurements based on IFRS, we provide additional financial metrics that are not prepared in accordance with IFRS. Management uses non-IFRS financial measures, in addition to IFRS financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate the Company's financial performance. Management uses the non-IFRS measurement of adjusted EBITDA, which we believe reflects our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as it facilitates comparing financial results across accounting periods. We also believe that this non-IFRS financial measure enables investors to evaluate the Company's operating results and future prospects in the same manner as management. This non-IFRS financial measures may also exclude expenses and gains that may be unusual in nature, infrequent or not reflective of the Company's ongoing operating results. As there are no standardized methods of calculating non-IFRS measures, our methods may differ from those used by others, and accordingly, the use of these measures may not be directly comparable to similarly titled measures used by others. Accordingly, non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Adjusted EBITDA

Adjusted EBITDA is a financial measure that is not calculated in accordance with IFRS. Management believes that because Adjusted EBITDA excludes (a) certain non-cash expenses (such as depreciation, amortization, and stock-based compensation) and (b) expenses that are not reflective of the Company's core operating results over time (such as restructuring costs, litigation or dispute settlement charges or gains, and transaction-related costs). The Company believes this represents a clearer picture of what the its operational performance is. Adjusted EBITDA is defined by the Company and is detailed below. This measure provides investors with additional useful information to measure the Company's financial performance, particularly with respect to changes in performance across periods. The Company's management uses Adjusted EBITDA (a) as a measure of operating performance, (b) for planning and forecasting in future periods, and (c) in communications with the Company's board of directors concerning the Company's financial performance.

The Company's presentation of Adjusted EBITDA is not necessarily comparable to other similarly titled captions of other companies due to different methods of calculation and should not be used by investors as a substitute or alternative to net income or any measure of financial performance calculated and presented in accordance with IFRS. Instead, management believes Adjusted EBITDA should be used to supplement the Company's financial measures derived in accordance with IFRS to provide a more complete understanding of the trends affecting the business.

Although Adjusted EBITDA is frequently used by investors and securities analysts in their evaluations of companies, Adjusted EBITDA has limitations as an analytical tool. Investors should not consider it in isolation or as a substitute for, or more meaningful than, amounts determined in accordance with IFRS. Some of the limitations to using non-IFRS measures as an analytical tool are (a) they do not reflect the Company's interest income and expense, or the requirements necessary to service interest or principal payments on the Company's debt, (b) they do not reflect future requirements for capital expenditures or contractual commitments, and (c) although depreciation and amortization charges are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and non-IFRS measures do not reflect any cash requirements for such replacements.

The following table reconciles Net Loss to Adjusted EBITDA for the years ended March 31, 2023, and March 31, 2022:

	FYE 2023	FYE 2022
Net Income (Loss)	(34,640)	(22,522)
Finance Costs	2,781	2,324
Income Tax Expense (Benefit)	135	(544)
Depreciation and Amortization	6,229	4,918
EBITDA	**(25,495)**	**(15,824)**
Adjustments		
Stock Based Compensation	218	834
Change in Fair Value of Series A Preferred Stock Liability	(1,114)	859
Change in Fair Value of Contingent Consideration	28	18
Change in Fair Value of Investments	0	7,049
Change in Fair Value of Convertible Notes	363	0
Change in Fair Value of Derivative Liabilities	(45)	0
Acquisition, transaction, and other non-cash costs	26,224	(559)
Gain on Lease Amendment/Termination	(294)	(273)
Loss on Disposal of Fixed Assets	74	128
Adjusted EBITDA	**(41)**	**(7,768)**

Adjusted EBITDA should not be considered in isolation from, or as a substitute for, Net Loss. There are several limitations related to the use of Adjusted EBITDA as compared to Net Loss, the closest comparable IFRS measure.

Adjusted EBITDA, as defined by the Company, excludes from Net Loss:

•Interest income and expense;

•Current income tax expense;

•Non-cash depreciation and amortization expense;

•Non-cash stock-based compensation expense;

•Non-cash impairment charges, as the charges are not expected to be a recurring business activity;

•Non-cash changes in fair value of financial instruments;

•Loss (Gain) on disposal of assets and lease terminations, and

•Acquisition, transaction, and other non-cash costs, which vary significantly by transaction and are excluded to evaluate ongoing operating results.

Liquidity and Capital Resources

As of March 31, 2023, the Company had total current assets of $26.6 million including cash of $3.7 million and total current liabilities of $58.4 million. As of March 31, 2023, the Company had a working capital deficit of $31.8 million as compared to working capital of $1.4 million at March 31, 2022. The increase in working capital deficit of $33.2 was driven by the inclusion of unsecured convertible notes totaling $19.1 million, which were acquired as part of the RTO and the Series A preferred stock liability of $10 million included in current liabilities as of March 31, 2023. The unsecured convertible notes and series A preferred stock liabilities were fully converted in SV shares on January 19, 2024 and April 5, 2023, respectively. The remaining increase in deficit was primarily driven by an increase in accounts payable. To remedy the deficiency, the Company has taken measures to introduce new streams of business and streamline the existing lines of business, including disposing of lines of business that do not fit with the overall growth strategy of our business. These initiatives coupled with the equity conversions will enable us to improve our working capital position and allow us the liquidity and flexibility to meet our financial commitments.

In evaluating short, medium and long term capital requirements to fund both the Company's existing operations and future plans, Management has taken the following measures to address any potential short falls and to raise additional monies to continue to fund future expansion and growth of the Company. In the first quarter of fiscal year 2025, the Company intends to convert certain outstanding debts into the 15% FBI Notes and will continue to raise capital to fund the company's growth strategy. The company has already received pledges for capital infusion into the 15% FBI Notes and will continue fund raising efforts into this note and other investment vehicles. The Company has converted its unsecured convertible notes to equity on January 19, 2024. Additionally, the maturity date of the Company's outstanding secured term loan has been extended to August 18, 2026. Refer to Note 27 "*Subsequent Events*" in the Company's Consolidated Financial Statements as of March 31, 2023 for additional discussion on subsequent events.

The Company's business plan includes growth through acquisitions as well as facility expansion and improvements to support geographic expansion and to bolster our ability to pursue additional brand licensing and partnership deals. We continue to review and pursue selected external financing sources to ensure adequate financial resources. These potential sources include but are not limited to (i) financing from traditional or non-traditional investment capital organizations; (ii) funding from the sale of equity or debt instruments; and (iii) debt financing with lending terms that more closely match our business model and capital needs. There can be no assurance that we will gain adequate market acceptance for our products or be able to generate sufficient positive cash flow to achieve our business plans, that additional capital or other types of financing will be available when needed, or that such financing will be on terms favorable to the Company.

We expect to need to continue funding operating losses as we continue to scale our operations. Therefore, we are subject to risks including, but not limited to, our inability to raise additional funds through debt and/or equity financing to support our continued development, including capital expenditure requirements, operating requirements and to meet our liabilities and commitments as they come due. The Company's ability to continue as a going concern is dependent on the Company being successful in accessing additional sources of liquidity from lenders or investors. Although the Company is actively pursuing capital raising initiatives, there is no assurance that the Company will be successful in raising capital on acceptable terms or at all. These material uncertainties may cast significant doubt on the ability of the Company to continue as a going concern.

Cash Flows

Cash Flows from Operating Activities

Net cash used by operating activities was $6.4 million for the year ended March 31, 2023, compared to $10.5 million in the prior year. This improvement was driven primarily through improved working capital management.

Cash Flow from Investing Activities

Net cash used in investing activities was $2.9 million during the year ended March 31, 2023, compared to $22.5 million in the prior year. For the year ended March 31, 2022, the company invested $14.4 million in acquisitions and equity investments as compared to $0.8 million in the current fiscal year. In 2022, there was also the issuance of a related party note receivable which did not recur in the current fiscal year. The investing activities in the normal course of business were materially consistent year over year.

Cash Flow from Financing Activities

Net cash provided by financing activities was $5.3 million during the year ended March 31, 2023, compared $31.5 million in the prior year. The two major sources of funding during the period were increased amounts drawn under our credit facilities of $6.2 million, and the Senior Secured Term Loan of $3.5 million. In the current year, the Company repaid $10.3 million in principal borrowings as compared to $5.4 million in the prior year.

Contractual Obligations

In the first quarter of fiscal year 2025, the Company intends to convert certain outstanding debts into the 15% FBI Notes. The Company has received executed term sheets to this effect totaling $8.1 million. Refer to the Company's Consolidated Financial Statements for the Company's contractual obligations as of March 31, 2023.

Financial Instruments

Financial instruments are measured either at fair value or at amortized cost. The individual fair values attributed to the different components of a financing transaction, notably derivative financial instruments, convertible loans, contingent liabilities, and preferred stock are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and derive estimates. Significant judgment is also used when attributing to fair values to each component of a transaction upon initial recognition, measuring fair values for certain instruments on a recurring basis and disclosing the fair values of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted or observable in an active market. Information about the specific valuation techniques and inputs used in determining the fair value of financial instruments is disclosed in Note 24 of the Company's Consolidated Financial Statements. The table below lists the classification used for each type of financial instrument.

Key Classifications of Financial Instruments

Cash	Amortized Cost
Accounts Receivable	Amortized Cost
Notes Receivable	Amortized Cost
Accounts Payable and Accrued Expenses	Amortized Cost
Other Long-Term Assets	Amortized Cost
Credit Facility	Amortized Cost
Related Party Loans	FVTPL*
Notes Payable	FVTPL*
Secured Term Loan	FVTPL*
Promissory Note	FVTPL*
Series A Preferred Stock Liability	FVTPL
Contingent Liability	FVTPL
Convertible Notes	FVTPL
Derivative Financial Instrument	FVTPL

* Initially measured at FVTPL and subsequently measured on an amortized cost basis

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 Inputs for the asset or liability that are not based on observable market data.

The following summary shows the carrying amount and fair value of each financial instrument measured at fair value for the years ended March 31, 2023, and 2022:

Financial Instruments	March 31, 2023	March 31, 2022	March 31, 2023			March 31, 2022		
	Carrying amount		Fair Value			Fair Value		
			Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Unsecured Convertible Notes	19,108	-			19,108			-
Contingent Liability	2,863	500			2,863			500
Derivative Financial Instruments	167	75			167			75
Series A Preferred Stock	10,036	11,150			10,036			11,150

On April 5, 2023, the Company settled the Preferred Stock liability through the issuance of shares.

There were no transfers into or out of the fair value levels for the year ended March 31, 2023, or the year ended March 31, 2022. Refer to the consolidated statement of loss in the Company's consolidated financial statements of the unrealized gains and losses applicable to financial assets.

Financial Risk Management

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal as the leases and notes have fixed terms for the periods ending March 31, 2023.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in its foreign subsidiaries. The Company's foreign currency risk arises primarily with respect to the Chinese Yuan Renminbi ("RMB") and the Canadian Dollar ("CAD"). Fluctuations in the exchange rates between the RMB and CAD and the US dollar could have a material impact on the Company's business, financial condition, and results of operations. The Company does not engage in hedging activity to mitigate this risk.

The exchange rates that have been used in preparing the financial statements are:

	March 31, 2023		March 31, 2022	
	Average rate	Closing rate	Average rate	Closing rate
RMB	0.1446	0.1456	0.1406	0.1576
CAD	0.7565	0.7390	0.798	0.8003

A 1% strengthening or weakening of the US dollar against the RMB at March 31, 2023 would result in an increase or decrease in other comprehensive income of approximately $11.8 thousand. A 1% strengthening or weakening of the US dollar against the CAD at March 31, 2023 would result in an increase or decrease in other comprehensive income of approximately $333.9 thousand.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable, and notes receivable. The risk to cash deposits is mitigated by holding these instruments with regulated financial institutions. Accounts receivable, and notes receivables credit risk arises from the possibility that principal and interest due may become uncollectible. The Company mitigates this risk by managing and monitoring the underlying business relationships. As of March 31, 2023, and 2022, the maximum credit exposure related to the carrying amounts of accounts receivable and notes receivable was $10.3 million and $18.3 million, respectively.

The Company's aging of trade receivables, net of expected credit losses, was as follows:

	Accounts Receivable, Net	
	March 31, 2023	March 31, 2022
Current	$ 5,294	$ 6,796
Past due 1 to 30 days	2,845	3,115
Past due 31 to 60 days	1,044	3,778
Past due 61 to 90 days	941	870
Past due 91 to 120 days	1,993	1,650
Total Accounts Receivable	12,117	16,209
Less Allowance	(1,843)	(3,849)
Total	$ 10,274	$ 12,360

Off-Balance Sheet Arrangements

As of the date hereof the Company does not have any off-balance sheet financing arrangements and has not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets.

Summary of Outstanding Share Data

The Company had the following securities issued and outstanding as of April 29, 2024:

Securities	SV Shares
Total Current Outstanding	343,698,518
Convertible debentures and debt settlements	78,542,329
Warrants	28,089,888
Restricted Share Units	24,600,000
Stock Option Plan	20,443,900
Total Diluted Outstanding Shares	495,374,635

Refer to Notes 16 and 17 in the Consolidated Financial Statements for a detailed description of these securities.

Quarterly Historical Data

The company is a reporting issuer as of November 30, 2022. The following selected financial information is derived from the consolidated financial statements of the Company for the most recent four historical quarters. All data is for the "three months", noted below.

	For the three months ended			
	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022
Revenue	17,326	18,307	14,855	19,101
Loss from Continuing Operations	(8,835)	(2,092)	(3,461)	(153)
Net Loss Attributable to Company	5,539	(34,040)	(3,486)	(1,856)
Normalized Net Loss Attributable to Company	(6,280)	(3,175)	(3,486)	(1,856)
Basic and Diluted Loss per Share	0.06	(0.34) *	*	

*Company formed as of 11/30/2022. We have excluded per share figures prior to that point.

Normalized net loss excludes the listing fee recorded as part of the RTO transaction as of December 31, 2022 and March 31, 2023.

Proposed Transactions

Refer to Note 27 in the Company's Consolidated Financial Statements for transactions that have occurred through April 29, 2024.

Related Party Transactions

Refer to Note 23 in the Company's Consolidated Financial Statements for events that have occurred through April 29, 2024.

Changes in Accounting Policy and Estimates

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after April 1, 2023. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The Company has not identified any upcoming changes which could materially impact the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective. The Company does not expect the adoption of the Standards will have a material impact on the financial statements of the Company in future periods, except if indicated below.

Amendments to IAS 1: Classification of Liabilities as Current on Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company anticipates the application of these amendments may have an impact on the Company's consolidated financial statements in future periods.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities from a Single Transaction

The amendment narrowed the scope of certain recognition exemptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognizes deferred tax for all temporary differences related to leases and decommissioning obligations and recognizes the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or after January 1, 2023. The Company anticipates the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise.

Cautionary Statement Regarding Forward-Looking Statements

This document may contain "**forward-looking information**" (as defined under applicable securities laws). In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend", "could" or the negative of these terms or other comparable terminology. This forward-looking information relates to future events or future performance including with respect to (i) the Company's objectives and priorities for fiscal year 2024 and beyond; (ii) the performance of the Company's business and operations; (iii) the Company's expectations regarding revenues, expenses and anticipated cash needs; (iv) the Company's expectations regarding future acquisitions, its ability to source investment opportunities and complete future acquisitions, its ability to finance such acquisitions and the expected timing and impact thereof; (v) the competitive conditions of the industry; (vi) the competitive advantages of the Company; (vii) the Company's strategic partnerships and the expected impact thereof; and (viii) the expected future business strategy, competitive strengths, goals, expansion and growth of the Company's business, including operations and plans, new revenue streams and cultivation and licensing assets.

Forward-looking information contained herein reflects management's current beliefs, expectations and assumptions and is based on information currently available to management, management's historical experience, perception of trends and current business conditions, expected future developments and other factors which management considers appropriate. With respect to the forward-looking information contained herein, the Company has made assumptions regarding, among other things: (i) its ability to generate cash flows from operations and obtain necessary financing on acceptable terms; (ii) general economic, financial market, regulatory and political conditions in which the Company operates; (iii) the output from the Company's operations; (iv) consumer interest in the Company's products; (v) competition; (vi) anticipated and unanticipated costs; (vii) government regulation of the Company's activities and products and in the areas of taxation and environmental protection; (viii) the timely receipt of any required regulatory approvals; (ix) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (x) the Company's ability to conduct operations in a safe, efficient and effective manner; (xi) that the Company will meet its future objectives and priorities; (xii) that the Company will have access to adequate capital to fund its future projects and plans; (xiii) that the Company's future projects and plans will proceed as anticipated; (xiv) industry growth rates; and (xv) currency exchange and interest rates.

By its very nature, forward-looking information involves inherent risks and uncertainties, both general and specific, and many factors could cause actual events or results to differ materially from the results discussed in the forward-looking information. In evaluating forward-looking information, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking information. These factors include, but are not limited to, market and general economic conditions and the risks and uncertainties discussed in the section entitled "Risk Factors".

The forward-looking information contained in this MD&A is presented for the purpose of assisting investors in understanding business and strategic priorities and objectives of the Company as at the periods indicated and may not be appropriate for other purposes. Forward-looking information contained in this MD&A is not a guarantee of future performance and, while forward-looking information is based on certain assumptions that the Company considers reasonable, actual events and results could differ materially from those expressed or implied by forward-looking information. Prospective investors are cautioned to consider these and other factors carefully when making decisions with respect to the Company and not place undue reliance on forward-looking information. Circumstances affecting the Company may change rapidly. Except as may be expressly required by applicable law, the Company does not undertake any obligation to update publicly or revise any such forward-looking information, whether as a result of new information, future events or otherwise.

This is Exhibit “J” referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

FURTHER AMENDED NOTICE OF MOTION
(Order Re~~scinding~~ Share Exchange Agreement)

Final Bell Holdings International Ltd. will make a Motion to the Honourable Justice Peter J. Osborne on a date to be determined by the Court at the court house, 330 University Avenue, Toronto, Ontario, M5G 1E6.

PROPOSED METHOD OF HEARING: The Motion is to be heard

[X] In person;

THE MOTION IS FOR

~~1. An Order rescinding the share exchange agreement dated December 5, 2023, between BZAM Ltd., Final Bell Canada Inc., and Final Bell Holdings International Ltd.;~~

2. ~~In addition or in the alternative, if recission will not put Final Bell Holdings International Ltd. in the same position as it was in before it entered into the share exchange agreement, an order for equitable compensation, is not possible, and/or an~~ ~~Order~~ ~~directing a further hearing to determine an appropriate alternative remedy for Final Bell Holdings International Ltd.;~~ A Declaration that BZAM Ltd. and its affiliates are liable to Final Bell Holdings International Ltd. for equitable damages, in an amount to be determined by the Court at a reference;

2.1 A Declaration that the equitable damages for which BZAM Ltd. and its affiliates are liable to Final Bell Holdings International Ltd. are subject to a constructive trust;

2.2 Costs of this proceeding; and

3. Such further and other Relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE

Overview

4. On January 8, 2024, the Applicant, BZAM Ltd. ("**BZAM**") and Final Bell Holdings International Ltd. ("**Final Bell**") completed a transaction (the "**Transaction**") whereby Final Bell sold its Canadian subsidiary, Final Bell Canada Inc. ("**FBC**"), to BZAM. Final Bell received ninety million (90,000,000) shares of BZAM valued at 15 cents ($0.15) per share and an $8 million promissory note in exchange for all the outstanding shares of FBC. The total consideration Final Bell received in exchange for FBC was valued at $21,500,000 when the Transaction closed.

5. Prior to the closing of the Transaction, Final Bell conducted extensive due diligence on BZAM. As part of the due diligence process, BZAM made detailed representations to Final Bell

concerning the financial condition of BZAM for the purpose of persuading Final Bell to enter into the Transaction in exchange for equity and unsecured debt.

6. These representations, which Final Bell's board relied on in deciding to approve the transaction, included:

i. BZAM had sufficient cash to fund its operations and would experience positive cash flows throughout 2024;

ii. BZAM had between $6-7 million in financing available through access to a revolving credit facility it had with Cortland Credit Lending Corporation ("**Cortland**") which in March 2024 would be extended for a further 15 months;

iii. BZAM had no outstanding tax liabilities other than the $7,828,000 in liabilities it disclosed to Final Bell; ~~and~~

iv. BZAM had sufficient cash flow throughout 2024 to funds it tax liabilities; and

v. BZAM would not commit a "change of control", as that term is defined in the Cortland credit facility, without Cortland's consent in writing.

7. On February 28, 2024, less than two months after the transaction closed, BZAM applied for protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("**CCAA**") on the basis that it had insufficient liquidity crisis to meet its obligations when they became due and required immediate protection from its creditors.

8. The materials filed by BZAM in support of its CCAA application and the cross-examination testimony of Sean Bovingdon and Matthew Milich reveal that the representations ~~it~~

BZAM made to Final Bell prior to the closing of the Transaction were false, or else BZAM was reckless as to their truth or falsity. Among other things, BZAM's CEO testified in the CCAA application materials that BZAM has insufficient cash to fund its operations, has limited credit available to it from Cortland, and that it is unable to pay its excise tax and GST liabilities.

9. If BZAM had not misled Final Bell, the Transaction would not have closed. If the CCAA proceedings go forward without a rescission of the Transaction or other relief in the alternative, Final Bell will suffer the loss of the entire consideration it bargained for on January 8, 2024, due to its detrimental reliance on BZAM's false representations.

10. The CCAA was not intended to be a means for debtors to "outwit" counterparties to transactions. But that will be the outcome here if the Court does not grant the relief sought by Final Bell.

The Parties

11. Final Bell is the former owner of the Applicant, High Road Holdings Corp. (previously named Final Bell Canada Inc.). Final Bell sold FBC to BZAM on January 8, 2024.

12. The Applicant, BZAM, is a publicly listed cannabis company that cultivates, processes and markets a range of cannabis products, including dried cannabis and cannabis extract products. The other Applicants to the CCAA proceeding are all directly or indirectly wholly owned subsidiaries of BZAM.

13. Matthew Milich is the CEO of BZAM. On February 28, 2024, Mr. Milich swore an affidavit in support of BZAM's request for CCAA protection. Mr. Milich's affidavit contained various statements about BZAM's financial position.

14. Bassam Alghanim is the largest shareholder of BZAM and the chairman of its board. He is also the principal of Stone Pine, one of the secured creditors of BZAM, which is owed approximately $9,024,755.67.

BZAM Proposes to Acquire FBC

15. Beginning in October 2023, BZAM and Final Bell engaged in discussions regarding the sale of its Canada subsidiary, FBC, to BZAM.

16. On November 1, 2023, BZAM and Final Bell executed a letter of intent setting out BZAM's proposal to buy all of the issued and outstanding common shares of FBC. A significant amount of the purchase price, as set out in the letter of intent, was to be in the form of shares of BZAM.

Final Bell Conducts Due Diligence

17. Final Bell began conducting due diligence on the proposed transaction. This included diligence on the financial position of the potential purchaser BZAM, as Final Bell would be acquiring a significant shareholding in BZAM pursuant to the terms of the proposed transaction.

18. As part of the due diligence process, BZAM provided Final Bell with detailed financial information about BZAM. The information provided to Final Bell included audited and unaudited financial statements, financial models, spreadsheets, PowerPoint decks, emails, and oral statements by representatives of BZAM to representatives of Final Bell.

19. The information that BZAM filed in support of its application for CCAA protection, in particular the February 28, 2024 affidavit of Matthew Milich, CEO of BZAM (the "**Milich**

Affidavit”), demonstrates that the representations BZAM made to Final Bell during the due diligence process were false, or that BZAM was reckless as to their truth.

False or Reckless Representations about BZAM’s Cash Flows

20. BZAM provided information to Final Bell about its future cash flows through spreadsheets and a PowerPoint presentation it provided to Final Bell. These materials contained a pro forma cash flow statement for BZAM projected through to the end of 2024.

21. Through these cash flow statements, BZAM represented that it would have positive cash flows beginning in Q1 of 2024 and continuing throughout the year. It also showed that BZAM had more than sufficient cash and access to debt to fund its operations and would continue to do so going forward.

22. The information about BZAM’s cash flows contained in the Milich Affidavit contradicts the information that BZAM provided to Final Bell during the due diligence process. For example, at paragraph 8 of the Milich Affidavit, Mr. Milich testified that BZAM was in a dire liquidity crisis and would not be able to meet its obligations as they came due absent additional financing.

23. This evidence, adduced less than two months after the Transaction closed, demonstrates that at the closing of the Transaction on January 8, 2024, BZAM’s representations as to its cash flows were false, or else BZAM was reckless as to the truth or falsity of those representations.

24. Among other things, the purchase of FBC by BZAM was cash flow positive for the combined entities. The only way that BZAM could transform from a cash-flow positive to

insolvent entity in a matter of weeks was if it did not have a realistic expectation of being cash flow positive in 2024 when the Transaction closed.

False Representations about the Cortland Credit Facility

25. BZAM provided information to Final Bell about its access to credit through a revolving credit facility with Cortland (the "**Cortland Credit Facility**"). In PowerPoint decks and spreadsheets provided to Final Bell, BZAM represented that it expected to have access to between $6-7 million in financing throughout 2024 under the Cortland Credit Facility.

26. Although Final Bell was aware that the Cortland Credit Facility was due to mature on March 24, 2024, BZAM assured Final Bell it would be able to procure a 15-month extension from Cortland. This assurance was provided by Sean Bovingdon, the then-CFO of BZAM, to Keith Adams, the CFO of Final Bell, in a virtual meeting held November 21, 2023. Mr. Bovingdon's assurances were later confirmed by PowerPoint decks and spreadsheets BZAM provided to Final Bell, in which the Cortland Credit Facility continued to be available to BZAM throughout 2024.

27. The information about the availability of the Cortland Credit Facility contained in the Milich Affidavit contradicts what BZAM told Final Bell during the due diligence process.

28. At paragraph 83 of his affidavit, Mr. Milich testified: "The term of the revolving credit facility expires on March 24, 2024, after which the Company must make monthly prepayments towards the base facility amounts borrowed." This statement directly contradicts the representations BZAM made to Final Bell concerning BZAM's access to the Cortland Credit Facility beyond March 2024.

29. In addition, at paragraph 86 of his affidavit, Milich testified that as of February 28, 2024, BZAM had access to less than $2 million through the Cortland Credit Facility. This evidence contradicts BZAM's representation to Final Bell that BZAM would have access to between $6 and $7 million under the facility throughout 2024.

30. Similar to the cash flow misrepresentations, the availability of credit under the Cortland Credit Facility and the availability of an extension would not meaningfully change between January 8, 2024, and February 8, 2024, when Milich informed the board of BZAM that the company was on the verge of insolvency. The contradictions between the representations BZAM made to Final Bell prior to the closing of the Transaction and the information contained in the Milich Affidavit demonstrates that BZAM either knew its representations to Final Bell about the Cortland Credit Facility were false, or it was reckless as to their truth or falsity.

False Representations about Excise Tax and GST Liabilities

31. In Canada, excise tax is payable by licensed producers on packaged cannabis and related products when they are sold to provincially-approved distributors and retailers. This tax is set at $1 per gram, or 10% of a producer's selling price (whichever is higher).

32. As part of the due diligence process, BZAM provided Final Bell information about its outstanding tax liabilities. BZAM disclosed that, as of mid-November 2023, two BZAM affiliated companies, BZAM Management Inc. ("**BMI**"), and The Green Organic Dutchman Ltd., ("**TGOD**"), had an excise tax and GST liability of $7,828,000, which was subject to payment plans with the Canada Revenue Agency ("**CRA**") and would be paid over the course of between 12 and 21 months. These tax liabilities were also set out in a disclosure letter dated December 5, 2023 (the "**BZAM Disclosure Letter**"). The BZAM Disclosure Letter stated that

BZAM was current with all its taxes, with the exception of the $7,828,000 in excise tax and GST liability that had been disclosed to Final Bell.

33. Consistent with this information, the statements of future cash flows BZAM provided to Final Bell incorporated arrears payments to CRA over the course of 2024. BZAM represented to Final Bell that it had the means to pay its tax liabilities for the foreseeable future.

34. The Milich Affidavit disclosed tax liabilities that were not disclosed to Final Bell prior to the closing of the Transaction:

i. Milich testified at paragraph 62 of his affidavit that as of February 15, 2024, BZAM subsidiaries had approximately $9,083,289.33 in excise tax arrears. In comparison, BZAM's disclosures to Final Bell indicated that BZAM only had approximately $6,356,000 million in excise tax arrears, all of which were subject to payment plans with the CRA. The only plausible explanation for this $2.7 million increase in excise tax arrears over the course of less than two months is that BZAM failed to disclose all of its outstanding tax liabilities to Final Bell prior to the closing of the transaction.

ii. Milich also testified that on February 2, 2024, BMI, one of BZAM's subsidiaries, agreed to a temporary payment plan with the CRA in which it agreed to pay $164,474 monthly in excise taxes. The excise tax liability associated with this payment plan was not disclosed by BZAM as part of the due diligence process. If a payment plan was agreed to on February 2, 2024, the liability for tax arrears for these taxes would have started to accrue before January 8, 2024, in which case this was another liability that Final Bell was required to disclose to BZAM.

iii. Milich testified at paragraph 63 of his affidavit that as of February 15, 2024, BZAM Cannabis, a BZAM subsidiary, has approximately $923,851.04 outstanding in respect of GST liabilities. No outstanding tax liability of any kind was disclosed to Final Bell with respect to BZAM Cannabis. Again, it is unlikely this liability was owing as of January 8, 2024, in which case it should have been disclosed to Final Bell.

BZAM Formed Intention to Terminate Its CFO's Employment Before Closing

34.1 Among the material representations made by BZAM that Final Bell relied on to enter into the share exchange agreement was a representation that it was not in material breach of its credit facility with Cortland.

34.2 This representation, like all of the representations in the share exchange agreement, were updated as of the date of closing by the execution of a "bring-down certificate" by Mr. Milich on January 5, 2024. The BZAM bring-down certificate did not advert to any changes to the representations in the share exchange agreement.

34.3 However, as of January 5, 2024, Mr. Milich had already formed an intention to terminate Mr. Bovingdon's employment as BZAM's chief financial officer without cause within days of the closing of the transaction. Mr. Milich formed an intention to do so without seeking the prior written consent of Cortland, in breach of the Cortland credit facility.

34.4 BZAM knowingly or recklessly misrepresented to Final Bell that it was not in breach of the Cortland facility in circumstances where it had already formed an intention to breach the facility within days of closing.

The Final Bell Board Approves the Transaction Based on BZAM's False Representation

35. Final Bell approved the Transaction based on materials containing BZAM's misrepresentation, including multiple PowerPoint presentations. The PowerPoint presentations provided to the Final Bell board—containing data provided by BZAM—noted that BZAM had strong operational cash flows and had $6-7 million available through the Cortland Credit Facility which was expected to be renewed. The PowerPoint presentations made no mention of significant outstanding tax liabilities that needed to be managed.

36. Based on the representations made to Final Bell about the financial condition of BZAM, the Final Bell board voted to move forward with the Transaction and enter into a share exchange agreement with BZAM.

The December 5, 2023 Share Exchange Agreement

37. The parties entered into a share exchange agreement (the "**SEA**") dated December 5, 2023. The SEA provides that Final Bell would sell all of its issued and outstanding shares of FBC in exchange for ninety million (90,000,000) shares of BZAM. The SEA also provided that FBC would issue promissory notes totalling $8 million to Final Bell, guaranteed by BZAM. Ultimately, before closing, the parties agreed that Final Bell would be issued a single, unsecured note of $8 million with a fixed repayment term.

38. The SEA provided that ninety million (90,000,000) BZAM shares would be issued to Final Bell at a deemed price of $0.15 per share. Accounting for the deemed share price and the $8 million promissory note, FBC was worth $21.5 million.

39. The Share Exchange Agreement also provided that Final Bell could appoint a nominee to BZAM's board on closing.

40. The BZAM Disclosure Letter, described above as setting out the outstanding tax liabilities of BZAM, was incorporated by reference into the SEA. Article 9.7 of the SEA required that each party promptly notify the other in writing prior to closing if their disclosure letters required updating. BZAM never notified Final Bell that the BZAM Disclosure Letter needed to be updated.

The Transaction Closes

41. The transaction closed on January 8, 2024. On the same day, Kay Jessel, an executive director of Final Bell, was appointed to the board of BZAM.

42. Pursuant to the terms of the transaction, on January 5, 2024, FBC issued an unsecured promissory note to Final Bell for the amount of $8 million to be paid in monthly installments. The promissory note has a maturity date of June 15, 2027. On the same day, the CEO of BZAM, Matthew Milich, executed an agreement whereby BZAM agreed to guarantee the promissory note owing to Final Bell.

January 24, 2024 Budget Meeting

43. On January 24, 2024, BZAM held a budget meeting to introduce staff at FBC to BZAM (the "**Budget Meeting**"). The Budget Meeting was attended by the entire BZAM board, along with the senior management teams of BZAM and FBC. Approximately thirty people attended. The meeting was led by BZAM's CEO, Matthew Milich. It lasted roughly two hours.

44. During the Budget Meeting, Mr. Milich said that BZAM expected to continue to draw advances from the Cortland Credit Facility throughout the year. This representation was consistent with the representations made to Final Bell before the transaction closed, namely that the Cortland Credit Facility would be available to BZAM beyond its March 2024 maturity date.

During the Budget Meeting, there was no discussion of BZAM facing any financial problems, or of it potentially requiring an insolvency proceeding.

February 8, 2024: First Board Meeting

45. On February 8, 2024, BZAM held its first board meeting since the acquisition of FBC. During this meeting, the BZAM board was informed that BZAM needed to undergo a complete business reorganization. Despite requests from board members, no details were provided about the reason for the reorganization. During the meeting it was also announced that Sean Bovingdon had been fired as BZAM's CFO and had been removed from the board.

46. Mr. Milich informed the board that BZAM would likely have to undergo a restructuring in the near future due to a "funding gap" and excise tax liability. Mr. Milich did not elaborate on or explain what he meant by restructuring. There was no reference to or discussion of BZAM seeking CCAA protection. Nor did Mr. Milich explain why an excise tax liability, being an ordinary course business expense of companies operating in the Canadian cannabis industry, would be unanticipated or require BZAM to seek protection from its creditors.

47. BZAM did not disclose these issues to the market ahead of its CCAA application. Nor has it since publicly disclosed the reasons for Mr. Bovingdon's termination.

February 12, 2024: Second Board Meeting

48. A further BZAM board meeting took place on February 12, 2024. The Monitor and its counsel were in attendance as well as BZAM's insolvency counsel, Sean Sweig of Bennett Jones LLP.

49. Mr. Zweig explained the intended path forward through a CCAA proceeding. Mr. Zweig stated that there would likely be a public stalking horse bid with enough time for others to come in and bid in the process. Mr. Zweig also stated that the stalking horse bid would come from Stone Pine, the company owned by BZAM's Chair and largest shareholder, Mr. Bassam Alghanim.

BZAM Requests CCAA Protection

50. On February 28, 2024, BZAM made an application seeking CCAA protection and this Court issued an order (the "**Initial Order**") commencing these proceedings. The Initial Order was granted in part based on the February 28, 2024 Milich Affidavit. As set out above, statements about BZAM's financial condition contained in the Milich Affidavit demonstrate that BZAM made false representations to Final Bell to induce it to enter in the SEA for the sale of FBC.

BZAM Induced Final Bell to Sell FBC through Fraudulent Misrepresentations

51. During the due diligence process, BZAM made the following representations to Final Bell about BZAM's financial condition in order to induce Final Bell to enter into the SEA for the sale of FBC:

i. BZAM had sufficient cash to fund its operations and would experience positive cash flows throughout 2024;

ii. BZAM had between $6-7 million in financing available through access to a revolving credit facility it had with Cortland which in March 2024 would be extended for a further 15 months;

iii. BZAM had no outstanding tax liabilities other than the $7,828,000 in liabilities it disclosed to Final Bell; ~~and~~

iv. BZAM had sufficient cash flow throughout 2024 to funds it tax liabilities; and

v. BZAM was not in material breach of its change of control obligations under the Cortland facility.

52. BZAM made these representations with the intention that Final Bell would act on them and agree to enter into the SEA. Final Bell's board reasonably relied on these representations in making its decision to enter into the SEA with BZAM. The Milich Affidavit demonstrates that these representations were false. Prior to or at the closing of the Transaction, BZAM knew the representations were false, or else was reckless as to their truth or falsity.

53. If the CCAA proceedings go forward, Final Bell will suffer a significant loss because of its reliance on BZAM's false representations. Final Bell will be unable to collect on its $8 million promissory note and the value of its ninety million (90,000,000) shares in BZAM will be wiped out.

~~Recission is~~ Equitable Damages and Constructive Trust are the Appropriate Remedies~~y~~

54. Final Bell is an innocent party who was induced to enter into the SEA by a false or misleading representation made by BZAM.

55. BZAM's misrepresentation was material and went to the root of the SEA that Final Bell and BZAM entered into. BZAM's consideration to Final Bell in exchange for all of FBC's shares was in the form of equity in BZAM and unsecured debt. Both are now worthless. BZAM's false representations about its financial condition are directly relevant to the consideration paid to

Final Bell in the Transaction – Final Bell would not have agreed to take equity in and grant unsecured debt to a corporation that was on the verge of insolvency.

Statutes and Regulations

56. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-44, sections 11, 11.02, 11.03, 19, and 36.

57. *Courts of Justice Act*, R.S.O. 1990, c. C.43, s. 138.

58. *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, rules 1.04, 6.01, 16.08, and 37.

59. Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

1. The affidavit of Kay Jessel sworn March 18, 2024 and the reply affidavit of Kay Jessel sworn April 1, 2024;

2. The affidavit of Keith Adams sworn March 18, 2024 and the reply affidavit of Keith Adams sworn April 1, 2024;

3. The evidence adduced by the responding parties and the transcripts of the cross-examinations of those witnesses on their affidavits;

4. The transcript of the examination of Sean Bovingdon held April 8, 2024; and

5. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

~~March~~ 18~~April 16~~May 6, 2024

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Lawyers for Final Bell Holdings International Ltd.

TO: **THE SERVICE LIST**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

Court File No. CV-24-00715773-00CL

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SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

AMENDED NOTICE OF MOTION

LAX O'SULLIVAN LISUS GOTTLIEB LLP
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Brendan Bohn LSO#: 81443O
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Tel: 416 956 5084

Lawyers for Final Bell Holdings International Ltd.

This is Exhibit "K" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

B E T W E E N:

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

BILL OF COSTS OF THE RESPONDING PARTY,
FINAL BELL HOLDINGS INTERNATIONAL LTD.

(Partial Indemnity and Substantial Indemnity)

PART I - FEES

A Claim for fees is being made with respect to the following professionals:

Name of Lawyer	Year Called to the Bar
Andrew Winton	2007
David Ionis	2020
Brendan Bohn	2021
Joanna Vasiliou	Student-at-law

COSTS INCURRED TO DATE					
1. Summary Trial Preparations Receipt and review of BZAM's CCAA materials; legal research and preparation of Final Bell's summary trial material, including notice of motion, amended notice of motion, motion record, and reply motion record; receipt and review of BZAM's responding summary trial material, including responding motion record; preparation of Final Bell's request to admit; receipt and review of BZAM's response to request to admit; prepare and respond to Redfern requests; review of BZAM's document productions; preparation of document briefs; preparation for and attendance at cross-examinations; preparation of undertakings and answers to undertakings; preparation of summary trial documents, including agreed statement of facts, cast of characters, chronology, and joint brief of transcripts and undertakings; legal research and preparation of Final Bell's written opening submissions and supplementary written opening submissions; preparation for and attendance at various case conferences with Justice Osborne; and, attend to all correspondence, discussions and meetings with client, counsel, and the Court.					
Lawyer	**Hourly Rate**	**Hours**	**Partial Indemnity**	**Substantial Indemnity**	**Actual Amount**
A. Winton	$975.00	135.00	$78,975.00	$118,462.50	$131,625.00
D. Ionis	$575.00	157.00	$54,165.00	$81,247.50	$90,275.00
B. Bohn	$575.00	155.60	$53,682.00	$80,523.00	$89,470.00
J. Vasiliou	$450.00	28.40	$7,668.00	$11,502.00	$12,780.00
A. McKnight (Law Clerk)	$400.00	18.00	$4,320.00	$6,480.00	$7,200.00
SUBTOTAL			**$198,810.00**	**$298,215.00**	**$331,350.00**
PROJECTED COSTS FROM THIS POINT FORWARD					
2. Summary Trial Hearing Attend to any pre-hearing matters; receipt and review of BZAM's opening submissions; preparation for and attendance at 2 day summary trial hearing; legal research and preparation of Final Bell's closing submissions; and, receipt and review of BZAM's closing submissions.					
Lawyer	**Hourly Rate**	**Hours**	**Partial Indemnity**	**Substantial Indemnity**	**Actual Amount**
A. Winton	$975.00	40.00	$23,400.00	$35,100.00	$39,000.00
D. Ionis	$575.00	45.00	$15,525.00	$23,287.50	$25,875.00
J. Vasiliou	$450.00	20.00	$5,400.00	$8,100.00	$9,000.00
SUBTOTAL			**$44,325.00**	**$66,487.50**	**$73,875.00**

	Partial Indemnity	Substantial Indemnity	Actual Amount
SUBTOTAL – FEES	$243,135.00	$364,702.50	$405,225.00
HST	$31,607.55	$47,411.33	$52,679.25
TOTAL FEES AND 13% HST	**$274,742.55**	**$412,113.83**	**$457,904.25**

PART II – DISBURSEMENTS TO DATE

Non-taxable	
Court Filing Fees	$272.00
Taxable	
Online Research	$155.02
Printing/Photocopying	$2,522.00
Transcripts	$168.75
SUBTOTAL – TAXABLE DISBURSEMENTS	$2,845.77
HST	$369.95
NON-TAXABLE AMOUNT	$272.00
TOTAL DISBURSEMENTS TO DATE AND HST	**$3,487.72**

PART III – PROJECTED DISBURSEMENTS

Anticipated Disbursement up to and including trial: court report, transcripts, etc.	$15,000.00
TOTAL PROJECTED DISBURSEMENTS AND HST	**$15,000.00**

SUMMARY	**Partial Indemnity**	**Substantial Indemnity**	**Actual Amount**
TOTAL FEES, DISBURSEMENTS AND HST	**$293,230.27**	**$430,601.55**	**$476,391.97**

E. & O.E.

May 9, 2024

LAX O'SULLIVAN LISUS GOTTLIEB LLP
Counsel
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Tel: 416 956 5084

Lawyers for Final Bell Holdings International Ltd.

TO: **THE SERVICE LIST**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

BILL OF COSTS

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Brendan Bohn LSO#: 81443O
bbohn@lolg.ca
Tel: 416 956 5084

Lawyers for Final Bell Holdings International Ltd.

This is Exhibit “L” referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Bennett Jones

Michael S. Shakra

Partner

T: 416.777.6236 / E: shakram@bennettjones.com

Toronto

EDUCATION

York University, BA

Western University, JD, 2012

BAR ADMISSIONS

Ontario, 2013

Michael Shakra practices commercial law with an emphasis on insolvency, restructuring, recapitalizations, private workouts, secured transactions and enforcement of debtor and creditor rights. He has significant experience in complex cross-border matters across a number of industries, including oil and gas, cannabis, construction, investment funds, retail and manufacturing. Michael also provides strategic and risk mitigation advice on corporate lending transactions.

> "Michael Shakra is a rising star in the insolvency market. His practice exhibits strength in domestic and cross-border restructurings across a number of industries."
>
> **Chambers Canada**

Prior to his call to the Bar, Michael spent time as a Short-Term Consultant with Debt Resolution and Business Exit Group of the International Finance Corporation and the World Bank Group in Washington D.C.

Michael's public mandates have included:

For Debtors: Sears Canada, Stoneway Capital Corporation; Calfrac Well Services; MPX International Corporation; FIGR Brands Inc.; Stone Investment Group; Bonavista Energy Corporation; Bumble Bee/Clover Leaf Seafoods; JWC Cannabis; PharmHouse Inc.; Muskoka Grown Inc.; Tervita Corporation; Payless ShoeSource Canada; BCBG Max Azria Canada Inc., Atlas Global Healthcare; Express Fashion Apparel Canada; Bondfield Construction Company; Coopers & Lybrand Chartered Accountants; and Coupgon Inc.

For Lenders / Bondholders: Jack Cooper Transport; Bellatrix Exploration; Connacher Oil and Gas; NCSG Crane & Heavy Haul; Entrec Corporation; U.S. Steel Canada Inc.; Natural Energy Systems Inc.; Stuart Olson Inc.; Concordia International Corp.; and Curative

Cannabis.

For Estate Fiduciaries / Court Appointed Trustees and Monitors: Bridging Finance (Representative Counsel to Unitholders); Nortel Networks (counsel to UK Pension Claimants); Superette Inc.; Wayland Group; Golf Town Canada; and Payless ShoeSource Canada.

This is Exhibit "M" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Cassels

Alessandro Bozzelli

Partner

Contact Information

416 869 5317
abozzelli@cassels.com

Office

Toronto

Expertise

- Banking & Specialty Finance

Biography

Alessandro Bozzelli is a partner in the Banking & Specialty Finance Group at Cassels. Alessandro has developed strong knowledge and experience in a wide range of financing and debt transactions with a particular emphasis on acting for borrowers and lenders in various financing matters including bilateral and syndicated lending, asset-based lending, aviation financings, acquisition financings, franchise financings, cross-border financings, project financings, renewable energy projects, mezzanine financings, inter-creditor arrangements, real estate financings, receivables financing transactions and factoring transactions. He is recognized as a leader in his field by such publications as *Lexpert*, *IFLR1000* and *Best Lawyers in Canada: Ones to Watch*.

Alessandro is fluent in English, French, and Italian. Prior to joining Cassels, he served as a partner in the Toronto office of an international law firm and as a project manager in the Toronto office of a North American energy company.

Achievements

- *Best Lawyers in Canada: Ones to Watch* (Banking & Finance Law)
- *Canadian Legal Lexpert Directory* (Banking & Financial Institutions)
- *Expert Guides* (Aviation)
- *IFLR1000* (Banking and Finance)
- *LMG's Rising Stars* (Banking & Finance Law)

Education / Bar Admissions

- J.D., Osgoode Hall Law School, 2014
- MBA, Schulich School of Business, 2014
- iBBA, Schulich School of Business, 2008

- Ontario, 2015

Associations

- Canadian Bar Association

- Law Society of Ontario
- Ontario Bar Association

This is Exhibit "N" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Cassels

Kori Williams

Partner

Contact Information

416 860 2990
kwilliams@cassels.com

Office

Toronto

Expertise

- Banking & Specialty Finance
- Banking & Specialty Finance

Biography

Kori Williams is a partner in the Banking & Specialty Finance Group at Cassels. Kori possesses strong and established knowledge and experience in a wide range of financing and debt transactions with a particular emphasis on acting for borrowers and lenders in various financing matters including bilateral and syndicated lending, asset-based lending, acquisition financings, franchise financings, cross-border financings, project financings, renewable energy projects, mezzanine financings, inter-creditor arrangements, and real estate financings. Kori has been recognized as a leader in his field by *The Canadian Legal Lexpert Directory* and *Best Lawyers in Canada* since 2019.

Kori acts for a number of financial institutions as well as other public and private entities in the financial services, resource, manufacturing, energy, and retail industries.

Kori's representative work includes:

- **Bank of Montreal:** Advising the Bank as administrative agent for a syndicate of lenders to Element Financial Corporation and Element Financial (US) Corp in a US$8.5 billion amended and restated senior secured credit facility to finance the acquisition of fleet assets in the United States, Australia and New Zealand from General Electric Capital Corporation.
- **Bank of Montreal:** Advising the Bank, as lead arranger and administrative agent, in connection with the establishment of syndicated credit facilities for Constellation Software Inc., a Canadian public company with worldwide operations, including a US$300 million operating facility and a US$350 million bridge acquisition facility to assist the borrower in acquiring Total Specific Solutions (TSS) B.V., a Netherlands company.
- **Bank of Montreal:** Advising the bank as administrative agent for a syndicate of lenders to Element Financial Corporation and Element Financial (US) Corp in a US$8.5 billion amended and restated senior secured credit facility to finance the acquisition of fleet assets in the United States, Australia and New Zealand from General Electric Capital Corporation.
- **Canadian Chartered Bank:** Acting as counsel to the

administrative agent and the lenders in connection with the C$215 million project financing for the development, construction, ownership and operation of the 58.32 MW Bow Lake wind power project. The Bow Lake wind power project is owned by a limited partnership with the Batchewana First Nation and BluEarth Renewables as limited partners and currently represents the largest economic partnership between a First Nation and a wind energy developer in Canada.

- **Canadian Chartered Bank:** Advising the Agent on an approximately C$300 million syndicated credit facility in favour of one of Canada's largest waste disposal companies.
- **Canadian Chartered Bank:** Advising the Bank in connection with C$70 million franchise finance facilities for one of North America's largest franchisees of fast casual restaurants.
- **Confidential client:** Acting as counsel to the lending syndicate on Element Financial Corporation's US$585 million senior syndicated revolving credit facility and a US$600 million syndicated bridge credit facility to support the acquisition of leased railcars and the acquisition of a leased helicopter portfolio from GE Capital. These transactions are part of Element Financial's US$2-billion vendor finance program with Trinity Industries.
- **Element Financial Corporation:** Acting as counsel to the lenders in a C$1.5 billion amended and restated senior credit facility related to the acquisition of PHH Arval, PHH Corporation's North American fleet management services business.
- **MUFG Union Bank, N.A., Union Bank - Canada Branch and SMBC:** Advising the agent and a syndicate of lenders on a C$121 million project financing to be used for the development, construction, ownership and operation of a 40 MW wind power energy generation facility of Grand Valley 2 Limited Partnership in Ontario.
- **National Bank of Canada:** Acting as counsel to the administrative agent and the lenders providing credit facilities in the aggregate amount of C$215 million for the development, construction and commissioning of 4 solar projects in Ontario totaling 38.5 MW. The financing is also to be used in connection with the subsequent acquisition of the solar projects by BluEarth Renewables Inc. from CSI Solar Project

16 Inc.

Prior to joining Cassels, Kori was a partner in the Toronto office of a global firm.

Achievements

- *Best Lawyers in Canada* (Asset-Based Lending; Banking & Finance Law)
- *Canadian Legal Lexpert Directory* (Banking & Financial Institutions)

Recent Representative Work

- Avant Enters Stalking-Horse Purchase Agreement to Acquire The Flowr Group

Education / Bar Admissions

- LL.B., Western University, 2007
- B.A., York University, 2002

- Ontario, 2008

This is Exhibit "O" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Cassels

Natalie E. Levine

Partner

Contact Information

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Office

Toronto

Expertise

- Restructuring & Insolvency

Biography

Natalie Levine (she/her/hers) is a partner in the Restructuring & Insolvency Group at Cassels. As a former US practitioner, Natalie's strength is in working with US-based clients to understand the challenges of the Canadian insolvency landscape and developing solutions in complex proceedings. Her practice focuses on corporate restructurings, with an emphasis on debtors, DIP lenders and informal committees in cross-border proceedings. Her restructuring matters encompass a variety of industries including mining, oil and gas, retail, manufacturing, transportation and entertainment.

A few of Natalie’s recent and public representations include acting for:

- Payless ShoeSource Canada Inc. and its affiliates in their cross-border insolvency proceedings
- Former directors and officers of Sears Canada Inc. in connection with the Sears Canada CCAA proceedings and related litigation
- Connacher Oil and Gas Limited in its CCAA proceedings
- Grant Thornton as Monitor in the Toys “R” Us (Canada) Ltd. cross-border insolvency proceedings
- The Official Committee of Unsecured Creditors of Aegerion Pharmaceuticals Holdings Inc., et al. in connection with a cross-border litigation and insolvency proceeding
- The Official Committee of Unsecured Creditors of BPS US Holdings Inc., et al. in connection the company’s chapter 11 and CCAA proceedings

Natalie is a member of IWIRC and active in the TMA Network of Women. Natalie is also a member of the NCBJ NexGen class of 2016. Natalie is frequently asked to speak on comparative US and Canadian restructuring issues, and has served as guest lecturer at the University of Windsor.

Achievements

- *Chambers Canada* (Restructuring & Insolvency)
- *Lexpert*, Rising Star Award (2021)

Cassels

Client Commentary

- "Natalie is an outstanding lawyer." – *Chambers Canada (Restructuring/Insolvency)*

Recent Representative Work

- Nexus Capital Completes Purchase of Assets from MAV Beauty Brands Under CCAA Proceeding
- Canopy Growth Completes Sale of BioSteel
- BioSteel Obtains CCAA Creditor Protection
- Electra Completes $21.5 Million Private Placements
- BMO Proposes to Acquire AIR MILES from LoyaltyOne through CCAA Sales Process

Education / Bar Admissions

- J.D. (Harlan Fiske Stone Scholar), Columbia University, 2007
- B.A. (History & Political Science), Washington University in St. Louis, 2004

- New York, 2008
- District of Columbia, 2011
- Ontario, 2013

Associations

- American Bar Association
- International Women's Insolvency & Restructuring Confederation
- Turnaround Management Association (TMA)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM CANNABIS CORP., FOLIUM LIFE SCIENCE INC., 102172093 SASKATCHEWAN LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH ROAD HOLDING CORP. AND FINAL BELL CORP.

Applicants

Court File No. CV-24-00715773-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
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AFFIDAVIT OF ASHLEY MCKNIGHT

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Brendan Bohn LSO#: 81443O
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Tel: 416 956 5084

Lawyers for Final Bell Holdings International Ltd.

TAB 7

SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

ENDORSEMENT

COURT FILE NO.: CV-24- 00715773-00CL **DATE: April 19, 2024**

NO. ON LIST: 2

TITLE OF PROCEEDING: In the Matter of BZAM LTD.

BEFORE: JUSTICE OSBORNE

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
WINTON, ANDREW IONIS, DAVID	FINAL BELL CORP.	awinton@lolg.ca dionis@lolg.ca

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
BLINICK, JOSEPH	BZAM LTD. BZAM HOLDINGS INC. BZAM MANAGEMENT INC. BZAM CANNABIS CORP. FOLIUM LIFE SCIENCE INC. 102172093 SASKATCHEWAN LTD. THE GREEN ORGANIC DUTCHMAN LTD. MEDICAN ORGANIC INC. HIGH ROAD HOLDING CORP.	blinickj@bennettjones.com
PENDRITH, COLIN LEVINE, NATALIE	CORTLAND CREDIT LENDING CORPORATION	cpendrith@cassels.com nlevine@cassels.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
ROSENBERG, JEFF YANG, PHILIP KONYUKHOVA, MARIA	FTI Consulting (Monitor)	Jeffrey.rosenberg@fticonsulting.com pyang@stikeman.com mkonyukhova@stikeman.com

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ENDORSEMENT OF JUSTICE OSBORNE:

[1] The trial of an issue in this CCAA proceeding was scheduled to be heard on April 22 and 23, 2024. After scheduling the trial, I conducted two trial management conferences, the most recent of which was earlier this week, specifically for the purpose of ensuring that the matter was on track and would proceed. All was in order.

[2] This morning, counsel for Final Bell requested an urgent case conference before me to request an adjournment of the trial on the basis of the disclosure of documents late yesterday, which Final Bell asserts fundamentally change the landscape of the issues, such that it is seeking further supplementary production from BZAM and a further examination for discovery, and then leave to file an amended opening statement.

[3] BZAM, strongly supported by the secured lender and DIP lender, Cortland, submits that the documents are in the nature of corrections and clarifications, relate to issues that could have been explored on examinations for discovery already conducted but which were not, and in any event, do not reflect any prejudice that could not be fully addressed by a brief supplementary examination for discovery of the relevant witness and an amended opening statement from Final Bell, both of which things BZAM would consent to.

[4] Having heard from all of the parties, and the Court-appointed Monitor, I am, with great reluctance, adjourning this trial of an issue. It was scheduled on an expedited basis with the consent and at the request of the parties, given other ongoing steps in this restructuring, which would or could be fundamentally affected by a determination on this issue.

[5] The issue (or issues) to be tried are important. Final Bell was acquired by BZAM shortly before filing for CCAA protection. Final Bell alleges fraudulent misrepresentation in connection with that transaction and seeks the remedy of rescission with the obvious potential of having a fundamental effect on what constitutes the property of the Debtor.

[6] Each of Final Bell and BZAM filed an aide memoire in respect of today's attendance, and as noted above, I heard submissions from all parties and the Court-appointed Monitor. Based on the materials filed and the submissions made, I cannot conclude that the issue is minor. It may be, but I cannot conclude that today. I explored with the parties the possibility of brief examinations for discovery being conducted over the weekend and revised materials being filed thereafter. Final Bell strenuously submitted that such would not remedy the prejudice it says it has suffered.

[7] One of the reasons that I cannot conclude today that there has been no unfairness is that the trial is about allegations of fraudulent misrepresentations and, specifically, what the obligations and liabilities were of

BZAM at the relevant time. The newly disclosed documents consist of Canada Revenue Agency documents relevant to the issue of what indebtedness was owing to the CRA at certain points in time. That could be important to a determination of the trial, and in my view, fairness militates in favour of an adjournment.

[8] I noted above that I granted the adjournment reluctantly, and I say this for a number of reasons, including the fact that the disruption to the Commercial List schedule is significant and the potential ramifications of an adjournment on the parties to this issue, and on other parties and stakeholders in this CCAA proceeding, could be significant. I have reminded all parties that there could well be material cost consequences resulting from this claim and the adjournment. I have also made it very clear to the parties that there was significant disruption to the schedule of the Commercial List to free up the two days next week, on an emergency basis, and I was not at all certain that two consecutive days could be accommodated again, at least before the summer.

[9] I observe that the SISP, which was one of the factors militating in favour of an expedited date (and there are others) has now been terminated, such that the Stalking Horse Agreement would be the Successful Bid, and I further observe that the principal of the Stalking Horse Bidder is the current Chairman of BZAM.

[10] I have directed that once all parties are in agreement that additional production has been made, and examinations have been completed, the Monitor may request a brief case conference before me, at which I will do my best to reschedule this trial as soon as it can be accommodated, ideally for a shorter period of time than the two days presently booked, even if that means the two days may not be consecutive (which is not my preference).

Osborne, J.