

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

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.

SECOND REPORT OF FTI CONSULTING CANADA INC., AS MONITOR

April 17, 2024

Contents

Section	Page
A. INTRODUCTION.....	2
B. PURPOSE OF THIS REPORT.....	2
C. TERMS OF REFERENCE.....	3
D. BACKGROUND TO THE FINAL BELL MOTION	6
E. THE LEAD-UP TO AND THE COMMENCEMENT OF THE CCAA PROCEEDINGS.....	10
F. THE FINAL BELL MOTION	15
G. BZAM’S RESPONSES TO FBHI’S ALLEGATIONS.....	18
H. MONITOR’S COMMENTS ON THE FINANCIAL DISCLOSURE IN THE FBC TRANSACTION.....	23
I. DETERIORATION OF BZAM’S FINANCIAL POSITION FROM NOVEMBER 2023 TO FEBRUARY 2024.....	30
J. MONITOR’S COMMENTS ON FBHI’S DUE DILIGENCE OF BZAM.....	32
K. AVAILABILITY OF RESCISSION	35
L. MONITOR’S VIEWS ON FBHI’S FINANCIAL POSITION AT THE TIME OF THE FBC TRANSACTION.....	38
M. MONITOR’S COMMENTARY ON THE MERITS OF FBHI’S ALLEGATIONS.....	39
N. CONCLUSION.....	43

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
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

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

A. INTRODUCTION

1. On February 28, 2024, BZAM Ltd. (“**BZAM**”), BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., Folium Life Science Inc., 102172093 Saskatchewan Ltd., The Green Organic Dutchman Ltd. (“**TGOD**”), Medican Organic Inc., High Road Holding Corp., and Final Bell Corp. doing business as BZAM Labs (collectively, the “**Applicants**”) sought and obtained an initial order (the “**Initial Order**”) under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The Initial Order appointed FTI Consulting Canada Inc. as the monitor (the “**Monitor**”) of the Applicants in these CCAA proceedings.

B. PURPOSE OF THIS REPORT

2. The purpose of this Second Report of the Monitor (the “**Second Report**”) is to provide this Court with the Monitor’s comments regarding certain issues raised in the motion brought by Final Bell Holdings International Ltd. (“**FBHI**”) in these CCAA proceedings and scheduled to be heard by this Court on April 22 and 23, 2024 (such motion, the “**Final Bell Motion**”). This Second Report is not intended to provide a comprehensive update on these

CCAA proceedings or the activities of the Monitor. Updates on these CCAA proceedings are posted periodically on the website established by the Monitor at <http://cfcanada.fticonsulting.com/bzam/> (the “**Monitor’s Website**”). Court materials in filed in these CCAA proceedings are also posted on the Monitor’s Website.

3. The Final Bell Motion, as set forth in greater detail below, arises from BZAM’s acquisition of Final Bell Canada Inc. (“**FBC**”) from FBHI pursuant to a share exchange agreement dated December 5, 2023 (the “**Share Exchange Agreement**”). The transaction set out in the Share Exchange Agreement closed on January 5, 2024 (the “**FBC Transaction**”).
4. On March 19, 2024, FBHI served a notice of motion commencing the Final Bell Motion in which it alleged, among other things, that BZAM made representations to FBHI prior to the closing of the FBC Transaction that were false, or else BZAM was reckless as to their truth or falsity (the “**Final Bell Dispute**”). FBHI has requested an order rescinding the Share Exchange Agreement (or, in the alternative, if recession is not possible, a hearing to determine an appropriate alternative remedy) on the basis that FBHI would not have closed the FBC Transaction had BZAM not make the alleged misrepresentations.

C. TERMS OF REFERENCE

5. In preparing this Second Report, the Monitor has relied upon various sources of information (the “**Information**”) including, *inter alia*:
 - (a) audited and unaudited financial information of the BZAM Group’s books and records;
 - (b) the materials filed by the Applicants in the course of these CCAA proceedings, including:
 - (i) the Application Record of the Applicants dated February 28, 2024, which includes the Applicants’ Notice of Application dated February 28, 2024,

- and the affidavit of Matthew Milich (CEO of BZAM)¹ sworn February 28, 2024 (the “**First Milich Affidavit**”);
- (ii) the Motion Record of the Applicants dated March 1, 2024, which includes the Applicants’ Notice of Motion dated March 1, 2024, and the affidavit of Mr. Milich sworn March 1, 2024 (the “**Second Milich Affidavit**”);
 - (iii) the Responding Record of the Applicants dated March 28, 2024, which includes the affidavit of Mr. Milich sworn March 25, 2024 (the “**Third Milich Affidavit**”);
- (c) the materials filed by FBHI in the course of these CCAA proceedings, including:
- (i) the Motion Record of FBHI dated March 19, 2024, which includes FBHI’s Notice of Motion dated March 18, 2024, the affidavit of Kay Jessel (executive director of FBHI) sworn March 18, 2024 (the “**First Jessel Affidavit**”), and the affidavit of Keith Adams (CFO of FBHI) sworn March 18, 2024 (the “**First Adams Affidavit**”);
 - (ii) the Reply Record of FBHI dated April 1, 2024, which includes the reply affidavit of Mr. Jessel sworn April 1, 2024, and the reply affidavit of Mr. Adams sworn April 1, 2024 (the “**Second Adams Affidavit**”);
- (d) the responding record of Cortland Credit Lending Corporation (“**Cortland**”) dated March 25, 2024, which includes the affidavit of Deepak Alappatt (Managing Director of Cortland) sworn March 25, 2024;
- (e) the transcripts of the cross-examinations of:
- (i) Mr. Alappatt held April 8, 2024;
 - (ii) Sean Bovingdon (the former CFO of BZAM) held April 8, 2024;

¹ See the List of Relevant People with respect to the Final Bell Dispute.

- (iii) Mr. Milich held April 8, 2024;
 - (iv) Mr. Jessel held April 10, 2024; and
 - (v) Mr. Adams held April 10, 2024;
 - (f) a letter and enclosed documents in response to a question taken under advisement at the cross-examination of Mr. Jessel dated April 12, 2024; and
 - (g) answers to the undertakings and questions taken under advisement at the cross-examination of Mr. Bovington dated April 12, 2024.
6. As a result of FBHI's objection and further to the Endorsement of Justice Osborne dated April 12, 2024, in preparing this Second Report, the Monitor has limited its review to the materials already in the record in this proceeding, as well as in the record specifically for this issue, without interviewing management of FBHI or BZAM or seeking production of additional documents to fill in any deficiencies in such materials. The Monitor notes that BZAM was prepared to provide additional information and documentation responsive to the Monitor's enquiries.
7. Except as otherwise described in this Second Report:
- (a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook;
 - (b) the Monitor's understanding of factual matters expressed in this Second Report concerning the Applicants and their business is based on the Information, and not independent factual determinations made by the Monitor.
8. The Monitor has prepared this Second Report in connection with the Final Bell Motion. The Second Report should not be relied on for any other purpose.

9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
10. Capitalized terms used in this Second Report and not otherwise defined have the meanings ascribed to them in the Pre-Filing Report of the Proposed Monitor dated February 28, 2024, and the First Report of the Monitor dated March 6, 2024.

D. BACKGROUND TO THE FINAL BELL MOTION

The Parties

11. The moving party, FBHI, is a company incorporated under the *Business Corporations Act* (British Columbia). FBHI is the former owner of FBC.
12. The responding party, BZAM², is a company incorporated under the *Canada Business Corporations Act*. BZAM, through its subsidiaries, is in the business of producing, cultivating, processing and distributing cannabis and cannabis-related products.³ BZAM is a reporting issuer listed on the Canadian Securities Exchange. BZAM is one of the Applicants in these CCAA proceedings.
13. FBC is a company incorporated under the *Business Corporations Act* (Ontario). FBC has a wholly owned subsidiary named Final Bell Corp. On January 5, 2024, pursuant to the Share Exchange Agreement, all the shares of FBC were sold by FBHI to BZAM. Since then, FBC⁴ (and, in turn, Final Bell Corp., who now conducts business under the name “BZAM Labs”) has been wholly owned by BZAM. Both FBC and BZAM Labs are Applicants in these CCAA proceedings.

² For the purposes of this Second Report, “BZAM” shall be used to refer both to The Green Organic Dutchman Holdings Ltd. (as this entity was named until February 23, 2023) and BZAM Ltd. (as this entity was named beginning on February 23, 2023).

³ First Milich Affidavit at para. 7.

⁴ For the purposes of this Second Report, “FBC” shall be used to refer both to Final Bell Canada Inc. (as this entity was named until January 8, 2024) and High Road Holding Corp. (as this entity was named beginning January 8, 2024).

14. Cortland is BZAM’s senior secured lender and the lender under a debtor-in-possession interim credit facility (the “**DIP Facility**”) provided to TGOD in the course of these CCAA proceedings.

The FBC Transaction

15. On November 1, 2023, BZAM and FBHI executed a non-binding letter of intent (the “**Letter of Intent**”). Concurrently, BZAM and FBHI entered into a mutual non-disclosure agreement in contemplation of exchanging further information with respect to the transaction contemplated under the Letter of Intent.
16. BZAM and FBHI exchanged due diligence materials following the execution of the Letter of Intent (such due diligence process, the “**Due Diligence Process**”).
17. According to BZAM, in or around October 2023, BZAM engaged Clarus Securities Inc. (“**Clarus**”), an investment bank, to assess other strategic opportunities for BZAM.⁵ Subsequently, BZAM engaged Clarus to act as its financial advisor for the purposes of the proposed transaction with FBHI.
18. Based on the information available to the Monitor in the record, the Monitor understands that the key documents requested by and/or provided to FBHI consisted of, among other things:
 - (a) publicly available financial statements of BZAM for the three and nine months ended September 30, 2023⁶;
 - (b) BZAM’s standalone model of its own business (the “**BZAM Standalone Model**”) provided to FBHI on November 30, 2023⁷;

⁵ Third Milich Affidavit at para. 104.

⁶ First Adams Affidavit at paras. 17-18 and Exhibit “4” to First Adams Affidavit.

⁷ First Adams Affidavit at para. 11 and Exhibit “3” to First Adams Affidavit. A copy of the BZAM Standalone Model is included in the Confidential Supplement.

- (c) combined *pro forma* model prepared by Clarus for the to-be-combined business (the “**Clarus Model**”) provided to FBHI on November 21, 2023⁸ which was based on the BZAM Standalone Model and a standalone model for FBC prepared by FBHI (the “**FBHI’s FBC Standalone Model**”)⁹;
 - (d) various PowerPoint presentations that were based, at least in part, on the information contained in the preceding documents¹⁰;
 - (e) emails containing, among other things, accounts payable balances¹¹; and
 - (f) a disclosure letter (the “**Disclosure Letter**”) that documented, among other things:
 - (i) excise tax and GST liabilities; and
 - (ii) six injections of cash from Stone Pine Capital Ltd. (“**Stone Pine**”).¹²
19. In addition to the above-noted documents that were provided to FBHI which FBHI alleged contains several misrepresentations, FBHI has also alleged that BZAM made several oral misrepresentations that were not documented. These allegations are described in greater detail below.

The Share Exchange Agreement

20. On December 5, 2023, FBHI, FBC and BZAM entered into the Share Exchange Agreement pursuant to which FBHI would issue to BZAM all of the issued and outstanding shares in FBC in exchange for aggregate consideration of \$21.5 million comprised of:
- (a) 90,000,000 shares of BZAM at a deemed price of \$0.15 per share (total value: \$13.5 million);

⁸ First Adams Affidavit at para. 10 and Exhibit “2” to First Adams Affidavit. A copy of the Clarus Model is included in the Confidential Supplement.

⁹ First Adams Affidavit at para. 10 and Exhibit “2” to First Adams Affidavit. A copy of FBHI’s FBC Standalone is included in the Confidential Supplement.

¹⁰ First Adams Affidavit at para. 9; First Jessel Affidavit at para. 8; Third Milich Affidavit at para. 52.

¹¹ First Adams Affidavit at para. 34.

¹² Third Milich Affidavit at paras. 45-46 and Exhibit “W” to Third Milich Affidavit. A copy of the Disclosure Letter is attached hereto as **Appendix “A”**.

- (b) a secured promissory note in the amount of \$4 million executed by FBC in favour of 14th Round Inc., a wholly-owned subsidiary of FBHI, and guaranteed by BZAM (the “**Secured Promissory Note**”); and
 - (c) an unsecured promissory note in the amount of \$4 million executed by FBC in favour of 14th Round Inc. and guaranteed by BZAM (the “**Initial Unsecured Promissory Note**”).
21. On January 5, 2024, BZAM and FBHI closed the FBC Transaction. Mr. Jessel was appointed to BZAM’s Board of Directors (the “**BZAM Board**”). FBHI was issued 90,000,000 shares of BZAM, but instead of the Secured Promissory Note and the Initial Unsecured Promissory Note, BZAM executed an unsecured promissory note with a principal amount of \$8 million for the benefit of FBHI (the “**Final Unsecured Promissory Note**”). The Final Unsecured Promissory Note was to be paid in monthly installments and had a maturity date of June 15, 2027. The Final Unsecured Promissory Note was guaranteed by BZAM. The Monitor understands that the switch from the structure of payment from the Secured Promissory Note and the Initial Unsecured Promissory Note into the Final Promissory Note was suggested by FBHI.¹³
22. The closing of the Share Exchange Agreement was not permitted pursuant to the First ARCA (as defined in the First Milich Affidavit) absent Cortland's consent. For efficiency, instead of preparing a standalone consent and amendment to the First ARCA, the Second ARCA was completed concurrently and in connection with BZAM’s acquisition of FBC. The Second ARCA incorporated the assets of FBC into the security collateral of Cortland and, amongst other things, allowed for the Final Unsecured Promissory Note to be issued to FBHI. Specifically, on January 8, 2024, FBC and BZAM Labs, which were not parties to the Original Credit Agreement or the First ARCA, entered into general security agreements with Cortland to provide Cortland with a security interest over all of their present and after-acquired property.

¹³ Cross-Examination of Keith Adams held April 10, 2024 (“**Adams Cross-Examination**”) at Qs. 797-806.

23. Under the Credit Agreement, Cortland provided TGOD with an interest-bearing term and revolving credit facility in the maximum amount of \$34 million. The guarantors under the Credit Agreement include BZAM, Medican Organic Inc., BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., Folium Life Sciences Inc., FBC, and BZAM Labs.
24. On January 15, 2024, and February 15, 2024, BZAM made payments of \$79,167 each to FBHI in connection with the Final Unsecured Promissory Note.
25. In addition, the Monitor understands that approximately \$1 million was withdrawn from FBC after signing of the Share Exchange Agreement but prior to the closing of the FBC Transaction. BZAM's position is that the \$1 million was improperly withdrawn.¹⁴ FBHI has responded by noting that these were ordinary course payments made to: (a) fund an interest payment due to a third party; (b) pay invoices for accounting services; and (c) pay invoices for legal services.¹⁵ According to BZAM, approximately \$700,000 was credited against the unsecured debt owing to FBHI under the Final Unsecured Promissory Note.¹⁶

E. THE LEAD-UP TO AND THE COMMENCEMENT OF THE CCAA PROCEEDINGS

26. According to BZAM, as of January 14, 2024, BZAM's cash flow forecast identified a funding need of approximately \$720,000 over an eight to twelve-week period.¹⁷ However, according to BZAM, an updated cash flow statement subsequently prepared showed BZAM as having a deficit of approximately \$3.36 million over a twelve-week period, with the peak deficit being within three to four weeks.¹⁸
27. On January 24, 2024, BZAM held a board meeting. In addition to BZAM's directors, the attendees included Mr. Milich and members of the senior management teams for BZAM and FBC. Mr. Jessel was welcomed as a new member of the BZAM Board. Mr. Milich noted that Mr. Bovingdon would be departing BZAM with an effective date of April 30,

¹⁴ Third Milich Affidavit at para. 89.

¹⁵ Second Adams Affidavit at para. 25; Adams Cross-Examination at Qs. 723-735.

¹⁶ Third Milich Affidavit at para. 89.

¹⁷ Third Milich Affidavit at para. 95.

¹⁸ Third Milich Affidavit at para. 96.

2024, and the BZAM Board approved Mr. Bovingdon's resignation as a director effective immediately.

28. According to BZAM, after meeting with Alberto Montagne (CFO of Stone Pine) between January 29 and 31, 2024, the cashflows for BZAM revealed a need for \$5 million in funding over a twelve-week period (the "**January 29-31 Cashflow Forecast**").¹⁹
29. On February 6, 2024, BZAM held a board meeting. In addition to BZAM's directors, the attendees included Mr. Bovingdon, Rosanna Mastropietro (Corporate Secretary of BZAM), and Alberto Montagne (CFO, Stone Pine). Mr. Milich presented a cash flow forecast and, in particular, the need for \$5 million in funding.²⁰
30. Management advised that a potential restructuring of BZAM under a formal insolvency process "may be the only viable option to preserve and maximize value of the Corporation and its stakeholders." Mr. Milich noted that management had made some initial enquiries with potential restructuring advisors.
31. On February 8, 2024, BZAM held a subsequent board meeting. In addition to BZAM's directors, attendees included Mr. Bovingdon, Ms. Mastropietro, and Mr. Montagne. Mr. Milich presented a revised cashflow forecast to the BZAM Board that contemplated a potential restructuring plan, which could include a filing under the CCAA as soon as February 21, 2024. Mr. Milich added that he had preliminary discussions with Cortland, who indicated its continued support for BZAM in a potential restructuring. Following an adjournment to February 12, 2024, Jeffrey Rosenberg (Senior Managing Director at FTI Consulting Canada Inc.) and Sean Zweig (Partner at Bennett Jones LLP) joined the BZAM Board meeting where they introduced themselves. Mr. Milich recapped the revised cashflow forecast for the benefit of BZAM's advisors, and added that following any restructuring, BZAM intended to emerge as a private company. No decision was made with respect to a potential application under the CCAA.

¹⁹ Third Milich Affidavit at para. 98.

²⁰ Third Milich Affidavit at para. 99.

The CCAA Application

32. On February 23, 2024, outside transaction counsel for FBHI wrote to the BZAM Board claiming that, among other things, it had been informed that BZAM desired to use insolvency laws to shift from a publicly traded entity to a privately-held entity owned or controlled, directly or indirectly, by its current chairman. Counsel for FBHI wrote that, among other things, if this was BZAM's intended strategy, FBHI would object at every opportunity. Counsel for FBHI requested advance notice of any CCAA application.
33. On February 26, 2024, counsel for BZAM wrote to FBHI and stated that, among other things, FBHI's letter contained numerous factual inaccuracies and mischaracterizations. Counsel to BZAM offered to have a call to discuss concerns of FBHI at FBHI's convenience.
34. On February 28, 2024, the Applicants sought and obtained the Initial Order without advance notice to FBHI. On February 29, 2024, the Applicants issued a press release about the commencement of the CCAA Proceedings. On February 29, 2024, FBHI issued a press release announcing FBHI's intention to challenge BZAM's commencement of the CCAA proceedings.

Comeback Hearing

35. On March 8, 2024, a comeback hearing (the "**Comeback Hearing**") took place and the Court issued two orders:
 - (a) the ARIO, which, among other things, increased the maximum principal amount that the TGOD can borrow from Cortland under the DIP Facility to \$41 million and granted a corresponding increase to the DIP Lender's Charge;
 - (b) the SISP Order, which, among other things:
 - (i) authorized and approved BZAM's execution of the Stalking Horse Agreement with the Stalking Horse Purchaser (a company related to BZAM's largest shareholder and current Chairman, Bassam Alghanim, who ultimately controls Stone Pine; and

- (ii) approved the SISP in which the Stalking Horse Purchase Agreement would serve as the Stalking Horse Bid and authorized the Applicants and the Monitor to implement the SISP pursuant to its terms.

36. The DIP Facility is used to fund the Applicants’ working capital needs and all post-filing receipts are swept and applied against the pre-filing debt under the Credit Facility with Cortland. Under the DIP Facility, an Event of Default occurs, among others, if:

- (a) the Court enters an order which modifies or reverses the terms of the ARIO or which otherwise materially adversely affects the effectiveness of the ARIO;
- (b) a Court order permits any creditor to realize upon, or to exercise any right or remedy with respect to, any asset of the Applicants where the exercise of such right or remedy would reasonably be likely to result in a Material Adverse Change (as defined in the DIP Term Sheet); and
- (c) if any of the Applicants are unsuccessful in contesting a claim, the purpose of which would be to obtain any order or judgment: (i) invalidating the obligations of any of the Applicants under the DIP Term Sheet, the DIP Lender’s Charge or its priority; (ii) for monetary, injunctive or other relief against Cortland or the Collateral; or (iii) preventing, hindering or otherwise delaying the exercise by Cortland of its rights and remedies under the DIP Term Sheet.

37. The key milestones relating to the SISP are as follows:

Milestone	Date
Phase 1	
Deadline to submit an LOI.	April 8, 2024 at 5:00 p.m. (EST)
Phase 2	
Deadline for Qualified Bidders to submit a Qualified Bid.	April 29, 2024 at 2:00 p.m. (EST)

Milestone	Date
The Applicants and the Monitor to commence an Auction, if any.	By no later than May 3, 2024.
Closing of the Successful Bid.	As soon as possible following an Approval Order (if granted) and, in any event, by no later than June 21, 2024.

38. The Stalking Horse Purchase Agreement contemplates that, if it is the successful bid and is Court-approved, the Stalking Horse Purchaser will subscribe for all the common shares of BZAM, the parent company of the BZAM Group, through a reverse vesting transaction, pursuant to which the Stalking Horse Purchaser will be the sole parent of BZAM and will own all of the business and operating assets of the BZAM Group, including FBC.
39. There have been no amendments to the Stalking Horse Purchase Agreement. However, section 8.1 of the Stalking Horse Purchase Agreement provides that it may be terminated by the Stalking Horse Purchaser if there has been a material violation or breach that would prevent the satisfaction of, or compliance with, any condition set forth in section 7.1 (conditions in favour of the Stalking Horse Purchaser) – one of which is a “Material Adverse Effect” occurring prior to closing. It is possible that rescission of the Share Exchange Agreement is a “Material Adverse Effect” under the Stalking Horse Agreement.²¹

SISP Update

40. The Monitor will provide a more detailed summary of the conduct and status of the SISP in a subsequent Monitor’s Report in connection with any sale approval motion. The Monitor has reviewed the LOIs received by the LOI Deadline (April 8, 2024) and required additional time to discuss the bids with the prospective bidders. Accordingly, on April 11, 2024, the Applicants and the Monitor requested and received from Cortland, an extension

²¹ A copy of the Stalking Horse Purchase Agreement is available at Exhibit “C” to the Second Milich Affidavit.

of the milestone to determine whether the SISP ought to proceed to Phase 2 until April 17, 2024.

41. On April 16, 2024, the Monitor and the Applicants determined that the SISP ought not to proceed to Phase 2 and be terminated. Cortland has consented to proceeding in this manner.
42. A full summary of the economic terms of the LOIs received will be provided in a confidential supplement to this Second Report (the “**Confidential Supplement**”). The Monitor requests that the Confidential Supplement be sealed as it contains commercially sensitive information that may affect the integrity of the SISP.

F. THE FINAL BELL MOTION

43. Counsel for FBHI appeared at the Comeback Hearing and made brief submissions in which they noted that FBHI was not specifically opposing any of the relief sought in the Comeback Hearing (including approval of the SISP), but it was in the process of investigating whether it would bring a motion that could impact the SISP.
44. FBHI served its notice of motion commencing the Final Bell Motion on March 19, 2024. The notice of motion requests an order rescinding the Share Exchange Agreement, or in the alternative, if rescission is not possible, an order directing a further hearing to determine an appropriate alternative remedy for FBHI.
45. The Monitor understands that FBHI alleges that BZAM has made the following false misrepresentations which induced FBHI to enter and close the Share Exchange Agreement:
 - (a) the cash flows projected through to the end of 2024 provided by BZAM showed that BZAM had more than sufficient cash and access to debt to fund its operations and would continue to do so going forward – which contradicts the evidence of Mr. Milich in the First Milich Affidavit. The particulars of FBHI’s allegations with respect to BZAM’s misrepresentations in cash flows include:
 - (i) various PowerPoint presentations delivered between November 21-23, 2023 and the Clarus Model showed that BZAM would have positive cash flow from operations beginning in Q1 of 2024 and continuing through the

end of that year, had over \$7 million in cash on its books in December 2023, and more than sufficient cash to fund operations and capital expenditures²²;

- (ii) the BZAM Standalone Model showed that BZAM had sufficient cash to continue its operations in the foreseeable future and addressed any concerns raised in BZAM's publicly available financial documents²³;
 - (iii) the BZAM Standalone Model showed that the combined entity would not need any external funding²⁴, which was later modified by Mr. Adams to be that the combined entity would not need any external funding from parties with whom BZAM did not have an existing lender relationship²⁵;
- (b) BZAM assured Final Bell that it would have sufficient funding under the Credit Agreement with Cortland, the particulars of which include:
- (i) the PowerPoint presentations and the BZAM Standalone Model showed that BZAM had access to nearly \$7 million available under the Credit Agreement as of Q4 2023 and expected to have between \$5-7 million available to it throughout 2024, which contradicts the First Milich Affidavit wherein it was stated that less than \$2 million was available through the Credit Agreement²⁶;
 - (ii) Mr. Bovingdon assured Mr. Adams orally on November 21, 2023, that despite the Credit Agreement being due to mature in March 2024, BZAM would be able to get a 15-month extension to the maturity date under the Credit Agreement²⁷;
 - (iii) Mr. Bovingdon was aware that, as of December 13, 2023, Cortland was not granting an extension to the Credit Agreement, relying upon an email from

²² First Adams Affidavit at paras. 14-15.

²³ First Adams Affidavit at para. 17.

²⁴ First Adams Affidavit at para. 16.

²⁵ Adams Cross-Examination at Q. 508.

²⁶ First Adams Affidavit at paras. 23, 26, and 30.

²⁷ First Adams Affidavit at para. 24; Adams Cross-Examination at Qs. 157-162.

Cortland dated December 13, 2023 (the “**December 13 Email Thread**”) which stated in part: “Maturity Date: maturity date is March 24, 2024 – Cortland isn’t granting TGOD an extension at that time.” in response to Mr. Bovingdon’s email which stated in part: “Please advise on how ... monthly payments from March 24, 2024 are relevant if the facility matures March 24, 2024 ... Should the Maturity date be 2025?”²⁸ This email was not shared with FBHI prior to closing of the FBC Transaction²⁹;

- (c) BZAM did not comply with the Credit Agreement with Cortland³⁰ as:
- (i) it is an Event of Default under the Credit Agreement if a “Change of Control” (that has not been consented to in writing by Cortland) occurs and Mr. Bovingdon ceasing to be the CFO is considered a “Change of Control”³¹;
 - (ii) Mr. Milich had discussed the termination of Mr. Bovingdon’s employment in or around January 11, 2024 but did not obtain written consent from Cortland to terminate Mr. Bovingdon³²;
- (d) BZAM made various misrepresentations in relation to its excise tax and GST obligations, the particulars of which include:
- (i) an accounts payable spreadsheet, the BZAM Standalone Model, Clarus Model, and an email from BZAM all provided to FBHI during its due diligence process indicated that BZAM had only \$6,356,000 in excise tax arrears; however, subsequently Mr. Milich testified that as of February 15, 2024, BZAM’s subsidiaries had approximately \$9,083,289.33 in excise tax arrears;³³

²⁸ Exhibit No. 4 to Cross-Examination of Sean Bovingdon held April 8, 2024 (“**Bovingdon Cross-Examination**”).

²⁹ Bovingdon Cross-Examination at Q. 262; Cross-Examination of Matthew Milich held April 8, 2024 (“**Milich Cross-Examination**”) at Q. 164.

³⁰ Adams Cross-Examination at Qs. 43 and 55.

³¹ Exhibit “Z” to First Milich Affidavit.

³² Milich Cross-Examination at Qs. 90-95 and 128-130.

³³ First Adams Affidavit at paras. 33-41.

- (ii) Mr. Milich testified that as of February 2, 2024, 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 process³⁴;
- (iii) Mr. Milich testified that one of BZAM's subsidiaries had approximately \$923,851.04 outstanding in GST liabilities – but no outstanding tax liability of any kind was disclosed to FBHI with respect to this subsidiary during the Due Diligence Process³⁵;
- (iv) the BZAM Standalone Model omitted certain excise tax amounts from the trade and accrued liabilities line³⁶;
- (e) BZAM misrepresented the information in the Share Exchange Agreement, as it represented and warranted that its books and records were accurately kept and complete in all material respects, but the cash flow projections, which form part of BZAM's books and records, were not accurate³⁷; and
- (f) BZAM failed to promptly notify FBHI in writing prior to closing the Share Exchange Agreement that the Disclosure Letter needed to be updated.³⁸

G. BZAM'S RESPONSES TO FBHI'S ALLEGATIONS

Allegation #1 – False Representations Relating to Excise Taxes and GST

46. FBHI alleged that BZAM made various misrepresentations concerning the amount of BZAM's excise tax and GST obligations. In denying FBHI's allegations, BZAM has stated:

³⁴ First Adams Affidavit at para. 41.

³⁵ First Adams Affidavit at para. 44.

³⁶ Adams Cross-Examination at Qs. 87-90 and 103.

³⁷ Adams Cross-Examination at Q. 60.

³⁸ Notice of Motion of FBHI at para. 40.

- (a) on December 5, 2023, prior to signing the Share Exchange Agreement, FBHI was provided with the Disclosure Letter which documented past-due excise tax in the amount of \$6,356,000 and GST liabilities in the amount of \$1,472,000³⁹;
- (b) BZAM's excise tax arrears were bound to evolve, fluctuate, and increase. Between the time of the disclosure letter on December 5, 2023, and February 15, 2024, BZAM's excise tax liability increased in the ordinary course of business by approximately \$2.7 million. In particular, a total of approximately \$3.7 million in new excise tax liabilities were created in and around this period, with approximately \$1 million having been paid against excise tax liabilities throughout this time. In any given month, BZAM might be expected to create \$3-4 million in new excise tax liabilities⁴⁰; and
- (c) the alleged undisclosed GST liability of approximately \$922,851, was not included in the Disclosure Letter because it related to tax incurred on an intercompany transfer of inventory for which BZAM reasonably anticipated there would be no tax consequences.⁴¹

Allegation #2 – False Representations Relating to Credit Agreement with Cortland

47. FBHI alleged that BZAM made various misrepresentations concerning the maturity date and amount of funding that would be available under the Credit Agreement. In denying FBHI's allegations, BZAM has stated:

- (a) at no point prior to February 2024 did BZAM have any reasonable basis to believe that the maturity date under the Credit Agreement would not be extended, and Cortland also never declined or refused to extend the maturity date – the maturity date of March 2024 was superseded by the CCAA proceedings⁴²;

³⁹ Third Milich Affidavit at para. 45; Exhibit “W” to Third Milich Affidavit; Bovingdon Cross-Examination at Qs. 294-302.

⁴⁰ Third Milich Affidavit at paras. 74-75.

⁴¹ Third Milich Affidavit at para. 76.

⁴² Third Milich Affidavit at para. 67.

- (b) BZAM did not make any assurances to FBHI that BZAM would be able to get a 15-month extension to the maturity date under the Credit Agreement – at most BZAM personnel expressed their belief that it would be extended given Cortland’s past conduct in extending the maturity date on four previous occasions⁴³;
 - (c) with respect to the December 13 Email Thread:
 - (i) Mr. Bovingdon did not formally request an extension from Cortland at that time⁴⁴;
 - (ii) the reference to “at that time” from Cortland is a typographical error which should read “at this time”, as demonstrated by the second sentence which states that Cortland would “look to implement [the extension] in the future if TGOD requests an extension to the maturity date.”⁴⁵;
 - (d) despite having the ability to seek assurances from Cortland that the Credit Agreement would be extended, FBHI elected not to do so – when BZAM transacted with TGOD in 2022, it was a condition to closing that the Credit Agreement be extended and, prior to closing that transaction, the Credit Agreement was in fact extended. This transaction agreement was provided to FBHI as part of the due diligence materials prior to FBHI⁴⁶; and
 - (e) the projected \$5-7 million of availability under the Credit Agreement was available only insofar as there was available collateral to borrow against.⁴⁷
48. The allegation of BZAM’s potential non-compliance with the Credit Agreement given BZAM’s intent to dismiss Mr. Bovingdon as CFO without Cortland’s prior consent was only raised after the parties had exchanged materials. BZAM therefore has not yet had a chance to respond to this allegation. However, based on the Adams Cross-Examination,

⁴³ Third Milich Affidavit at para. 69; Bovingdon Cross-Examination at Qs. 128-133.

⁴⁴ Bovingdon Cross-Examination at Q. 254.

⁴⁵ Bovingdon Cross-Examination at Q. 260; Exhibit “1” to Bovingdon Cross-Examination; Milich Cross-Examination at Qs. 179-186.

⁴⁶ Third Milich Affidavit at paras. 70-71.

⁴⁷ Third Milich Affidavit at para. 73.

the Monitor understands that it appears BZAM's response to this allegation is that a termination of Mr. Bovingdon after closing of the FBC Transaction cannot be a false representation during the Due Diligence Process which FBHI relied upon in entering the Share Exchange Agreement and closing the FBC Transaction.⁴⁸

Allegation #3 – False Representations Relating to Cash Flows

49. FBHI alleged that BZAM made various misrepresentations concerning the maturity date and amount of funding that would be available under the Credit Agreement. In denying FBHI's allegations, BZAM has stated:

(a) BZAM operated at a loss at all material times, including when the Share Exchange Agreement was negotiated and signed – this was publicly disclosed in accordance with the laws and regulations applicable to public companies⁴⁹;

(b) FBHI had access to all of BZAM's public disclosures which identified material uncertainty that casted significant doubt about BZAM's ability to continue as a going concern, and in particular, there was a note in BZAM's audited consolidated financial statements for FY2022 which stated:

“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.”⁵⁰

(c) the foregoing caution was repeated in BZAM's unaudited consolidated financial statements for the three and nine months ended September 30, 2023 and consistent with BZAM's other public disclosure documents⁵¹;

⁴⁸ See Adams Cross-Examination at Q. 44.

⁴⁹ Third Milich Affidavit at para. 38.

⁵⁰ Third Milich Affidavit at paras. 41

⁵¹ Third Milich Affidavit at paras.42-44.

- (d) The Clarus Model is a forward-looking, three statement model that is built upon the BZAM Standalone Model, FBHI's FBC Standalone Model, and a myriad of synergy assumptions, many of which were jointly discussed between BZAM and FBHI. At no point did FBHI raise any concerns with or attempt to stress test the reasonableness of the assumptions underpinning the Clarus Model⁵²;
- (e) FBHI did not ask any questions about the *pro forma* model that BZAM was preparing during the Due Diligence Process⁵³;
- (f) The BZAM Standalone Model showed that BZAM had projected negative cash flow from operations in many of the future months with negative net income throughout 2024 and a dwindling cash balance that became negative toward the end of the year⁵⁴;
- (g) some of the contents of the PowerPoint presentations that FBHI relies on were prepared by FBHI and cannot be attributed to BZAM⁵⁵;
- (h) The BZAM Standalone Model formed no part of what FBHI referred to as the "Transaction PowerPoint" that was presented to FBHI's Board of Directors in connection with the FBC Transaction⁵⁶;
- (i) BZAM listed the Edmonton Facility for sale for \$10.8 million in or around August 2023 and it remained listed at the time of the BZAM Standalone Model, with the expectation that it would soon sell at or close to the list price. BZAM reasonably anticipated that the Edmonton Facility would sell sooner than it has⁵⁷;
- (j) FBHI should have known that forward-looking projections could vary from actual results⁵⁸; and

⁵² Third Milich Affidavit at paras. 55-56.

⁵³ Bovingdon Cross-Examination at Q. 192.

⁵⁴ Third Milich Affidavit at para. 59.

⁵⁵ Third Milich Affidavit at para. 63.

⁵⁶ Third Milich Affidavit at para. 60.

⁵⁷ Third Milich Affidavit at para. 61.

⁵⁸ Third Milich Affidavit at para. 64.

- (k) at no point did BZAM represent that the Clarus Model, the BZAM Standalone Model, or other financial forecasts should be exclusively relied upon by FBHI or relied upon at all.⁵⁹

H. MONITOR’S COMMENTS ON THE FINANCIAL DISCLOSURE IN THE FBC TRANSACTION

Public Disclosure of Financials

50. The Monitor notes that BZAM has faced financial challenges since it became a reporting issuer in May 2018. These financial challenges were on the public record during the entirety of the Due Diligence Process. Based on BZAM’s public disclosure documents, BZAM has reported a net loss from operations in each fiscal year from 2017 to 2022 (fiscal year 2023 financial statements have not yet been released). BZAM’s audited consolidated financial statements as at December 31, 2022, and December 31, 2021⁶⁰, showed the following:

	For the years ended	
	December 31, 2022	December 31, 2021
Revenue	\$68,802,000	\$39,185,000
Gross Profit	\$6,752,000	\$11,733,000
Total Operating Expenses	\$41,987,000	\$40,474,000
Loss from Operations	\$(41,987,000)	\$(40,474,000)
Net loss from Operations	\$(36,791,000)	\$(42,297,000)

51. BZAM’s quarterly financial statements for the three months ended September 30, 2023⁶¹, showed a net loss from operations of \$16,981,000. For the nine months of operation ended September 30, 2023, BZAM had a net loss from operations of \$101,770,000 (which included approximately \$74 million in impairment charges). As at September 30, 2023, BZAM reported assets with a book value of \$172,067,000 and liabilities of \$86,613,000.
52. KPMG LLP (BZAM’s independent auditor) has included in its independent auditor’s reports dated April 28, 2023 (which covered BZAM’s consolidated financial statements

⁵⁹ Third Milich Affidavit at para. 31.

⁶⁰ Exhibit “S” to Third Milich Affidavit.

⁶¹ Exhibit “T” to Third Milich Affidavit.

for the years ended December 31, 2022 and December 31, 2021) and April 5, 2022 (which covered TGOD Holdings' consolidated financial statements for the year ended December 31, 2021 and December 31, 2020), that "material uncertainty exists that may cast significant doubt on [BZAM's] ability to continue as a going concern." A similar note exists in BZAM's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2023:

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.

53. In addition to BZAM having to borrow under the Credit Agreement with Cortland, it has also received funding from Stone Pine – from March to December 2023, Stone Pine has injected the principal amount of \$8,515,000 into BZAM through secured promissory notes (which are subordinate to Cortland).
54. Based on this publicly available information, the Monitor would have had concerns about BZAM's financial ability to continue operating as a going concern and/or obtain additional financing in order to meet its existing liabilities and any additional liabilities incurred as a result of the Share Exchange Agreement.

BZAM Standalone Model

55. The Monitor understands that the BZAM Standalone Model was prepared by Clarus, with inputs provided by Management. The BZAM Standalone Model contained the actual results from January to June 2023, preliminary results from July to September 2023 (the "**Historical Period**") and forecasted the results from October 2023 to December 2024 (the "**Forecast Period**").

56. The Monitor compared the actual results shown in the Historical Period versus the actual results disclosed as part of BZAM's quarterly financial statements and found that the results for the six-month period ended June 30, 2023 were in alignment. The preliminary results for the three-month period ended September 30, 2023, in the Historical Period, were not materially different from the final results disclosed to the public. While there were minor differences, this was not a cause for concern to the Monitor, as the BZAM Standalone Model had qualified the results for this part of the Historical Period as "preliminary" and "draft", which indicated that the actual results may vary.
57. The Monitor did not find any material errors in its review of the BZAM Standalone Model. However, the Monitor points out the following areas of potential interest:
- (a) Cost of Sales ("COS"). While revenues for the Forecast Period were relatively aligned with the Historical Period, the Monitor found that COS for the Forecast Period were lower than the Historical Period. This raises questions about the factors that were considered as COS were forecast to decrease from an average of 85% of revenues (gross margin of 15%) per month during the Historical Period to 70% of revenues (gross margin of 30%) per month during the Forecast Period. The Monitor did not have any further data points that were provided in the evidentiary record to perform a deeper analysis into the significant reduction in COS. There were no notes or explanations to substantiate the COS reductions in the evidentiary record. Without the background of how these figures were forecasted (which is not in the record), the Monitor is unable to determine whether this aspect of the forecast was reasonable or not.
 - (b) Sales and Marketing ("S&M") Expenses. The Monitor identified an approximate 36% decline in the average monthly S&M expenses from the Historical Period to the Forecast Period. The Monitor was unable to find evidence or support in the evidentiary record that indicated the rationale for the projected reductions. While there may be plausible explanations such as headcount reductions, the Monitor does not have sufficient data in the record to support or discount the projected reductions.

- (c) General and Administrative (“G&A”) Expenses. The Monitor noted that G&A expenses were projected to decline 49% on average from the Historical Period to the Forecast Period. There is insufficient data in the record to support the assertions made in November 2023 to determine whether these were reasonable at that time.
- (d) Sale of Edmonton Facility. The BZAM Standalone Model forecasted an injection from the proceeds of sale of the Edmonton Facility⁶², in the approximate net amount of \$5 million (after repayment of the \$5 million mortgage liability). As noted above and in the Third Milich Affidavit, the Edmonton Facility was listed for sale for \$10.8 million⁶³ in or around August 2023 and remained listed at the time of the preparation of the BZAM Standalone Model. The Monitor is not aware of and has not seen any evidence of any sales agreement being signed in respect of the Edmonton Facility in November 2023 when the BZAM Standalone Model was prepared and sent to FBHI. The Monitor is therefore of the view that the BZAM Standalone Model’s projection of having \$5 million from the sale of the Edmonton Facility by the end of 2023 was optimistic.
58. While the BZAM Standalone Model had forecasted significant reductions in the above-referenced costs during the Forecast Period, the Monitor is unable to determine whether these reductions were reasonable, misleading or fraudulent without more detailed evidence in support of the underlying basis for the reduction of costs shown in the Forecast Period.
59. Taken together, the projected reductions in COS, S&M expenses, and G&A expenses resulted in the average monthly net income for the Forecast Period being approximately \$3 million higher than the Historical Period. The impact of this would result in an additional \$36 million of liquidity for 2024 and thereby obviate the need for any additional funding. While the Monitor is unable to form a definitive view in the absence of further evidence, it is possible that these cost savings were a reflection of the reduction in operating costs

⁶² Bovingdon Cross-Examination at Q. 204.

⁶³ As set out in the First Milich Affidavit, there is a first-ranking mortgage on this property in the approximate amount of \$5,040,229.89, inclusive of accrued interest as of February 28, 2024.

from the shutdown of the Edmonton Facility and/or the forecasted synergies from the acquisition of FBC.

60. To the extent that these cost savings were a reflection of the reduction in operating costs from the shutdown of the Edmonton Facility and/or the forecasted synergies from the acquisition of FBC, the Monitor's view is that it was reasonable to assume there would be some cost savings for BZAM as a result of the shutdown of the operations associated with the Edmonton Facility, such as reductions in headcount, utilities, real property taxes, and synergies associated with the acquisition of FBC, such as further headcount reductions, closure of certain facilities to optimize operations, SKU reductions, and streamlining of back-office operations.
61. However, the Monitor is unable to comment on the reasonableness of the amounts of savings that were forecasted without access to additional information, such as the breakdown of forecasted cost savings by specific function or category.
62. The Monitor understands that the Q4 2023 and Q1 2024 financial statements are not available. It is therefore not possible to determine where the significant variances arose in the Forecast Period that led to the CCAA filing without additional information from the Applicants which the Monitor was unable to obtain as a result of FBHI's objections to the Monitor performing independent investigations into the evidence filed by the parties.
63. The Monitor's comments on the projections in the BZAM Standalone Model with respect to excise taxes and GST are described in the below section setting out the Monitor's commentary on FBHI's allegations.

FBHI's FBC Standalone Model

64. As mentioned above, the Monitor understands that the Clarus Model was created using the BZAM Standalone Model and FBHI's FBC Standalone Model as the primary inputs. Therefore, any assumptions in either of the standalone models would flow through into the Clarus Model.

65. The Monitor understands that FBHI's FBC Standalone Model was prepared by FBHI without input from BZAM. FBHI's FBC Standalone Model contained actual results from January 2023 to September 2023 and forecasted results from October 2023 to December 2024. According to FBHI, the cash requirements of FBC's cost of goods sold and other expenses, including accounts payable, were accurately reflected in FBHI's FBC Standalone Model.⁶⁴
66. Based on the Monitor's review of the Model, the Monitor understands that FBHI's FBC Standalone Model incorporates the launch of new brands, which were expected to only launch after BZAM's acquisition of FBC by BZAM. While FBHI's FBC Standalone Model's forecasts are based on stock-keeping unit ("SKU") level data, the Monitor does not have the underlying backup to determine how the projected sales volume by SKU were determined or their reasonableness. There is also no detail within FBHI's FBC Standalone Model or the evidentiary record on how the forecasts were determined for new brands that were not previously available.
67. The Monitor is of the view that it would have been important and useful to the determination of the reasonableness of the Clarus Model to assess the reasonableness of FBHI's FBC Standalone Model to determine whether FBC may have contributed to the actual increased cash flow needs of BZAM and, ultimately, the CCAA filing. However, this information is not available in the existing record.
68. The Monitor does not have actual results for October to December 2023 or January to March 2024 for FBC to test the assumptions in FBHI's FBC Standalone Model. In addition, FBC's forecast results included the launch of new brands such as 'Jeeters', which would not have been part of the actual results and could have resulted in additional costs.
69. Similar to the BZAM Standalone Model, the Monitor is unable to compare the cash flow forecast in FBHI's FBC Standalone Model to the cash flow forecasts created by BZAM in January 2024 and discussed in the Third Milich Affidavit as they were created using different methods and reflect different time periods.

⁶⁴ Adams Cross-Examination at Qs. 574 and 587.

Clarus Model

70. As noted above, the Monitor understands the Clarus Model was created by Clarus using the BZAM Standalone Model and FBHI's FBC Standalone Model as the primary inputs. The Clarus Model simply combines these two models to create a *pro forma* model to show the projections for the to-be-combined entity after making certain adjustments which are described below.
71. The Monitor understands that the Clarus Model incorporates several synergies which were expected to be realized upon closing of the transaction. These synergies include the elimination of subcontractor expenses at FBC and reduction in wages and salaries. The Monitor also notes that while not explicitly stated, the same potential synergies noted above with respect to the BZAM Standalone Model could have been expected post-acquisition.
72. The Monitor is unable to determine how these synergies were determined or the rationale for their magnitude as the Clarus Model does not provide specific details on the strategy to realizing the synergies. Additionally, the Monitor is unable to comment on whether these synergies were realized by BZAM, FBC, or both. The Third Milich Affidavit notes that many of the synergy assumptions were "jointly discussed between BZAM and [FBHI]." The Monitor has not seen any written communications in evidence to support this statement.
73. The Monitor notes that the synergies in the Clarus Model are primarily being driven by the synergies in the BZAM Standalone Model. The BZAM Standalone Model assumed cost savings of approximately \$3 million per month compared to historical actual results. The Clarus Model, which incorporated the projections of the BZAM Standalone Model, contemplated further incremental synergies of approximately \$300,000 per month in addition to the cost savings included in the BZAM Standalone Model.
74. The Monitor is also unable to test the reasonableness of the forecasted synergies as the actual results for both FBC and BZAM have not been produced since the close of the FBC Transaction.

I. DETERIORATION OF BZAM'S FINANCIAL POSITION FROM NOVEMBER 2023 TO FEBRUARY 2024

75. The reasons for BZAM's application under the CCAA were set out in the First Milich Affidavit. The Monitor notes that FBHI did not object to the ARIO and has not sought to appeal same. The Monitor understands that the ARIO is now a final order.
76. In this section, the Monitor provides its views as to the potential factors which may have contributed to the projections in the Clarus Model not coming to fruition since its inception in mid-November 2023 and that led to the eventual filing for CCAA protection by the Applicants. Without ability to review actual results for the post-closing period or interviewing BZAM's management, the Monitor cannot provide a more definitive view on the factors that led to the significant deterioration in BZAM's liquidity position from the time of the Clarus Model to January 2024. Some potential factors that the Monitor can identify are as follows:
- (a) the forecasted sale of the Edmonton Facility, which was projected to provide \$5 million in liquidity, did not materialize; and
 - (b) there was a lower starting cash balance on closing of the Share Exchange Agreement.
77. As noted above, the Clarus Model assumed approximately \$5 million of net proceeds from the sale of the Edmonton Facility. As previously referenced in the materials filed in this CCAA proceeding, the sale of the Edmonton Facility did not, and to date, has not materialized. The Monitor understands that the market has deteriorated from an economic view such that these types of properties have generated lower purchase prices and taken longer to sell over the past couple of years. The Monitor's view is that this was a significant factor in the deterioration in BZAM's financial position from November 2023 to February 2024, as compared to the forecast in the Clarus Model.
78. As set out above, the Monitor understands that approximately \$1 million was withdrawn from FBC prior to the closing of the FBC Transaction. While the parties disagree as to

whether the \$1 million was improperly withdrawn or were ordinary course payments⁶⁵, the Monitor notes that if BZAM was expecting to have an additional \$1 million of cash from the acquisition of FBC and did not receive same, this is a factor that would have contributed to the deterioration in BZAM's financial position, as compared to the forecast in the Clarus Model.

79. As described further below, the Monitor is unable to opine on how the projected tax liabilities in the Clarus Model may have differed from the actual tax liabilities of BZAM and how same may have (or did not) contribute to the deterioration in BZAM's financial position, as compared to the Clarus Model.
80. There were very likely other factors that led to the deterioration in the liquidity position of the Applicants from November 2023 to January 2024, including the forecasted synergies and cost savings of over \$3 million a month not coming to fruition and higher than anticipated costs associated with the Jeeters launch.
81. In an effort to compare BZAM's operating performance against the projections in the Clarus Model, the Monitor has reviewed the weekly cash flow results during the CCAA proceedings. The Monitor notes that the weekly cash flow results available to the Monitor are based on receipts and disbursements which includes timing differences, inclusion of collected taxes within the receipts line, and impact of the stay of proceedings under the CCAA on vendor disbursements. In order to compare BZAM's actual operating performance against its projected performance in the Clarus Model, the Monitor requires the actual results from November 2023 to February 2024. However, this information is not in the evidentiary record.
82. As a result, without the availability of actual results from November 2023 to February 2024, the Monitor is unable to comment on any other factors that may have contributed to the financial deterioration of the combined BZAM and FBC entity. In other words, the Monitor is unable to determine which projections from the Clarus Model, including the

⁶⁵ Second Adams Affidavit at para. 25; Adams Cross-Examination at Qs. 723-735.

synergies and cost savings forecasted, did not come to fruition and the causes of the variance between projected and actual results without having any actual results.

J. MONITOR’S COMMENTS ON FBHI’S DUE DILIGENCE OF BZAM

83. Based on the evidentiary record, and in particular, the historical financial results of BZAM and the significantly more optimistic projections in the BZAM Standalone Model relative to BZAM’s actual results (which FBHI had access to), the Monitor would have expected FBHI to conduct an extensive and thorough due diligence process on BZAM.

Edmonton Facility Assumption

84. The BZAM Standalone Model projected BZAM to have an incremental \$5 million of liquidity from the proceeds of sale of the Edmonton Facility. The Clarus Model included the same assumption.⁶⁶
85. As set out above, the Monitor is not aware of any sales agreement being signed in respect of the Edmonton Facility in November 2023 when the BZAM Standalone Model and the Clarus Model was sent to FBHI – such that it was an optimistic assumption for BZAM to have an incremental \$5 million of liquidity by the end of 2023. Also noted above, the Monitor’s view is that this was a significant factor in the sudden deterioration in BZAM’s financial position as compared to the forecast in the Clarus Model.
86. Accordingly, the Monitor would have expected a prudent and diligent purchaser to request evidence supporting this assumption in the Clarus Model. The Monitor has not been able to locate anything in the record to suggest that FBHI requested such evidence – which could have included a request for a purchase and sale agreement or an update on the status of the sale of the Edmonton Facility.

Projected Cost Savings in BZAM Standalone Model

87. As set out above, the BZAM Standalone Model had forecasted significant reductions in COS, S&M expenses, and G&A expenses to the tune of approximately \$36 million on an

⁶⁶ Bovingdon Cross-Examination at Q. 220.

annualized basis. This projection was incorporated into the Clarus Model and would have obviated the need for BZAM to seek any additional funding.

88. The Monitor’s view is that, in light of: (a) the historical results of BZAM which are detailed in publicly available documents; (b) the documents provided by BZAM to FBHI during the Due Diligence Process; and (c) the significantly lower assumed cost savings post-acquisition as a result of synergies in the Clarus Model absent the assumptions in the BZAM Standalone Model – the Monitor would have expected FBHI to question the assumptions underpinning the projections in the BZAM Standalone Model which made their way into the Clarus Model and to extensively stress test those assumptions.
89. According to Mr. Milich and Mr. Bovingdon, FBHI did not conduct extensive due diligence or ask any questions about the pro forma model the BZAM was preparing.⁶⁷
90. According to FBHI, it did not just accept the numbers provided to it by BZAM as given; rather FBHI interrogated and challenged those numbers to try to verify its accuracy.⁶⁸
91. Based on the existing record, the Monitor understands that FBHI made certain requests of BZAM during the Due Diligence Process, including the following:
 - (a) *pro forma* models (BZAM Standalone Model and Clarus Model)⁶⁹;
 - (b) non-hard coded version of the BZAM Standalone Model⁷⁰;
 - (c) accounts receivable and accounts payable as of June 30, 2023, and September 30, 2023⁷¹;
 - (d) BZAM’s *pro forma* income statement, balance sheet, and cash flow by month through 2024⁷²;

⁶⁷ Third Milich Affidavit at para. 84; Bovingdon Cross-Examination at Q. 192.

⁶⁸ Second Adams Affidavit at para. 16; Adams Cross-Examination at Q. 510.

⁶⁹ Third Milich Affidavit at paras. 30 and 32; Exhibit Nos. “2” and “3” to First Adams Affidavit.

⁷⁰ Exhibit “7” to Second Adams Affidavit.

⁷¹ Exhibit “6” to Second Adams Affidavit.

⁷² First Adams Affidavit at para. 10; Exhibit “4” to First Adams Affidavit.

- (e) revenue detail by segment or legal entity (historic and *pro forma*)⁷³;
- (f) debt forward roll schedule that cash outlays for each debt instrument⁷⁴;
- (g) Board deck with BZAM's financials trended graphically⁷⁵;
- (h) preliminary Q3 2023 financial statement and MD&A of BZAM⁷⁶;
- (i) information regarding BZAM's revenue, insurance coverage (including name of insurer, renewal dates, retention, policy limits, and annual premiums), licenses, and permits⁷⁷;
- (j) total headcount and salary by entity⁷⁸; and
- (k) further information about tax payment plans in respect of BZAM's excise tax and GST liabilities⁷⁹.

92. However, although the foregoing due diligence requests were made, upon review of the evidence in the record, the Monitor could only locate a few responses from BZAM. Similarly, the Monitor could not locate many follow up communications from FBHI on their diligence requests.

93. For instance, FBHI requested a non-hard coded version of the BZAM Standalone Model that would enable it to test the assumed cost saving and other inputs in the model. However, the Monitor notes that Mr. Adams testified FBHI could not locate a non-hard coded version of the BZAM Standalone Model in its files and the Monitor did not see any further communication between BZAM and FBHI about the non-hard coded version of this model.⁸⁰

⁷³ Exhibit "4" to Second Adams Affidavit.

⁷⁴ Exhibit "4" to Second Adams Affidavit.

⁷⁵ Third Milich Affidavit at para. 63.

⁷⁶ Exhibits "P" and "FF" to Third Milich Affidavit.

⁷⁷ Exhibit "FF" to Third Milich Affidavit; Exhibit "4" to Second Adams Affidavit.

⁷⁸ Exhibit "4" to Second Adams Affidavit.

⁷⁹ First Adams Affidavit at para. 34; Exhibit "7" to First Adams Affidavit.

⁸⁰ Adams Cross-Examination at Qs. 512-517.

94. In the Monitor’s view, it is unusual for a prospective purchaser or vendor to make due diligence requests and proceed to close a transaction without receiving answers to most of those requests.

Extension of Maturity Date Under Credit Agreement with Cortland

95. The Monitor notes that the evidence of Mr. Alappatt is that there were no requests or questions asked from FBHI directly to Cortland.⁸¹
96. The Monitor’s view is that, given the limited liquidity available to BZAM during the Due Diligence Process, the Monitor would have expected FBHI to request confirmation from Cortland that it would extend the Credit Agreement or otherwise seek inclusion of same as a condition precedent or covenant of BZAM in the Share Exchange Agreement.

K. AVAILABILITY OF RESCISSION

Integration

97. The Monitor understands from the Third Milich Affidavit that BZAM’s position is that the business of FBC has been integrated into the combined organization since the FBC Transaction closed as evidenced by the following:
- (a) Company Wide Staff Integration: BZAM has reduced headcount by over 60 positions across the combined organization. Each functional area of the business such as the executive team, operations, commercial and the functional areas are acting as one and continuing to integrate their teams, processes, workflows and systems;
 - (b) Product Portfolio Integration: BZAM has already undertaken a comprehensive SKU rationalization across the entire organization to focus on certain brands, product segments, and specific SKUs. Numerous SKUs have been delisted or

⁸¹ Cross-Examination of Deepak Alappatt held April 8, 2024 (“Alappatt Cross-Examination”) at Q. 11.

discontinued to focus on a complimentary portfolio of brands and products across the organization;

- (c) Production Integration: BZAM has integrated inputs and production processes across the facilities. In some cases, production of certain high-volume products is partially done at one site, then completed and excised at another. With respect to the Jeeters launch in particular, BZAM believes it would not have happened without BZAM's financial and operational support;
- (d) Excise Tax Integration: BZAM has integrated the excise requirements of BZAM Labs (an FBC subsidiary) into the rest of the organization. At the time of the transaction, BZAM Labs had an excise deposit of only approximately \$438,000, which was significantly below what it would have required at renewal to function on a stand-alone basis. In keeping with this, the final manufacturing and excise stamping, and hence the excise burden, for the Jeeters Launch was borne by another BZAM subsidiary rather than BZAM Labs;
- (e) Collateral Package Integration: Post-acquisition, FBC and BZAM Labs have been fully integrated into BZAM's collateral package, including the collateral for the Accounts Receivable facility with Cortland as senior-secured lender.
- (f) Back Office Integration: BZAM is in the midst of various back-office integrations (IT and HR systems).
- (g) SKU Listing Consolidation: BZAM has already started reorganizing and/or changing which licences are used to list SKUs with the provincial boards.

98. The Monitor is unable to comment on the accuracy of the integration of FBC as described by Mr. Milich in the Third Milich Affidavit. Among other reasons, the Monitor does not have the specific underlying SKU-level data, does not know which employees were terminated and how critical they were, and whether the above-referenced changes can be undone.

99. The Monitor directs the Court to the Confidential Supplement which outlines certain potentially relevant information regarding the ability to rescind the FBC Transaction.

Prejudice to Cortland

100. The Monitor understands that the availability of credit under both the Credit Agreement and the DIP Facility is subject to a facility limit and borrowing base calculation that relies on the accounts receivable of the Applicants, including FBC.
101. As outlined in the affidavit of Mr. Alappatt, Cortland relied upon the borrowing base certificates when it decided to extend credit to the Applicants and understood that FBC accounted for at least 30% of the Applicants' borrowing base.
102. The Monitor understands that the Cortland borrowing base calculation relies upon the accounts receivable of FBC in determining the collateral to which BZAM can borrow against.
103. Per the Monitor's review, the accounts receivable of Final Bell, forms 48.84% of the total accounts receivable collateral of Cortland as displayed in the borrowing base certificate (as of February 23, 2024).⁸² A rescission will have a negative adverse impact on Cortland as its collateral will be significantly reduced. It is likely that Cortland may not have advanced funds without the collateral from FBC being available.
104. The Monitor notes that the Stalking Horse Bid provides for the purchase of all the issued and outstanding shares of BZAM – which in turn includes the assets of the BZAM Group (including FBC). The Stalking Horse Purchase Agreement has not been amended and there is no evidence on the record to suggest that the Stalking Horse Bidder will withdraw its Stalking Horse Bid if FBHI's claim for rescission is granted. However, since the Monitor is unable to obtain additional evidence on this point, it is unable to opine as to whether the Stalking Horse Bidder will seek to withdraw its Stalking Horse Bid.
105. To the extent that the Stalking Horse Bidder ends up withdrawing or reducing the consideration payable under its Stalking Horse Bid on the basis that the FBC assets are no

⁸² Exhibits "DD" and "QQ" to the Third Milich Affidavit.

longer available, the Monitor is able to opine that from looking at the LOIs received, Cortland will be prejudiced if the BZAM Group is sold without FBC.⁸³ While no formal liquidation analysis was conducted, the Monitor's view is that in a liquidation scenario, Cortland's recovery would be smaller if it could not recover from the sale of the assets of FBC.

L. MONITOR'S VIEWS ON FBHI'S FINANCIAL POSITION AT THE TIME OF THE FBC TRANSACTION

106. The most recent financial statements for FBHI in the record are for the three and nine month period ended December 31, 2022.⁸⁴
107. FBHI's unaudited consolidated financial statements for the three and nine months ended December 31, 2022 show that it suffered losses from operations in the amount of \$2,091,713 and \$5,708,570, respectively, and that it suffered net losses of \$34,337,917 and \$39,476,772, respectively.
108. As at December 31, 2022, FBHI reported assets with a book value of \$72,575,890 and liabilities of \$86,015,166.
109. The evidentiary record shows that FBC represented a significant cash strain on FBHI, and any additional burden associated with the Jeeters launch would only increase the cash strain on FBHI.⁸⁵
110. However, according to FBHI, it was BZAM that urgently wanted the Share Exchange Agreement to be executed and closed. FBHI witnesses testified that while FBHI was not in a rush to sign the Share Exchange Agreement, it did have a desire to close the FBC Transaction before the end of 2023. FBHI indicated that it desired to have FBC removed from FBHI's balance sheet for a "clean set of numbers" starting in January 2024.⁸⁶ BZAM takes the opposite view.

⁸³ See analysis in the Confidential Supplement.

⁸⁴ Exhibit "A" to Jessel Cross-Examination.

⁸⁵ Jessel Cross-Examination at Qs. 277-278; Adams Cross-Examination at Qs. 365-366.

⁸⁶ Adams Cross-Examination at Qs. 324-333, 439-440 and 847.

FBHI's View of the Value of FBC

111. FBHI acquired FBC in November 2022. The notional consideration for FBHI's acquisition of FBC in November 2022 was US\$7,423,000. However, FBHI identified the net asset value of FBC as being negative US\$2,416,534. FBHI arrived at the notional consideration of US\$7,423,000, by attributing goodwill to approximately US\$9.8 million (minus the negative value of the assets that were acquired).⁸⁷
112. The Monitor notes that, on November 3, 2023, FBHI's former auditor (Macias Gini & O'Connell LLP ("MGO")) sent a letter to memorialize its telephone call with Mr. Adams on November 2, 2023. MGO ceased to render any professional services and resigned from the audit of FBHI. In its letter, MGO noted that its decision to formally end its engagement as FBHI's independent auditor was compelled by its professional standards and, specifically, was "based on a disagreement with management regarding certain of the valuation assumptions used in the valuation model for the acquisition of [FBC] that also affect [FBHI's] pre-RTO share price."⁸⁸

M. MONITOR'S COMMENTARY ON THE MERITS OF FBHI'S ALLEGATIONS

113. The Monitor has considered the foregoing facts and findings in light of the allegations raised by FBHI in the Final Bell Motion.

Allegation #1 – False Representations Relating to Excise Taxes and GST

114. With respect to the calculation of excise taxes, the Monitor notes that cannabis licensees that package cannabis products must pay cannabis duties (excise taxes). Excise taxes are paid on dried/fresh cannabis, cannabis plants, cannabis plant seeds, edible cannabis, cannabis extracts, and cannabis topicals. The excise tax liability becomes accrued when cannabis products are delivered to a purchaser. At the end of each month following a filing period (defined as a calendar month), cannabis licensees must report and remit the excise

⁸⁷ Jessel Cross-Examination at Qs. 106-113.

⁸⁸ Production in response to question taken under advisement from Jessel-Cross Examination at Q. 315.

tax payable for the previous filing period.⁸⁹ For example, BZAM would report and pay the excise tax for sales made in April 2024 by the end of May 2024.

115. As set out in the Pre-Filing Report and the First Report, the Applicants' excise tax obligations are significant and estimated to be approximately \$4 million each month for both BZAM and FBC combined.
116. FBHI alleged that the BZAM Standalone Model omitted certain excise tax amounts from the accounts payable line.
117. It is the Monitor's understanding that BZAM was in arrears on excise tax and GST remittances in 2023. As of November 2023, the Monitor notes that \$7.828 million was owing on account of excise tax and GST for prior periods broken down as follows:
 - (a) excise tax arrears of \$6.356 million (\$3.129 million for BMI and \$3.227 million for TGOD); and
 - (b) GST arrears of \$1.472 million for BMI.⁹⁰
118. As a result, BZAM entered into payment arrangements with the CRA to catch up on taxes owing for prior periods. BZAM notified FBHI on November 28, 2023, that the payments were \$488,011.90 per month spread out over 12 and 24-month periods⁹¹, broken down as follows:
 - (a) \$417,916.67 per month⁹² on account of excise tax (\$149,000.00 for BMI and \$268,916.67 for TGOD);
 - (b) \$70,095.23 per month on account of GST for BMI.
119. The Monitor understands that these payment plans were only for the past due excise taxes and GST. Accordingly, any excise tax or GST for sales after the past due periods would

⁸⁹ Certain licensees may qualify to report and remit cannabis on a calendar quarter basis. It is the Monitor's understanding that BZAM reports and remits cannabis on a monthly basis.

⁹⁰ See Disclosure Letter at Appendix "A" to this Second Report and Exhibit "W" to Third Milich Affidavit.

⁹¹ Exhibit "7" to First Adams Affidavit.

⁹² The monthly payments reduce to \$149,000.00 per month after September 30, 2024 upon completion of one payment plan.

continue to accrue in the normal course and become payable at the end of the month following the filing period.

120. Based on the Monitor's review of the above-noted email correspondence, the Monitor understands that BZAM communicated to FBHI that the past due excise taxes under payment plans were included in the accounts payable balance. Further, the BZAM Standalone Model shows decreases in accounts payable in FY2024, which according to the email from Mr. Bovingdon referenced above, reflects the payment of the past period excise taxes. Based on this information, the Monitor would expect the payment of future excise taxes to be reflected through changes in the accounts payable line of the BZAM Standalone Model. However, without a more detailed schedule of the accounts payable (which is not available in the evidence in the record), the Monitor is unable to independently confirm whether the past due excise taxes and payment of future excise taxes were appropriately included in the accounts payable balance line of the BZAM Standalone Model.
121. FBHI also alleged BZAM falsely misrepresented to FBHI that BZAM had only \$6,356,000 in excise tax arrears; whereas as of February 15, 2024, BZAM's subsidiaries had approximately \$9,083,289.33 in excise tax arrears.
122. The Monitor notes that it is plausible that the outstanding excise tax liability increased from November 2023 to the date of CCAA filing (February 28, 2024) due to sales recorded in the normal course operations, which would result in the accrual of the excise tax liability and increase the excise tax liability balance if the payments were not remitted to CRA.
123. While the BZAM Standalone Model contemplated monthly accruals of excise taxes of approximately \$3 million (excluding FBC) during the Forecast Period (which included the period of November 2023 to the date of CCAA filing (February 28, 2024)), it appears that certain excise taxes were not paid as they became due. The Monitor could not locate in the record details of the excise tax accruals and payments in the December 5, 2023 to February 15, 2024 period to opine on whether the increase in the excise tax liability was a result of greater than forecast accruals or less than forecast payments.

124. The Monitor notes that, although there is a statutory requirement to pay excise taxes when they are due, it is not uncommon for companies operating in the cannabis industry to defer payment of excise taxes when experiencing liquidity issues.
125. FBHI also alleged that the excise tax liability associated with one of BZAM's subsidiaries in which it agreed to a payment plan with the CRA of \$164,474.00 each month was not disclosed to FBHI during the Due Diligence Process. However, the evidentiary record shows that the excise tax liability associated with this BZAM subsidiary was disclosed by BZAM to FBHI on November 28, 2023 (albeit to a slightly lesser amount of \$149,000.00 as shown above given that the payment plan of \$164,474.00 was agreed to with the CRA in February 2024, a few months after the time this liability was disclosed at the end of November 2023).⁹³ The Monitor is unable to determine the reason of the difference, but notes that it is not significant.
126. Lastly, FBHI alleged that BZAM did not disclose a GST liability of approximately \$922,581. According to BZAM, this GST liability was not disclosed as it related to tax incurred on an intercompany transfer of inventory, which BZAM anticipated would be GST-neutral to the overall business – meaning one of the companies in the group would incur the tax liability which would be offset by a credit to be received by another entity in the group. The Monitor could not locate in the evidentiary record any specifics regarding this liability and/or expected corresponding credit.
127. The Monitor notes it is possible for a sales tax payable to be offset by a corresponding input tax credit received within the same reporting period (month).

Allegation #2 – False Representations Relating to Credit Agreement with Cortland

128. With respect to the December 13 Email Thread, the Monitor makes the following observations:

⁹³ See Exhibit “7” to First Adams Affidavit.

- (a) Mr. Alappatt’s evidence is that there were no discussions about an extension to the maturity date under the Credit Agreement prior to the first week of February 2024⁹⁴;
 - (b) the fact that Mr. Bovingdon did not formally request an extension from Cortland during the Due Diligence Process⁹⁵, suggests that he did not view the December 13 Email Thread as a request for an extension; and
 - (c) the evidentiary record does not indicate that there were any follow up communications to the December 13 Email Thread.
129. FBHI has alleged that Mr. Bovingdon orally assured Mr. Adams on November 21, 2023 that BZAM would be able to get a 15-month extension to the maturity date under the Credit Agreement. The Monitor notes that with respect to this allegation, it appears that Mr. Adams reported a contemporaneous description of what was discussed with Mr. Bovingdon on their call that took place on November 21, 2023 to other employees at FBHI and noted that “[BZAM] see [sic] no reason that [the Credit Agreement] won’t be extended”, but that there was no guarantee or assurance from BZAM that the Credit Agreement would be extended.⁹⁶
130. The evidentiary record also shows that FBHI never sought any kind of assurance from Cortland directly that the maturity date under the Credit Agreement would be extended.⁹⁷

Allegation #3 – False Representations Relating to Cash Flows

131. The Monitor’s analysis of the BZAM Standalone Model and the Clarus Model is described in detail in Section “H” above, and in the first part of this section with respect to excise taxes and GST.

⁹⁴ Alappatt Cross-Examination at Qs. 8-10.

⁹⁵ Bovingdon Cross-Examination at Q. 254.

⁹⁶ Adams Cross-Examination at Qs. 164-170; Exhibit “6” to First Adams Affidavit.

⁹⁷ Adams Cross-Examination at Q. 445.

N. CONCLUSION

132. The Monitor submits this Second Report to provide the Court its views on the evidence filed by the parties in connection with this dispute, in particular the financial information, and to identify any potentially relevant gaps in such evidence. The Monitor does not draw any conclusions nor provide any recommendations on the determination of any issues in dispute, particularly in respect of the credibility of any witnesses, interpretation of any contracts, or application of any legal principles to the evidence in the record.

All of which is respectfully submitted this 17th day of April, 2024.

FTI Consulting Canada Inc.

In its capacity as Monitor 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.



Jeffrey Rosenberg
Senior Managing Director

APPENDIX “A”

[ATTACHED]

**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. LOR 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
EXCEPTING 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

Conduct of Purchaser's Business in Ordinary Course

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

No Options, etc.

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
Jagruiti 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

Third Party Consents

- 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.

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

Employee Matters

(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

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.

Section 3.34

No Broker

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.

EXHIBIT B

Closing Conditions in the Share Exchange Agreement to be Obtained or Addressed Post-Closing

1. Approval from Health Canada regarding the Transaction as it relates to the following Licences: (a) LIC-ZOTV09QHPG-2022, and (b) LIC-E5FM5PUXBF-2020-5 (ss. 7.1(d) and 8.1(e) of the Share Exchange Agreement).
2. Notice to Canada Revenue Agency in respect of Cannabis Licence number 780639324 RD0001 under the Excise Act (ss. 7.1(d) and 8.1(e) of the Share Exchange Agreement).
3. Approval of AGLC in respect of the AGLC Cannabis Representative Registration issued to Final Bell Corp. on February 13, 2023 (ss. 7.1(d) and 8.1(e) of the Share Exchange Agreement).
4. Notice sent to the following cannabis boards in respect of the change of ownership of Final Bell Canada Inc.: (a) Ontario, and (b) Saskatchewan (ss. 7.1(d) and 8.1(e) of the Share Exchange Agreement).
5. Notifications to the following regarding the Transaction: (a) Alberta Gaming, Liquor and Cannabis, (b) Alcohol and Gaming Commission of Ontario, (c) The Société Québécoise due Cannabis, and (d) Liquor, Gaming and Cannabis Authority of Manitoba (ss. 7.1(c) and 8.1(d) of the Share Exchange Agreement).

EXHIBIT C

Closing Conditions in the Share Exchange Agreement Waived by the Purchaser

1. Consent from landlord in accordance with the lease agreements at 1100 Bennett Road, Bowmanville, Ontario (ss. 7.1(d) and 8.1(e) of the Share Exchange Agreement).
2. Consent and waiver of the termination right pursuant to the manufacturing services agreement dated August 25, 2023 with Peace Naturals Project Inc. (ss. 7.1(d) and 8.1(e) of the Share Exchange Agreement).
3. Licensing arrangements between the Purchaser and the FBC Shareholder (ss. 8.1(j) of the Share Exchange Agreement) (ss. 8.1(j) of the Share Exchange Agreement).

EXHIBIT D

The following extra provincial registrations are added for Final Bell Corp. to Section 4.2 of the FBC Disclosure Letter:

1. Saskatchewan (EP Registered)
2. British Columbia (EP Registered)

The following liabilities are added to Section 4.7 of the FBC Disclosure Letter:

1. Final Bell Corp. currently owes approximately \$138,080.66 to Swiss Luxe Products Inc. relating to outstanding license fees pursuant to an expired agreement for Blessed and Flir chocolate products as of an invoice dated December 20, 2023.

The following transactions outside of the Ordinary Course are added to Section 4.11 of the FBC Disclosure Letter:

1. Final Bell Corp. made a payment of approximately \$525,559 on November 20, 2023 to Golden Iris International Limited under direction from Final Bell Holdings International Ltd.
2. Final Bell Corp. made a payment of approximately \$354,600 to Final Bell Holdings International Ltd. on December 1, 2023 in connection with accounting services rendered by Davidson & Company LLP.
3. Final Bell Corp. made a payment of approximately \$172,500 to Final Bell Holdings International Ltd. on December 21, 2023 in connection with legal services rendered by Sangra Moller LLP.

In addition, the previously disclosed liability in Section 4.7 of the FBC Disclosure Letter pertaining to royalty payments owed of approximately CAD\$535,630.50 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) has been discharged as of December 29, 2023.

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

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

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.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

**SECOND REPORT OF
THE MONITOR
(April 17, 2024)**

STIKEMAN ELLIOTT LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street
Toronto, Canada M5L 1B9

Maria Konyukhova LSO#: 52880V
Email: mkonyukhova@stikeman.com
Tel: +1 416 869 5230

Nicholas Avis LSO#: 76781Q
Email: navis@stikeman.com
Tel: 416-869-5563

Philip Yang LSO#: 82084O
Email: pyang@stikeman.com
Tel: 416-869-5593

Lawyers for the Monitor