

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

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

Applicants

**RESPONDING MOTION RECORD OF FINAL BELL HOLDINGS INTERNATIONAL
LTD.
(CORTLAND MOTION FOR PARTIAL SUMMARY JUDGMENT
RETURNABLE SEPTEMBER 18, 2024)**

Volume 2

August 23, 2024

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TO: **THE SERVICE LIST**

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TAB 5

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
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LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH
ROAD HOLDING CORP. AND FINAL BELL CORP.**

Applicants

AFFIDAVIT OF ASHLEY MCKNIGHT

I, Ashley McKnight, of the City of Oshawa, in the Regional Municipality of Durham,
MAKE OATH AND SAY:

1. I am a law clerk with the law firm of Lax O'Sullivan Lisus Gottlieb LLP, lawyers for Final Bell Holdings International Ltd. ("**Final Bell**"), and, as such, have knowledge of the matters contained in this Affidavit. To the extent the evidence in this affidavit is based on information, I have stated the source of that information and believe it to be true.

-2-

2. By email sent April 16, 2024, Andrew Winton, a lawyer at Lax O'Sullivan Lisus Gottlieb LLP ("**LOLG**"), served Final Bell's Opening Statement on the Service List. A copy of Mr.

Winton's email is attached as **Exhibit "A"**.

3. By email from its counsel sent April 18, 2024, BZAM Ltd. ("**BZAM**") produced further documents to Final Bell. A copy of Joseph Blinick's email and its attachments are attached as

Exhibit "B".

4. I am informed by David Ionis, a lawyer at LOLG, that although the letter attached to Mr. Blinick's email is dated April 17, 2024, the letter and its enclosures were not produced to Final Bell until the evening of April 18.

5. By letter from its counsel sent April 22, 2024, Final Bell requested further productions from BZAM. A copy of Mr. Winton's letter is attached as **Exhibit "C"**.

6. By emails sent April 24, 2024, BZAM and Cortland Credit Lending Corporation ("**Cortland**") served motion records and facts on the Service List for separate motions seeking security for costs from Final Bell. Attached as **Exhibit "D"** is BZAM's email. Attached as **Exhibit "E"** is Cortland's email.

7. I am informed by Mr. Ionis that counsel to BZAM and Cortland did not inform Final Bell of their intention to bring these motions before serving their records and facts on the Service List.

-3-

8. By letter from its counsel sent April 29, 2024, BZAM responded to Final Bell's request for additional documents. A copy of BZAM's letter is attached as **Exhibit "F"**, and the documents enclosed therein are attached as **Exhibit "G"**.

9. By letter from its counsel sent May 3, 2024, Final Bell wrote to BZAM and Cortland. Among other things, the letter updated Final Bell's response to BZAM's Redfern requests and informed BZAM and Cortland of its intention to no longer seek to rescind the Share Exchange Agreement dated December 5, 2023. A copy of Mr. Winton's letter dated May 3, 2024, is attached as **Exhibit "H"**, and the enclosures therein are attached as **Exhibit "I"**.

10. On May 6, 2024, Final Bell served a Further Amended Notice of Motion on the Service List. A copy of the Further Amended Notice of Motion is attached as **Exhibit "J"**.

11. A copy of Final Bell's Bill of Costs prepared in response to the motions for security for costs is attached as **Exhibit "K"**.

12. Attached as **Exhibits "L"** through **"O"** are law firm biographies for:

- (a) Michael S. Shakra, a partner at Bennett Jones;
- (b) Alessandro Bozzelli, a partner at Cassels;
- (c) Kori Williams, a partner at Cassels; and
- (d) Natalie E. Levine, a partner at Cassels.

SWORN by Ashley McKnight of the City of Oshawa, in the Regional Municipality of Durham, before me at the City of Toronto, in the Province of Ontario, on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits
(or as may be)

DAVID IONIS



ASHLEY MCKNIGHT

This is Exhibit "A" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham,, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

From: Andrew Winton
Sent: 16 April 2024 21:23
To: zweigs@bennettjones.com; shakram@bennettjones.com; blinickj@bennettjones.com; froha@bennettjones.com; ernstj@bennettjones.com; jeffrey.rosenberg@fticonsulting.com; kamran.hamidi@fticonsulting.com; adsaran.vithiyananthan@fticonsulting.com; mkonyukhova@stikeman.com; navis@stikeman.com; pyang@stikeman.com; jbellissimo@cassels.com; nlevine@cassels.com; abozzelli@cassels.com; ngoldstein@ksvadvisory.com; harvey@chaitons.com; pat.confalone@justice.gc.ca; kelly.smithwayland@justice.gc.ca; kevin.dias@justice.gc.ca; christopher.vanberkum@justice.gc.ca; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca; pat.confalone@cra-arc.gc.ca; sandra.palma@cra-arc.gc.ca; steven.groeneveld@ontario.ca; insolvency.unit@ontario.ca; servicebc@gov.bc.ca; aglsbrevtaxinsolvency@gov.bc.ca; fin.minister@gov.sk.ca; jus.minister@gov.sk.ca; janine.vindevoghel@gov.sk.ca; jsg.servicehmk@gov.ab.ca; danielcantin@revenuquebec.ca; notif-quebec@revenuquebec.ca; cassandra.scullion@hc-sc.gc.ca; licensing-cannabis-licenses@hc-sc.gc.ca; inquiry@slga.com; jgasper@slga.com; amacfarlane@blg.com; bbrooksbank@blg.com; nhollard@blg.com; jeffrey.ring@bcldb.com; cannabis.vendor@bcldb.com; procurement@aglc.ca; craig.smitten@aglc.ca; larysa.palyniak@aglc.ca; loi-cannabis@msss.gouv.qc.ca; inquiries@osc.gov.on.ca; maya@chaitons.com; info@thecse.com; cecilia@otcmarkets.com; ralgar@bdplaw.com; customercare@johnstonequipment.com; customerexperience@cangaspropane.ca; elisabeth.patrick@bmo.com; enquiries.canada@silverchef.ca; sheryl.nisenbaum@linde.com; contactus@linde.com; lapointeclaud@live.ca; ron@auxly.com; helen.martin@organigram.ca; tjeffries@farris.com; jquick@cannapiece.ca; gwhaywood642@msn.com; fnadon@pax.com; mgunderson@pax.com; mpatag@pax.com; sally@pax.com; bcosman@perkinscoie.com; hrutledge@perkinscoie.com; rleibowitz@perkinscoie.com; jlotz@lotzandco.com
Cc: David Ionis; Brendan Bohn; Joanna Vasiliou
Subject: BZAM Ltd., Court File No. CV-24-00715773-00CL, Final Bell Opening Statement [LOLG-DMS.FID160107]
Attachments: Written Opening Statement- Claimant - Final Bell - 16-APR-2024.pdf

To the Service List:

Please find attached and served upon you pursuant to the *Rules of Civil Procedure* and the E-Service Protocol of the Commercial List the Written Opening Statement of Final Bell Holdings International Ltd. in connection with the summary trial scheduled to be heard on April 22-23, 2024.

The attached will be uploaded to Caselines.

Regards,

Andrew Winton
Direct 416 644 5342
Cell 647 286 9001
awinton@lolg.ca

Lax O'Sullivan Lisus Gottlieb LLP
Suite 2750, 145 King St W
Toronto ON M5H 1J8 Canada
T 416 598 1744 F 416 598 3730
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This is Exhibit “B” referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

From: Joseph Blinick <BlinickJ@bennettjones.com>
Sent: 18 April 2024 17:19
To: Andrew Winton; David Ionis; Brendan Bohn
Sean Zweig; Mike Shakra; Tom Feore; Pendrith, Colin; Levine, Natalie; Maria Konyukhova; Philip
Cc: Yang; Nick Avis; Jeffrey Rosenberg (jeffrey.rosenberg@fticonsulting.com);
kamran.hamidi@fticonsulting.com; adsaran.vithiyananthan@fticonsulting.com
Subject: BZAM/Final | Supplementary Answers to Undertakings
Attachments: Letter to Lax, April 17, 2024.pdf

Andrew,

Please see attached.

Yours truly,

Joseph Blinick

*Partner**, Bennett Jones LLP

*Denotes Professional Corporation

3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4

T. [416 777 4828](tel:4167774828) | F. [416 863 1716](tel:4168631716) | M. [416 803 7301](tel:4168037301)

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**Bennett Jones**

Bennett Jones LLP

3400 One First Canadian Place, PO Box 130

Toronto, Ontario, Canada M5X 1A4

Tel: 416.863.1200 Fax: 416.863.1716

Joseph Blinick**Partner**

Direct Line: 416.777.4828

e-mail: blinickj@bennettjones.com

April 17, 2024

Via Email

Andrew Winton

Lax O'Sullivan Lissus Gottlieb LLP

145 King Street West

Suite 2750

Toronto, ON M5H 1J8

Andrew:

Re: Supplementary Answers to Undertakings of Sean Bovingdon

We write in connection with the answers to undertakings arising from the examination of Mr. Bovingdon we delivered on April 12, 2024.

We have discovered that two of the B300s for BZAM Management Inc. previously produced in answer to an undertaking given on Mr. Bovingdon's examination contain dates which are not reflective of the actual filing dates. We understand that the dates on the B300s previously produced for August and November, both shown as being February 12, 2024, reflect the date the CRA may have last completed their routine audit review of these filings rather than the actual date of the filings. Accordingly, we hereby supplement Mr. Bovingdon's answer to undertaking by enclosing the B300 returns for August-November 2023 indicating the actual dates of filing. As set out in the enclosed documents, the B300 for August was filed on September 25, 2023 and the B300 for November was filed on December 22, 2023. We have also enclosed screenshots from the CRA website showing the received dates of the B300s.

Yours truly,

Joseph Blinick

JB

Enclosures

cc: Sean Zweig, Mike Shakra and Tom Feore, Bennett Jones LLP
Colin Pendrith and Natalie Levine, Cassels Brock & Blackwell LLP
Maria Konyukhova, Nicholas Avis and Philip Yang, Stikeman Elliott LLP
Jeffrey Rosenberg, Kamran Hamidi and Adsaran Vithiyananthan, FTI Consulting Canada Inc.

B300, Cannabis Duty and Information Return**Business number**

70583 6518 RD0004

Business name

BZAM MANAGEMENT INC.

Filing date

2023-09-25

| inventory for unpackaged flowering material | |
|--|-----------|
| Opening inventory | 5,811.037 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 933.552 |
| Quantity imported into Canada | 0 |
| Total additions | 933.552 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity taken for further processing or planted | 1,755.232 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Quantity taken to produce low-THC cannabis products or prescription cannabis drugs | 0 |
| Other | 0 |
| Total reductions | 1,755.232 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 4,989.357 |

| inventory for unpackaged non-flowering material | |
|--|-------|
| Opening inventory | 8.282 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity taken for further processing or planted | 0 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Quantity taken to produce low-THC cannabis products or prescription cannabis drugs | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 8.282 |

| inventory for unpackaged whole cannabis plant | |
|--|---|
| Opening inventory | 0 |
| Additions to inventory | |
| Quantity received in Canada | 0 |

| | |
|---|---|
| Quantity transferred from vegetative cannabis plant | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Plant harvested | 0 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|--|---|
| inventory for unpackaged viable seed | |
| Opening inventory | 0 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity taken for further processing or planted | 0 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|---|---|
| inventory for unpackaged vegetative cannabis plant | |
| Opening inventory | 0 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Quantity transferred to whole cannabis plant | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|--|-----------|
| inventory for unpackaged pure intermediates | |
| Opening inventory | 4,686.517 |
| Additions to inventory | |
| Total production | 430.767 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 430.767 |
| Reductions to inventory | |

| | |
|--|-----------|
| Quantity taken for further processing or planted | 122.037 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0.989 |
| Quantity taken to produce low-THC cannabis products or prescription cannabis drugs | 0 |
| Other | 0 |
| Total reductions | 123.026 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 4,994.258 |

| inventory for unpackaged finished cannabis extracts | |
|--|----------------|
| Opening inventory | 320,977,951.53 |
| Additions to inventory | |
| Total production | 109,406,698 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 109,406,698 |
| Reductions to inventory | |
| Quantity packaged | 81,413,426 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 81,413,426 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 348,971,223.53 |

| inventory for unpackaged finished edible cannabis | |
|--|-----------|
| Opening inventory | 5,673,510 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 5,673,510 |

| inventory for unpackaged finished cannabis topicals | |
|--|---|
| Opening inventory | 0 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |

| | |
|--|---|
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|--|-----------|
| inventory for packaged dried/fresh cannabis | |
| Opening inventory | 2,159,329 |
| Additions to inventory | 0 |
| Reductions to inventory | |
| Quantity delivered to a purchaser in Canada | 609 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 609 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 1,550,329 |

| | |
|--|---|
| inventory for packaged cannabis plant seeds | |
| Opening inventory | 0 |
| Additions to inventory | 0 |
| Reductions to inventory | |
| Quantity delivered to a purchaser in Canada | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|---|---|
| inventory for packaged cannabis plants | |
| Opening inventory | 0 |
| Additions to inventory | 0 |
| Reductions to inventory | |
| Quantity delivered to a purchaser in Canada | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|---|----------------|
| inventory for packaged cannabis extracts | |
| Opening inventory | 138,353,095.18 |
| Additions to inventory | 81,413,426 |
| Reductions to inventory | |
| Quantity delivered to a purchaser in Canada | 129,102,636 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 129,102,636 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 90,663,885.18 |

| | |
|---|-----------|
| inventory for packaged edible cannabis | |
| Opening inventory | 582,311 |
| Additions to inventory | 5,009,538 |
| Reductions to inventory | |

| | |
|---|-----------|
| Quantity delivered to a purchaser in Canada | 5,060,530 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 5,060,530 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 531,319 |

inventory for packaged cannabis topicals

| | |
|---|---|
| Opening inventory | 0 |
| Additions to inventory | 0 |
| Reductions to inventory | |
| Quantity delivered to a purchaser in Canada | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

Stamp inventory

| Type of stamp | Opening inventory | Stamps received | Stamps used for products | Unusable stamps | Inventory adjustments (+ or -) | Closing inventory |
|---------------------------|-------------------|-----------------|--------------------------|-----------------|--------------------------------|-------------------|
| Alberta | 89,985 | 304,000 | 174,900 | 3,848 | 0 | 215,237 |
| British Columbia | 41,757 | 304,000 | 120,138 | 3,603 | 0 | 222,016 |
| Manitoba | 47,100 | 76,000 | 76,897 | 2,210 | 0 | 43,993 |
| New Brunswick | 46,310 | 0 | 0 | 0 | 0 | 46,310 |
| Newfoundland and Labrador | 167,865 | 0 | 10,050 | 0 | 0 | 157,815 |
| Northwest Territories | 75,954 | 0 | 3,984 | 2 | 0 | 71,968 |
| Nova Scotia | 138,102 | 0 | 7,440 | 0 | 0 | 130,662 |
| Nunavut | 75,198 | 0 | 0 | 0 | 0 | 75,198 |
| Ontario | 246,904 | 304,000 | 310,212 | 3,335 | 75,824 | 313,181 |
| Prince Edward Island | 111,277 | 0 | 1,644 | 0 | 0 | 109,633 |
| Quebec | 227,980 | 0 | 0 | 0 | 0 | 227,980 |
| Saskatchewan | 111,252 | 76,000 | 46,872 | 1,368 | 0 | 139,012 |
| Yukon | 93,286 | 0 | 2,460 | 0 | 0 | 90,826 |

Dried/fresh cannabis

| Province/territory where sale was made | Sales (\$) | Sales (kg of material) | Packages Sold (#) | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|--|------------|------------------------|-------------------|-----------|----------------------|--|
| Alberta | 338,660.00 | 90.822 | 10,152.00 | 22,705.50 | 68,116.50 | 35,647.92 |
| British Columbia | 375,937.00 | 139.944 | 7,686.00 | 34,986.00 | 104,958.00 | 0.00 |
| Manitoba | 174,435.00 | 86.73 | 7,044.00 | 21,682.50 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 146,355.00 | 37.476 | 4,896.00 | 9,369.00 | 28,107.00 | 0.00 |
| Northwest Territories | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ontario | 898,857.00 | 215.28 | 30,642.00 | 53,820.00 | 161,460.00 | 25,658.83 |
| Prince Edward Island | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 111,986.00 | 38.61 | 3,264.00 | 9,652.50 | 28,957.50 | 4,446.01 |
| Yukon | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Sales (\$) | Sales (mg of total THC) | Packages Sold (#) | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|--|--------------|-------------------------|-------------------|------------|----------------------|--|
| Alberta | 993,301.00 | 33,171,360 | 55,260.00 | 82,928.40 | 248,785.20 | 95,159.86 |
| British Columbia | 654,760.00 | 241 | 43,326.00 | 60,490.05 | 181,470.15 | 0.00 |
| Manitoba | 1,995.00 | 9,365,880 | 14,682.00 | 23,414.70 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 67,458.00 | 2,589,000 | 4,950.00 | 6,472.50 | 19,417.50 | 0.00 |
| Northwest Territories | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ontario | 1,281,737.00 | 54,891,516 | 101,574.00 | 137,228.79 | 411,686.37 | 27,507.27 |
| Prince Edward Island | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 144,118.00 | 4,888,860 | 8,442.00 | 12,222.15 | 36,666.45 | 5,770.13 |
| Yukon | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |

| Edible cannabis | | | | | | |
|--|------------|-------------------------|-------------------|-----------|----------------------|--|
| Province/territory where sale was made | Sales (\$) | Sales (mg of total THC) | Packages Sold (#) | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
| Alberta | 359,028.00 | 1,094,880 | 109,488.00 | 2,737.20 | 8,211.60 | 50,066.26 |
| British Columbia | 201,546.00 | 729,360 | 72,936.00 | 1,823.40 | 5,470.20 | 0.00 |
| Manitoba | 153,548.00 | 516,370 | 51,637.00 | 1,290.93 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 15,936.00 | 48,000 | 4,800.00 | 120.00 | 360.00 | 0.00 |
| Northwest Territories | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 22,990.00 | 74,400 | 7,440.00 | 186.00 | 558.00 | 0.00 |
| Nunavut | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ontario | 560,722.00 | 2,228,760 | 222,876.00 | 5,571.90 | 16,715.70 | 20,210.71 |
| Prince Edward Island | 4,994.00 | 16,440 | 1,644.00 | 41.10 | 123.30 | 0.00 |
| Quebec | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 124,588.00 | 327,720 | 32,772.00 | 819.30 | 2,457.90 | 7,350.43 |
| Yukon | 8,852.00 | 24,600 | 2,460.00 | 61.50 | 184.50 | 0.00 |

| | |
|---|--------------|
| Duty payable | 487,623.42 |
| Additional duty payable | 1,323,705.87 |
| Adjustment to the additional cannabis duty payable | 271,817.42 |
| Total | 2,083,146.71 |
| Refund (B301) | 0.00 |
| Net Amount | 2,083,146.71 |

B300, Cannabis Duty and Information Return**Business number**

70583 6518 RD0004

Business name

BZAM MANAGEMENT INC.

Filing date

2023-10-30

| inventory for unpackaged flowering material | |
|--|-----------|
| Opening inventory | 4,989.357 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 543.889 |
| Quantity imported into Canada | 0 |
| Total additions | 543.889 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity taken for further processing or planted | 226.148 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Quantity taken to produce low-THC cannabis products or prescription cannabis drugs | 0 |
| Other | 0 |
| Total reductions | 226.148 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 5,307.098 |

| inventory for unpackaged non-flowering material | |
|--|-------|
| Opening inventory | 8.282 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity taken for further processing or planted | 0 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Quantity taken to produce low-THC cannabis products or prescription cannabis drugs | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 8.282 |

| inventory for unpackaged whole cannabis plant | |
|--|---|
| Opening inventory | 0 |
| Additions to inventory | |
| Quantity received in Canada | 0 |

| | |
|---|---|
| Quantity transferred from vegetative cannabis plant | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Plant harvested | 0 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|--|---|
| inventory for unpackaged viable seed | |
| Opening inventory | 0 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity taken for further processing or planted | 0 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|---|---|
| inventory for unpackaged vegetative cannabis plant | |
| Opening inventory | 0 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Quantity transferred to whole cannabis plant | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|--|-----------|
| inventory for unpackaged pure intermediates | |
| Opening inventory | 4,994.258 |
| Additions to inventory | |
| Total production | 415.597 |
| Quantity received in Canada | 9.018 |
| Quantity imported into Canada | 0 |
| Total additions | 424.615 |
| Reductions to inventory | |

| | |
|--|-----------|
| Quantity taken for further processing or planted | 484,275 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 2.65 |
| Quantity taken to produce low-THC cannabis products or prescription cannabis drugs | 0 |
| Other | 0 |
| Total reductions | 486,925 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 4,931,948 |

inventory for unpackaged finished cannabis extracts

| | |
|--|----------------|
| Opening inventory | 348,971,223.53 |
| Additions to inventory | |
| Total production | 147,365,661 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 147,365,661 |
| Reductions to inventory | |
| Quantity packaged | 141,355,330 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 141,355,330 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 354,981,554.53 |

inventory for unpackaged finished edible cannabis

| | |
|--|-----------|
| Opening inventory | 5,673,510 |
| Additions to inventory | |
| Total production | 5,409,100 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 5,409,100 |
| Reductions to inventory | |
| Quantity packaged | 5,260,325 |
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 115,861 |
| Quantity sent for analysis | 860 |
| Other | 0 |
| Total reductions | 5,377,046 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 5,705,564 |

inventory for unpackaged finished cannabis topicals

| | |
|--------------------------------|---|
| Opening inventory | 0 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |

| | |
|--|---|
| Quantity delivered in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|--|-----------|
| inventory for packaged dried/fresh cannabis | |
| Opening inventory | 1,550.329 |
| Additions to inventory | 0 |
| Reductions to inventory | |
| Quantity delivered to a purchaser in Canada | 275.352 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 275.352 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 1,274.977 |

| | |
|--|---|
| inventory for packaged cannabis plant seeds | |
| Opening inventory | 0 |
| Additions to inventory | 0 |
| Reductions to inventory | |
| Quantity delivered to a purchaser in Canada | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|---|---|
| inventory for packaged cannabis plants | |
| Opening inventory | 0 |
| Additions to inventory | 0 |
| Reductions to inventory | |
| Quantity delivered to a purchaser in Canada | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|---|----------------|
| inventory for packaged cannabis extracts | |
| Opening inventory | 90,663,885.18 |
| Additions to inventory | 141,355,330 |
| Reductions to inventory | |
| Quantity delivered to a purchaser in Canada | 105,420,065 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 105,420,065 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 126,599,150.18 |

| | |
|---|-----------|
| inventory for packaged edible cannabis | |
| Opening inventory | 531,319 |
| Additions to inventory | 4,709,225 |
| Reductions to inventory | |

| | |
|---|-----------|
| Quantity delivered to a purchaser in Canada | 4,191,370 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 4,191,370 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 1,049,174 |

| inventory for packaged cannabis topicals | |
|---|---|
| Opening inventory | 0 |
| Additions to inventory | 0 |
| Reductions to inventory | |
| Quantity delivered to a purchaser in Canada | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| Stamp inventory | | | | | | |
|---------------------------|-------------------|-----------------|--------------------------|-----------------|--------------------------------|-------------------|
| Type of stamp | Opening inventory | Stamps received | Stamps used for products | Unusable stamps | Inventory adjustments (+ or -) | Closing inventory |
| Alberta | 215,237 | 0 | 104,508 | 1,283 | 0 | 109,446 |
| British Columbia | 222,016 | 0 | 111,528 | 1,152 | 0 | 109,336 |
| Manitoba | 43,993 | 75,963 | 62,977 | 753 | 0 | 56,226 |
| New Brunswick | 46,310 | 0 | 0 | 0 | 0 | 46,310 |
| Newfoundland and Labrador | 157,815 | 0 | 10,651 | 937 | 0 | 146,227 |
| Northwest Territories | 71,968 | 0 | 0 | 25 | 0 | 71,943 |
| Nova Scotia | 130,662 | 0 | 13,200 | 0 | 0 | 117,462 |
| Nunavut | 75,198 | 0 | 0 | 0 | 0 | 75,198 |
| Ontario | 313,181 | 303,949 | 278,245 | 13,469 | 0 | 325,416 |
| Prince Edward Island | 109,633 | 0 | 4,320 | 0 | 0 | 105,313 |
| Quebec | 227,980 | 0 | 0 | 0 | 0 | 227,980 |
| Saskatchewan | 139,012 | 0 | 49,321 | 631 | 0 | 89,060 |
| Yukon | 90,826 | 0 | 2,676 | 28 | 0 | 88,122 |

| Dried/fresh cannabis | | | | | | |
|--|------------|------------------------|-------------------|-----------|----------------------|--|
| Province/territory where sale was made | Sales (\$) | Sales (kg of material) | Packages Sold (#) | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
| Alberta | 207,445.00 | 63 | 4,908.00 | 15,850.50 | 47,551.50 | 20,718.46 |
| British Columbia | 147,138.00 | 52 | 3,420.00 | 12,936.00 | 38,808.00 | 0.00 |
| Manitoba | 127,644.00 | 65 | 4,812.00 | 16,218.00 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Northwest Territories | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ontario | 321,959.00 | 76 | 13,302.00 | 18,889.50 | 56,668.50 | 9,248.94 |
| Prince Edward Island | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 44,880.00 | 17 | 1,008.00 | 4,186.50 | 12,559.50 | 1,704.71 |
| Yukon | 11,027.00 | 3 | 300.00 | 757.50 | 2,272.50 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Sales (\$) | Sales (mg of total THC) | Packages Sold (#) | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|--|--------------|-------------------------|-------------------|------------|----------------------|--|
| Alberta | 280,444.32 | 10,198,200 | 15,900.00 | 25,495.50 | 76,486.50 | 25,669.24 |
| British Columbia | 289,087.44 | 10,738,860 | 20,112.00 | 26,847.15 | 80,541.45 | 0.00 |
| Manitoba | 179,436.00 | 8,668,140 | 13,104.00 | 21,670.35 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 25,776.00 | 836,400 | 2,040.00 | 2,091.00 | 6,273.00 | 0.00 |
| Northwest Territories | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nunavut | 5,280.00 | 168,000 | 240.00 | 420.00 | 1,260.00 | 582.40 |
| Ontario | 1,570,654.80 | 69,376,020 | 111,444.00 | 173,440.05 | 520,320.15 | 32,915.20 |
| Prince Edward Island | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 157,679.23 | 5,357,645 | 8,165.00 | 13,394.11 | 40,182.34 | 6,307.78 |
| Yukon | 2,329.80 | 76,800 | 96.00 | 192.00 | 576.00 | 0.00 |

| Edible cannabis | | | | | | |
|--|------------|-------------------------|-------------------|-----------|----------------------|--|
| Province/territory where sale was made | Sales (\$) | Sales (mg of total THC) | Packages Sold (#) | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
| Alberta | 287,718.72 | 829,440 | 82,944.00 | 2,073.60 | 6,220.80 | 40,191.17 |
| British Columbia | 245,806.08 | 879,960 | 87,996.00 | 2,199.90 | 6,599.70 | 0.00 |
| Manitoba | 132,925.13 | 450,130 | 45,013.00 | 1,125.33 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 17,928.00 | 54,000 | 5,400.00 | 135.00 | 405.00 | 0.00 |
| Northwest Territories | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 40,837.50 | 132,000 | 13,200.00 | 330.00 | 990.00 | 0.00 |
| Nunavut | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ontario | 375,048.12 | 1,389,720 | 138,972.00 | 3,474.30 | 10,422.90 | 13,556.19 |
| Prince Edward Island | 15,768.00 | 43,200 | 4,320.00 | 108.00 | 324.00 | 0.00 |
| Quebec | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 146,022.48 | 390,120 | 39,012.00 | 975.30 | 2,925.90 | 8,611.39 |
| Yukon | 8,188.80 | 22,800 | 2,280.00 | 57.00 | 171.00 | 0.00 |

| | |
|---|--------------|
| Duty payable | 342,866.59 |
| Additional duty payable | 911,558.74 |
| Adjustment to the additional cannabis duty payable | 159,505.48 |
| Total | 1,413,930.81 |
| Refund (B301) | 0.00 |
| Net Amount | 1,413,930.81 |

B300, Cannabis Duty and Information Return**Business number**

70583 6518 RD0004

Business name

BZAM MANAGEMENT INC.

Filing date

2023-11-28

| inventory for unpackaged flowering material | |
|--|-----------|
| Opening inventory | 5,307.098 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 383.928 |
| Quantity imported into Canada | 0 |
| Total additions | 383.928 |
| Reductions to inventory | |
| Quantity packaged | 17.077 |
| Quantity taken for further processing or planted | 66.341 |
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0.05 |
| Quantity taken to produce low-THC cannabis products or prescription cannabis drugs | 0 |
| Other | 7.225 |
| Total reductions | 90.693 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 5,600.333 |

| inventory for unpackaged non-flowering material | |
|--|-------|
| Opening inventory | 8.282 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity taken for further processing or planted | 0 |
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Quantity taken to produce low-THC cannabis products or prescription cannabis drugs | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 8.282 |

| inventory for unpackaged whole cannabis plant | |
|--|---|
| Opening inventory | 0 |
| Additions to inventory | |
| Quantity received in Canada | 0 |

| | |
|---|---|
| Quantity transferred from vegetative cannabis plant | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Plant harvested | 0 |
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|--|---|
| inventory for unpackaged viable seed | |
| Opening inventory | 0 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity taken for further processing or planted | 0 |
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|---|---|
| inventory for unpackaged vegetative cannabis plant | |
| Opening inventory | 0 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Quantity transferred to whole cannabis plant | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|--|-----------|
| inventory for unpackaged pure intermediates | |
| Opening inventory | 4,931.948 |
| Additions to inventory | |
| Total production | 809.488 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 809.488 |
| Reductions to inventory | |

| | |
|--|-----------|
| Quantity taken for further processing or planted | 384,922 |
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 174,929 |
| Quantity sent for analysis | 0,537 |
| Quantity taken to produce low-THC cannabis products or prescription cannabis drugs | 0 |
| Other | 52,08 |
| Total reductions | 612,468 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 5,128,968 |

| inventory for unpackaged finished cannabis extracts | |
|--|----------------|
| Opening inventory | 354,981,554.53 |
| Additions to inventory | |
| Total production | 93,966,527 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 93,966,527 |
| Reductions to inventory | |
| Quantity packaged | 101,214,945 |
| Quantity sold in Canada | 17,786,405 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 119,001,350 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 329,946,731.53 |

| inventory for unpackaged finished edible cannabis | |
|--|-----------|
| Opening inventory | 5,821,425 |
| Additions to inventory | |
| Total production | 3,656,054 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 3,656,054 |
| Reductions to inventory | |
| Quantity packaged | 5,093,142 |
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 564,175 |
| Total reductions | 5,657,317 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 3,820,162 |

| inventory for unpackaged finished cannabis topicals | |
|--|---|
| Opening inventory | 0 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |

| | |
|--|---|
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| inventory for packaged dried/fresh cannabis | |
|---|-----------|
| Opening inventory | 1,274.977 |
| Additions to inventory | |
| Quantity packaged | 17.077 |
| Quantity purchased in Canada - unstamped | 0 |
| Total additions | 17.077 |
| Reductions to inventory | |
| Quantity stamped and delivered to a purchaser in Canada | 292 |
| Quantity sold in Canada - unstamped | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 292 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 1,000.054 |

| inventory for packaged cannabis plant seeds | |
|---|---|
| Opening inventory | 0 |
| Additions to inventory | |
| Quantity packaged | 0 |
| Quantity purchased in Canada - unstamped | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity stamped and delivered to a purchaser in Canada | 0 |
| Quantity sold in Canada - unstamped | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| inventory for packaged cannabis plants | |
|---|---|
| Opening inventory | 0 |
| Additions to inventory | |
| Quantity packaged | 0 |
| Quantity purchased in Canada - unstamped | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity stamped and delivered to a purchaser in Canada | 0 |
| Quantity sold in Canada - unstamped | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| inventory for packaged cannabis extracts | |
|---|---------------|
| Opening inventory | 232,018,950.2 |
| Additions to inventory | |
| Quantity packaged | 101,214,945 |

| | |
|---|---------------|
| Quantity purchased in Canada - unstamped | 0 |
| Total additions | 101,214,945 |
| Reductions to inventory | |
| Quantity stamped and delivered to a purchaser in Canada | 105,948,060 |
| Quantity sold in Canada - unstamped | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 105,948,060 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 227,285,835.2 |

| inventory for packaged edible cannabis | |
|---|-----------|
| Opening inventory | 1,049,174 |
| Additions to inventory | |
| Quantity packaged | 4,052,198 |
| Quantity purchased in Canada - unstamped | 0 |
| Total additions | 4,052,198 |
| Reductions to inventory | |
| Quantity stamped and delivered to a purchaser in Canada | 3,929,760 |
| Quantity sold in Canada - unstamped | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 3,929,760 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 1,171,612 |

| inventory for packaged cannabis topicals | |
|---|---|
| Opening inventory | 0 |
| Additions to inventory | |
| Quantity packaged | 0 |
| Quantity purchased in Canada - unstamped | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity stamped and delivered to a purchaser in Canada | 0 |
| Quantity sold in Canada - unstamped | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| Stamp inventory | | | | | | |
|---------------------------|-------------------|-----------------|--------------------------|-----------------|--------------------------------|-------------------|
| Type of stamp | Opening inventory | Stamps received | Stamps used for products | Unusable stamps | Inventory adjustments (+ or -) | Closing inventory |
| Alberta | 109,446 | 128,971 | 131,808 | 861 | 0 | 105,748 |
| British Columbia | 109,336 | 172,887 | 118,235 | 729 | 0 | 163,259 |
| Manitoba | 56,226 | 151,974 | 71,532 | 216 | 0 | 136,452 |
| New Brunswick | 46,310 | 0 | 0 | 0 | 0 | 46,310 |
| Newfoundland and Labrador | 146,227 | 0 | 5,274 | 161 | 0 | 140,792 |
| Northwest Territories | 71,943 | 0 | 1,152 | 0 | 0 | 70,791 |
| Nova Scotia | 117,462 | 0 | 18,960 | 88 | 0 | 98,414 |
| Nunavut | 75,198 | 0 | 0 | 0 | 0 | 75,198 |
| Ontario | 325,416 | 295,975 | 203,257 | 6,612 | 0 | 411,522 |
| Prince Edward Island | 105,313 | 0 | 1,920 | 0 | 0 | 103,393 |
| Quebec | 227,980 | 0 | 0 | 0 | 0 | 227,980 |
| Saskatchewan | 89,060 | 0 | 35,552 | 800 | 0 | 52,708 |

| | | | | | | |
|-------|--------|---|-------|---|---|--------|
| Yukon | 88,122 | 0 | 2,322 | 0 | 0 | 85,800 |
|-------|--------|---|-------|---|---|--------|

| Dried/fresh cannabis | | | | | | |
|---|-------------------|-------------------------------|--------------------------|------------------|-----------------------------|---|
| Province/territory where sale was made | Sales (\$) | Sales (kg of material) | Packages Sold (#) | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
| Alberta | 248,347.00 | 66 | 6,858.00 | 16,501.50 | 49,504.50 | 26,227.16 |
| British Columbia | 173,602.00 | 39 | 6,852.00 | 9,717.00 | 29,151.00 | 0.00 |
| Manitoba | 65,086.00 | 30 | 3,012.00 | 7,549.50 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 91,020.00 | 34 | 1,200.00 | 8,400.00 | 25,200.00 | 0.00 |
| Northwest Territories | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ontario | 579,241.00 | 111 | 16,962.00 | 27,873.00 | 83,619.00 | 17,557.48 |
| Prince Edward Island | 5,654.00 | 1 | 240.00 | 210.00 | 630.00 | 0.00 |
| Quebec | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 26,826.00 | 9 | 960.00 | 2,257.50 | 6,772.50 | 1,078.30 |
| Yukon | 6,708.00 | 2 | 120.00 | 567.00 | 1,701.00 | 0.00 |

| Cannabis extracts | | | | | | |
|---|-------------------|--------------------------------|--------------------------|------------------|-----------------------------|---|
| Province/territory where sale was made | Sales (\$) | Sales (mg of total THC) | Packages Sold (#) | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
| Alberta | 768,252.48 | 26,441,760 | 46,818.00 | 66,104.40 | 198,313.20 | 72,469.40 |
| British Columbia | 467,591.28 | 18,310,800 | 29,052.00 | 45,777.00 | 137,331.00 | 0.00 |
| Manitoba | 160,082.52 | 7,697,760 | 12,048.00 | 19,244.40 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 44,760.00 | 2,064,000 | 2,400.00 | 5,160.00 | 15,480.00 | 0.00 |
| Northwest Territories | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ontario | 1,108,871.64 | 48,218,280 | 76,590.00 | 120,545.70 | 361,637.10 | 23,523.45 |
| Prince Edward Island | 12,465.00 | 430,500 | 720.00 | 1,076.25 | 3,228.75 | 0.00 |
| Quebec | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 69,079.44 | 2,365,680 | 3,996.00 | 5,914.20 | 17,742.60 | 2,752.24 |
| Yukon | 12,781.08 | 419,280 | 510.00 | 1,048.20 | 3,144.60 | 0.00 |

| Edible cannabis | | | | | | |
|---|-------------------|--------------------------------|--------------------------|------------------|-----------------------------|---|
| Province/territory where sale was made | Sales (\$) | Sales (mg of total THC) | Packages Sold (#) | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
| Alberta | 289,546.56 | 813,120 | 81,312.00 | 2,032.80 | 6,098.40 | 40,477.55 |
| British Columbia | 234,547.20 | 822,000 | 82,200.00 | 2,055.00 | 6,165.00 | 0.00 |
| Manitoba | 166,429.68 | 565,680 | 56,568.00 | 1,414.20 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Northwest Territories | 5,058.00 | 11,520 | 1,152.00 | 28.80 | 86.40 | 0.00 |
| Nova Scotia | 62,546.25 | 189,600 | 18,960.00 | 474.00 | 1,422.00 | 0.00 |
| Nunavut | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ontario | 355,161.24 | 1,200,360 | 120,036.00 | 3,000.90 | 9,002.70 | 12,880.80 |
| Prince Edward Island | 2,707.20 | 9,600 | 960.00 | 24.00 | 72.00 | 0.00 |
| Quebec | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 113,058.48 | 300,960 | 30,096.00 | 752.40 | 2,257.20 | 6,668.06 |
| Yukon | 6,457.68 | 16,920 | 1,692.00 | 42.30 | 126.90 | 0.00 |

| | |
|--|--------------|
| Duty payable | 347,770.05 |
| Additional duty payable | 958,685.85 |
| Adjustment to the additional cannabis duty payable | 203,634.44 |
| Total | 1,510,090.34 |
| Refund (B301) | 131,754.24 |
| Net Amount | 1,378,336.10 |

B300, Cannabis Duty and Information Return**Business number**

70583 6518 RD0004

Business name

BZAM MANAGEMENT INC.

Filing date

2023-12-22

| inventory for unpackaged flowering material | |
|--|-----------|
| Opening inventory | 5,600.333 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 688.03 |
| Quantity imported into Canada | 0 |
| Total additions | 688.03 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity taken for further processing or planted | 108.78 |
| Quantity sold in Canada | 904.528 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0.411 |
| Quantity taken to produce low-THC cannabis products or prescription cannabis drugs | 0 |
| Other | 160.432 |
| Total reductions | 1,174.151 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 5,114.212 |

| inventory for unpackaged non-flowering material | |
|--|-------|
| Opening inventory | 8.282 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity taken for further processing or planted | 0 |
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Quantity taken to produce low-THC cannabis products or prescription cannabis drugs | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 8.282 |

| inventory for unpackaged whole cannabis plant | |
|--|---|
| Opening inventory | 0 |
| Additions to inventory | |
| Quantity received in Canada | 0 |

| | |
|---|---|
| Quantity transferred from vegetative cannabis plant | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Plant harvested | 0 |
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|--|---|
| inventory for unpackaged viable seed | |
| Opening inventory | 0 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity taken for further processing or planted | 0 |
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|---|---|
| inventory for unpackaged vegetative cannabis plant | |
| Opening inventory | 0 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Quantity transferred to whole cannabis plant | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|--|-----------|
| inventory for unpackaged pure intermediates | |
| Opening inventory | 5,128.968 |
| Additions to inventory | |
| Total production | 509.546 |
| Quantity received in Canada | 16.3 |
| Quantity imported into Canada | 0 |
| Total additions | 525.846 |
| Reductions to inventory | |

| | |
|--|-----------|
| Quantity taken for further processing or planted | 533,773 |
| Quantity sold in Canada | 433,916 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 4,788 |
| Quantity sent for analysis | 1,365 |
| Quantity taken to produce low-THC cannabis products or prescription cannabis drugs | 0 |
| Other | 0 |
| Total reductions | 973,842 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 4,680,972 |

inventory for unpackaged finished cannabis extracts

| | |
|--|----------------|
| Opening inventory | 329,946,731.53 |
| Additions to inventory | |
| Total production | 85,098,454 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 85,098,454 |
| Reductions to inventory | |
| Quantity packaged | 23,320,202 |
| Quantity sold in Canada | 30,108,655 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 4,983,900 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 58,412,757 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 356,632,428.53 |

inventory for unpackaged finished edible cannabis

| | |
|--|-----------|
| Opening inventory | 3,820,162 |
| Additions to inventory | |
| Total production | 4,970,379 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 4,970,379 |
| Reductions to inventory | |
| Quantity packaged | 3,563,823 |
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 185,754 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 3,749,577 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 5,040,964 |

inventory for unpackaged finished cannabis topicals

| | |
|--------------------------------|---|
| Opening inventory | 0 |
| Additions to inventory | |
| Total production | 0 |
| Quantity received in Canada | 0 |
| Quantity imported into Canada | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity packaged | 0 |

| | |
|--|---|
| Quantity sold in Canada | 0 |
| Quantity exported outside Canada | 0 |
| Quantity incurred as drying or processing loss | 0 |
| Quantity destroyed | 0 |
| Quantity sent for analysis | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|---|-----------|
| inventory for packaged dried/fresh cannabis | |
| Opening inventory | 1,000.054 |
| Additions to inventory | |
| Quantity packaged | 0 |
| Quantity purchased in Canada - unstamped | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity stamped and delivered to a purchaser in Canada | 157 |
| Quantity sold in Canada - unstamped | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 157 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 843.054 |

| | |
|---|---|
| inventory for packaged cannabis plant seeds | |
| Opening inventory | 0 |
| Additions to inventory | |
| Quantity packaged | 0 |
| Quantity purchased in Canada - unstamped | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity stamped and delivered to a purchaser in Canada | 0 |
| Quantity sold in Canada - unstamped | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|---|---|
| inventory for packaged cannabis plants | |
| Opening inventory | 0 |
| Additions to inventory | |
| Quantity packaged | 0 |
| Quantity purchased in Canada - unstamped | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity stamped and delivered to a purchaser in Canada | 0 |
| Quantity sold in Canada - unstamped | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| | |
|---|---------------|
| inventory for packaged cannabis extracts | |
| Opening inventory | 227,285,835.2 |
| Additions to inventory | |
| Quantity packaged | 42,119,810 |

| | |
|---|---------------|
| Quantity purchased in Canada - unstamped | 0 |
| Total additions | 42,119,810 |
| Reductions to inventory | |
| Quantity stamped and delivered to a purchaser in Canada | 57,597,394 |
| Quantity sold in Canada - unstamped | 0 |
| Quantity destroyed | 0 |
| Other | 4,983,900 |
| Total reductions | 62,581,294 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 206,824,351.2 |

| inventory for packaged edible cannabis | |
|---|-----------|
| Opening inventory | 1,171,612 |
| Additions to inventory | |
| Quantity packaged | 4,970,379 |
| Quantity purchased in Canada - unstamped | 0 |
| Total additions | 4,970,379 |
| Reductions to inventory | |
| Quantity stamped and delivered to a purchaser in Canada | 3,953,640 |
| Quantity sold in Canada - unstamped | 0 |
| Quantity destroyed | 0 |
| Other | 175,182 |
| Total reductions | 4,128,822 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 2,013,169 |

| inventory for packaged cannabis topicals | |
|---|---|
| Opening inventory | 0 |
| Additions to inventory | |
| Quantity packaged | 0 |
| Quantity purchased in Canada - unstamped | 0 |
| Total additions | 0 |
| Reductions to inventory | |
| Quantity stamped and delivered to a purchaser in Canada | 0 |
| Quantity sold in Canada - unstamped | 0 |
| Quantity destroyed | 0 |
| Other | 0 |
| Total reductions | 0 |
| Inventory adjustments (+ or -) | 0 |
| Closing inventory | 0 |

| Stamp inventory | | | | | | |
|---------------------------|-------------------|-----------------|--------------------------|-----------------|--------------------------------|-------------------|
| Type of stamp | Opening inventory | Stamps received | Stamps used for products | Unusable stamps | Inventory adjustments (+ or -) | Closing inventory |
| Alberta | 105,748 | 300,000 | 91,344 | 3,723 | 0 | 310,681 |
| British Columbia | 163,259 | 200,000 | 105,792 | 1,127 | 0 | 256,340 |
| Manitoba | 136,452 | 0 | 78,548 | 2,465 | 0 | 55,439 |
| New Brunswick | 46,310 | 0 | 0 | 0 | 0 | 46,310 |
| Newfoundland and Labrador | 140,792 | 0 | 0 | 0 | 0 | 140,792 |
| Northwest Territories | 70,791 | 0 | 0 | 0 | 0 | 70,791 |
| Nova Scotia | 98,414 | 0 | 21,000 | 30 | 0 | 77,384 |
| Nunavut | 75,198 | 0 | 0 | 0 | 0 | 75,198 |
| Ontario | 411,522 | 0 | 144,348 | 3,852 | 0 | 263,322 |
| Prince Edward Island | 103,393 | 0 | 7,200 | 142 | 0 | 96,051 |
| Quebec | 227,980 | 0 | 0 | 0 | 0 | 227,980 |
| Saskatchewan | 52,708 | 76,000 | 36,638 | 2,989 | 0 | 89,081 |

| | | | | | | |
|-------|--------|---|-----|---|---|--------|
| Yukon | 85,800 | 0 | 972 | 1 | 0 | 84,827 |
|-------|--------|---|-----|---|---|--------|

| Dried/fresh cannabis | | | | | | |
|---|-------------------|-------------------------------|--------------------------|------------------|-----------------------------|---|
| Province/territory where sale was made | Sales (\$) | Sales (kg of material) | Packages Sold (#) | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
| Alberta | 218,298.72 | 79.04 | 3,744.00 | 19,761.00 | 59,283.00 | 20,029.79 |
| British Columbia | 132,119.28 | 44.18 | 3,756.00 | 11,046.00 | 33,138.00 | 0.00 |
| Manitoba | 300.00 | 0.08 | 24.00 | 21.00 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 7,941.60 | 1.26 | 360.00 | 315.00 | 945.00 | 0.00 |
| Northwest Territories | 13,920.00 | 3.36 | 330.00 | 840.00 | 2,520.00 | 0.00 |
| Nova Scotia | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ontario | 131,616.12 | 26.58 | 6,108.00 | 6,645.00 | 19,935.00 | 3,942.65 |
| Prince Edward Island | 11,308.80 | 1.68 | 480.00 | 420.00 | 1,260.00 | 0.00 |
| Quebec | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 1,620.00 | 0.38 | 108.00 | 94.50 | 283.50 | 75.26 |
| Yukon | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |

| Cannabis extracts | | | | | | |
|---|-------------------|--------------------------------|--------------------------|------------------|-----------------------------|---|
| Province/territory where sale was made | Sales (\$) | Sales (mg of total THC) | Packages Sold (#) | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
| Alberta | 223,786.08 | 8,081,328 | 10,980.00 | 20,203.32 | 60,609.96 | 20,564.58 |
| British Columbia | 315,939.60 | 11,553,600 | 22,092.00 | 28,884.00 | 86,652.00 | 0.00 |
| Manitoba | 56,385.72 | 2,690,220 | 4,422.00 | 6,725.55 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 33,990.00 | 1,356,000 | 1,800.00 | 3,390.00 | 10,170.00 | 0.00 |
| Northwest Territories | 17,040.00 | 579,360 | 696.00 | 1,448.40 | 4,345.20 | 0.00 |
| Nova Scotia | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ontario | 765,892.12 | 29,434,366 | 44,177.00 | 73,585.92 | 220,757.75 | 17,700.09 |
| Prince Edward Island | 4,528.80 | 168,000 | 240.00 | 420.00 | 1,260.00 | 0.00 |
| Quebec | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 107,258.16 | 3,734,520 | 5,214.00 | 9,336.30 | 28,008.90 | 4,236.15 |
| Yukon | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |

| Edible cannabis | | | | | | |
|---|-------------------|--------------------------------|--------------------------|------------------|-----------------------------|---|
| Province/territory where sale was made | Sales (\$) | Sales (mg of total THC) | Packages Sold (#) | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
| Alberta | 288,771.84 | 826,560 | 82,656.00 | 2,066.40 | 6,199.20 | 40,346.79 |
| British Columbia | 248,403.60 | 889,200 | 88,920.00 | 2,223.00 | 6,669.00 | 0.00 |
| Manitoba | 198,972.12 | 674,520 | 67,452.00 | 1,686.30 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 3,984.00 | 12,000 | 1,200.00 | 30.00 | 90.00 | 0.00 |
| Northwest Territories | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 15,960.00 | 60,000 | 6,000.00 | 150.00 | 450.00 | 0.00 |
| Nunavut | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Ontario | 304,191.00 | 1,102,440 | 110,244.00 | 2,756.10 | 8,268.30 | 11,004.33 |
| Prince Edward Island | 20,485.20 | 69,600 | 6,960.00 | 174.00 | 522.00 | 0.00 |
| Quebec | 0.00 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 117,078.48 | 309,600 | 30,960.00 | 774.00 | 2,322.00 | 6,906.41 |
| Yukon | 3,474.48 | 9,720 | 972.00 | 24.30 | 72.90 | 0.00 |

| | |
|--|------------|
| Duty payable | 193,020.09 |
| Additional duty payable | 553,761.71 |
| Adjustment to the additional cannabis duty payable | 124,806.05 |
| Total | 871,587.85 |
| Refund (B301) | 62,724.43 |
| Net Amount | 808,863.42 |

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| | |
|-------------------------|----------------------|
| Business number: | 70583 6518 RD0004 |
| Business name: | BZAM MANAGEMENT INC. |
| Period covered : | 2023-08-31 |
| Received Date : | 2023-09-25 |

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| | |
|-------------------------|----------------------|
| Business number: | 70583 6518 RD0004 |
| Business name: | BZAM MANAGEMENT INC. |
| Period covered : | 2023-09-30 |
| Received Date : | 2023-10-30 |

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| | |
|-------------------------|----------------------|
| Business number: | 70583 6518 RD0004 |
| Business name: | BZAM MANAGEMENT INC. |
| Period covered : | 2023-10-31 |
| Received Date : | 2023-11-28 |

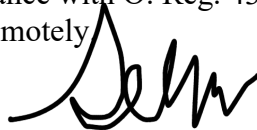
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| | |
|-------------------------|----------------------|
| Business number: | 70583 6518 RD0004 |
| Business name: | BZAM MANAGEMENT INC. |
| Period covered : | 2023-11-30 |
| Received Date : | 2023-12-22 |

This is Exhibit "C" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Andrew Winton

Direct 416 644 5342
awinton@lolg.ca

Lax O'Sullivan Liusus Gottlieb LLP
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T 416 598 1744 F 416 598 3730
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**Lax
O'Sullivan
Liusus
Gottlieb**

April 22, 2024

BY EMAIL

Joseph Blinick
Bennett Jones LLP
Barristers and Solicitors
1 First Canadian Place, Suite 3400
P.O. Box 130
Toronto ON M5X 1A4

Dear Mr. Blinick:

Additional Excise Tax Documents from BZAM

Further to Justice Osborne's endorsement and direction dated April 19, 2024, Final Bell International Holdings Ltd. requires your clients to delivery the following documents forthwith:

1. All correspondence between BZAM, or its representatives, and Canada Revenue Agency ("CRA"), for the period spanning July 1, 2023 through February 27, 2024, including, but not limited to, correspondence within BZAM summarizing oral conversations with CRA;
2. All general ledger and journal entries concerning excise tax liabilities, including entries capturing excise tax payable and payments to CRA on account of excise taxes, for the period spanning April 1, 2023 through February 27, 2024;
3. All bank records recording payments to CRA on account of excise taxes payable for the period spanning July 1, 2023 through February 27, 2024;
4. All B300 forms for BZAM Management Inc. ("BMI") for the period spanning April 1, 2023 through February 27, 2024, including forms that are "refiled" for any reason;
5. All documents relevant to any audits of BMI's excise tax filings for the period spanning August-November 2023;

6. Printouts from BMI's CRA account for the period spanning July 1, 2023 through February 27, 2024 showing all excise tax form filings and payments during this period, including an updated "View and pay account balance" printout for the period spanning June 2023 to the present;
7. All correspondence within BZAM, including, if available, with its auditors, concerning excise taxes payable for the period spanning August 1, 2023 through February 27, 2024;
8. Monthly *pro forma* financial statements for BMI on a standalone basis, and for BZAM on a consolidated basis, for the period spanning August 2023 through February 2024;
9. General ledger entries for accrued liabilities and accounts payable for BMI for the period spanning July 1, 2023 through February 27, 2024;
10. All correspondence between BZAM and Cortland, or their respective representatives, sent or received between July 1, 2023 and February 27, 2024, concerning excise taxes; and
11. All correspondence between BZAM and Stone Pine, or its affiliates, or their respective representatives, sent or received between July 1, 2023 and February 27, 2024 concerning excise taxes.

We require original digital versions of these documents with metadata intact. Following receipt and review of these documents, we will be in touch to schedule an examination for discovery of Mr. Bovingdon for up to two hours. Given the manner in which BZAM has disclosed documents to Final Bell concerning the excise tax issue, we do not agree that Final Bell should be restricted to an examination of Mr. Bovingdon as a witness on a pending motion.

Yours truly,



Andrew Winton

cc: Brendan Bohn / David Ionis, *Lax O'Sullivan Lisus Gottlieb LLP*
Mike Shakra / Tom Feore, *Bennett Jones LLP*
Colin Pendrith / Natalie E. Levine / Jonathan Shepherd, *Cassels Brock & Blackwell LLP*
Maria Konyukhova / Nick Avis, *Stikeman Elliott LLP*

This is Exhibit "D" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely

A handwritten signature in black ink, appearing to read 'D. Ionis', written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

From: Tom Feore <FeoreT@bennettjones.com>

Sent: 24 April 2024 11:09

To: PYang@stikeman.com; Andrew Froh; Jamie Ernst; jeffrey.rosenberg@fticonsulting.com; kamran.hamidi@fticonsulting.com; adsaran.vithiyanthan@fticonsulting.com; MKonyukhova@stikeman.com; NAvis@stikeman.com; Joseph; Levine, Natalie; Pendrith, Colin; abozzelli@cassels.com; ngoldstein@ksvadvisory.com; harvey@chaitons.com; pat.confalone@justice.gc.ca; kelly.smithwayland@justice.gc.ca; kevin.dias@justice.gc.ca; christopher.vanberkum@justice.gc.ca; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca; pat.confalone@cra-arc.gc.ca; sandra.palma@cra-arc.gc.ca; steven.groeneveld@ontario.ca; insolvency.unit@ontario.ca; servicebc@gov.bc.ca; aglsbrevtaxinsolvency@gov.bc.ca; fin.minister@gov.sk.ca; jus.minister@gov.sk.ca; janine.vindevoghel@gov.sk.ca; jsg.servicehmk@gov.ab.ca; danielcantin@revenuquebec.ca; notif-quebec@revenuquebec.ca; cassandra.scullion@hc-sc.gc.ca; licensing-cannabis-licenses@hc-sc.gc.ca; inquiry@slga.com; jgasper@slga.com; amacfarlane@blg.com; bbrooksbank@blg.com; nhollard@blg.com; jeffrey.ring@bcldb.com; cannabis.vendor@bcldb.com; procurement@aglc.ca; craig.smitten@aglc.ca; larysa.palyniak@aglc.ca; loi-cannabis@msss.gouv.qc.ca; inquiries@osc.gov.on.ca; maya@chaitons.com; info@these.com; cecilia@otcmarkets.com; ralgar@bdplaw.com; customercare@johnstonequipment.com; customerexperience@cangaspropane.ca; elisabeth.patrick@bmo.com; enquiries.canada@silverchef.ca; sheryl.nisenbaum@linde.com; contactus@linde.com; Andrew Winton; Brendan Bohn; David Ionis; lapointeclaudelive.ca; ron@auxly.com; helen.martin@organigram.ca; tjeffries@farris.com; jquick@cannapiece.ca; gwhaywood642@msn.com; fnadon@pax.com; mgunderson@pax.com; mpatag@pax.com; sally@pax.com; bcosman@perkinscoie.com; hrutledge@perkinscoie.com; rleibowitz@perkinscoie.com; jlotz@lotzandco.com

Cc: Sean Zweig; Mike Shakra; Joseph Blinick; Tom Feore

Subject: Re BZAM Ltd. et al. (Court File No.: CV-24-00715773-00CL) [BJ-WSLegal.FID6404647]

Attachments: Factum of BZAM Ltd. (Motion for Security for Costs) - Moving Party - 24 APR 2024.pdf; Motion Record of BZAM Ltd. (Security for Costs) - Moving Party - 24 APR 2024.PDF

To the Service List:

Attached please find BZAM Ltd.'s materials for its motion seeking security for costs from Final Bell Holdings International Ltd., which is hereby served pursuant to the *Rules of Civil Procedure* and the E-Service Protocol.

Yours truly,

Tom Feore

Associate, Bennett Jones LLP

3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4

T. [416 777 7905](tel:4167777905) | F. [416 863 1716](tel:4168631716)

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This is Exhibit “E” referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

From: Pendrith, Colin <cpendrith@cassels.com>
Sent: 24 April 2024 17:56
To: Tom Feore; PYang@stikeman.com; Andrew Froh; Jamie Ernst; jeffrey.rosenberg@fticonsulting.com; kamran.hamidi@fticonsulting.com; adsaran.vithiyananthan@fticonsulting.com; MKonyukhova@stikeman.com; NAvis@stikeman.com; Bellissimo, Joseph; Levine, Natalie; Bozzelli, Alessandro; ngoldstein@ksvadvisory.com; harvey@chaitons.com; pat.confalone@justice.gc.ca; kelly.smithwayland@justice.gc.ca; kevin.dias@justice.gc.ca; christopher.vanberkum@justice.gc.ca; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca; pat.confalone@cra-arc.gc.ca; sandra.palma@cra-arc.gc.ca; steven.groeneveld@ontario.ca; insolvency.unit@ontario.ca; servicebc@gov.bc.ca; aglsbrevtaxinsolvency@gov.bc.ca; fin.minister@gov.sk.ca; jus.minister@gov.sk.ca; janine.vindevoghel@gov.sk.ca; jsg.servicehmk@gov.ab.ca; danielcantin@revenuequebec.ca; notif-quebec@revenuequebec.ca; cassandra.scullion@hc-sc.gc.ca; licensing-cannabis-licenses@hc-sc.gc.ca; inquiry@slga.com; jgasper@slga.com; amacfarlane@blg.com; bbrooksbank@blg.com; nhollard@blg.com; jeffrey.ring@bcldb.com; cannabis.vendor@bcldb.com; procurement@aglc.ca; craig.smitten@aglc.ca; larysa.palyniak@aglc.ca; loi-cannabis@msss.gouv.qc.ca; inquiries@osc.gov.on.ca; maya@chaitons.com; info@these.com; cecilia@otcmarkets.com; ralgar@bdplaw.com; customercare@johnstonequipment.com; customerexperience@cangaspropane.ca; elisabeth.patrick@bmo.com; enquiries.canada@silverchef.ca; sheryl.nisenbaum@linde.com; contactus@linde.com; Andrew Winton; Brendan Bohn; David Ionis; lapointeclaudel@live.ca; ron@auxly.com; helen.martin@organigram.ca; tjeffries@farris.com; jquick@cannapiece.ca; gwhaywood642@msn.com; fnadon@pax.com; mgunderson@pax.com; mpatag@pax.com; sally@pax.com; bcosman@perkinscoie.com; hrutledge@perkinscoie.com; rleibowitz@perkinscoie.com; jlotz@lotzandco.com
Cc: Sean Zweig; Mike Shakra; Joseph Blinick; Shepherd, Jonathan
Subject: RE: Re BZAM Ltd. et al. (Court File No.: CV-24-00715773-00CL) [BJ-WSLegal.FID6404647] [IWOV-LEGAL.FID4772116]
Attachments: Motion Record-Motion for Security for Costs-Moving Party-Cortland-24-APRL-2024.pdf; Factum-Moving Party-Cortland-24-APRL-2024.pdf

[To the Service List:](#)

We attach Cortland's motion record and factum seeking security for costs from Final Bell Holdings International Ltd. which is served in accordance with the Rules.

Regards,
Colin

Cassels

Colin Pendrith *(he/him/his)*
Partner
t: +1 416 860 6765
e: cpendrith@cassels.com

Cassels Brock & Blackwell LLP | [cassels.com](https://www.cassels.com)
Suite 3200, Bay Adelaide Centre – North Tower
40 Temperance St.
Toronto, ON M5H 0B4 Canada

From: Tom Feore

Sent: Wednesday, April 24, 2024 11:09 AM

To: PYang@stikeman.com; Andrew Froh ; Jamie Ernst ; jeffrey.rosenberg@fticonsulting.com; kamran.hamidi@fticonsulting.com; adsaran.vithiyananthan@fticonsulting.com; MKonyukhova@stikeman.com; NAvis@stikeman.com; Bellissimo, Joseph ; Levine, Natalie ; Pendrith, Colin ; Bozzelli, Alessandro ; ngoldstein@ksvadvisory.com; harvey@chaitons.com; pat.confalone@justice.gc.ca; kelly.smithwayland@justice.gc.ca;

kevin.dias@justice.gc.ca; christopher.vanberkum@justice.gc.ca; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca; **578**
pat.confalone@cra-arc.gc.ca; sandra.palma@cra-arc.gc.ca; steven.groeneveld@ontario.ca; insolvency.unit@ontario.ca;
servicebc@gov.bc.ca; aglsbrevtaxinsolvency@gov.bc.ca; fin.minister@gov.sk.ca; jus.minister@gov.sk.ca;
janine.vindevoghel@gov.sk.ca; jsg.servicehmk@gov.ab.ca; danielcantin@revenuquebec.ca; notif-quebec@revenuquebec.ca;
cassandra.scullion@hc-sc.gc.ca; licensing-cannabis-licenses@hc-sc.gc.ca; inquiry@slga.com; jgasper@slga.com;
amacfarlane@blg.com; brooksbank@blg.com; nhollard@blg.com; jeffrey.ring@bcldb.com; cannabis.vendor@bcldb.com;
procurement@aglc.ca; craig.smitten@aglc.ca; larysa.palyniak@aglc.ca; loi-cannabis@msss.gouv.qc.ca;
inquiries@osc.gov.on.ca; maya@chaitons.com; info@thecse.com; cecilia@otcmarkets.com; ralgat@bdplaw.com;
customercare@johnstonequipment.com; customerexperience@cangaspropane.ca; elisabeth.patrick@bmo.com;
enquiries.canada@silverchef.ca; sheryl.nisenbaum@linde.com; contactus@linde.com; awinton@lolg.ca; bbohn@lolg.ca;
dionis@lolg.ca; lapointeclaudelive@live.ca; ron@auxly.com; helen.martin@organigram.ca; tjeffries@farris.com;
jquick@cannapiece.ca; gwhaywood642@msn.com; fnadon@pax.com; mgunderson@pax.com; mpatag@pax.com;
sally@pax.com; bcosman@perkinscoie.com; hrutledge@perkinscoie.com; rleibowitz@perkinscoie.com; jlotz@lotzandco.com
Cc: Sean Zweig ; Mike Shakra ; Joseph Blinick ; Tom Feore
Subject: Re BZAM Ltd. et al. (Court File No.: CV-24-00715773-00CL) [BJ-WSLegal.FID6404647]

CAUTION: External Email

To the Service List:

Attached please find BZAM Ltd.'s materials for its motion seeking security for costs from Final Bell Holdings International Ltd., which is hereby served pursuant to the *Rules of Civil Procedure* and the E-Service Protocol.

Yours truly,

Tom Feore

Associate, Bennett Jones LLP

3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4

T. [416 777 7905](tel:4167777905) | F. [416 863 1716](tel:4168631716)

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This is Exhibit "F" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in black ink, appearing to read 'D. Ionis', written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

**Bennett Jones**

Bennett Jones LLP

3400 One First Canadian Place, PO Box 130

Toronto, Ontario, Canada M5X 1A4

Tel: 416.863.1200 Fax: 416.863.1716

Joseph Blinick**Partner**

Direct Line: 416.777.4828

e-mail: blinickj@bennettjones.com

April 29, 2024

Via Email

Andrew Winton

Lax O'Sullivan Lissus Gottlieb LLP

145 King Street West

Suite 2750

Toronto, ON M5H 1J8

Andrew:

Re: Supplementary Productions of BZAM

We write further to the adjournment of the hearing, which was obtained by Final Bell at its insistence, and over the objection of all other parties, on the basis that Final Bell needed to seek additional documentary productions concerning the issue of the B300 filings of BZAM Management Inc. ("**BMI**") for August-November 2023 (the "**Relevant Time Period**") and conduct a further examination of Sean Bovingdon with respect to this specific subject-matter.

Basis for the Adjournment

As you know, the hearing of Final Bell's claim for rescission was returnable on April 22 and 23, 2024, and the parties diligently complied with all steps under the agreed upon timetable in the lead up to the hearing and were ready to proceed on the scheduled dates.

We note that on April 12, 2024, at a case conference at which Final Bell strongly opposed any further evidence being adduced by the Monitor, Final Bell represented to the Court that the evidentiary record was robust and complete, subject only to the completion of in-court examinations of certain witnesses.¹ In Final Bell's Aide Memoire filed on that case conference, it took the position that "the pre-hearing evidence is sufficiently developed such that only limited in-court evidence is now required. The evidentiary record is now substantially formed. The affidavits (with exhibits) comprise almost 1,500

¹ As the Court noted in its endorsement dated April 12, 2024: "*Final Bell strongly opposes the Monitor adducing or obtaining any additional evidence. The Applicants take no position, and nor does the secured lender, Cortland. The parties have exchanged six affidavits that will constitute the evidence in chief. Cross examinations have been conducted with the result that, as directed, the viva voce evidence to be led at the hearing will be very limited. In short, the evidentiary record is relatively mature, subject to the additional evidence to be led at the trial of the issue.*"

April 29, 2024

Page 2

pages. The cross-examination transcripts comprise approximately 450 pages, plus exhibits...Cross-examinations – which are different from examinations from discovery – were conducted with care and precision."

We also note that it was the supplemental production of just four additional versions of the B300s for BMI for the Relevant Time Period that were originally produced on April 12, 2024 by way of answer to a question taken under advisement on Mr. Bovingdon's examination conducted on April 8, 2024, that resulted in Final Bell seeking, and obtaining, the adjournment of the hearing on April 19, 2024.² In Final Bell's Aide Memoire seeking the adjournment of the hearing, it noted that it wished to conduct "limited documentary and oral discovery" with respect to the additional versions of BMI's B300s for the Relevant Time Period produced on April 18. As Final Bell further asserted in its Aide Memoire, "[t]he circumstances of BZAM's filing of its B300 forms and payment of its excise taxes for the period spanning August through November 2023 [i.e. the Relevant Time Period] is a core issue" in the litigation.

Supplementary Productions and Potential Continued Out-of-Court Examination of Mr. Bovingdon

We have reviewed and considered Final Bell's document request letter dated April 22, 2024, which requests an excessively broad scope of documents, many of which have no connection to BMI's B300s for the Relevant Time Period or to excise tax at all. Accordingly, we have disregarded those requests which are a clear overreach.

We have enclosed BZAM's supplementary productions concerning BMI's B300s for the Relevant Time Period and matters relating thereto. Given that your client's Chief Financial Officer, Keith Adams, acknowledged under oath while being cross-examined that he has no knowledge of how the excise tax regime in Canada works (see, e.g., Q/As. 684-685 and 714-716 of his cross-examination transcript),³ we have also set out below a detailed explanation for the enclosed documents with a view to: (i) helping clarify the circumstances relating to BMI's B300s, (ii) avoiding further tactical delays by Final Bell in having the matter adjudicated on the merits, and (iii) reducing the additional costs and prejudice that would be occasioned by any such further delays, which would only serve to further

² The supplemental production of the additional versions of the B300s for BMI for the Relevant Time Period taken from the CRA portal simply illustrated the difference between the filing date and the CRA review date for the B300s for August and November 2023.

³ **Q.** You believe that what you have said here [at paragraph 32 of Mr. Adams' affidavit sworn March 18, 2024] might be mistaken? **A.** Mm-hmm. **Q.** And so that your entire understanding of how excise tax works might be misguided in some respect? **A.** I wouldn't say misguided. I might not be fully informed. [...] **Q.** Again, you have no knowledge of what a B300 is? **A.** I do not. **Q.** You have no knowledge of -- firsthand knowledge of how the excise tax regime up here in Canada works? **A.** I do not. **Q.** Might that be important information to have before alleging fraud as against a party? **MR. WINTON:** That's fine. **THE WITNESS:** It is not.

April 29, 2024

Page 3

compound the harm and prejudice that has already been caused by Final Bell's adjournment of the matter.

Both we and Mr. Bovingdon will make ourselves available at the earliest possible date for any further limited examination that Final Bell may wish to conduct concerning this subject matter. To the extent that Final Bell intends to continue its examination of Mr. Bovingdon, please provide us with your availability as soon as possible so we may schedule the examination for the earliest available date. As previously advised, our position is that any such examination should be a continued Rule 39.03 examination, consistent with the process the parties agreed upon and have followed throughout, including so that the entire transcript of Mr. Bovingdon's examination will be before the Court at the return of the hearing. Should Final Bell continue to insist that any further out-of-court examination should be an examination for discovery – which is entirely inconsistent with the process the parties designed, agreed upon and have followed throughout – we would be pleased to discuss why, in our view, that would be wholly inappropriate, procedurally unfair and not something that would best serve the Court's fact-finding function.

The B300s – Tab 1

At Tab 1, you will find all of the B300s (Cannabis Duty and Information Returns under *Excise Act, 2001*) for the Relevant Time Period, plus additional B300s concerning the time period immediately preceding and following the Relevant Time Period (i.e. July 2023 and December 2023-January 2024). This includes all of the B300s for this time period, including (i) the B300s as originally filed by BMI, (ii) the B300s as subsequently amended by BMI (to the extent applicable) and (iii) the B300s as subsequently reviewed by the CRA (to the extent applicable). We have also enclosed at Tab 1 the print-outs of the CRA webpage setting out the monthly account activity with respect to the B300s for this time period. For ease of reference, the below chart summarizes the relevant information with respect to the documentation enclosed at Tab 1:

| B300 Return Period | Filed | Updated/Amended (if applicable) | CRA Reviewed (if applicable) |
|---------------------------|--------------|--|-------------------------------------|
| Jul-23 | 8/31/2023 | | |
| Aug-23 | 9/12/2023 | 9/25/2023 | 2/12/2024 |
| Sep-23 | 10/30/2023 | | 2/26/2024 |
| Oct-23 | 11/28/2023 | | 2/26/2024 |
| Nov-23 | 12/22/2023 | | 2/12/2024 |
| Dec-23 | 1/25/2024 | | |
| Jan-24 | 2/28/2024 | | |

As should be apparent from both the documents enclosed at Tab 1 and the above chart summarizing the documents with respect to BMI's B300s, all of the B300s were filed with the CRA on time.

As it relates to the B300s for August and November 2023 in particular (which are the two B300s that prompted the adjournment), the enclosed supplementary documentation clearly contradicts the

April 29, 2024
Page 4

assertion made in Final Bell's opening statement that BMI "failed to file its B300 excise tax returns for August and November 2023 within the time required and was therefore not current with its excise tax filings".

The B301s (Refund Credits) – Tab 2

In addition to B300s, BMI (like all cannabis companies) also from time-to-time filed B301s (Applications for a Refund of Cannabis Duty under the *Excise Act, 2001*), typically if inventory for which a B300 had been filed had been destroyed, such that excise tax should not have been paid or be payable with respect to that inventory. Enclosed at Tab 2 are all of BMI's relevant B301 filings, which resulted in refund credits being issued to BMI starting in September 2023. For ease of reference, the below chart summarizes the relevant information with respect to the documentation enclosed at Tab 2:

| B300 Return Period | B301 Refund Credit Date | Refund Credit Amount |
|------------------------------|--------------------------------|-----------------------------|
| Feb-22 | 1/31/2024 | 27,830.94 |
| Mar-22 | 1/31/2024 | 303,061.12 |
| Apr-22 | 1/31/2024 | 155,649.47 |
| May-22 | 1/31/2024 | 17,955.63 |
| Jun-22 | 1/31/2024 | 15,820.00 |
| Jul-22 | 1/31/2024 | 77,468.38 |
| Aug-22 | 1/31/2024 | 17,955.63 |
| Dec-22 | 1/31/2024 | 114,529.04 |
| Mar-23 | 9/13/2023 | 382,062.50 |
| Jun-23 | 9/13/2023 | 259,424.37 |
| Aug-23 | 9/13/2023 | 208,729.89 |
| Sep-23 | 11/1/2023 | 140,493.12 |
| Oct-23 | 11/28/2023 | 131,754.24 |
| Total Refund Credits: | | 1,852,734.33 |

As should be apparent from the documents enclosed at Tab 2 and summarized in the chart above, BMI received substantial refund credits for excise tax paid/payable in both 2022 (which credits were applied by the CRA in January 2024) and 2023 (which credits were applied by the CRA in September and November 2023 for prior return periods).

Correspondence with BZAM and the CRA – Tab 3

Enclosed at Tab 3 is additional relevant correspondence with the CRA dated February 15, 2024 concerning BMI's excise taxes for the Relevant Time Period that was not previously requested by Final Bell and therefore not previously produced by BZAM. According to the enclosed letter from

April 29, 2024
Page 5

the CRA dated February 15, 2024, BMI's outstanding excise tax liabilities as at that date amounted to \$3,841,933.

Payment Documentation for BMI's B300s for the Relevant Time Period – Tab 4

Enclosed at Tab 4 is documentation comprised of BMI bank statements for July 2023 – January 2024 (with redactions for matters unrelated to excise tax payments) evidencing the payments made to the CRA in respect of BMI's B300s. These documents confirm that all of BMI's excise taxes for the Relevant Time Period were paid.

Final Bell's Representation to the Court Concerning What was Requested

We would be remiss if we did not address the representation made to the Court on April 19, 2024 with regard to BZAM's documentary productions. At no point prior to Final Bell seeking an adjournment of the hearing did you so much as suggest that BZAM's productions were in any way incomplete. Rather, as set out above, you specifically represented to the Court on April 12, 2024 that the evidentiary record was robust and complete, subject only to the completion of in-court examinations of certain witnesses. Accordingly, we were surprised that you suggested otherwise to the Court when seeking an adjournment of this matter. We are of the view that this may have improperly influenced the Court's reluctant granting of the adjournment. We trust that, going forward, you will refrain from inaccurately characterizing the facts or the procedural history relating to this matter.

Next Steps

The enclosed supplementary productions fully address the issue concerning BMI's B300s for the Relevant Time Period, which prompted the adjournment. We trust Final Bell will now proceed with having all of the issues in dispute between the parties determined by the Court on the merits and not attempt to use these supplementary productions as a springboard to further delay the process, drive-up costs even further, or again purport to expand or change the scope of the agreed-upon process even further.

As noted toward the outset of this letter, we and Mr. Bovingdon are available for a further out-of-court examination at any time to the extent Final Bell wishes to ask any questions about BMI's B300s for the Relevant Time Period or matters relating thereto. While we do not believe a further examination should be necessary in the circumstances, we look forward to hearing from you in this regard and to getting this matter back on track for timely adjudication.

Finally, we have still not heard from you regarding Final Bell's proposed timing for delivering its responding materials on the motions for security for costs. Despite having been served with our motion materials on the morning of Wednesday, April 24, Justice Osborne having directed the parties to agree to a timetable for the motions on Thursday, April 25 despite your insistence that timetabling be deferred, and us having followed up on multiple occasions asking when you intend to deliver Final Bell's responding materials, you have maintained your refusal to commit to a date for delivering Final Bell's responding materials and instead maintained, inconsistent with what the Court directed, that Final Bell cannot propose a date until the record for the rescission claim is complete. As we would

April 29, 2024
Page 6

prefer to set a timetable amongst ourselves without the need to involve the Court, we ask again that you please advise as to when you will be in a position to deliver Final Bell's responding materials so that we can settle a timetable and get the motions fully briefed and adjudicated at the earliest opportunity.

Yours truly,



Joseph Blinick

JB

Enclosures

cc: Sean Zweig, Mike Shakra and Tom Feore, Bennett Jones LLP
Colin Pendrith, Natalie Levine and Jonathan Shepperd, Cassels Brock & Blackwell LLP
Maria Konyukhova, Nicholas Avis and Philip Yang, Stikeman Elliott LLP
Jeffrey Rosenberg, Kamran Hamidi and Adsaran Vithiyananthan, FTI Consulting Canada Inc.

This is Exhibit "G" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS



Government of Canada

Gouvernement du Canada

Canada Revenue Agency

Account activities – excise duty

Business number:
70583 6518 RD0004

Business name:
BZAM MANAGEMENT INC.

Period covered :
2023-07-31

Fields marked with an asterisk (*) are required.

Select an assessment type

All ▾

* Start date (YYYY-MM-DD)

2023-07-01

* End date (YYYY-MM-DD)

2023-07-31

Search

Filter items Showing 1 to 2 of 2 entries Show ▾ entries

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

| Assessment type | Version type | Period end date | Status | Amount total (\$) |
|-----------------|--------------|-----------------|--------|-------------------|
|-----------------|--------------|-----------------|--------|-------------------|

| Assessment type | Version type | Period end date | Status | Amount total (\$) |
|------------------------|---------------------|------------------------|-----------------|--------------------------|
| Refund | Corrected | 2023-08-31 | <u>Assessed</u> | -\$208,729.89 |
| Return | Received | 2023-07-31 | <u>Assessed</u> | \$1,598,438.48 |

Previous

Screen ID: B-RD-VR-01

Date modified: 2021-06-29



Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-07-31

Received Date :

2023-08-31

Unpackaged product inventory

Finished cannabis extracts

| Inventory | Quantity |
|----------------------|----------------|
| Opening inventory | 276,541,779.53 |
| Total additions | 101,243,959 |
| Total reductions | 56,807,787 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 320,977,951.53 |

Finished edible cannabis

| Inventory | Quantity |
|-----------|----------|
|-----------|----------|

590

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,269,019 |
| Total additions | 3,487,658 |
| Total reductions | 2,083,167 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,673,510 |

Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 6,904.188 |
| Total additions | 824.967 |
| Total reductions | 1,918.118 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,811.037 |

Non-Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 8.282 |
| Total additions | 0 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 8.282 |

Pure intermediates

| Inventory | Quantity |
|------------------|-----------------|
|------------------|-----------------|

591

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,367.456 |
| Total additions | 454.399 |
| Total reductions | 135.338 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 4,686.517 |

Packaged product inventory

Dried/fresh cannabis

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 2,585.627 |
| Total additions | 0 |
| Total reductions | 426.298 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 2,159.329 |

Cannabis extracts

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 179,576,598.81 |
| Total additions | 56,807,787 |
| Total reductions | 98,031,291 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 138,353,094.81 |

Edible cannabis

592

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 1,257,110 |
| Total additions | 2,082,009 |
| Total reductions | 2,756,808 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 582,311 |

Stamp inventory

| Jurisdiction | Closing inventory |
|---------------------------|--------------------------|
| Alberta | 89,985 |
| British Columbia | 41,757 |
| Manitoba | 47,100 |
| New Brunswick | 46,310 |
| Newfoundland and Labrador | 167,865 |
| Northwest Territories | 75,954 |
| Nova Scotia | 138,102 |
| Nunavut | 75,198 |
| Ontario | 246,904 |
| Prince Edward Island | 111,277 |
| Quebec | 227,980 |
| Saskatchewan | 111,252 |
| Yukon | 93,286 |

Sales and duties

Dried/fresh cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 32,953.50 | 98,860.50 | 43,923.32 |
| British Columbia | 21,210.00 | 63,630.00 | 0.00 |
| Manitoba | 14,301.00 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 0.00 | 0.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 29,952.00 | 89,856.00 | 18,036.75 |
| Prince Edward Island | 4,578.00 | 13,734.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 6,252.00 | 18,756.00 | 3,183.84 |
| Yukon | 0.00 | 0.00 | 0.00 |

Edible cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 3,415.80 | 10,247.40 | 66,566.32 |
| British Columbia | 1,601.40 | 4,804.20 | 0.00 |
| Manitoba | 452.70 | 0.00 | 0.00 |

594

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 0.00 | 0.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 93.00 | 279.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 1,563.60 | 4,690.80 | 5,654.85 |
| Prince Edward Island | 4.50 | 13.50 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 429.60 | 1,288.80 | 3,872.06 |
| Yukon | 0.00 | 0.00 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 74,431.20 | 223,293.60 | 80,092.75 |
| British Columbia | 11,898.60 | 35,695.80 | 0.00 |
| Manitoba | 16,881.00 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 0.00 | 0.00 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 133,179.84 | 399,539.52 | 22,806.27 |
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 8,169.15 | 24,507.45 | 3,738.86 |
| Yukon | 0.00 | 0.00 | 0.00 |

| | |
|--|-----------------------|
| Duty payable : | \$361,366.89 |
| Additional Duty Payable : | \$989,196.57 |
| Adjustment to the additional duty payable : | \$247,875.02 |
| Total amount payable : | \$1,598,438.48 |

Screen ID: B-VR-B300-02

Date modified: 2021-06-29



Government
of Canada

Gouvernement
du Canada

Canada Revenue Agency

Account activities – excise duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-08-31

Fields marked with an asterisk (*) are required.

Select an assessment type

* Start date (YYYY-MM-DD)

* End date (YYYY-MM-DD)

Filter items

Showing 1 to 4 of 4 entries Show entries

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

| Assessment type | Version type | Period end date | Status | Amount total (\$) |
|-----------------|--------------|-----------------|--------------------------|-------------------|
| Return | Received | 2023-08-31 | Replaced | \$2,083,146.71 |

| Assessment type | Version type | Period end date | Status | 597 Amount total (\$) |
|------------------------|---------------------|------------------------|-----------------|----------------------------------|
| Return | Received - Amended | 2023-08-31 | <u>Replaced</u> | \$2,083,146.71 |
| Return | Received - Amended | 2023-08-31 | <u>Assessed</u> | \$2,083,146.71 |
| Refund | Corrected | 2023-08-31 | <u>Assessed</u> | -\$208,729.89 |

[Previous](#)**Screen ID:** B-RD-VR-01**Date modified:** 2021-06-29



Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-08-31

Received Date :

2023-09-12

Unpackaged product inventory

Finished cannabis extracts

| Inventory | Quantity |
|----------------------|----------------|
| Opening inventory | 320,977,951.53 |
| Total additions | 109,406,698 |
| Total reductions | 81,413,426 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 348,971,223.53 |

Finished edible cannabis

| Inventory | Quantity |
|-----------|----------|
|-----------|----------|

599

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,673,510 |
| Total additions | 0 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,673,510 |

Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,811.037 |
| Total additions | 933.552 |
| Total reductions | 1,755.232 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 4,989.357 |

Non-Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 8.282 |
| Total additions | 0 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 8.282 |

Pure intermediates

| Inventory | Quantity |
|------------------|-----------------|
|------------------|-----------------|

600

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,686.517 |
| Total additions | 430.767 |
| Total reductions | 123.026 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 4,994.258 |

Packaged product inventory

Dried/fresh cannabis

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 2,159.329 |
| Total additions | 0 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 2,159.329 |

Cannabis extracts

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 138,353,094.81 |
| Total additions | 81,413,426 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 219,766,520.81 |

Edible cannabis

601

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 582,311 |
| Total additions | 0 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 582,311 |

Stamp inventory

| Jurisdiction | Closing inventory |
|---------------------------|--------------------------|
| Alberta | 215,237 |
| British Columbia | 222,016 |
| Manitoba | 43,993 |
| New Brunswick | 46,310 |
| Newfoundland and Labrador | 157,815 |
| Northwest Territories | 71,970 |
| Nova Scotia | 130,662 |
| Nunavut | 75,198 |
| Ontario | 237,357 |
| Prince Edward Island | 109,633 |
| Quebec | 227,980 |
| Saskatchewan | 139,012 |
| Yukon | 90,826 |

Sales and duties

Dried/fresh cannabis

602

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 22,705.50 | 68,116.50 | 35,647.92 |
| British Columbia | 34,986.00 | 104,958.00 | 0.00 |
| Manitoba | 21,682.50 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 9,369.00 | 28,107.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 53,820.00 | 161,460.00 | 25,658.83 |
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 9,652.50 | 28,957.50 | 4,446.01 |
| Yukon | 0.00 | 0.00 | 0.00 |

Edible cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 2,737.20 | 8,211.60 | 50,066.26 |
| British Columbia | 1,823.40 | 5,470.20 | 0.00 |
| Manitoba | 1,290.93 | 0.00 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 120.00 | 360.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 186.00 | 558.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 5,571.90 | 16,715.70 | 20,210.71 |
| Prince Edward Island | 41.10 | 123.30 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 819.30 | 2,457.90 | 7,350.43 |
| Yukon | 61.50 | 184.50 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 82,928.40 | 248,785.20 | 95,159.86 |
| British Columbia | 60,490.05 | 181,470.15 | 0.00 |
| Manitoba | 23,414.70 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 6,472.50 | 19,417.50 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 137,228.79 | 411,686.37 | 27,507.27 |
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 12,222.15 | 36,666.45 | 5,770.13 |
| Yukon | 0.00 | 0.00 | 0.00 |

Duty payable : \$487,623.42

Additional Duty Payable : \$1,323,705.87

Adjustment to the additional duty payable : \$271,817.42

Total amount payable : \$2,083,146.71

Screen ID: B-VR-B300-02

Date modified: 2021-06-29



Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-08-31

Received Date :

2023-09-25

Unpackaged product inventory

Finished cannabis extracts

| Inventory | Quantity |
|----------------------|----------------|
| Opening inventory | 320,977,951.53 |
| Total additions | 109,406,698 |
| Total reductions | 81,413,426 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 348,971,223.53 |

Finished edible cannabis

| Inventory | Quantity |
|-----------|----------|
|-----------|----------|

606

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,673,510 |
| Total additions | 0 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,673,510 |

Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,811.037 |
| Total additions | 933.552 |
| Total reductions | 1,755.232 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 4,989.357 |

Non-Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 8.282 |
| Total additions | 0 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 8.282 |

Pure intermediates

| Inventory | Quantity |
|------------------|-----------------|
|------------------|-----------------|

607

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,686.517 |
| Total additions | 430.767 |
| Total reductions | 123.026 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 4,994.258 |

Packaged product inventory

Dried/fresh cannabis

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 2,159.329 |
| Total additions | 0 |
| Total reductions | 609 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 1,550.329 |

Cannabis extracts

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 138,353,095.18 |
| Total additions | 81,413,426 |
| Total reductions | 129,102,636 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 90,663,885.18 |

Edible cannabis

608

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 582,311 |
| Total additions | 5,009,538 |
| Total reductions | 5,060,530 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 531,319 |

Stamp inventory

| Jurisdiction | Closing inventory |
|---------------------------|--------------------------|
| Alberta | 215,237 |
| British Columbia | 222,016 |
| Manitoba | 43,993 |
| New Brunswick | 46,310 |
| Newfoundland and Labrador | 157,815 |
| Northwest Territories | 71,968 |
| Nova Scotia | 130,662 |
| Nunavut | 75,198 |
| Ontario | 313,181 |
| Prince Edward Island | 109,633 |
| Quebec | 227,980 |
| Saskatchewan | 139,012 |
| Yukon | 90,826 |

Sales and duties

Dried/fresh cannabis

609

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 22,705.50 | 68,116.50 | 35,647.92 |
| British Columbia | 34,986.00 | 104,958.00 | 0.00 |
| Manitoba | 21,682.50 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 9,369.00 | 28,107.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 53,820.00 | 161,460.00 | 25,658.83 |
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 9,652.50 | 28,957.50 | 4,446.01 |
| Yukon | 0.00 | 0.00 | 0.00 |

Edible cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 2,737.20 | 8,211.60 | 50,066.26 |
| British Columbia | 1,823.40 | 5,470.20 | 0.00 |
| Manitoba | 1,290.93 | 0.00 | 0.00 |

610

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 120.00 | 360.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 186.00 | 558.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 5,571.90 | 16,715.70 | 20,210.71 |
| Prince Edward Island | 41.10 | 123.30 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 819.30 | 2,457.90 | 7,350.43 |
| Yukon | 61.50 | 184.50 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 82,928.40 | 248,785.20 | 95,159.86 |
| British Columbia | 60,490.05 | 181,470.15 | 0.00 |
| Manitoba | 23,414.70 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 6,472.50 | 19,417.50 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 137,228.79 | 411,686.37 | 27,507.27 |
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 12,222.15 | 36,666.45 | 5,770.13 |
| Yukon | 0.00 | 0.00 | 0.00 |

Duty payable : \$487,623.42

Additional Duty Payable : \$1,323,705.87

Adjustment to the additional duty payable : \$271,817.42

Total amount payable : \$2,083,146.71

Screen ID: B-VR-B300-02

Date modified: 2021-06-29



Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-08-31

Received Date :

2024-02-12

Unpackaged product inventory

Finished cannabis extracts

| Inventory | Quantity |
|----------------------|----------------|
| Opening inventory | 320,977,951.53 |
| Total additions | 109,406,698 |
| Total reductions | 81,413,426 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 348,971,223.53 |

Finished edible cannabis

| Inventory | Quantity |
|-----------|----------|
|-----------|----------|

613

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,673,510 |
| Total additions | 0 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,673,510 |

Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,811.037 |
| Total additions | 933.552 |
| Total reductions | 1,755.232 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 4,989.357 |

Non-Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 8.282 |
| Total additions | 0 |
| Total reductions | 8.282 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 0 |

Pure intermediates

| Inventory | Quantity |
|------------------|-----------------|
|------------------|-----------------|

614

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,686.517 |
| Total additions | 430.767 |
| Total reductions | 123.026 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 4,994.258 |

Packaged product inventory

Dried/fresh cannabis

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 2,159.329 |
| Total additions | 0 |
| Total reductions | 609 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 1,550.329 |

Cannabis extracts

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 138,353,095.18 |
| Total additions | 81,413,426 |
| Total reductions | 129,102,636 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 90,663,885.18 |

Edible cannabis

615

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 582,192 |
| Total additions | 5,009,538 |
| Total reductions | 5,060,530 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 531,200 |

Stamp inventory

| Jurisdiction | Closing inventory |
|---------------------------|--------------------------|
| Alberta | 208,383 |
| British Columbia | 222,016 |
| Manitoba | 61,608 |
| New Brunswick | 46,310 |
| Newfoundland and Labrador | 162,578 |
| Northwest Territories | 72,016 |
| Nova Scotia | 130,662 |
| Nunavut | 75,198 |
| Ontario | 237,357 |
| Prince Edward Island | 109,633 |
| Quebec | 227,980 |
| Saskatchewan | 139,012 |
| Yukon | 90,826 |

Sales and duties

Dried/fresh cannabis

616

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 22,705.50 | 68,116.50 | 35,647.92 |
| British Columbia | 34,986.00 | 104,958.00 | 0.00 |
| Manitoba | 21,682.50 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 9,369.00 | 28,107.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 53,820.00 | 161,460.00 | 25,658.83 |
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 9,652.50 | 28,957.50 | 4,446.01 |
| Yukon | 0.00 | 0.00 | 0.00 |

Edible cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 2,737.20 | 8,211.60 | 50,066.26 |
| British Columbia | 1,823.40 | 5,470.20 | 0.00 |
| Manitoba | 1,290.93 | 0.00 | 0.00 |

617

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 120.00 | 360.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 186.00 | 558.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 5,571.90 | 16,715.70 | 20,210.71 |
| Prince Edward Island | 41.10 | 123.30 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 819.30 | 2,457.90 | 7,350.43 |
| Yukon | 61.50 | 184.50 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 82,928.40 | 248,785.20 | 95,159.86 |
| British Columbia | 60,490.05 | 181,470.15 | 0.00 |
| Manitoba | 23,414.70 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 6,472.50 | 19,417.50 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 137,228.79 | 411,686.37 | 27,507.27 |
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 12,222.15 | 36,666.45 | 5,770.13 |
| Yukon | 0.00 | 0.00 | 0.00 |

Duty payable : \$487,623.42

Additional Duty Payable : \$1,323,705.87

Adjustment to the additional duty payable : \$271,817.42

Total amount payable : \$2,083,146.71

Screen ID: B-VR-B300-02

Date modified: 2021-06-29



Government
of Canada

Gouvernement
du Canada

Canada Revenue Agency

Account activities – excise duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-09-30

Fields marked with an asterisk (*) are required.

Select an assessment type

* Start date (YYYY-MM-DD)

* End date (YYYY-MM-DD)

Filter items

Showing 1 to 4 of 4 entries Show entries

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

| Assessment type | Version type | Period end date | Status | Amount total (\$) |
|-----------------|--------------|-----------------|--------|-------------------|
|-----------------|--------------|-----------------|--------|-------------------|

| Assessment type | Version type | Period end date | Status | 620 Amount total (\$) |
|------------------------|---------------------|------------------------|-----------------|----------------------------------|
| Return | Adjusted | 2023-09-30 | <u>Replaced</u> | \$1,413,930.81 |
| Return | Received - Amended | 2023-09-30 | <u>Assessed</u> | \$1,413,931.01 |
| Refund | Corrected | 2023-09-30 | <u>Assessed</u> | \$0.00 |
| Refund | Corrected | 2023-09-30 | <u>Assessed</u> | -\$140,493.12 |

Previous

Screen ID: B-RD-VR-01

Date modified: 2021-06-29



Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-09-30

Received Date :

2023-10-30

Unpackaged product inventory

Finished cannabis extracts

| Inventory | Quantity |
|----------------------|----------------|
| Opening inventory | 348,971,223.53 |
| Total additions | 147,365,661 |
| Total reductions | 141,355,330 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 354,981,554.53 |

Finished edible cannabis

| Inventory | Quantity |
|-----------|----------|
|-----------|----------|

622

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,673,510 |
| Total additions | 5,409,100 |
| Total reductions | 5,377,046 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,705,564 |

Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,989.357 |
| Total additions | 543.889 |
| Total reductions | 226.148 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,307.098 |

Non-Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 8.282 |
| Total additions | 0 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 8.282 |

Pure intermediates

| Inventory | Quantity |
|------------------|-----------------|
|------------------|-----------------|

623

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,994.258 |
| Total additions | 424.615 |
| Total reductions | 486.925 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 4,931.948 |

Packaged product inventory

Dried/fresh cannabis

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 1,550.329 |
| Total additions | 0 |
| Total reductions | 275.352 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 1,274.977 |

Cannabis extracts

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 90,663,885.18 |
| Total additions | 141,355,330 |
| Total reductions | 105,420,065 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 126,599,150.18 |

Edible cannabis

624

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 531,319 |
| Total additions | 4,709,225 |
| Total reductions | 4,191,370 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 1,049,174 |

Stamp inventory

| Jurisdiction | Closing inventory |
|---------------------------|--------------------------|
| Alberta | 109,446 |
| British Columbia | 109,336 |
| Manitoba | 56,226 |
| New Brunswick | 46,310 |
| Newfoundland and Labrador | 146,227 |
| Northwest Territories | 71,943 |
| Nova Scotia | 117,462 |
| Nunavut | 75,198 |
| Ontario | 325,416 |
| Prince Edward Island | 105,313 |
| Quebec | 227,980 |
| Saskatchewan | 89,060 |
| Yukon | 88,122 |

Sales and duties

Dried/fresh cannabis

625

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 15,850.50 | 47,551.50 | 20,718.46 |
| British Columbia | 12,936.00 | 38,808.00 | 0.00 |
| Manitoba | 16,218.00 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 0.00 | 0.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 18,889.50 | 56,668.50 | 9,248.94 |
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 4,186.50 | 12,559.50 | 1,704.71 |
| Yukon | 757.50 | 2,272.50 | 0.00 |

Edible cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 2,073.60 | 6,220.80 | 40,191.17 |
| British Columbia | 2,199.90 | 6,599.70 | 0.00 |
| Manitoba | 1,125.33 | 0.00 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 135.00 | 405.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 330.00 | 990.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 3,474.30 | 10,422.90 | 13,556.19 |
| Prince Edward Island | 108.00 | 324.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 975.30 | 2,925.90 | 8,611.39 |
| Yukon | 57.00 | 171.00 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 25,495.50 | 76,486.50 | 25,669.24 |
| British Columbia | 26,847.15 | 80,541.45 | 0.00 |
| Manitoba | 21,670.35 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 2,091.00 | 6,273.00 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 420.00 | 1,260.00 | 582.40 |
| Ontario | 173,440.05 | 520,320.15 | 32,915.20 |
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 13,394.11 | 40,182.34 | 6,307.78 |
| Yukon | 192.00 | 576.00 | 0.00 |

Duty payable : \$342,866.59

Additional Duty Payable : \$911,558.74

Adjustment to the additional duty payable : \$159,505.48

Total amount payable : \$1,413,930.81

Screen ID: B-VR-B300-02

Date modified: 2021-06-29



Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-09-30

Received Date :

2024-02-26

Unpackaged product inventory

Finished cannabis extracts

| Inventory | Quantity |
|----------------------|----------------|
| Opening inventory | 348,971,223.53 |
| Total additions | 147,365,661 |
| Total reductions | 141,355,330 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 354,981,554.53 |

Finished edible cannabis

| Inventory | Quantity |
|-----------|----------|
|-----------|----------|

629

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,673,510 |
| Total additions | 5,409,100 |
| Total reductions | 5,261,185 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,821,425 |

Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,989.357 |
| Total additions | 543.889 |
| Total reductions | 226.148 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,307.098 |

Pure intermediates

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,994.258 |
| Total additions | 424.615 |
| Total reductions | 486.925 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 4,931.948 |

Packaged product inventory

Dried/fresh cannabis

630

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 1,550.329 |
| Total additions | 0 |
| Total reductions | 275.352 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 1,274.977 |

Cannabis extracts

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 90,663,885.18 |
| Total additions | 141,355,330 |
| Total reductions | 105,420,065 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 126,599,150.18 |

Edible cannabis

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 531,319 |
| Total additions | 4,709,225 |
| Total reductions | 4,191,370 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 1,049,174 |

Stamp inventory

| Jurisdiction | Closing inventory |
|---------------------|--------------------------|
|---------------------|--------------------------|

631

| Jurisdiction | Closing inventory |
|---------------------------|--------------------------|
| Alberta | 102,592 |
| British Columbia | 109,336 |
| Manitoba | 75,587 |
| New Brunswick | 46,266 |
| Newfoundland and Labrador | 150,990 |
| Northwest Territories | 71,991 |
| Nova Scotia | 117,462 |
| Nunavut | 75,198 |
| Ontario | 459,085 |
| Prince Edward Island | 105,313 |
| Quebec | 227,980 |
| Saskatchewan | 91,187 |
| Yukon | 87,997 |

Sales and duties

Dried/fresh cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 15,850.50 | 47,551.50 | 20,718.46 |
| British Columbia | 12,936.00 | 38,808.00 | 0.00 |
| Manitoba | 16,218.00 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |

632

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Newfoundland and Labrador | 0.00 | 0.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 18,889.50 | 56,668.50 | 9,248.94 |
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 4,186.50 | 12,559.50 | 1,704.71 |
| Yukon | 757.50 | 2,272.50 | 0.00 |

Edible cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 2,073.80 | 6,220.80 | 40,191.17 |
| British Columbia | 2,199.90 | 6,599.70 | 0.00 |
| Manitoba | 1,125.33 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 135.00 | 405.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |

633

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Nova Scotia | 330.00 | 990.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 3,474.30 | 10,422.90 | 13,556.19 |
| Prince Edward Island | 108.00 | 324.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 975.30 | 2,925.90 | 8,611.39 |
| Yukon | 57.00 | 171.00 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 25,495.50 | 76,486.50 | 25,669.24 |
| British Columbia | 26,847.15 | 80,541.45 | 0.00 |
| Manitoba | 21,670.35 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 2,091.00 | 6,273.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 420.00 | 1,260.00 | 582.40 |
| Ontario | 173,440.05 | 520,320.15 | 32,915.20 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 13,394.11 | 40,182.34 | 6,307.78 |
| Yukon | 192.00 | 576.00 | 0.00 |

| | |
|--|-----------------------|
| Duty payable : | \$342,866.79 |
| Additional Duty Payable : | \$911,558.74 |
| Adjustment to the additional duty payable : | \$159,505.48 |
| Total amount payable : | \$1,413,931.01 |

Screen ID: B-VR-B300-02

Date modified: 2021-06-29



Government
of Canada

Gouvernement
du Canada

Canada Revenue Agency

Account activities – excise duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-10-31

Fields marked with an asterisk (*) are required.

Select an assessment type

* Start date (YYYY-MM-DD)

* End date (YYYY-MM-DD)

Filter items

Showing 1 to 3 of 3 entries Show entries

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

| Assessment type | Version type | Period end date | Status | Amount total (\$) |
|-----------------|--------------|-----------------|--------|-------------------|
|-----------------|--------------|-----------------|--------|-------------------|

636

| Assessment type | Version type | Period end date | Status | Amount total (\$) |
|------------------------|---------------------|------------------------|-----------------|--------------------------|
| Return | Received | 2023-10-31 | <u>Replaced</u> | \$1,510,090.34 |
| Return | Received - Amended | 2023-10-31 | <u>Assessed</u> | \$1,510,090.34 |
| Refund | Corrected | 2023-10-31 | <u>Assessed</u> | -\$131,754.24 |

[Previous](#)**Screen ID:** B-RD-VR-01**Date modified:** 2021-06-29



Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-10-31

Received Date :

2023-11-28

Unpackaged product inventory

Finished cannabis extracts

| Inventory | Quantity |
|----------------------|----------------|
| Opening inventory | 354,981,554.53 |
| Total additions | 93,966,527 |
| Total reductions | 119,001,350 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 329,946,731.53 |

Finished edible cannabis

| Inventory | Quantity |
|-----------|----------|
|-----------|----------|

638

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,821,425 |
| Total additions | 3,656,054 |
| Total reductions | 5,657,317 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 3,820,162 |

Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,307.098 |
| Total additions | 383.928 |
| Total reductions | 90.693 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,600.333 |

Non-Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 8.282 |
| Total additions | 0 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 8.282 |

Pure intermediates

| Inventory | Quantity |
|------------------|-----------------|
|------------------|-----------------|

639

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,931.948 |
| Total additions | 809.488 |
| Total reductions | 612.468 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,128.968 |

Packaged product inventory

Dried/fresh cannabis

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 1,274.977 |
| Total additions | 17.077 |
| Total reductions | 292 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 1,000.054 |

Cannabis extracts

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 232,018,950.2 |
| Total additions | 101,214,945 |
| Total reductions | 105,948,060 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 227,285,835.2 |

Edible cannabis

640

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 1,049,174 |
| Total additions | 4,052,198 |
| Total reductions | 3,929,760 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 1,171,612 |

Stamp inventory

| Jurisdiction | Closing inventory |
|---------------------------|--------------------------|
| Alberta | 105,748 |
| British Columbia | 163,259 |
| Manitoba | 136,452 |
| New Brunswick | 46,310 |
| Newfoundland and Labrador | 140,792 |
| Northwest Territories | 70,791 |
| Nova Scotia | 98,414 |
| Nunavut | 75,198 |
| Ontario | 411,522 |
| Prince Edward Island | 103,393 |
| Quebec | 227,980 |
| Saskatchewan | 52,708 |
| Yukon | 85,800 |

Sales and duties

Dried/fresh cannabis

641

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 16,501.50 | 49,504.50 | 26,227.16 |
| British Columbia | 9,717.00 | 29,151.00 | 0.00 |
| Manitoba | 7,549.50 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 8,400.00 | 25,200.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 27,873.00 | 83,619.00 | 17,557.48 |
| Prince Edward Island | 210.00 | 630.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 2,257.50 | 6,772.50 | 1,078.30 |
| Yukon | 567.00 | 1,701.00 | 0.00 |

Edible cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 2,032.80 | 6,098.40 | 40,477.55 |
| British Columbia | 2,055.00 | 6,165.00 | 0.00 |
| Manitoba | 1,414.20 | 0.00 | 0.00 |

642

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 0.00 | 0.00 | 0.00 |
| Northwest Territories | 28.80 | 86.40 | 0.00 |
| Nova Scotia | 474.00 | 1,422.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 3,000.90 | 9,002.70 | 12,880.80 |
| Prince Edward Island | 24.00 | 72.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 752.40 | 2,257.20 | 6,668.06 |
| Yukon | 42.30 | 126.90 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 66,104.40 | 198,313.20 | 72,469.40 |
| British Columbia | 45,777.00 | 137,331.00 | 0.00 |
| Manitoba | 19,244.40 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 5,160.00 | 15,480.00 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 120,545.70 | 361,637.10 | 23,523.45 |
| Prince Edward Island | 1,076.25 | 3,228.75 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 5,914.20 | 17,742.60 | 2,752.24 |
| Yukon | 1,048.20 | 3,144.60 | 0.00 |

Duty payable : \$347,770.05

Additional Duty Payable : \$958,685.85

Adjustment to the additional duty payable : \$203,634.44

Total amount payable : \$1,378,336.10

Screen ID: B-VR-B300-02

Date modified: 2021-06-29



Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-10-31

Received Date :

2024-02-26

Unpackaged product inventory

Finished cannabis extracts

| Inventory | Quantity |
|----------------------|----------------|
| Opening inventory | 354,981,554.53 |
| Total additions | 93,966,527 |
| Total reductions | 119,001,350 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 329,946,731.53 |

Finished edible cannabis

| Inventory | Quantity |
|-----------|----------|
|-----------|----------|

645

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,821,425 |
| Total additions | 3,656,054 |
| Total reductions | 5,657,317 |
| Adjustments (+ or -) | -139,918.95 |
| Closing inventory | 3,680,243.05 |

Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,307.1 |
| Total additions | 383.93 |
| Total reductions | 109.77 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,581.26 |

Pure intermediates

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,931.948 |
| Total additions | 451.054 |
| Total reductions | 580.014 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 4,802.988 |

Packaged product inventory

Dried/fresh cannabis

646

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 1,274.98 |
| Total additions | 17.08 |
| Total reductions | 322.42 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 969.64 |

Cannabis extracts

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 232,018,950.2 |
| Total additions | 101,214,945 |
| Total reductions | 105,948,060 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 227,285,835.2 |

Edible cannabis

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 1,049,174 |
| Total additions | 21,544,836 |
| Total reductions | 1,209,630 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 21,384,380 |

Stamp inventory

| Jurisdiction | Closing inventory |
|---------------------|--------------------------|
|---------------------|--------------------------|

647

| Jurisdiction | Closing inventory |
|---------------------------|--------------------------|
| Alberta | 98,894 |
| British Columbia | 163,259 |
| Manitoba | 155,458 |
| New Brunswick | 46,266 |
| Newfoundland and Labrador | 145,555 |
| Northwest Territories | 70,839 |
| Nova Scotia | 98,382 |
| Nunavut | 75,198 |
| Ontario | 552,330 |
| Prince Edward Island | 103,393 |
| Quebec | 227,980 |
| Saskatchewan | 60,141 |
| Yukon | 85,645 |

Sales and duties

Dried/fresh cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 16,501.50 | 49,504.50 | 26,227.16 |
| British Columbia | 9,717.00 | 29,151.00 | 0.00 |
| Manitoba | 7,549.50 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |

648

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Newfoundland and Labrador | 8,400.00 | 25,200.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 27,873.00 | 83,619.00 | 17,557.48 |
| Prince Edward Island | 210.00 | 630.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 2,257.50 | 6,772.50 | 1,078.30 |
| Yukon | 567.00 | 1,701.00 | 0.00 |

Edible cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 2,032.80 | 6,098.40 | 40,477.55 |
| British Columbia | 2,055.00 | 6,165.00 | 0.00 |
| Manitoba | 1,414.20 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 0.00 | 0.00 | 0.00 |
| Northwest Territories | 28.80 | 86.40 | 0.00 |

649

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Nova Scotia | 474.00 | 1,422.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 3,000.90 | 9,002.70 | 12,880.80 |
| Prince Edward Island | 24.00 | 72.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 752.40 | 2,257.20 | 6,668.06 |
| Yukon | 42.30 | 126.90 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 66,104.40 | 198,313.20 | 72,469.40 |
| British Columbia | 45,777.00 | 137,331.00 | 0.00 |
| Manitoba | 19,244.40 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 5,160.00 | 15,480.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 120,545.70 | 361,637.10 | 23,523.45 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Prince Edward Island | 1,076.25 | 3,228.75 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 5,914.20 | 17,742.60 | 2,752.24 |
| Yukon | 1,048.20 | 3,144.60 | 0.00 |

| | |
|--|-----------------------|
| Duty payable : | \$347,770.05 |
| Additional Duty Payable : | \$958,685.85 |
| Adjustment to the additional duty payable : | \$203,634.44 |
| Total amount payable : | \$1,510,090.34 |

Screen ID: B-VR-B300-02

Date modified: 2021-06-29



Government
of Canada

Gouvernement
du Canada

Canada Revenue Agency

Account activities – excise duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-11-30

Fields marked with an asterisk (*) are required.

Select an assessment type

* Start date (YYYY-MM-DD)

* End date (YYYY-MM-DD)

Filter items

Showing 1 to 3 of 3 entries Show entries

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

| Assessment type | Version type | Period end date | Status | Amount total (\$) |
|-----------------|--------------|-----------------|--------------------------|-------------------|
| Return | Received | 2023-11-30 | Replaced | \$871,587.85 |

652

| Assessment type | Version type | Period end date | Status | Amount total (\$) |
|------------------------|---------------------|------------------------|-----------------|--------------------------|
| Return | Received - Amended | 2023-11-30 | <u>Assessed</u> | \$871,587.85 |
| Refund | Corrected | 2023-11-30 | In Progress | -\$62,724.43 |

[Previous](#)**Screen ID:** B-RD-VR-01**Date modified:** 2021-06-29



Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-11-30

Received Date :

2023-12-22

Unpackaged product inventory

Finished cannabis extracts

| Inventory | Quantity |
|----------------------|----------------|
| Opening inventory | 329,946,731.53 |
| Total additions | 85,098,454 |
| Total reductions | 58,412,757 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 356,632,428.53 |

Finished edible cannabis

| Inventory | Quantity |
|-----------|----------|
|-----------|----------|

654

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 3,820,162 |
| Total additions | 4,970,379 |
| Total reductions | 3,749,577 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,040,964 |

Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,600.333 |
| Total additions | 688.03 |
| Total reductions | 1,174.151 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,114.212 |

Non-Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 8.282 |
| Total additions | 0 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 8.282 |

Pure intermediates

| Inventory | Quantity |
|------------------|-----------------|
|------------------|-----------------|

655

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,128.968 |
| Total additions | 525.846 |
| Total reductions | 973.842 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 4,680.972 |

Packaged product inventory

Dried/fresh cannabis

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 1,000.054 |
| Total additions | 0 |
| Total reductions | 157 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 843.054 |

Cannabis extracts

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 227,285,835.2 |
| Total additions | 42,119,810 |
| Total reductions | 62,581,294 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 206,824,351.2 |

Edible cannabis

656

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 1,171,612 |
| Total additions | 4,970,379 |
| Total reductions | 4,128,822 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 2,013,169 |

Stamp inventory

| Jurisdiction | Closing inventory |
|---------------------------|--------------------------|
| Alberta | 310,681 |
| British Columbia | 256,340 |
| Manitoba | 55,439 |
| New Brunswick | 46,310 |
| Newfoundland and Labrador | 140,792 |
| Northwest Territories | 70,791 |
| Nova Scotia | 77,384 |
| Nunavut | 75,198 |
| Ontario | 263,322 |
| Prince Edward Island | 96,051 |
| Quebec | 227,980 |
| Saskatchewan | 89,081 |
| Yukon | 84,827 |

Sales and duties**Dried/fresh cannabis**

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 19,761.00 | 59,283.00 | 20,029.79 |
| British Columbia | 11,046.00 | 33,138.00 | 0.00 |
| Manitoba | 21.00 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 315.00 | 945.00 | 0.00 |
| Northwest Territories | 840.00 | 2,520.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 6,645.00 | 19,935.00 | 3,942.65 |
| Prince Edward Island | 420.00 | 1,260.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 94.50 | 283.50 | 75.26 |
| Yukon | 0.00 | 0.00 | 0.00 |

Edible cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 2,066.40 | 6,199.20 | 40,346.79 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| British Columbia | 2,223.00 | 6,669.00 | 0.00 |
| Manitoba | 1,686.30 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 30.00 | 90.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 150.00 | 450.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 2,756.10 | 8,268.30 | 11,004.33 |
| Prince Edward Island | 174.00 | 522.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 774.00 | 2,322.00 | 6,906.41 |
| Yukon | 24.30 | 72.90 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 20,203.32 | 60,609.96 | 20,564.58 |
| British Columbia | 28,884.00 | 86,652.00 | 0.00 |
| Manitoba | 6,725.55 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Newfoundland and Labrador | 3,390.00 | 10,170.00 | 0.00 |
| Northwest Territories | 1,448.40 | 4,345.20 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 73,585.92 | 220,757.75 | 17,700.09 |
| Prince Edward Island | 420.00 | 1,260.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 9,336.30 | 28,008.90 | 4,236.15 |
| Yukon | 0.00 | 0.00 | 0.00 |

Duty payable : \$193,020.09

Additional Duty Payable : \$553,761.71

Adjustment to the additional duty payable : \$124,806.05

Total amount payable : \$808,863.42

Screen ID: B-VR-B300-02

Date modified: 2021-06-29



Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-11-30

Received Date :

2024-02-12

Unpackaged product inventory

Finished cannabis extracts

| Inventory | Quantity |
|----------------------|----------------|
| Opening inventory | 329,946,731.53 |
| Total additions | 21,511,751.73 |
| Total reductions | 43,878,221.16 |
| Adjustments (+ or -) | -33,261.02 |
| Closing inventory | 307,547,001.08 |

Finished edible cannabis

| Inventory | Quantity |
|-----------|----------|
|-----------|----------|

661

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 3,680,243.04 |
| Total additions | 5,090,413.63 |
| Total reductions | 3,623,761.24 |
| Adjustments (+ or -) | -672 |
| Closing inventory | 5,146,223.43 |

Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,581.26 |
| Total additions | 797.9 |
| Total reductions | 614.65 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 5,764.51 |

Pure intermediates

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,802.987 |
| Total additions | 25.84 |
| Total reductions | 1,080.213 |
| Adjustments (+ or -) | -35.745 |
| Closing inventory | 3,712.869 |

Packaged product inventory

Dried/fresh cannabis

662

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 969.63 |
| Total additions | 326.58 |
| Total reductions | 1,039.42 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 256.79 |

Cannabis extracts

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 227,285,835.2 |
| Total additions | 58,641,249 |
| Total reductions | 140,772,389.93 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 145,154,694.27 |

Edible cannabis

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 21,384,380 |
| Total additions | 7,101,970 |
| Total reductions | 24,448,270 |
| Adjustments (+ or -) | 135,850 |
| Closing inventory | 4,173,930 |

Stamp inventory

| Jurisdiction | Closing inventory |
|---------------------|--------------------------|
|---------------------|--------------------------|

663

| Jurisdiction | Closing inventory |
|---------------------------|--------------------------|
| Alberta | 303,827 |
| British Columbia | 262,946 |
| Manitoba | 77,466 |
| New Brunswick | 46,266 |
| Newfoundland and Labrador | 145,555 |
| Northwest Territories | 70,862 |
| Nova Scotia | 77,352 |
| Nunavut | 73,194 |
| Ontario | 340,625 |
| Prince Edward Island | 96,051 |
| Quebec | 227,980 |
| Saskatchewan | 70,333 |
| Yukon | 84,675 |

Sales and duties

Dried/fresh cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 19,761.00 | 59,283.00 | 20,029.79 |
| British Columbia | 11,046.00 | 33,138.00 | 0.00 |
| Manitoba | 21.00 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Newfoundland and Labrador | 315.00 | 945.00 | 0.00 |
| Northwest Territories | 840.00 | 2,520.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 6,645.00 | 19,935.00 | 3,942.65 |
| Prince Edward Island | 420.00 | 1,260.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 94.50 | 283.50 | 75.26 |
| Yukon | 0.00 | 0.00 | 0.00 |

Edible cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 2,066.40 | 6,199.20 | 40,346.79 |
| British Columbia | 2,223.00 | 6,669.00 | 0.00 |
| Manitoba | 1,686.30 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 30.00 | 90.00 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 150.00 | 450.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 2,756.10 | 8,268.30 | 11,004.33 |
| Prince Edward Island | 174.00 | 522.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 774.00 | 2,322.00 | 6,906.41 |
| Yukon | 24.30 | 72.90 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 20,203.32 | 60,609.96 | 20,564.58 |
| British Columbia | 28,884.00 | 86,652.00 | 0.00 |
| Manitoba | 6,725.55 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 3,390.00 | 10,170.00 | 0.00 |
| Northwest Territories | 1,448.40 | 4,345.20 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 73,585.92 | 220,757.75 | 17,700.09 |
| Prince Edward Island | 420.00 | 1,260.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 9,336.30 | 28,008.90 | 4,236.15 |
| Yukon | 0.00 | 0.00 | 0.00 |

Duty payable : \$193,020.09

Additional Duty Payable : \$553,761.71

Adjustment to the additional duty payable : \$124,806.05

Total amount payable : \$871,587.85

Screen ID: B-VR-B300-02

Date modified: 2021-06-29



Government
of Canada

Gouvernement
du Canada

Canada Revenue Agency

Account activities – excise duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-12-31

Fields marked with an asterisk (*) are required.

Select an assessment type

* Start date (YYYY-MM-DD)

* End date (YYYY-MM-DD)

Filter items

Showing 1 to 2 of 2 entries Show entries

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

| Assessment type | Version type | Period end date | Status | Amount total (\$) |
|-----------------|--------------|-----------------|--------|-------------------|
|-----------------|--------------|-----------------|--------|-------------------|

| Assessment type | Version type | Period end date | Status | Amount total (\$) |
|------------------------|---------------------|------------------------|-----------------|--------------------------|
| Return | Adjusted | 2023-12-31 | <u>Assessed</u> | \$787,507.66 |
| Refund | Corrected | 2023-12-31 | In Progress | -\$5,907.73 |

Previous

Screen ID: B-RD-VR-01

Date modified: 2021-06-29



Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-12-31

Received Date :

2024-01-25

Unpackaged product inventory

Finished cannabis extracts

| Inventory | Quantity |
|----------------------|----------------|
| Opening inventory | 307,547,001.07 |
| Total additions | 4,618,729.35 |
| Total reductions | 82,071,681.49 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 230,094,048.93 |

Finished edible cannabis

| Inventory | Quantity |
|-----------|----------|
|-----------|----------|

670

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,146,223.43 |
| Total additions | 4,134,874.4 |
| Total reductions | 4,538,157.9 |
| Adjustments (+ or -) | -622 |
| Closing inventory | 4,742,317.93 |

Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,764.51 |
| Total additions | 553.72 |
| Total reductions | 461.38 |
| Adjustments (+ or -) | -62.85 |
| Closing inventory | 5,794 |

Pure intermediates

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 3,712.869 |
| Total additions | 445.135 |
| Total reductions | 673.33 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 3,484.674 |

Packaged product inventory

Dried/fresh cannabis

671

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 256.8 |
| Total additions | 56.29 |
| Total reductions | 203.21 |
| Adjustments (+ or -) | -0.57 |
| Closing inventory | 109.31 |

Cannabis extracts

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 145,154,694.27 |
| Total additions | 8,749,231.59 |
| Total reductions | 46,711,602.62 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 107,192,323.24 |

Edible cannabis

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,173,930 |
| Total additions | 4,696,265.94 |
| Total reductions | 6,858,844 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 2,011,351.94 |

Stamp inventory

| Jurisdiction | Closing inventory |
|---------------------|--------------------------|
|---------------------|--------------------------|

672

| Jurisdiction | Closing inventory |
|---------------------------|--------------------------|
| Alberta | 303,827 |
| British Columbia | 347,874 |
| Manitoba | 187,475 |
| New Brunswick | 46,266 |
| Newfoundland and Labrador | 145,555 |
| Northwest Territories | 70,836 |
| Nova Scotia | 72,559 |
| Nunavut | 73,194 |
| Ontario | 387,489 |
| Prince Edward Island | 94,871 |
| Quebec | 228,000 |
| Saskatchewan | 220,333 |
| Yukon | 84,176 |

Sales and duties

Dried/fresh cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 9,822.00 | 29,466.00 | 11,169.95 |
| British Columbia | 20,157.00 | 47,871.00 | 0.00 |
| Manitoba | 0.00 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |

673

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Newfoundland and Labrador | 0.00 | 0.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 105.00 | 315.00 | 417.38 |
| Ontario | 13,948.50 | 41,845.50 | 8,250.74 |
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 0.00 | 0.00 | 0.00 |
| Yukon | 0.00 | 0.00 | 0.00 |

Edible cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 2,608.80 | 7,826.40 | 54,008.40 |
| British Columbia | 1,215.00 | 3,645.00 | 0.00 |
| Manitoba | 1,134.90 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 60.00 | 180.00 | 0.00 |

674

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 495.00 | 1,485.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 2,569.80 | 7,709.40 | 10,975.26 |
| Prince Edward Island | 30.00 | 90.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 721.80 | 2,165.40 | 6,768.04 |
| Yukon | 12.30 | 36.90 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 17,044.20 | 51,132.60 | 17,249.02 |
| British Columbia | 18,926.10 | 56,778.30 | 0.00 |
| Manitoba | 0.00 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 0.00 | 0.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Nunavut | 1,227.00 | 3,681.00 | 1,671.48 |
| Ontario | 78,260.49 | 234,781.47 | 18,959.33 |
| Prince Edward Island | 0.00 | 0.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 0.00 | 0.00 | 0.00 |
| Yukon | 172.80 | 518.40 | 0.00 |

Duty payable : \$168,510.69

Additional Duty Payable : \$489,527.37

Adjustment to the additional duty payable : \$129,469.60

Total amount payable : \$781,599.93

Screen ID: B-VR-B300-02

Date modified: 2021-06-29



Government
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Canada Revenue Agency

Account activities – excise duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2024-01-31

Fields marked with an asterisk (*) are required.

Select an assessment type

* Start date (YYYY-MM-DD)

* End date (YYYY-MM-DD)

Filter items

Showing 1 to 2 of 2 entries Show entries

Assessment information

You can view an assessed return or refund for the last seven years by clicking on the link in the status column.

| Assessment type | Version type | Period end date | Status | Amount total (\$) |
|-----------------|--------------|-----------------|--------|-------------------|
|-----------------|--------------|-----------------|--------|-------------------|

677

| Assessment type | Version type | Period end date | Status | Amount total (\$) |
|------------------------|---------------------|------------------------|-----------------|--------------------------|
| Return | Received | 2024-01-31 | <u>Assessed</u> | \$1,012,921.91 |
| Refund | Corrected | 2024-01-31 | <u>Assessed</u> | -\$92,557.81 |

Previous

Screen ID: B-RD-VR-01

Date modified: 2021-06-29



Canada Revenue Agency

View a B300, Cannabis Duty and Information Return

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2024-01-31

Received Date :

2024-02-28

Unpackaged product inventory

Finished cannabis extracts

| Inventory | Quantity |
|----------------------|----------------|
| Opening inventory | 230,094,048.93 |
| Total additions | 8,500,000 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 238,594,048.93 |

Finished edible cannabis

| Inventory | Quantity |
|-----------|----------|
|-----------|----------|

679

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 4,742,317.93 |
| Total additions | 5,552,520.5 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 10,294,838.43 |

Flowering material

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 5,793.99 |
| Total additions | 193.78 |
| Total reductions | 4,594.13 |
| Adjustments (+ or -) | 5.02 |
| Closing inventory | 1,398.66 |

Pure intermediates

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 3,484.67 |
| Total additions | 245.276 |
| Total reductions | 0 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 3,729.946 |

Packaged product inventory

Dried/fresh cannabis

680

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 109.31 |
| Total additions | 48.6 |
| Total reductions | 66.55 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 91.36 |

Cannabis extracts

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 107,192,323.24 |
| Total additions | 17,974,100 |
| Total reductions | 111,591,754.08 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 13,574,669.16 |

Edible cannabis

| Inventory | Quantity |
|----------------------|-----------------|
| Opening inventory | 2,011,351.94 |
| Total additions | 5,133,300 |
| Total reductions | 5,540,455.55 |
| Adjustments (+ or -) | 0 |
| Closing inventory | 1,604,196.39 |

Stamp inventory

| Jurisdiction | Closing inventory |
|---------------------|--------------------------|
|---------------------|--------------------------|

681

| Jurisdiction | Closing inventory |
|---------------------------|--------------------------|
| Alberta | 205,408 |
| British Columbia | 282,752 |
| Manitoba | 119,987 |
| New Brunswick | 46,266 |
| Newfoundland and Labrador | 137,750 |
| Northwest Territories | 70,822 |
| Nova Scotia | 51,197 |
| Nunavut | 73,194 |
| Ontario | 187,301 |
| Prince Edward Island | 91,034 |
| Quebec | 228,000 |
| Saskatchewan | 178,184 |
| Yukon | 82,620 |

Sales and duties

Dried/fresh cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 2,929.50 | 8,788.50 | 8,942.53 |
| British Columbia | 664.50 | 1,993.50 | 0.00 |
| Manitoba | 0.00 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |

682

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Newfoundland and Labrador | 0.00 | 0.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 8,971.50 | 26,914.50 | 5,673.86 |
| Prince Edward Island | 126.00 | 378.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 0.00 | 0.00 | 0.00 |
| Yukon | 63.00 | 189.00 | 0.00 |

Edible cannabis

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 2,392.80 | 7,178.40 | 45,310.43 |
| British Columbia | 1,584.00 | 4,752.00 | 0.00 |
| Manitoba | 1,694.42 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 195.00 | 585.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |

683

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Nova Scotia | 534.00 | 1,602.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 5,100.60 | 15,301.80 | 22,006.01 |
| Prince Edward Island | 93.30 | 279.90 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 1,047.60 | 3,142.80 | 9,599.36 |
| Yukon | 41.10 | 123.30 | 0.00 |

Cannabis extracts

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Alberta | 39,736.80 | 119,210.40 | 41,161.23 |
| British Columbia | 19,668.90 | 59,006.70 | 0.00 |
| Manitoba | 0.00 | 0.00 | 0.00 |
| New Brunswick | 0.00 | 0.00 | 0.00 |
| Newfoundland and Labrador | 0.00 | 0.00 | 0.00 |
| Northwest Territories | 0.00 | 0.00 | 0.00 |
| Nova Scotia | 0.00 | 0.00 | 0.00 |
| Nunavut | 0.00 | 0.00 | 0.00 |
| Ontario | 128,849.68 | 386,549.04 | 28,740.95 |

| Province/territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to the additional duty (\$) |
|---|------------------|-----------------------------|---|
| Prince Edward Island | 210.00 | 630.00 | 0.00 |
| Quebec | 0.00 | 0.00 | 0.00 |
| Saskatchewan | 0.00 | 0.00 | 0.00 |
| Yukon | 240.00 | 720.00 | 0.00 |

Duty payable : \$214,142.70

Additional Duty Payable : \$637,344.84

Adjustment to the additional duty payable : \$161,434.37

Total amount payable : \$920,364.10

Screen ID: B-VR-B300-02

Date modified: 2021-06-29



Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-02-28

Received Date :

2024-01-31

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|---|------------|----------------------|------------------------------------|---------------------|
| Destruction of cannabis products | British Columbia | \$6,589.63 | \$19,768.88 | \$0.00 | \$26,358.51 |

Total Dried/fresh cannabis : **\$26,358.51**

Cannabis extracts

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | British Columbia | \$366.76 | \$1,100.29 | \$0.00 | \$1,467.05 |
| Destruction of cannabis products | Manitoba | \$5.38 | \$0.00 | \$0.00 | \$5.38 |

Total Cannabis extracts : **\$1,472.43**

Total refund amount : **\$27,830.94**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29



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Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-03-31

Received Date :

2024-01-31

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|---|-------------|----------------------|------------------------------------|---------------------|
| Destruction of cannabis products | British Columbia | \$19,109.13 | \$57,327.38 | \$0.00 | \$76,436.51 |

688

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Manitoba | \$164.50 | \$0.00 | \$0.00 | \$164.50 |
| Destruction of cannabis products | Ontario | \$6,428.63 | \$19,285.88 | \$4,328.29 | \$30,042.80 |

Total Dried/fresh cannabis : **\$106,643.81**

Cannabis extracts

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Alberta | \$334.37 | \$1,003.10 | \$731.48 | \$2,068.95 |
| Destruction of cannabis products | British Columbia | \$16,455.00 | \$49,365.00 | \$0.00 | \$65,820.00 |

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Manitoba | \$212.58 | \$0.00 | \$0.00 | \$212.58 |
| Destruction of cannabis products | Ontario | \$30,788.00 | \$92,364.00 | \$5,163.78 | \$128,315.78 |

Total Cannabis extracts : **\$196,417.31**

Total refund amount : **\$303,061.12**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29



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Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-04-30

Received Date :

2024-01-31

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|---|-----------|----------------------|------------------------------------|---------------------|
| Destruction of cannabis products | Manitoba | \$264.25 | \$0.00 | \$0.00 | \$264.25 |

691

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Ontario | \$6,428.63 | \$19,285.88 | \$4,328.29 | \$30,042.80 |

Total Dried/fresh cannabis : **\$30,307.05****Cannabis extracts**

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Alberta | \$26.75 | \$80.25 | \$54.78 | \$161.78 |
| Destruction of cannabis products | Manitoba | \$33.95 | \$0.00 | \$0.00 | \$33.95 |
| Destruction of cannabis products | Ontario | \$29,926.33 | \$89,779.01 | \$5,441.35 | \$125,146.69 |

Total Cannabis extracts : **\$125,342.42**

Total refund amount : **\$155,649.47**⁶⁹²

Screen ID: B-VR-B301-02

Date modified: 2021-06-29



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Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-05-31

Received Date :

2024-01-31

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|---|------------|----------------------|------------------------------------|---------------------|
| Destruction of cannabis products | Alberta | \$1,568.80 | \$4,706.41 | \$4,737.36 | \$11,012.57 |
| Destruction of cannabis products | British Columbia | \$269.50 | \$808.50 | \$0.00 | \$1,078.00 |

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | 694 |
|----------------------------------|---|-----------|----------------------|------------------------------------|---------------------|
| | | | | | Claimed Amount (\$) |
| Destruction of cannabis products | Ontario | \$11.38 | \$34.13 | \$5.27 | \$50.78 |
| Destruction of cannabis products | Saskatchewan | \$161.00 | \$483.00 | \$54.80 | \$698.80 |

Total Dried/fresh cannabis : **\$12,840.15**

Cannabis extracts

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|---|------------|----------------------|------------------------------------|---------------------|
| | | | | | |
| Destruction of cannabis products | British Columbia | \$1,249.18 | \$3,747.52 | \$0.00 | \$4,996.70 |
| Destruction of cannabis products | Manitoba | \$118.78 | \$0.00 | \$0.00 | \$118.78 |

Total Cannabis extracts : **\$5,115.48**

Total refund amount : **\$17,955.63**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29



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Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-06-30

Received Date :

2024-01-31

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|---|-----------|----------------------|------------------------------------|---------------------|
| Destruction of cannabis products | Alberta | \$576.24 | \$1,728.72 | \$1,740.09 | \$4,045.05 |

697

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Manitoba | \$1.75 | \$0.00 | \$0.00 | \$1.75 |
| Destruction of cannabis products | Ontario | \$42.00 | \$126.00 | \$27.13 | \$195.13 |

Total Dried/fresh cannabis : **\$4,241.93****Cannabis plant seeds**

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | British Columbia | \$3,955.00 | \$11,865.00 | \$0.00 | \$15,820.00 |

Total Cannabis plant seeds : **\$15,820.00****Cannabis extracts**

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | British Columbia | \$1,346.60 | \$4,039.80 | \$0.00 | \$5,386.40 |
| Destruction of cannabis products | Manitoba | \$26.80 | \$0.00 | \$0.00 | \$26.80 |

Total Cannabis extracts : **\$5,413.20**

Total refund amount : **\$25,475.13**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29



Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-07-31

Received Date :

2024-01-31

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|---|-----------|----------------------|------------------------------------|---------------------|
| Destruction of cannabis products | Alberta | \$914.13 | \$2,742.39 | \$2,831.19 | \$6,487.71 |
| Destruction of cannabis products | Manitoba | \$30.88 | \$0.00 | \$0.00 | \$30.88 |

700

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Newfoundland and Labrador | \$6.12 | \$18.38 | \$0.00 | \$24.50 |
| Destruction of cannabis products | Ontario | \$73.50 | \$220.50 | \$34.53 | \$328.53 |

Total Dried/fresh cannabis : **\$6,871.62****Cannabis extracts**

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Alberta | \$1,165.43 | \$3,496.28 | \$1,980.10 | \$6,641.81 |
| Destruction of cannabis products | Manitoba | \$17.14 | \$0.00 | \$0.00 | \$17.14 |
| Destruction of cannabis products | Ontario | \$15,273.60 | \$45,820.80 | \$2,498.57 | \$63,592.97 |
| Destruction of cannabis products | Saskatchewan | \$77.40 | \$232.20 | \$35.24 | \$344.84 |

Total Cannabis extracts : ⁷⁰¹\$70,596.76

Total refund amount : \$77,468.38

Screen ID: B-VR-B301-02

Date modified: 2021-06-29



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Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-05-31

Received Date :

2024-01-31

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|---|------------|----------------------|------------------------------------|---------------------|
| Destruction of cannabis products | Alberta | \$1,568.80 | \$4,706.41 | \$4,737.36 | \$11,012.57 |
| Destruction of cannabis products | British Columbia | \$269.50 | \$808.50 | \$0.00 | \$1,078.00 |

703

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Ontario | \$11.38 | \$34.13 | \$5.27 | \$50.78 |
| Destruction of cannabis products | Saskatchewan | \$161.00 | \$483.00 | \$54.80 | \$698.80 |

Total Dried/fresh cannabis : **\$12,840.15****Cannabis extracts**

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | British Columbia | \$1,249.18 | \$3,747.52 | \$0.00 | \$4,996.70 |
| Destruction of cannabis products | Manitoba | \$118.78 | \$0.00 | \$0.00 | \$118.78 |

Total Cannabis extracts : **\$5,115.48**Total refund amount : **\$17,955.63**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29



Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2022-12-31

Received Date :

2024-01-31

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|---|-------------|----------------------|------------------------------------|---------------------|
| Destruction of cannabis products | Alberta | \$10,815.65 | \$32,624.25 | \$36,642.04 | \$80,081.94 |

706

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | British Columbia | \$58.63 | \$175.88 | \$0.00 | \$234.51 |
| Destruction of cannabis products | Manitoba | \$85.50 | \$0.00 | \$0.00 | \$85.50 |
| Destruction of cannabis products | Ontario | \$3,465.13 | \$10,395.38 | \$1,291.59 | \$15,152.10 |

Total Dried/fresh cannabis : **\$95,554.05**

Cannabis extracts

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Alberta | \$3,226.74 | \$9,680.25 | \$3,704.81 | \$16,611.80 |

707

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | British Columbia | \$307.46 | \$922.39 | \$0.00 | \$1,229.85 |
| Destruction of cannabis products | Manitoba | \$25.80 | \$0.00 | \$0.00 | \$25.80 |
| Destruction of cannabis products | Ontario | \$266.40 | \$799.20 | \$41.94 | \$1,107.54 |

Total Cannabis extracts : **\$18,974.99**

Total refund amount : **\$114,529.04**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29



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Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-03-31

Received Date :

2023-09-13

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|---|-------------|----------------------|------------------------------------|---------------------|
| Destruction of cannabis products | Alberta | \$20,605.41 | \$61,816.23 | \$34,046.84 | \$116,468.48 |
| Destruction of cannabis products | British Columbia | \$10,564.50 | \$31,693.50 | \$0.00 | \$42,258.00 |
| Destruction of cannabis products | Manitoba | \$101.50 | \$0.00 | \$0.00 | \$101.50 |

709

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Newfoundland and Labrador | \$1,722.00 | \$5,166.00 | \$0.00 | \$6,888.00 |
| Destruction of cannabis products | Ontario | \$4,648.50 | \$13,945.50 | \$2,229.87 | \$20,823.87 |
| Destruction of cannabis products | Saskatchewan | \$210.00 | \$630.00 | \$174.21 | \$1,014.21 |

Total Dried/fresh cannabis : **\$187,554.06****Cannabis extracts**

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Alberta | \$417.75 | \$1,253.25 | \$79.16 | \$1,750.16 |
| Destruction of cannabis products | British Columbia | \$2,292.55 | \$6,877.65 | \$0.00 | \$9,170.20 |
| Destruction of cannabis products | Ontario | \$42,535.05 | \$127,605.15 | \$11,732.03 | \$181,872.23 |

710

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Saskatchewan | \$387.00 | \$1,161.00 | \$167.85 | \$1,715.85 |

Total Cannabis extracts : **\$194,508.44**Total refund amount : **\$382,062.50****Screen ID:** B-VR-B301-02**Date modified:** 2021-06-29



Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-06-30

Received Date :

2023-09-13

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|---|-------------|----------------------|------------------------------------|---------------------|
| Destruction of cannabis products | Alberta | \$11,923.52 | \$35,770.55 | \$30,855.74 | \$78,549.81 |
| Destruction of cannabis products | British Columbia | \$8,252.88 | \$24,758.63 | \$0.00 | \$33,011.51 |

712

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Manitoba | \$18.00 | \$0.00 | \$0.00 | \$18.00 |
| Destruction of cannabis products | Ontario | \$9,716.26 | \$29,148.75 | \$3,983.70 | \$42,848.71 |
| Destruction of cannabis products | Saskatchewan | \$37.50 | \$112.50 | \$25.17 | \$175.17 |

Total Dried/fresh cannabis : **\$154,603.20****Cannabis extracts**

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Alberta | \$309.78 | \$929.35 | \$281.03 | \$1,520.16 |
| Destruction of cannabis products | British Columbia | \$2,174.50 | \$6,523.50 | \$0.00 | \$8,698.00 |

713

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Ontario | \$22,636.00 | \$67,908.00 | \$3,906.61 | \$94,450.61 |
| Destruction of cannabis products | Manitoba | \$152.40 | \$0.00 | \$0.00 | \$152.40 |

Total Cannabis extracts : **\$104,821.17**

Total refund amount : **\$259,424.37**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29



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Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-08-31

Received Date :

2023-09-13

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|---|-------------|----------------------|------------------------------------|---------------------|
| Destruction of cannabis products | Ontario | \$37,098.38 | \$111,295.13 | \$12,709.43 | \$161,102.94 |

Total Dried/fresh cannabis : **\$161,102.94**

Cannabis extracts

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|----------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Destruction of cannabis products | Ontario | \$2,576.05 | \$7,728.15 | \$741.43 | \$11,045.63 |
| Destruction of cannabis products | Alberta | \$7,513.15 | \$22,539.45 | \$6,528.72 | \$36,581.32 |

Total Cannabis extracts : **\$47,626.95**

Total refund amount : **\$208,729.89**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29



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Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-09-30

Received Date :

2023-11-01

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|------------------------------|---|-----------|----------------------|------------------------------------|---------------------|
| Re-work of cannabis products | Ontario | \$928.63 | \$2,785.88 | \$267.66 | \$3,982.17 |

717

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|--------------------------|--|------------------|-----------------------------|---|----------------------------|
| Other reason | Ontario | \$5,743.50 | \$17,230.50 | \$2,998.00 | \$25,972.00 |

Total Dried/fresh cannabis : **\$29,954.17****Cannabis extracts**

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Re-work of cannabis products | Ontario | \$1,964.12 | \$5,892.36 | \$322.07 | \$8,178.55 |
| Other reason | Ontario | \$24,165.45 | \$72,496.35 | \$4,177.42 | \$100,839.22 |

Total Cannabis extracts : **\$109,017.77****Edible cannabis**

718

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|------------------------------|--|------------------|-----------------------------|---|----------------------------|
| Re-work of cannabis products | Ontario | \$0.03 | \$0.08 | \$0.08 | \$0.19 |
| Other reason | Ontario | \$195.00 | \$585.00 | \$740.99 | \$1,520.99 |

Total Edible cannabis : **\$1,521.18**

Total refund amount : **\$140,493.12**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29



Canada Revenue Agency

View a B301, Application for a Refund of Cannabis Duty

Business number:

70583 6518 RD0004

Business name:

BZAM MANAGEMENT INC.

Period covered :

2023-10-31

Received Date :

2023-11-28

Dried/fresh cannabis

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|-------------------|---|------------|----------------------|------------------------------------|---------------------|
| Other reason | British Columbia | \$2,100.00 | \$6,300.00 | \$0.00 | \$8,400.00 |

Total Dried/fresh cannabis : **\$8,400.00**

Cannabis extracts

720

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|--------------------------|--|------------------|-----------------------------|---|----------------------------|
| Other reason | British Columbia | \$6,615.00 | \$19,845.00 | \$0.00 | \$26,460.00 |
| Other reason | Ontario | \$5.25 | \$15.75 | \$1.75 | \$22.75 |
| Other reason | Ontario | \$23,257.50 | \$69,772.50 | \$3,780.99 | \$96,810.99 |

Total Cannabis extracts : **\$123,293.74****Edible cannabis**

| Reason for refund | Province or territory where sale was made | Duty (\$) | Additional duty (\$) | Adjustment to additional duty (\$) | Claimed Amount (\$) |
|--------------------------|--|------------------|-----------------------------|---|----------------------------|
| Other reason | Ontario | \$7.20 | \$21.60 | \$31.70 | \$60.50 |

Total Edible cannabis : **\$60.50**Total refund amount : **\$131,754.24**

Screen ID: B-VR-B301-02

Date modified: 2021-06-29



Summerside, PE, C1N 6A2

Date Issued Feb 15, 2024
Business Number 70583 6518
Case/reference FBC000507403

BZAM MANAGEMENT INC.
 BZAM CANNABIS
 518 - 19100 AIRPORT WAY
 PITT MEADOWS BC V3Y 0E2

Subject: Filing and balance confirmation letter

Dear Sir or Madam:

The information provided is valid only on the date this letter is issued.

Here is the information you asked for:

Filing and balance summary

| Business number | Registration date | \$ Account balance | Returns up to date |
|-----------------|-------------------|--------------------|--------------------|
| 70583 6518 | Mar 12, 2019 | 5,205,283.20 | Yes |

Filing and balance details

| Account number | Program | Registration date | \$ Account balance | Returns up to date |
|-------------------|------------|-------------------|--------------------|--------------------|
| 70583 6518 RT0001 | GST/HST | Mar 12, 2019 | 1,363,291.60 | Yes |
| 70583 6518 RD0004 | EXCISE DTY | Apr 1, 2020 | 3,841,933.41 | Yes |
| 70583 6518 RP0001 | PAYRLL DED | Mar 14, 2019 | 58.19 | Yes |

The information in this letter comes from the Canada Revenue Agency (CRA) computer records. It does not mean that we audited your records or verified that the information you gave us was accurate and complete.

BZAM MANAGEMENT INC. is responsible for making sure that all obligations under the Income Tax Act, Excise Tax Act, and any other applicable legislation are met. The CRA does not guarantee that there are no additional requirements or amounts owing that are not appearing on this letter.

The amounts appearing in the Account balance column may not include held credits, amounts under dispute, amounts not yet due and amounts not yet applied.

| | |
|------------------------|--------------|
| Date Issued | Feb 15, 2024 |
| Business Number | 70583 6518 |
| Case/reference | FBC000507403 |

This barcode contains information from the Filing balance and confirmation letter.



Your branch address:

595 BARRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking ⁷²⁵



BZAM MANAGEMENT INC.
200 BARRARD STREET UNIT 1570
VANCOUVER BC V6C 3L6

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

Business Banking statement

For the period ending July 31, 2023

Summary of account

| Account | Opening balance (\$) | - Total amounts debited (\$) | + Total amounts credited (\$) | = Closing balance (\$) on Jul 31, 2023 |
|---------|----------------------|------------------------------|-------------------------------|--|
|---------|----------------------|------------------------------|-------------------------------|--|



Learn how to best protect yourself when using Wi-Fi networks; private and public. For useful security tips, visit bmo.com/security

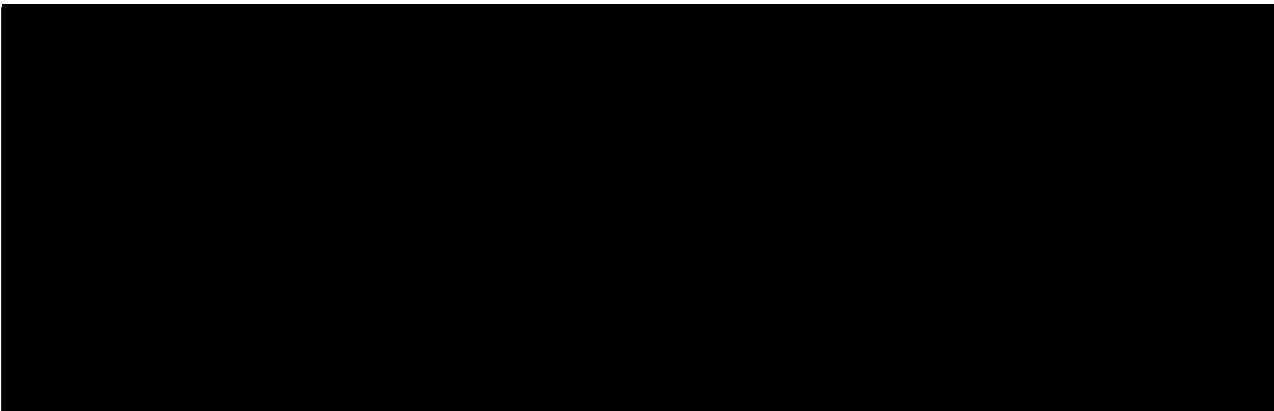
Transaction details

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|--|---------------------------------------|--------------|
|------|-------------|--|---------------------------------------|--------------|

Business Current Account # 0004 1738-474



Account Type: BLOCKED
Business name:
BZAM MANAGEMENT INC.



continued

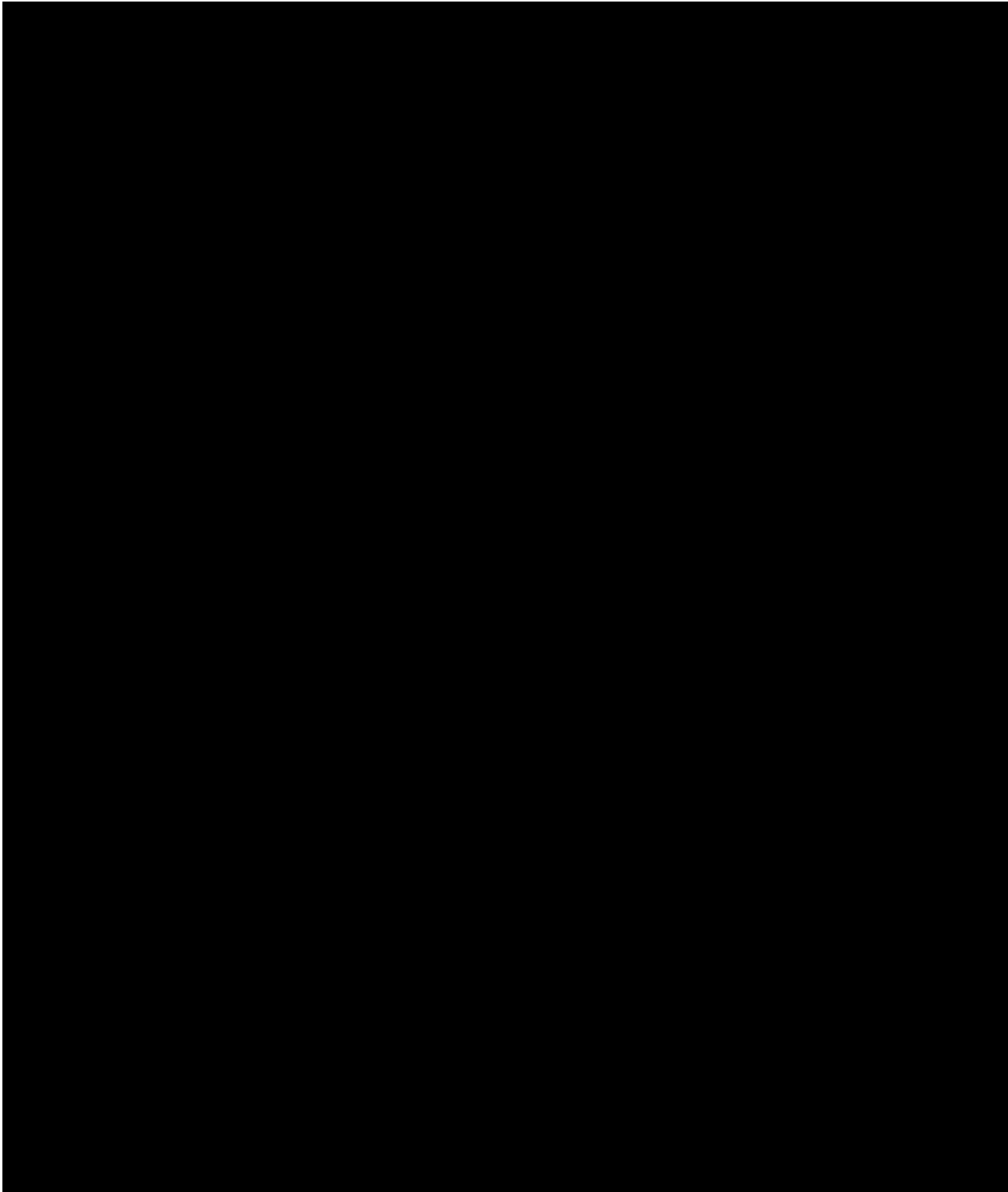


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

BZAM MANAGEMENT INC.
For the period ending July 31, 2023

Business Banking ⁷²⁷

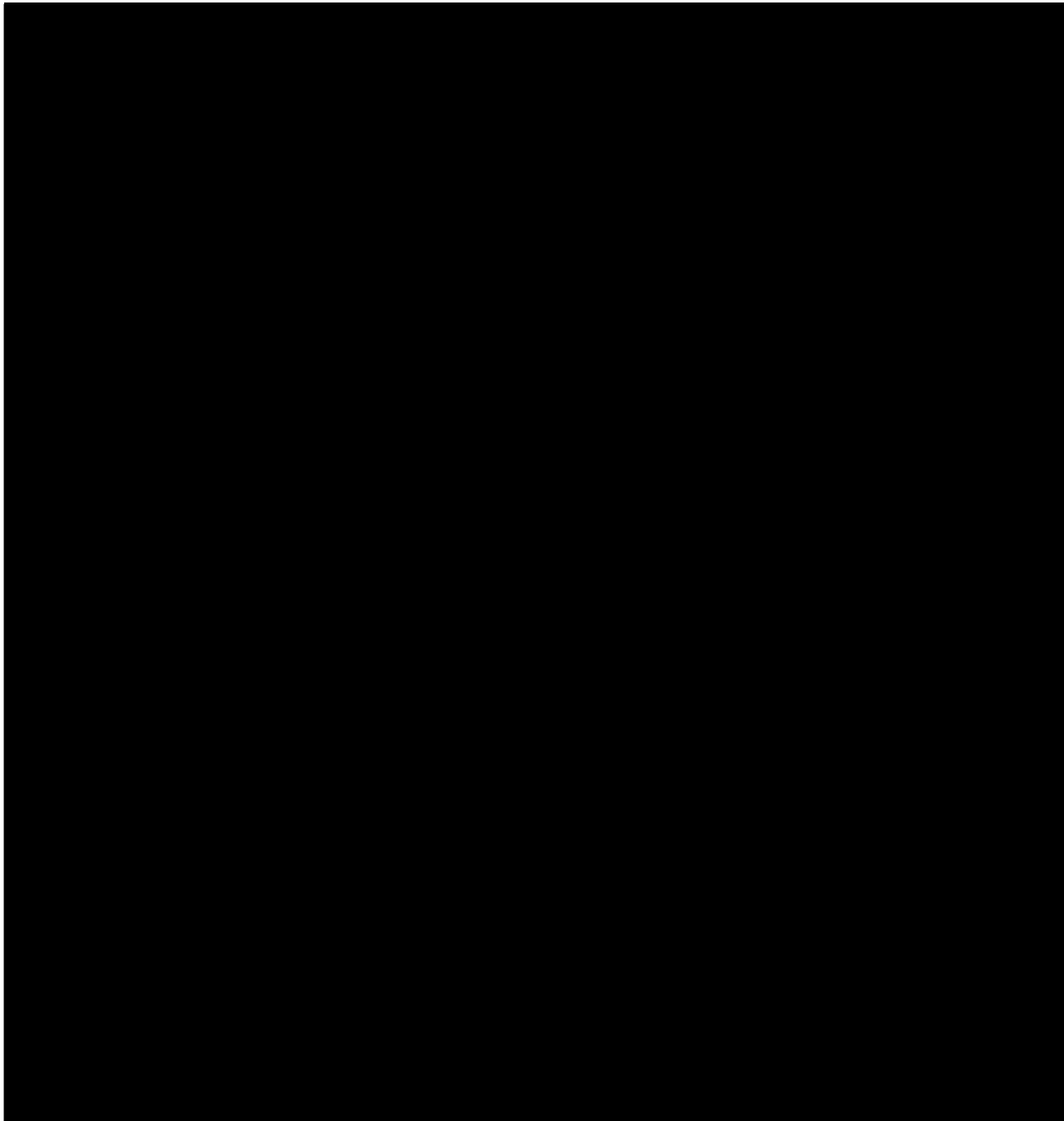


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



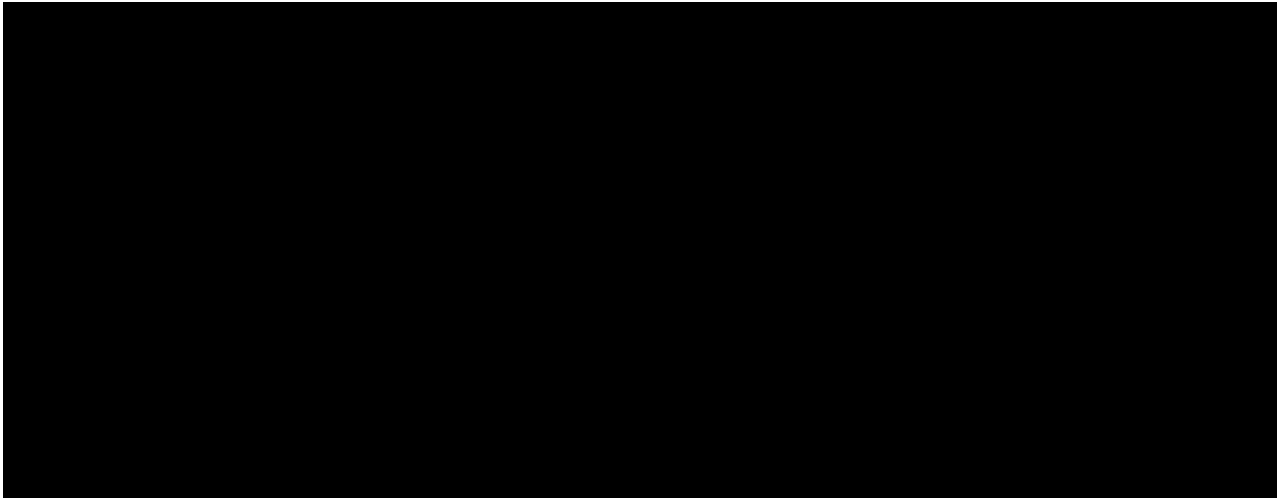
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Transaction details (continued)

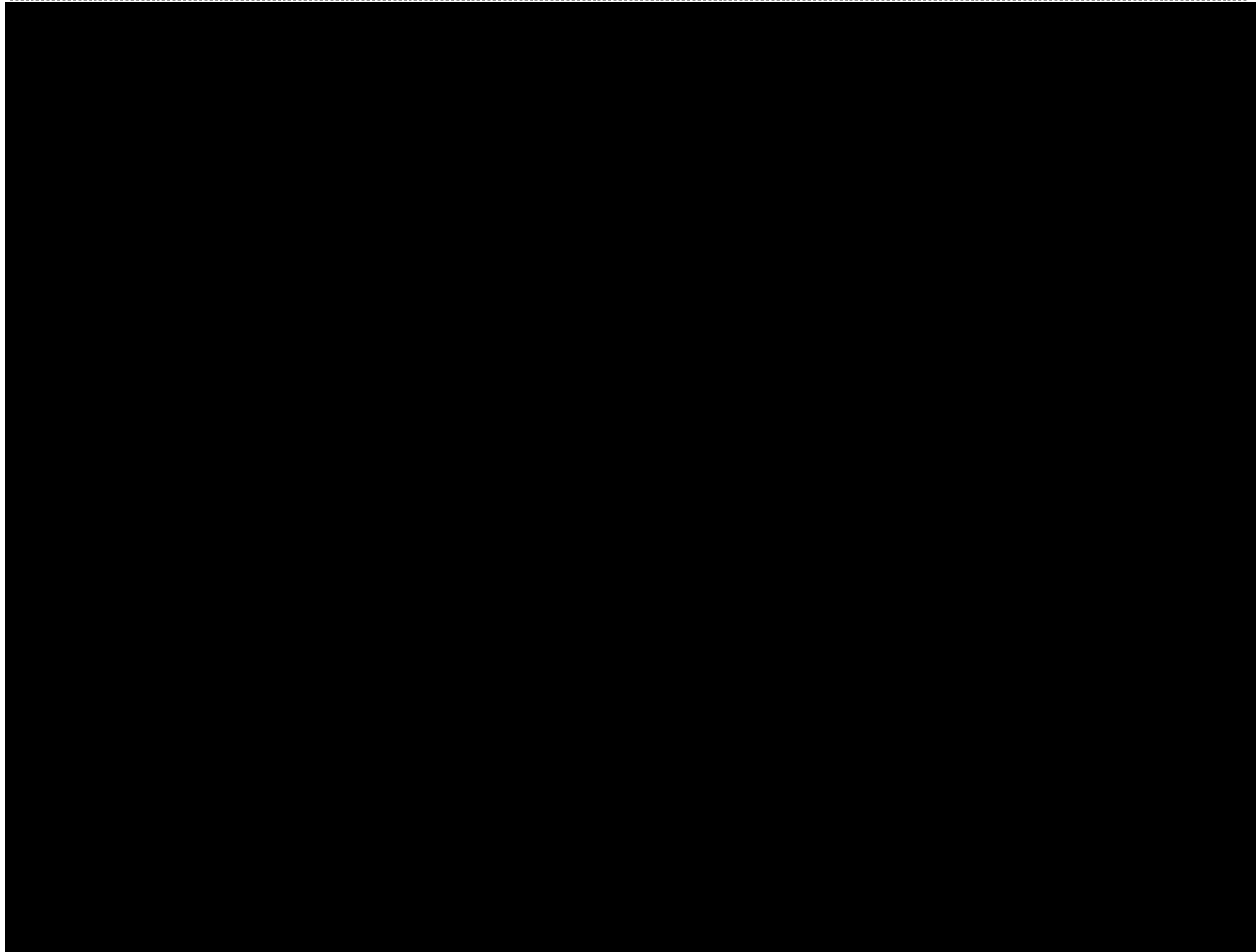
| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



| | | | |
|-----|---------------------------|------------|---------|
| ■ ■ | Payment ■ ■ FDEXD 2919960 | 167,204.30 | ■ ■ ■ ■ |
|-----|---------------------------|------------|---------|



continued

Business Banking statement

BZAM MANAGEMENT INC.
For the period ending July 31, 2023

Business Banking ⁷²⁹

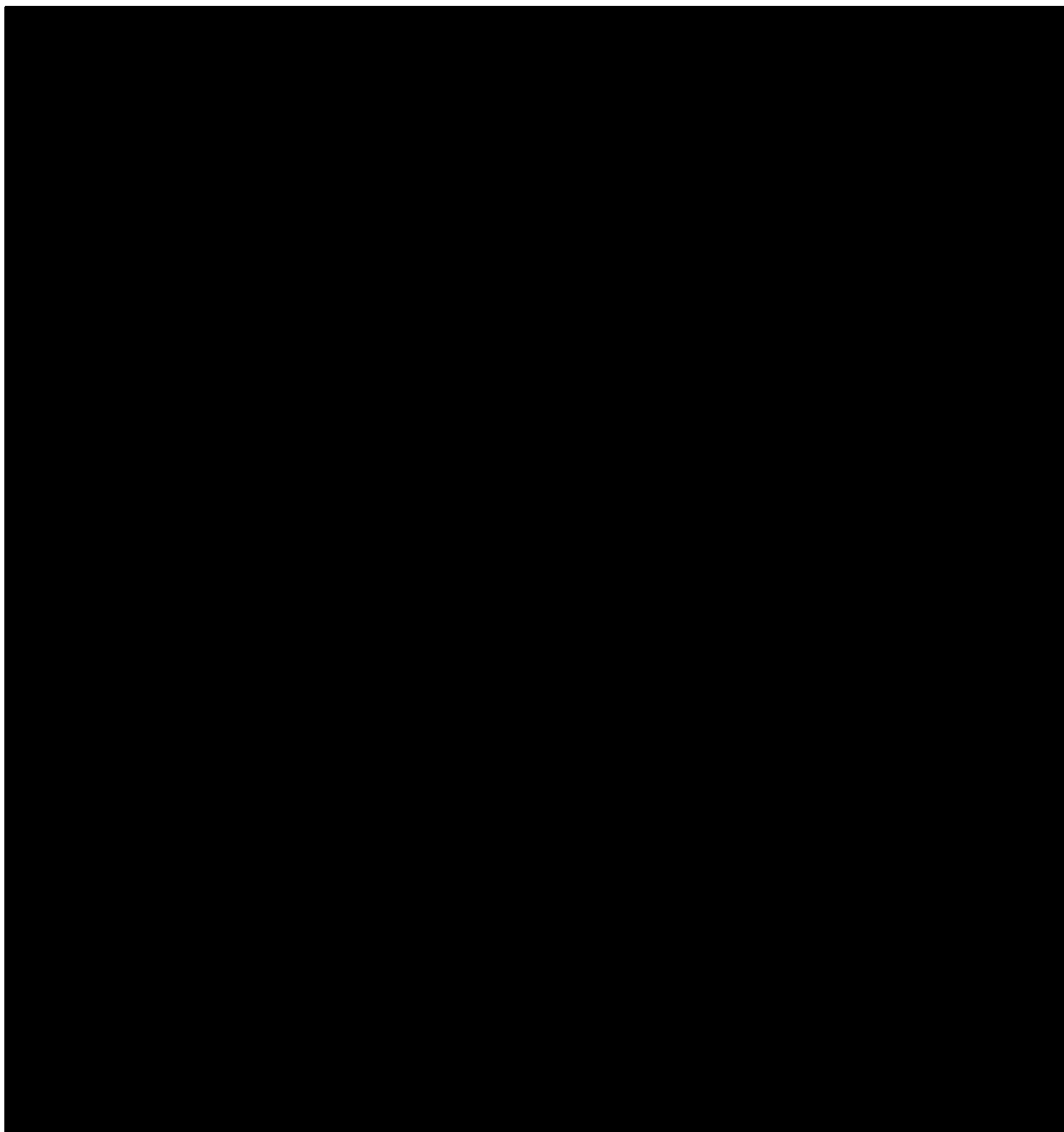


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



continued

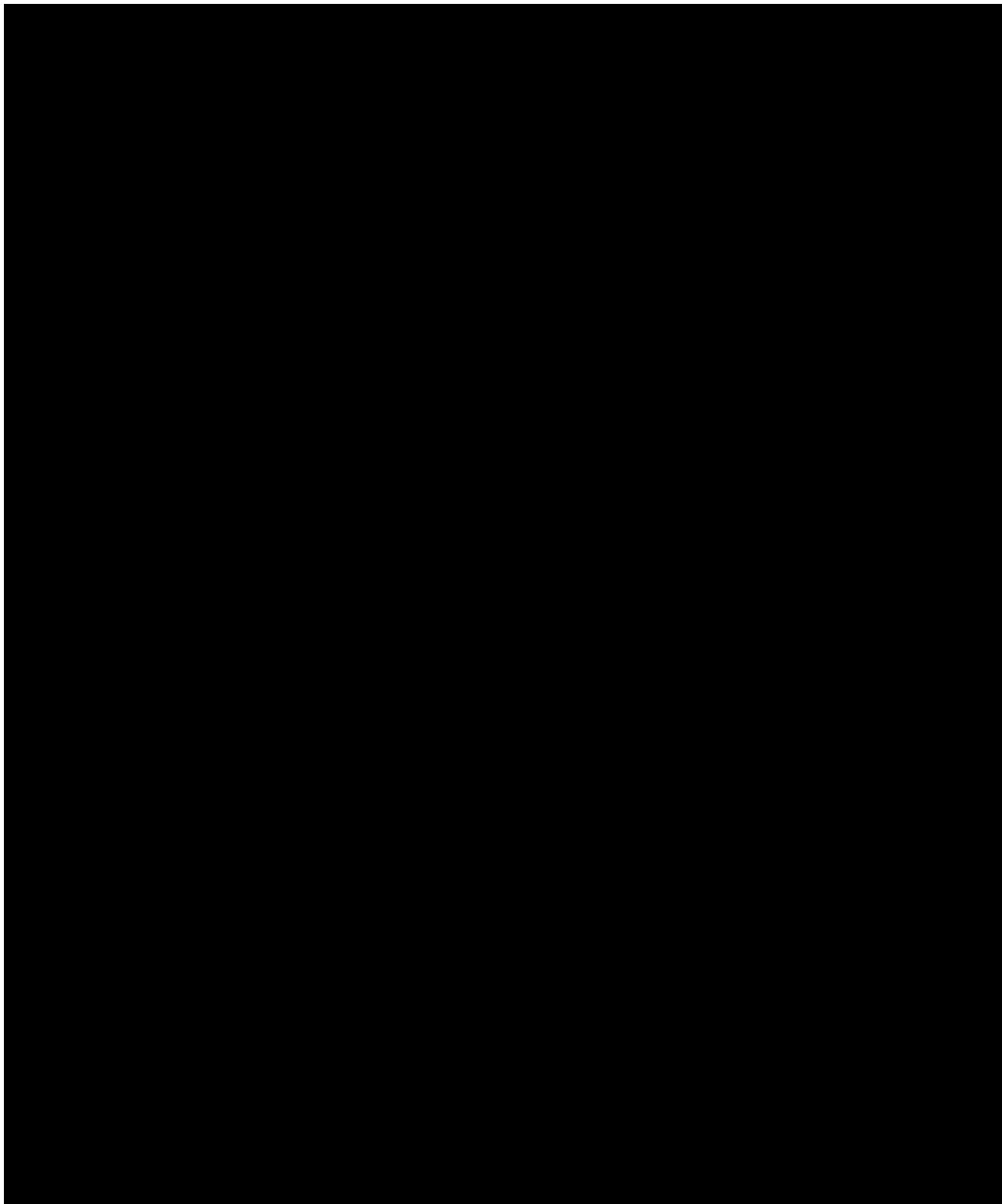


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

BZAM MANAGEMENT INC.
For the period ending July 31, 2023

Business Banking ⁷³¹

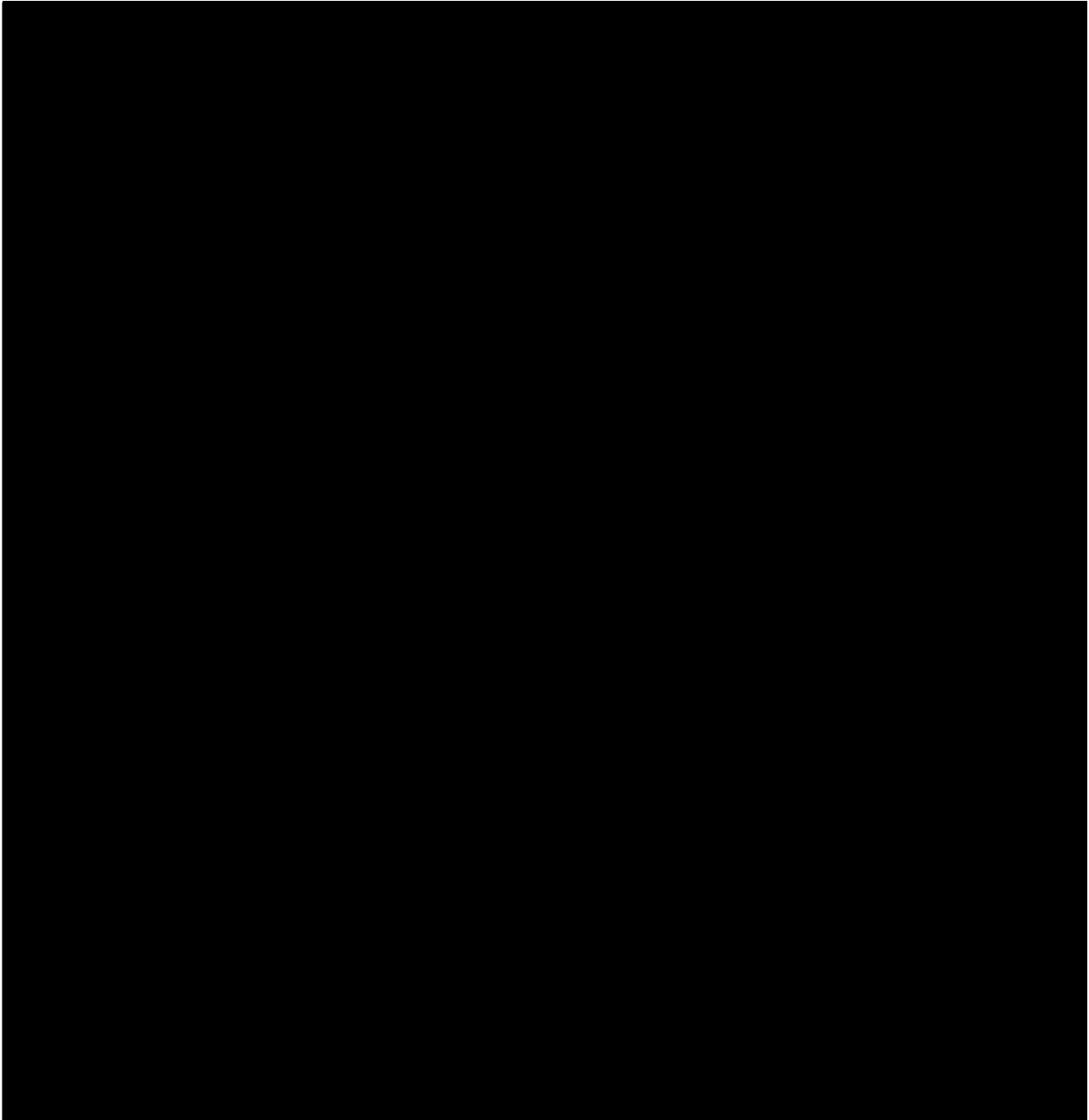


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



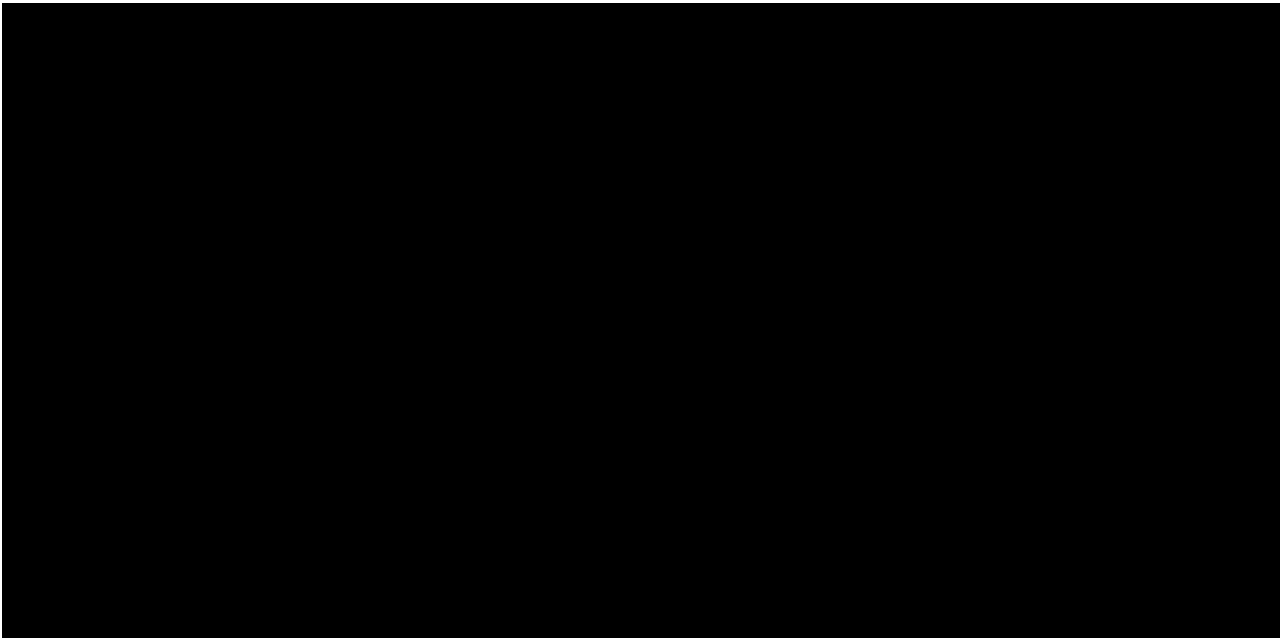
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Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Your branch address:

595 BURRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking ⁷³³



BZAM MANAGEMENT INC.
200 BURRARD STREET UNIT 1570
VANCOUVER BC V6C 3L6

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

Business Banking statement

For the period ending August 31, 2023

Summary of account

| Account | Opening balance (\$) | - Total amounts debited (\$) | + Total amounts credited (\$) | = Closing balance (\$) on Aug 31, 2023 |
|------------|----------------------|------------------------------|-------------------------------|--|
| [REDACTED] | | | | |

Security Tip

Vacation pictures ready for posting on social media? Maybe reconsider. Sharing too much information on social media may provide clues to cybercriminals to access your accounts. Visit bmo.com/security - Security Tips section for more resources on how to stay protected.

Transaction details

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|--|---------------------------------------|--------------|
|------|-------------|--|---------------------------------------|--------------|

Business Current Account # 0004 1738-474



Account Type: BLOCKED
Business name:
BZAM MANAGEMENT INC.

| | | | | |
|------------|--|--|--|--|
| [REDACTED] | | | | |
|------------|--|--|--|--|

| | | | | |
|--------|--|--------------|--|------------|
| Aug 01 | Pre-Authorized Payment No Fee, FDEXD 1105135 BUS/ENT | 2,070,911.65 | | [REDACTED] |
|--------|--|--------------|--|------------|

| | | | | |
|------------|--|--|--|--|
| [REDACTED] | | | | |
|------------|--|--|--|--|

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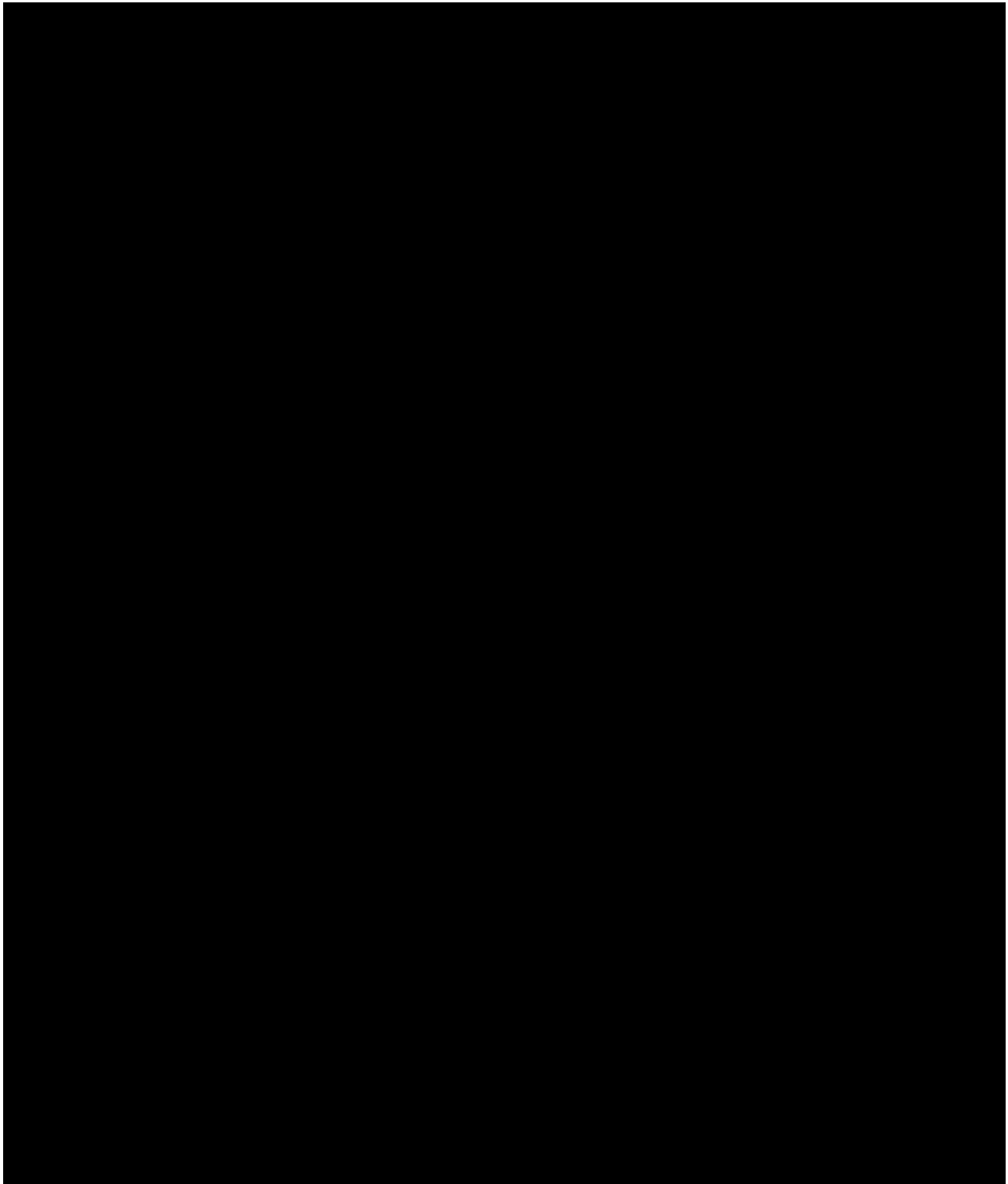


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

BZAM MANAGEMENT INC.
For the period ending August 31, 2023

Business Banking ⁷³⁵

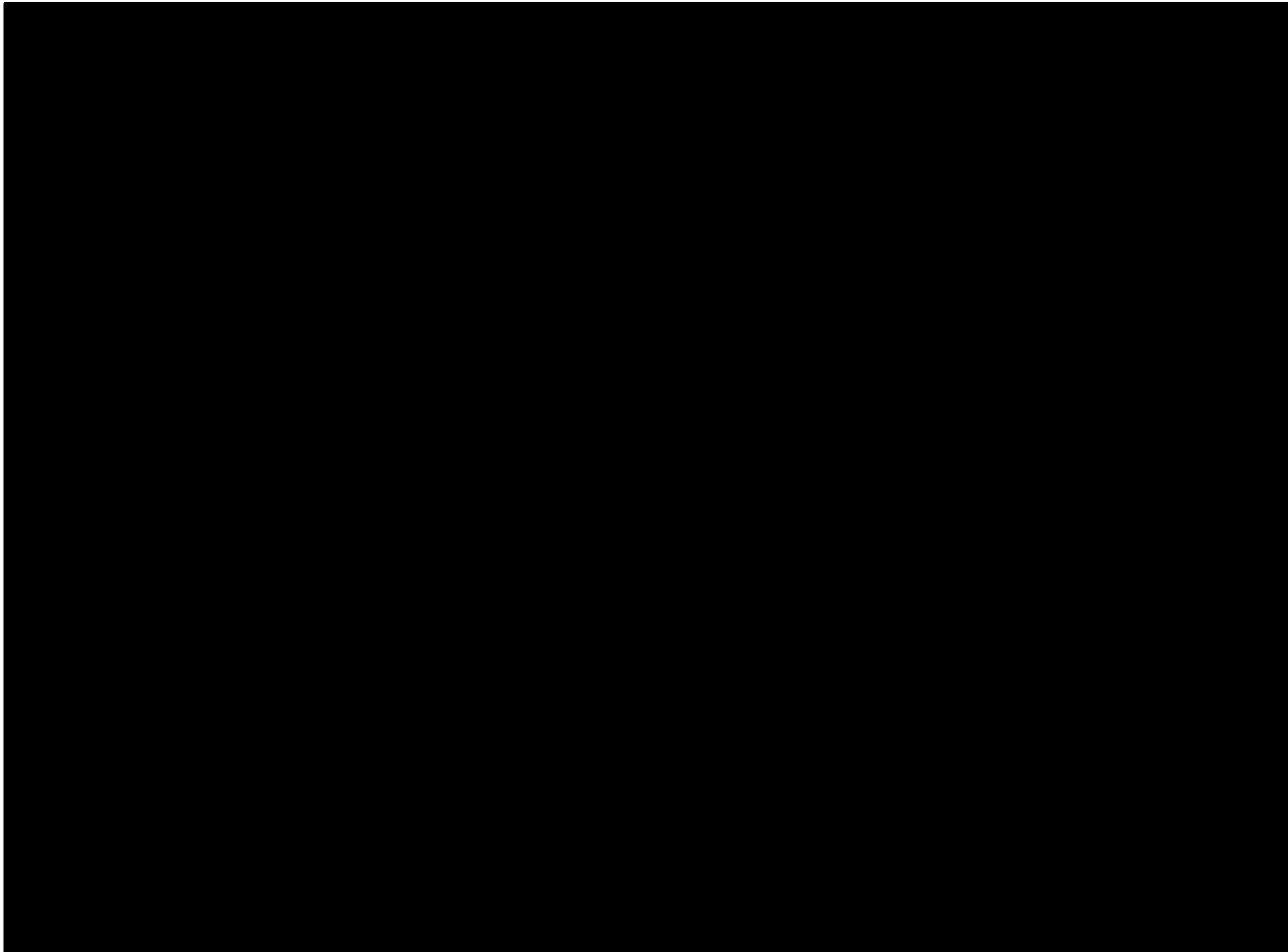


Transaction details (continued)

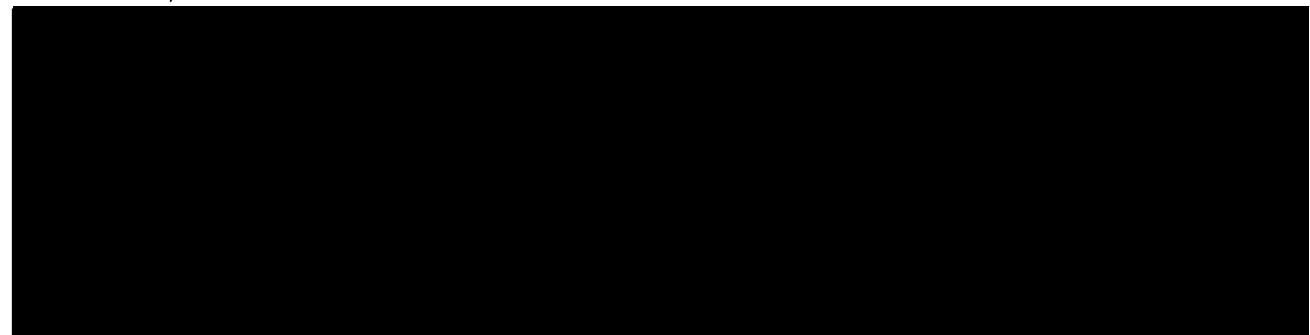
| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



| | | | | |
|--------|---|------------|--|--|
| Aug 15 | Pre-Authorized Payment No Fee, FDEXD 4575750 BUS/ENT | 167,204.30 | | |
|--------|---|------------|--|--|



continued

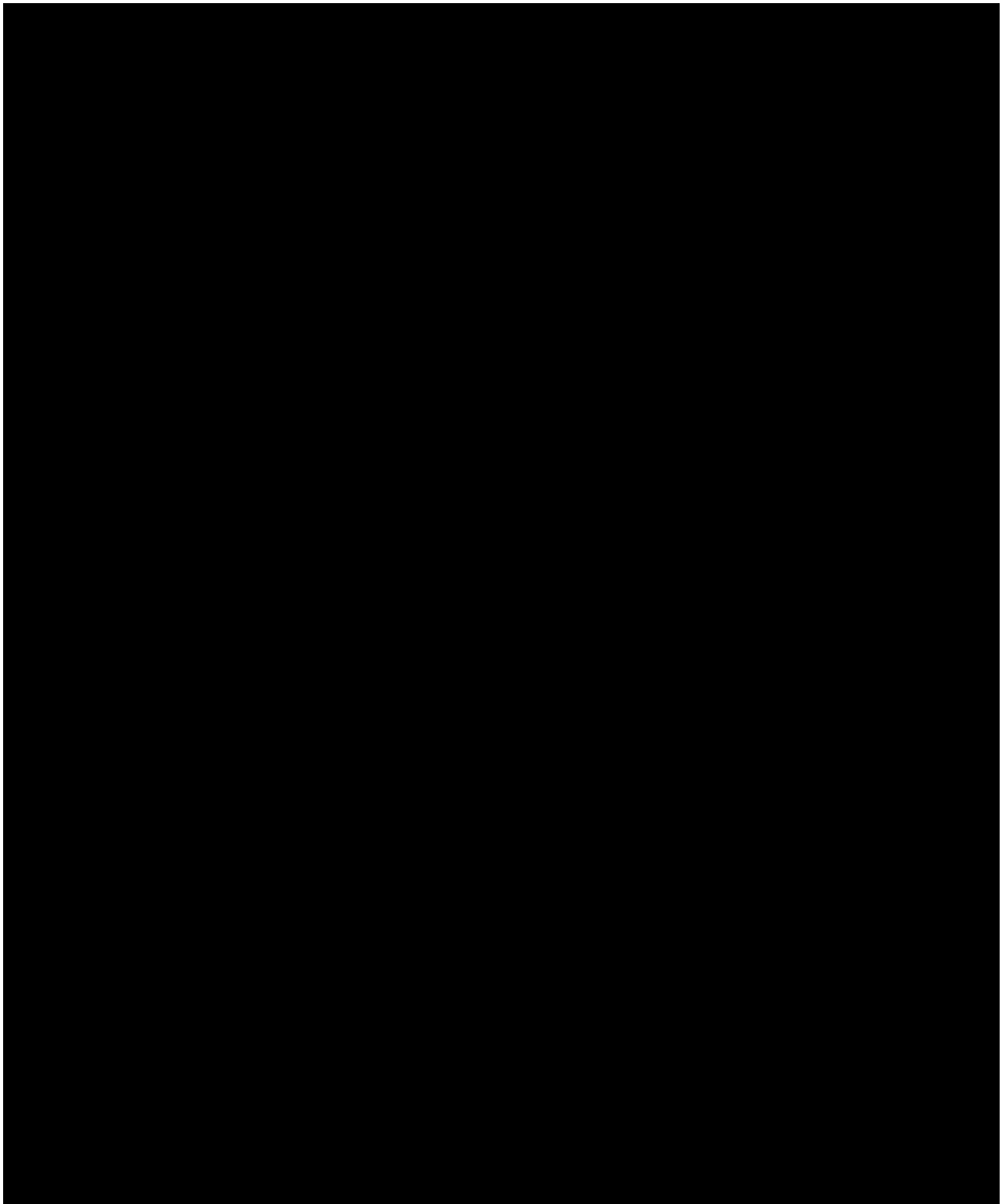


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



continued

Business Banking statement

BZAM MANAGEMENT INC.
For the period ending August 31, 2023

Business Banking ⁷³⁷

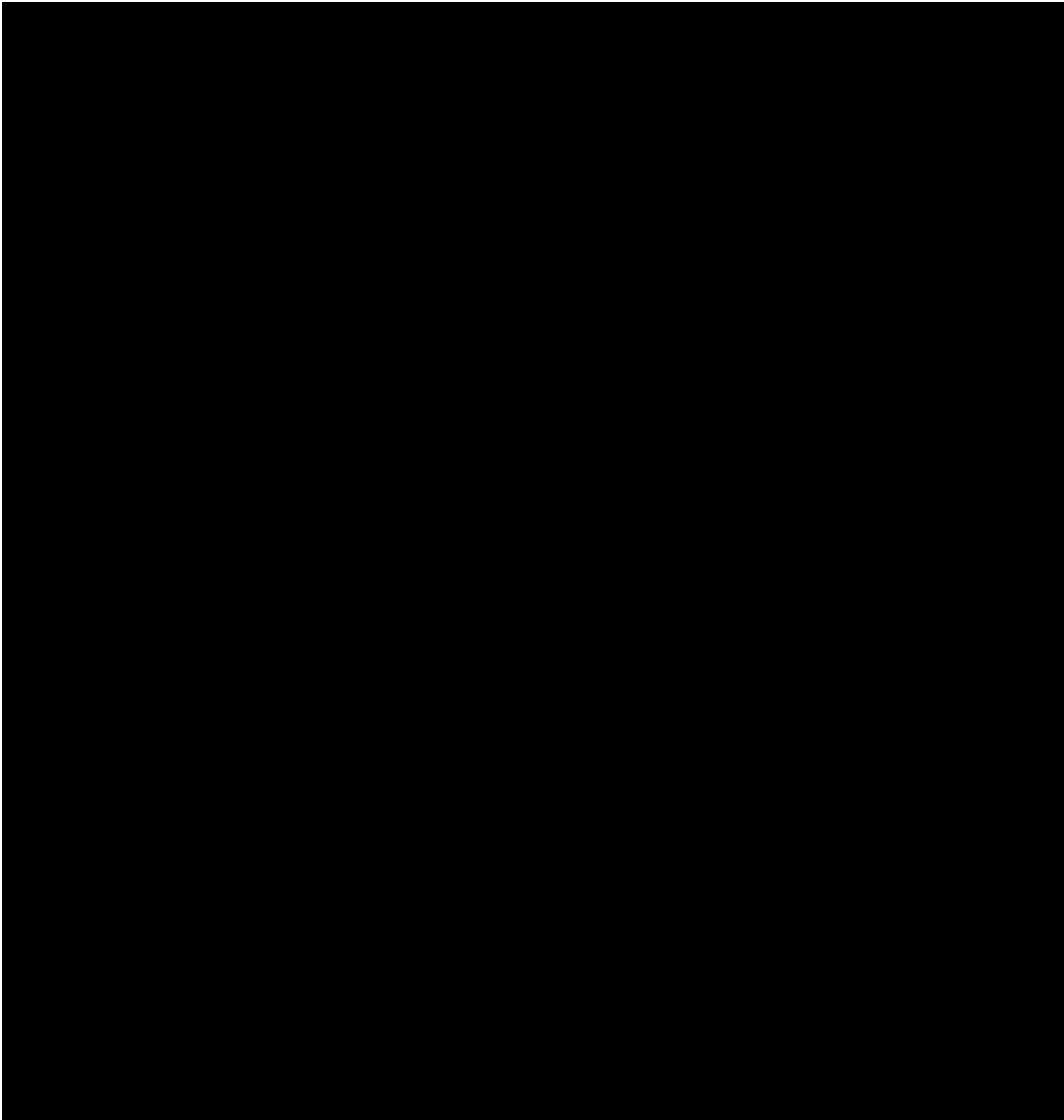


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



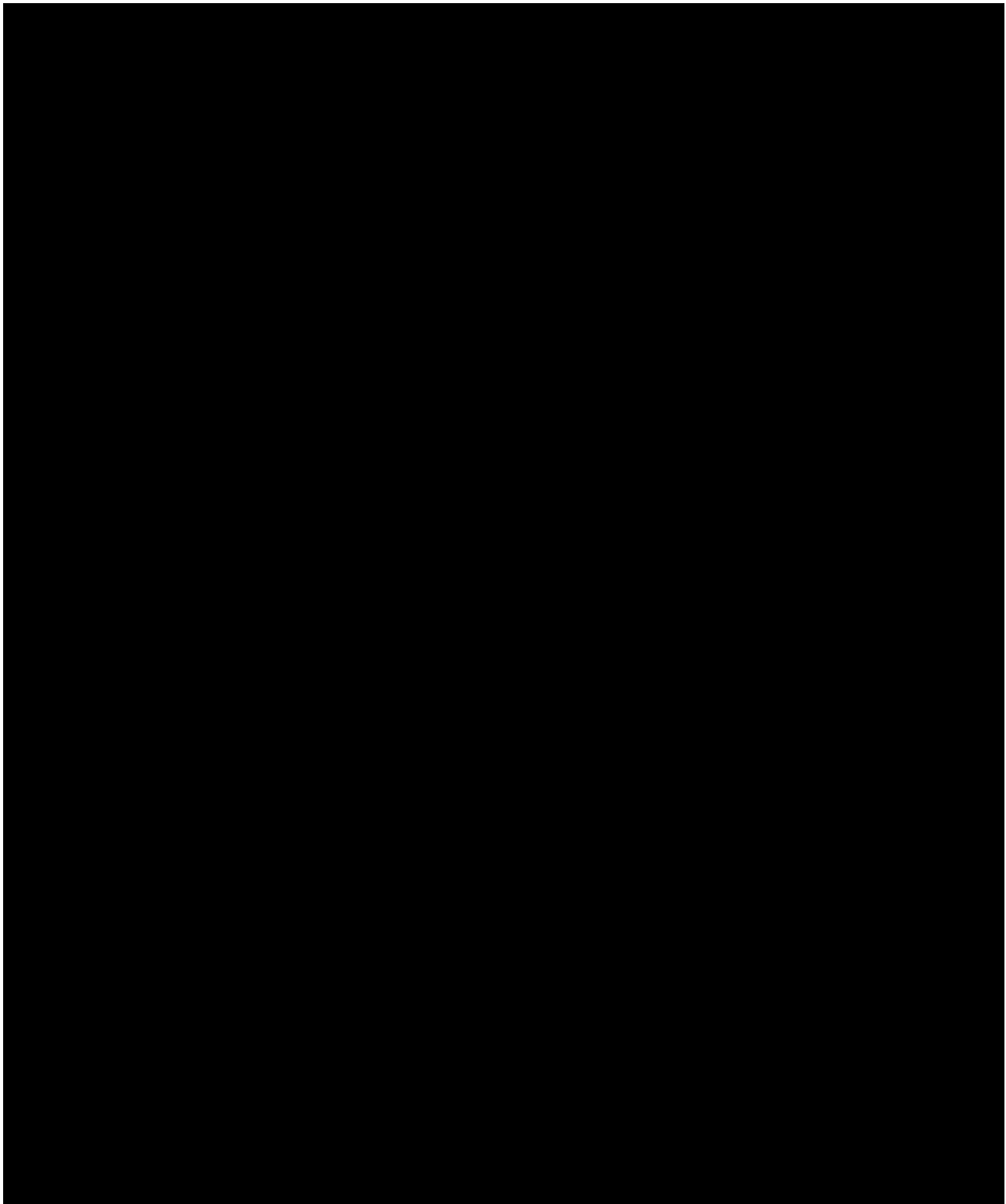
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Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

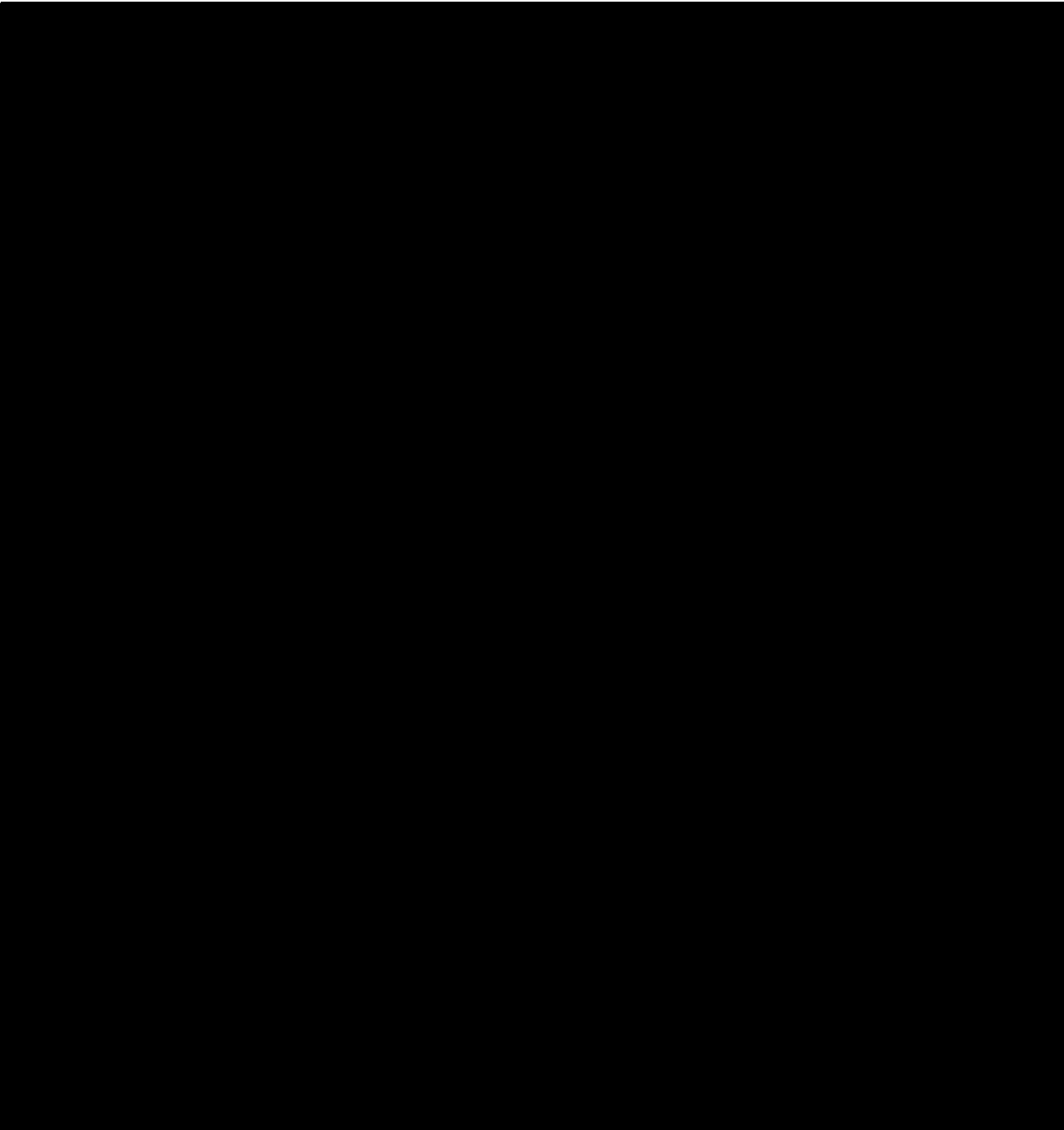
BZAM MANAGEMENT INC.
For the period ending August 31, 2023

Business Banking ⁷³⁹



Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|---|-------------|---|--|--------------------|
| Business Current Account # 0004 1738-474 | | | | (continued) |

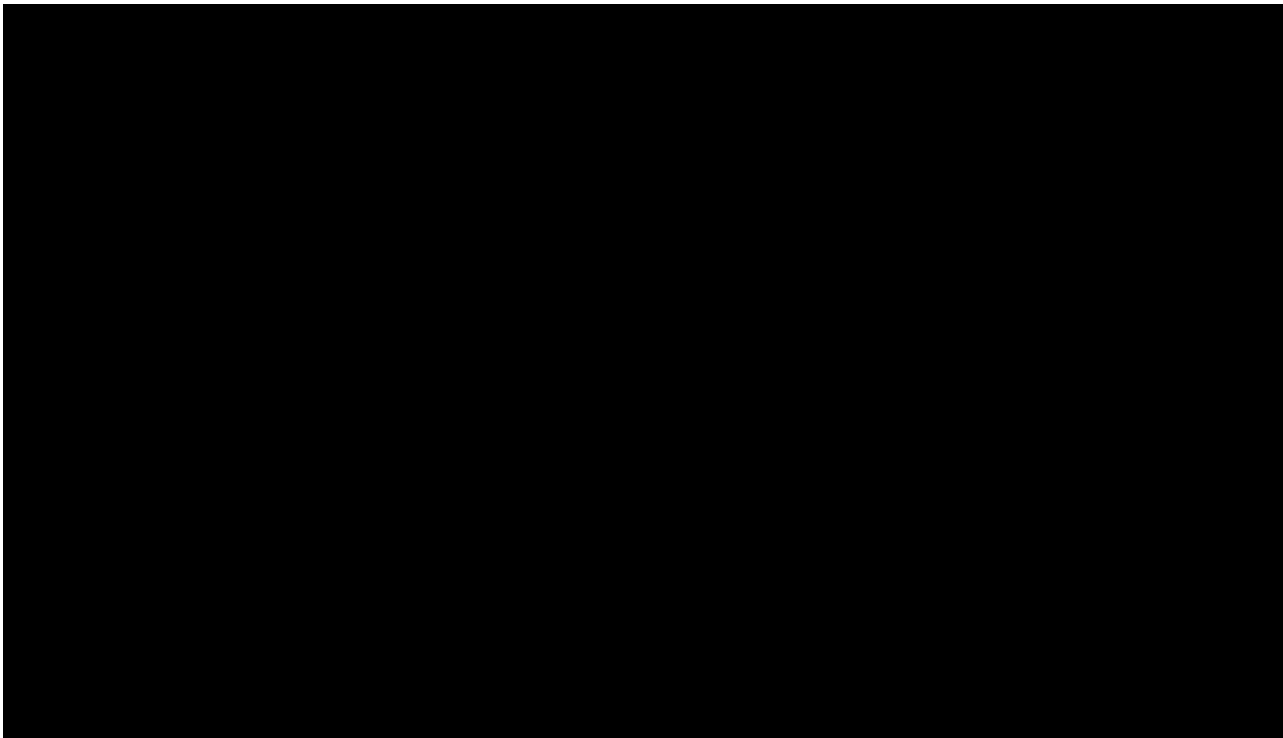


continued



Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|---|-------------|---|--|--------------------|
| Business Current Account # 0004 1738-474 | | | | (continued) |

**Get convenient access to your BMO® bank account statements online with eStatements**

Did you know that you can access your BMO® bank account statements securely from anywhere, at any time? Check out our eStatement options at bmo.com/estatements.

To view your eStatements you must be registered for Digital Banking or Online Banking for Business (OLBB).

Your branch address:

595 BURRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking ⁷⁴¹



BZAM MANAGEMENT INC.
200 BURRARD STREET UNIT 1570
VANCOUVER BC V6C 3L6

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

Business Banking statement

For the period ending September 29, 2023

Summary of account

| Account | Opening balance (\$) | - Total amounts debited (\$) | + Total amounts credited (\$) | = Closing balance (\$) on Sep 29, 2023 |
|------------|----------------------|------------------------------|-------------------------------|--|
| [REDACTED] | | | | |

Security Tip

Kids are growing up in a vast and ever-changing digital environment. As online learning and socializing increases, find tips by visiting bmo.com/security to help keep your kids safe on the Internet.

Transaction details

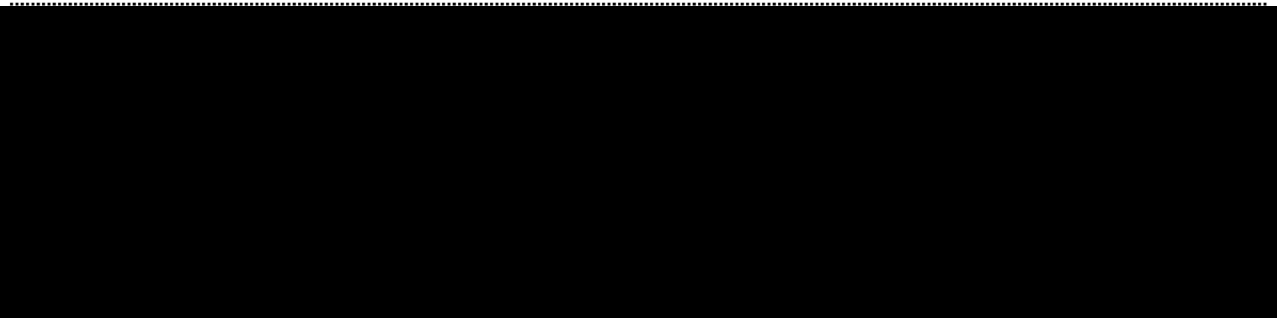
| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|--|---------------------------------------|--------------|
|------|-------------|--|---------------------------------------|--------------|

Business Current Account # 0004 1738-474

Account Type: BLOCKED
Business name:
BZAM MANAGEMENT INC.



| | | | | |
|--------|--|--------------|--|------------|
| Sep 01 | Pre-Authorized Payment No Fee, FDEXD 1454908 BUS/ENT | 1,598,438.48 | | [REDACTED] |
|--------|--|--------------|--|------------|



continued

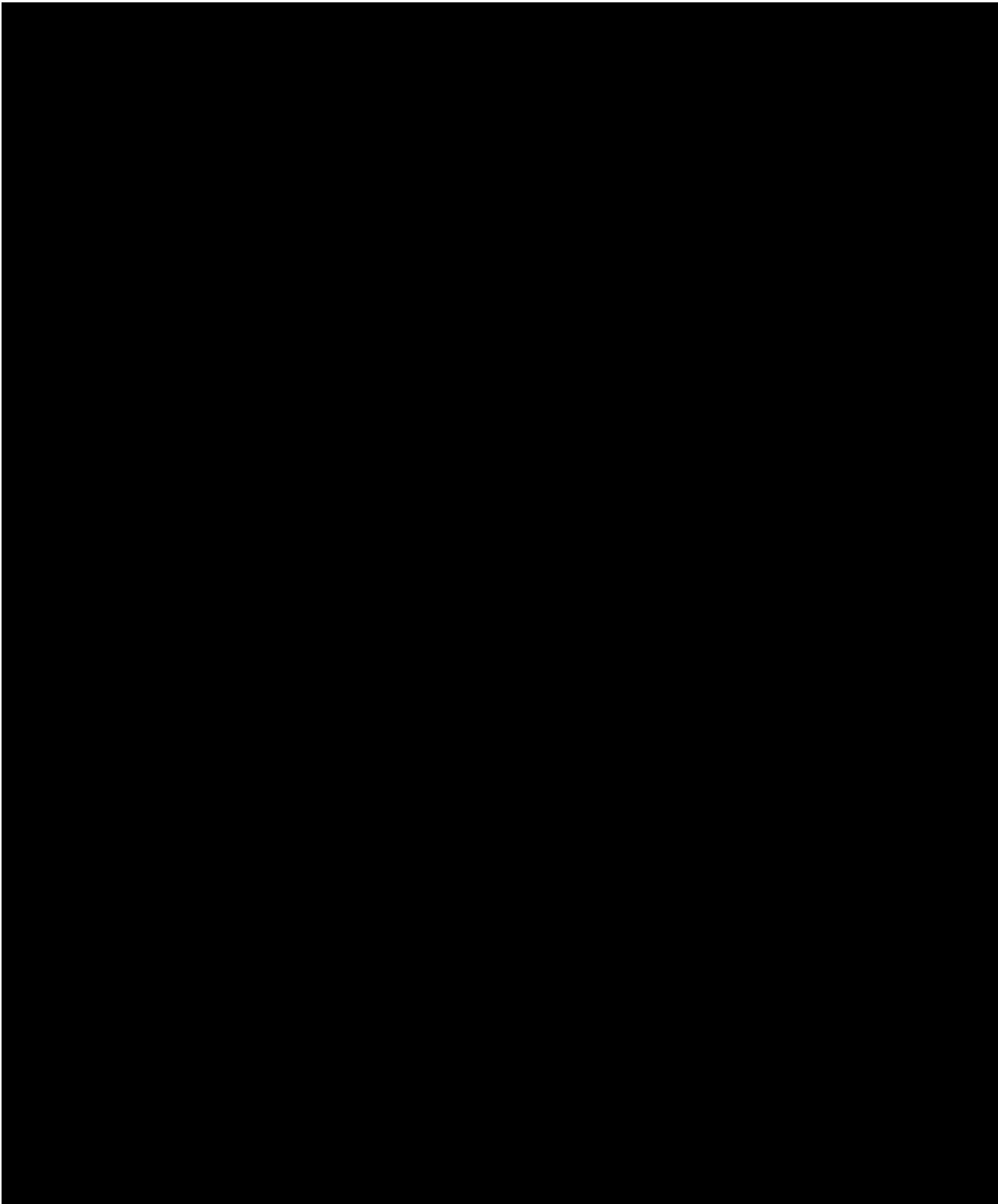


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

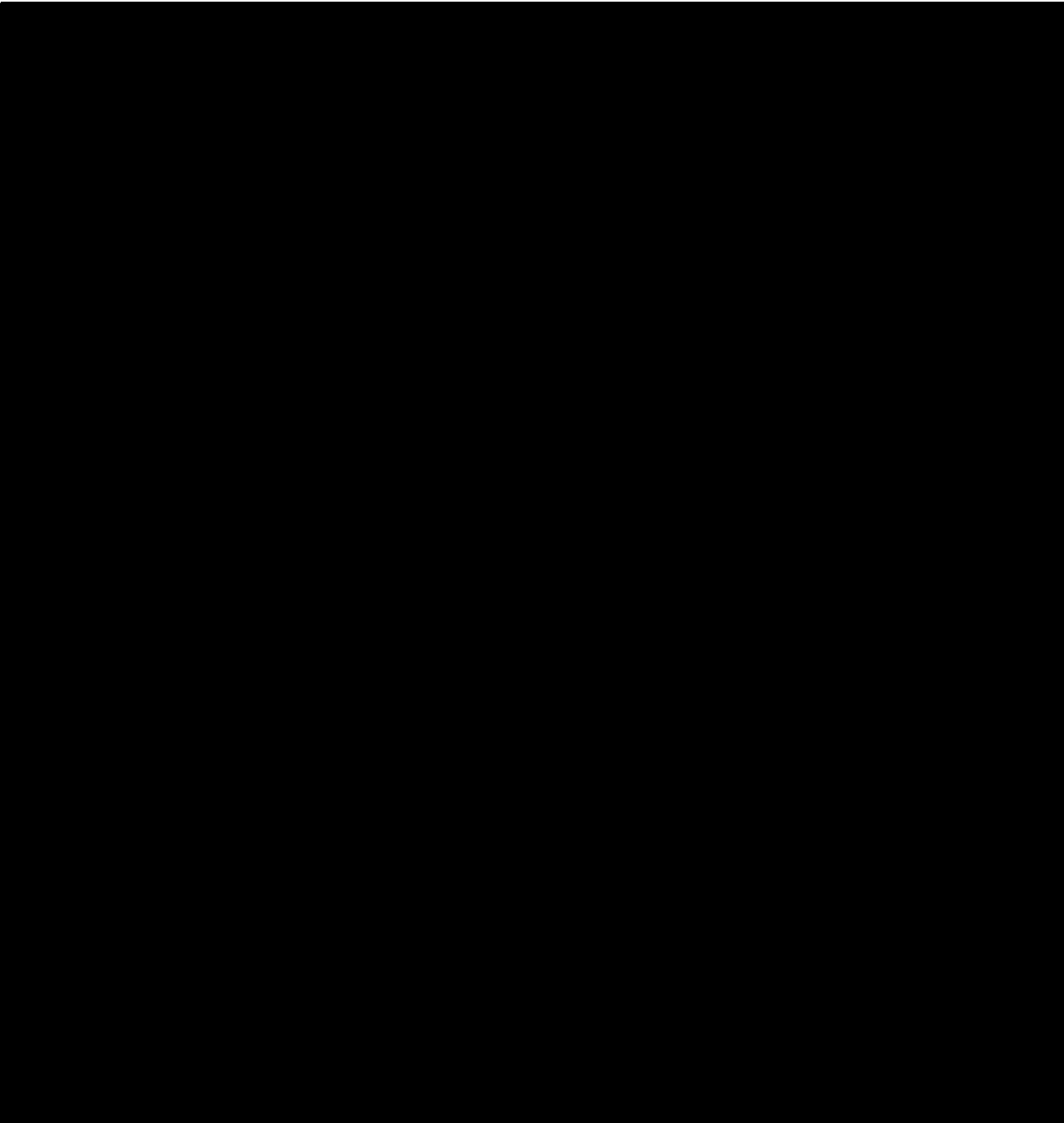
BZAM MANAGEMENT INC.
For the period ending September 29, 2023

Business Banking ⁷⁴³



Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|---|-------------|---|--|--------------------|
| Business Current Account # 0004 1738-474 | | | | (continued) |



continued

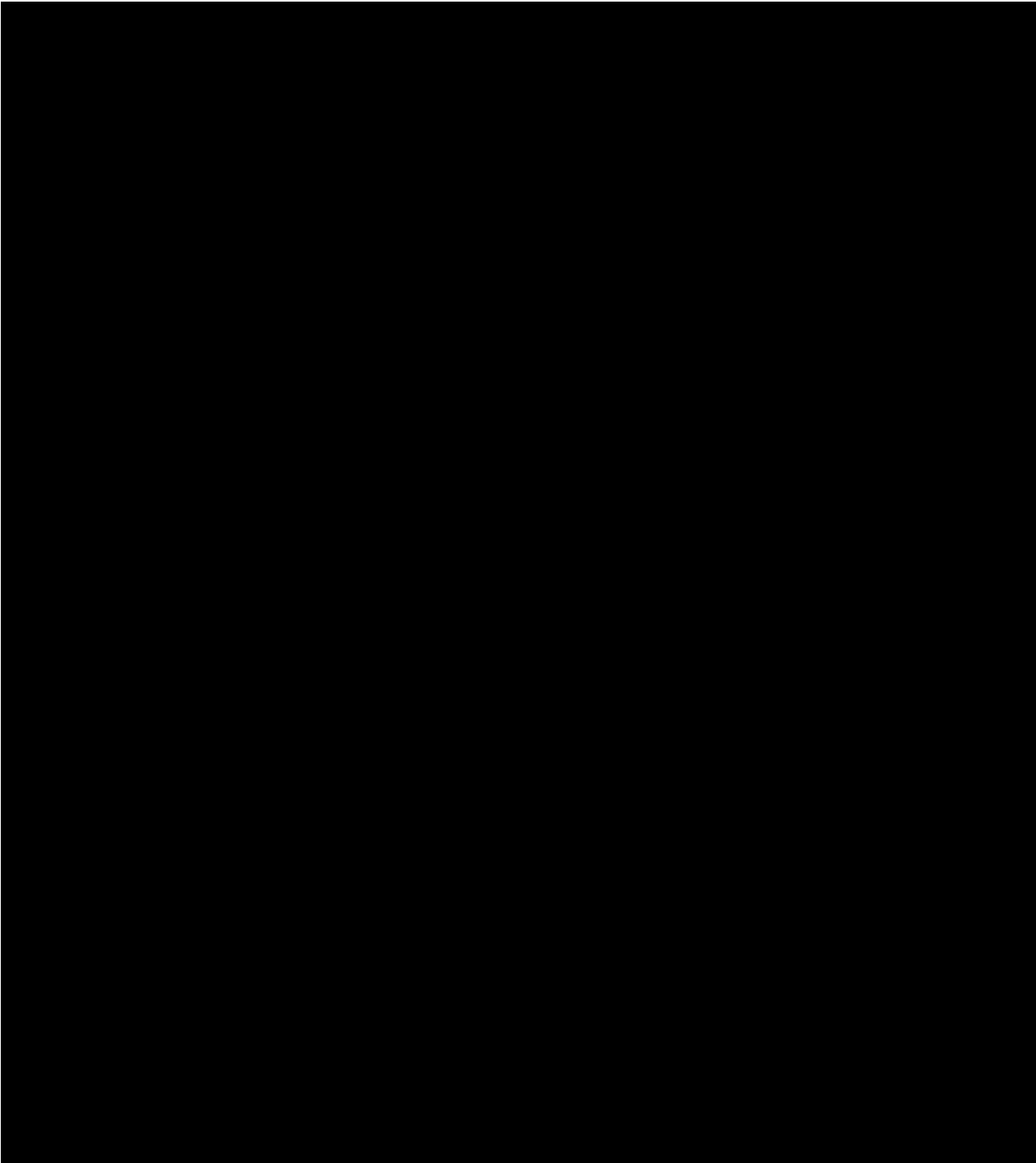


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



| | | | | |
|-----|---------|---------------|------------|---|
| ■ ■ | Payment | FDEXD 4038600 | 167,204.30 | ■ |
|-----|---------|---------------|------------|---|

BUS/ENT



continued

Business Banking statement

BZAM MANAGEMENT INC.
For the period ending September 29, 2023

Business Banking ⁷⁴⁵

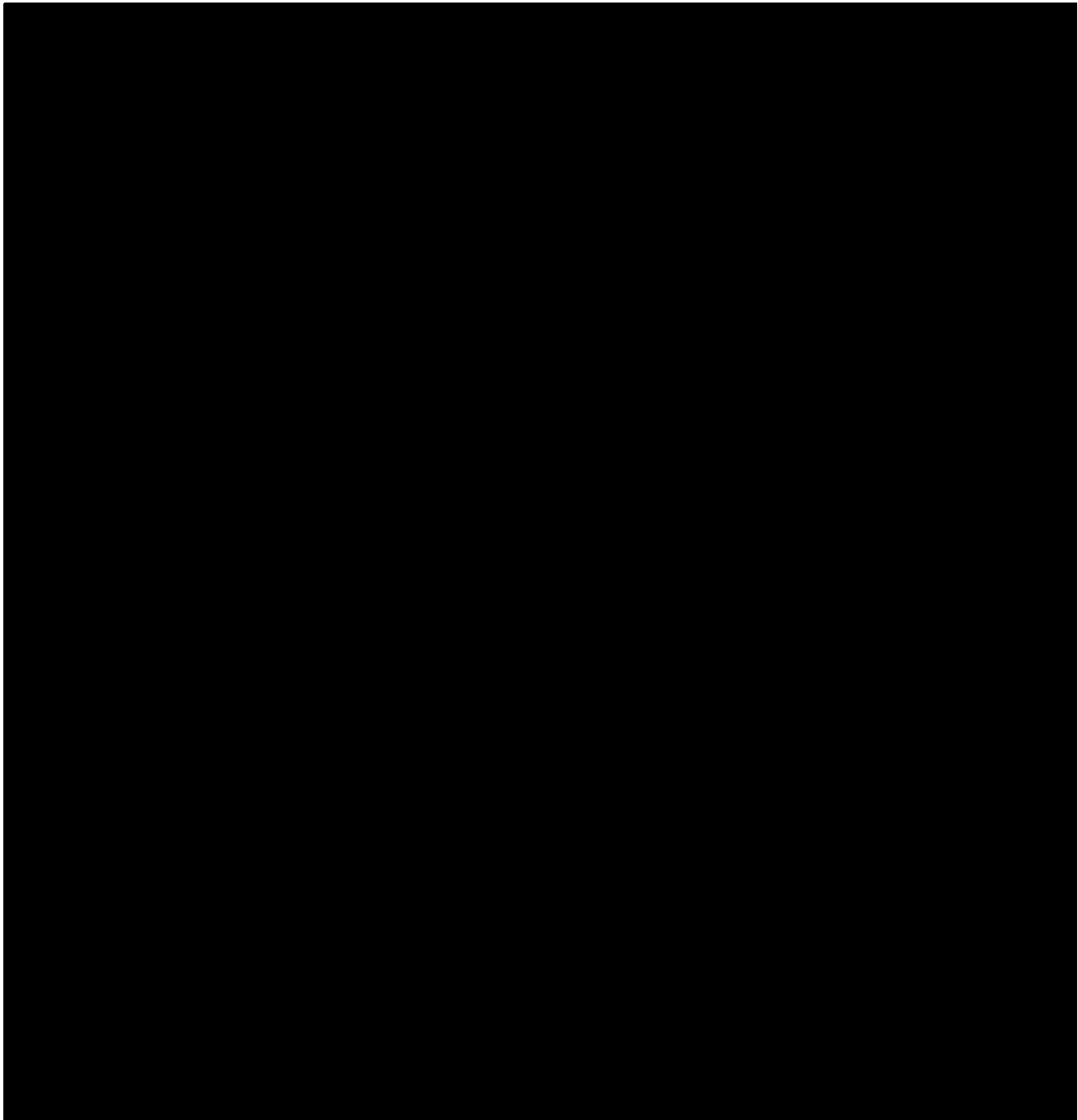


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



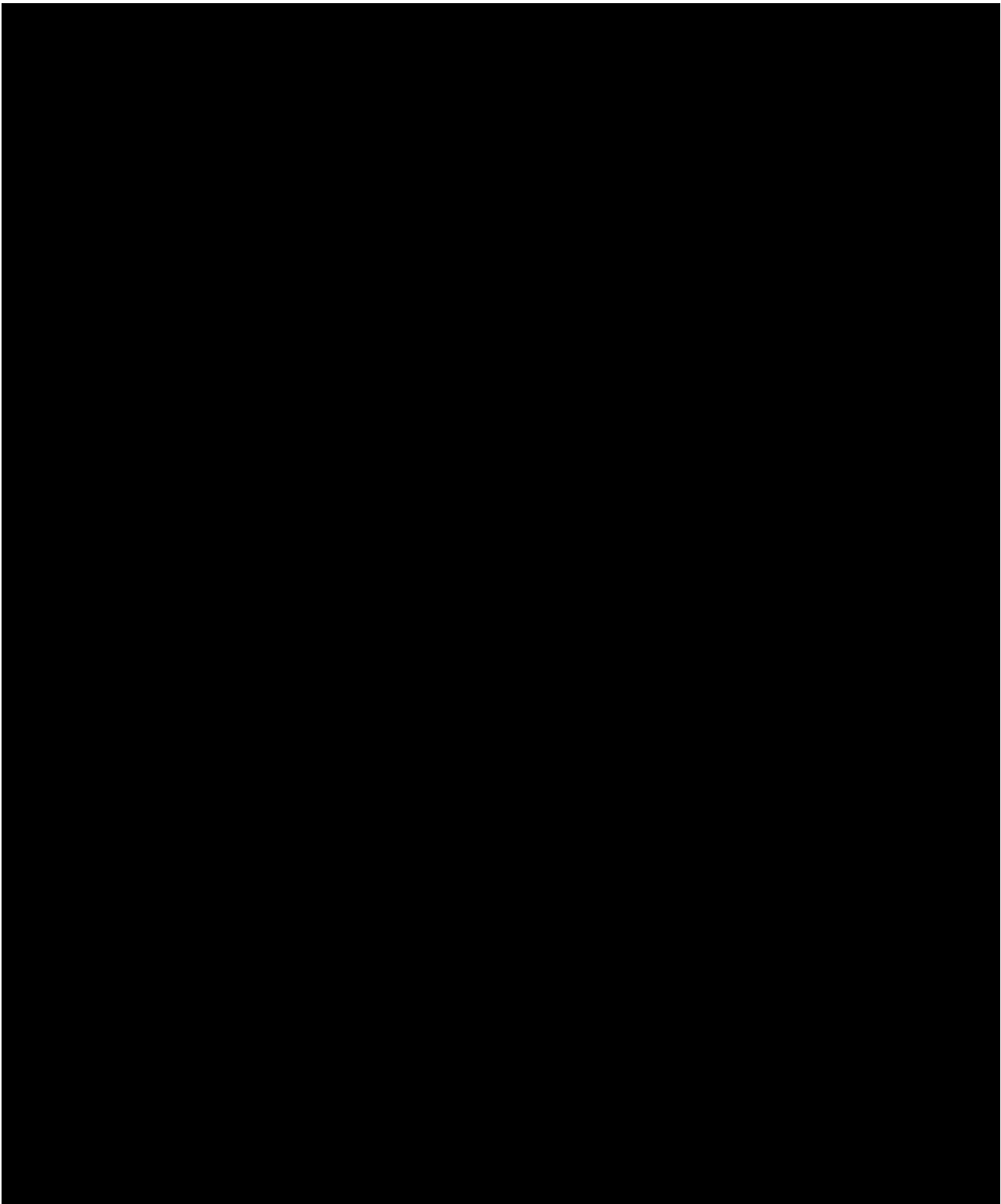
continued

Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



continued

Business Banking statement

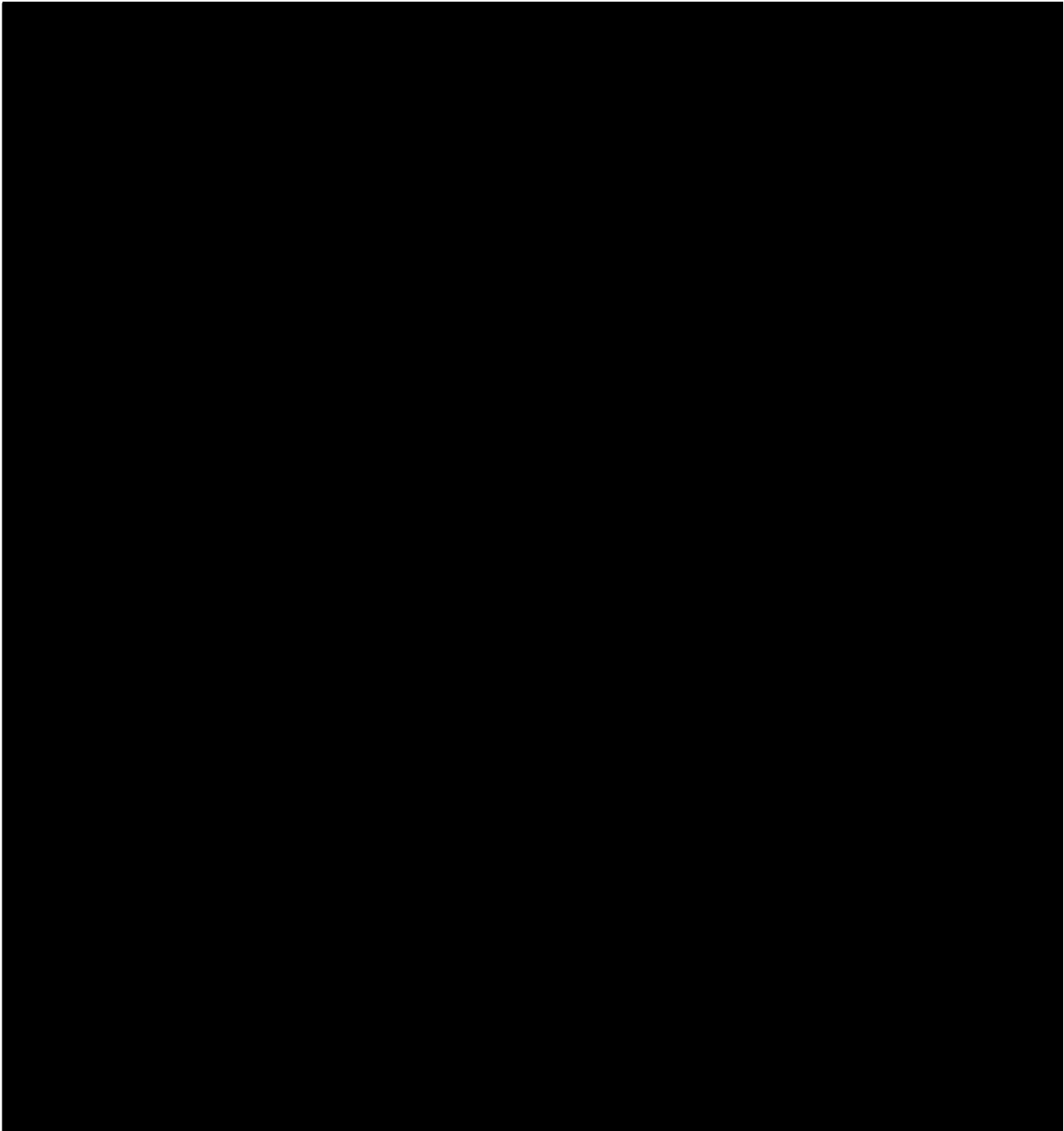
BZAM MANAGEMENT INC.
For the period ending September 29, 2023

Business Banking 747



Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|---|-------------|---|--|--------------------|
| Business Current Account # 0004 1738-474 | | | | (continued) |



continued

Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|---|-------------|---|--|--------------------|
| Business Current Account # 0004 1738-474 | | | | (continued) |

Important information request

As part of our regulatory ongoing monitoring requirements and continued efforts to safeguard your banking information, we want to ensure your profile information is kept up-to-date and accurate. If there are any changes to your profile information, **and BMO has not yet been advised, please call us at 1-877-345-7777 or visit your local BMO branch.**

Please bring applicable documentation depending on the nature of any changes as per below along with the proof of continuity of business (e.g., recent Financial Statement) to your BMO representative or local BMO Branch (proof of continuity is not required for Sole Proprietors):

- **Legal or Trade Name Change**
 - Articles of Amendment, Trade Name Registration, etc.
- **Directors**
 - Information of all new or changed Directors including:
 - ▶ Name
 - ▶ Occupation (or if self-employed, nature of primary business)
 - Supporting documentation of amendment (e.g., change notice, amend notice, etc.)
- **Beneficial Owners**
 - Information of all Beneficial Owners owning 25% or more of the business including:
 - ▶ Name
 - ▶ Address
 - ▶ Occupation (or if self-employed, nature of primary business)
 - ▶ Percentage ownership
- **Trustees; Beneficiaries**
 - Information of all Trustees and named Beneficiaries including:
 - ▶ Name
 - ▶ Address
 - Supporting documentation of amendment (e.g., Trust document)

Please note that depending on the nature of any changes, updated account documentation may need to be executed at the branch by the appropriate signing officers and cannot be completed over the phone.

Your branch address:

595 BURRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking ⁷⁴⁹



BZAM MANAGEMENT INC.
200 BURRARD STREET UNIT 1570
VANCOUVER BC V6C 3L6

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

Business Banking statement

For the period ending October 31, 2023

Summary of account

| Account | Opening balance (\$) | - Total amounts debited (\$) | + Total amounts credited (\$) | = Closing balance (\$) on Oct 31, 2023 |
|------------|----------------------|------------------------------|-------------------------------|--|
| [REDACTED] | | | | |

Security Tip

October is Cyber Security Month! It can be distressing to learn that a cybercriminal has taken over your bank account, but a few tips from the experts can help you avoid becoming a victim of Account Takeover. Learn more at bmo.com/security

Transaction details

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|--|---------------------------------------|--------------|
|------|-------------|--|---------------------------------------|--------------|

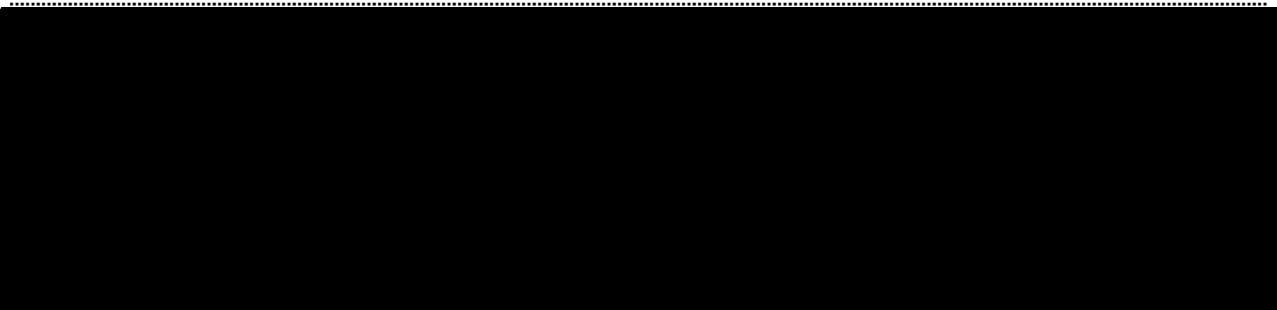
Business Current Account # 0004 1738-474



Account Type: BLOCKED
Business name:
BZAM MANAGEMENT INC.



| | | | | |
|--------|--|--------------|--|------------|
| Oct 03 | Pre-Authorized Payment No Fee, FDEXD 9991840 BUS/ENT | 2,083,146.70 | | [REDACTED] |
|--------|--|--------------|--|------------|



continued

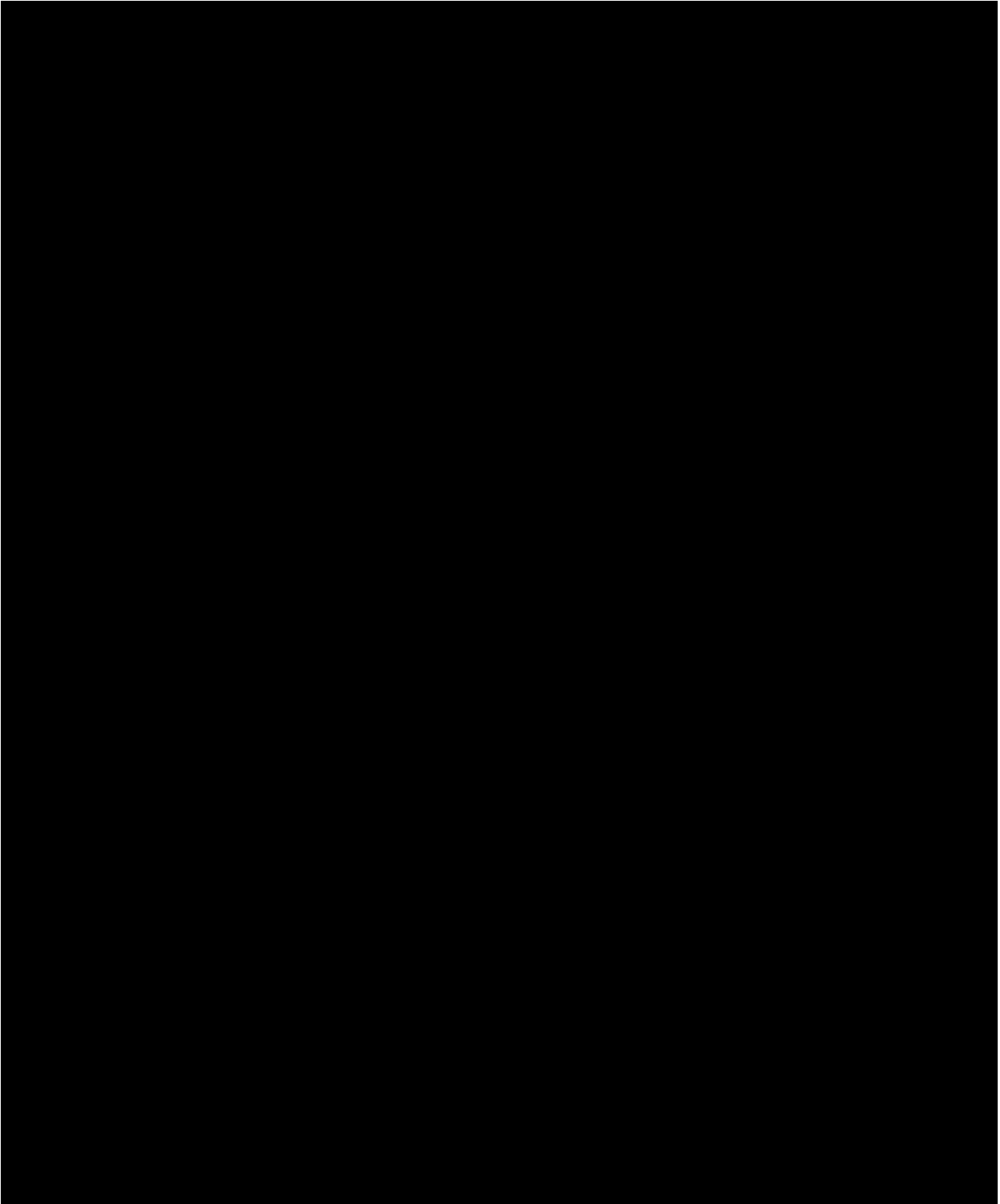


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

BZAM MANAGEMENT INC.
For the period ending October 31, 2023

Business Banking ⁷⁵¹



Transaction details (continued)

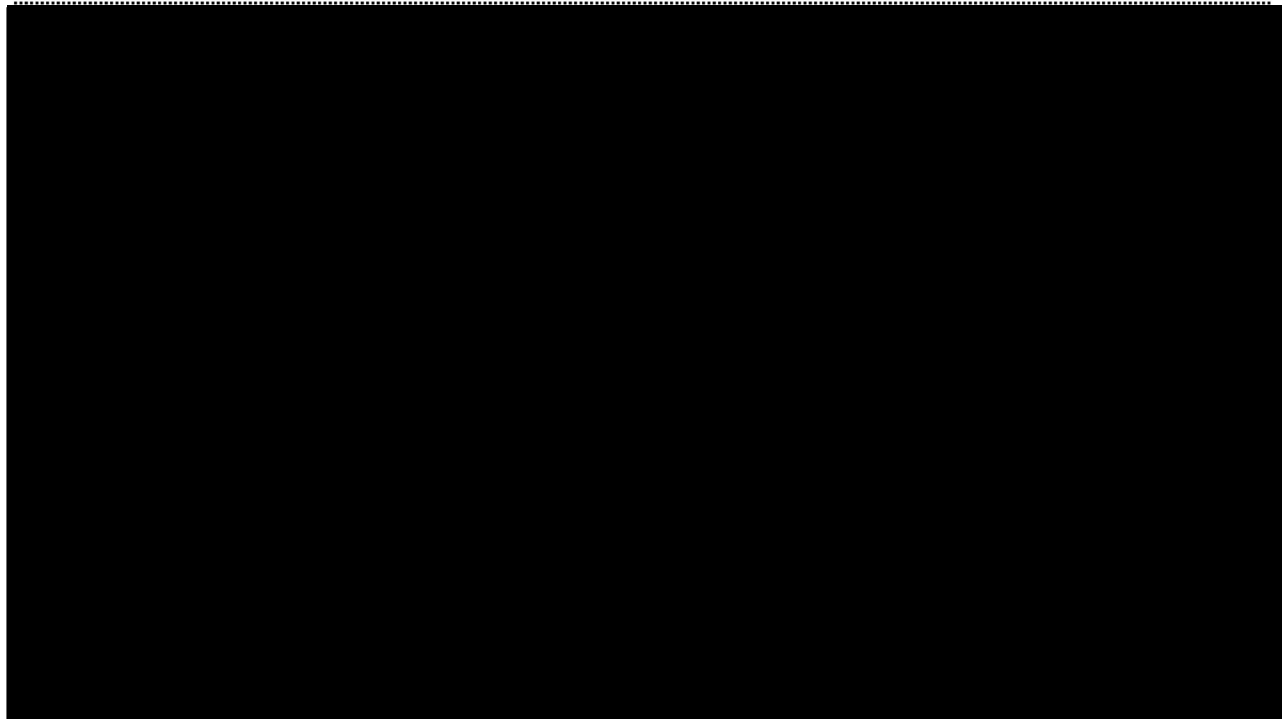
| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



| | | | | |
|--------|---|------------|--|------------|
| Oct 12 | Pre-Authorized Payment No Fee, FDEXD 1742330 BUS/ENT | 167,204.30 | | 548,520.47 |
|--------|---|------------|--|------------|



continued

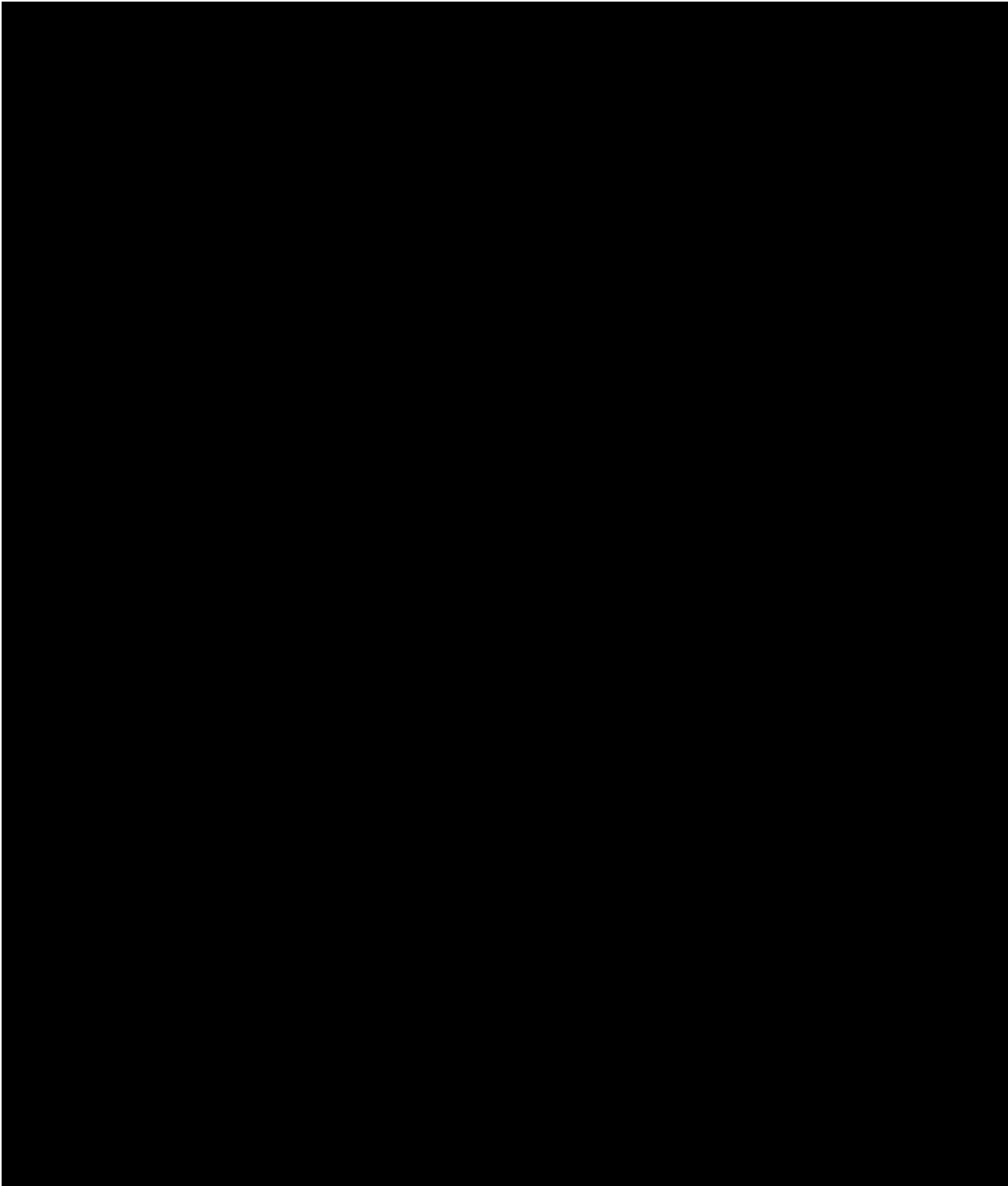


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

BZAM MANAGEMENT INC.
For the period ending October 31, 2023

Business Banking ⁷⁵³

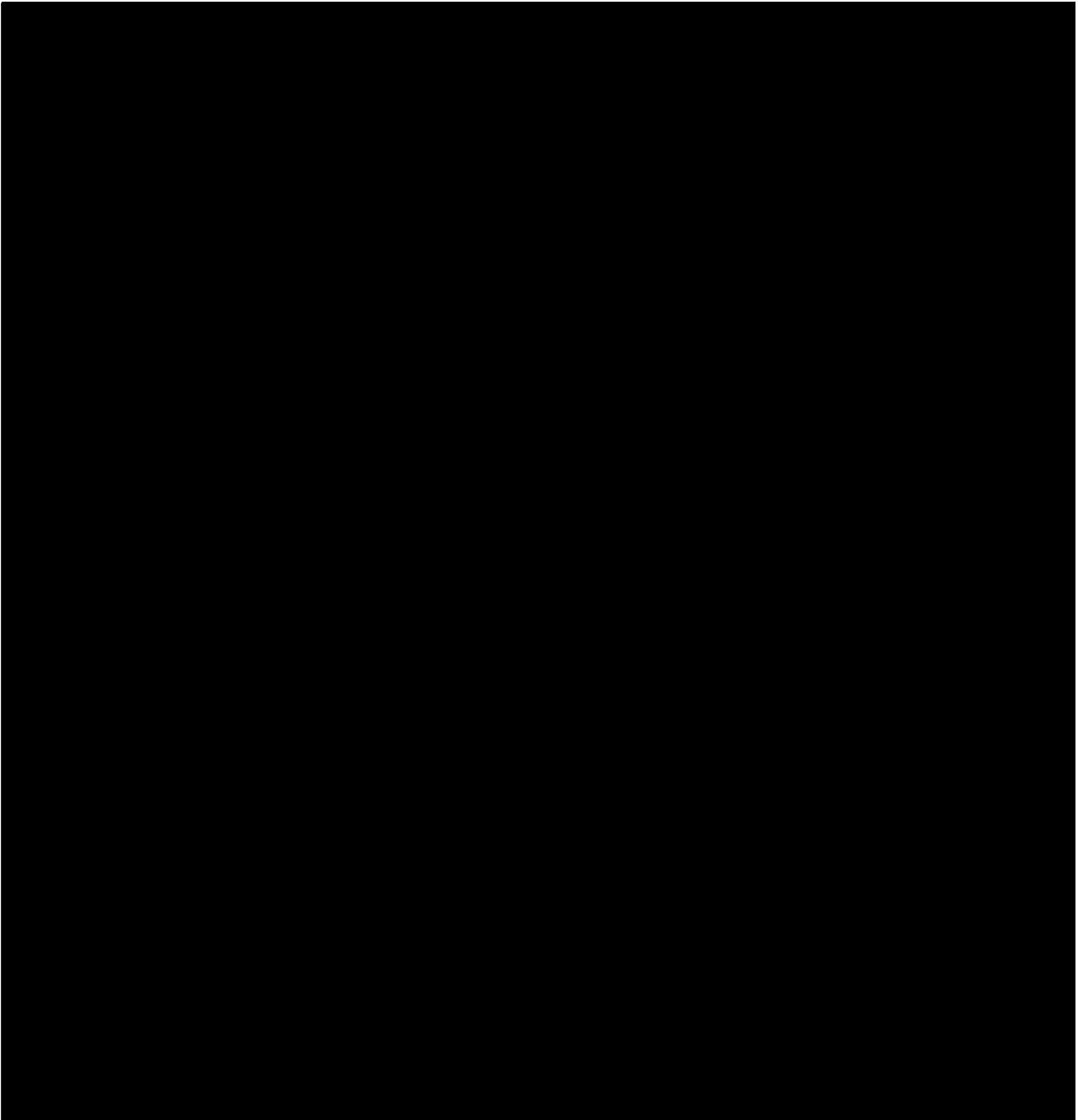


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



continued

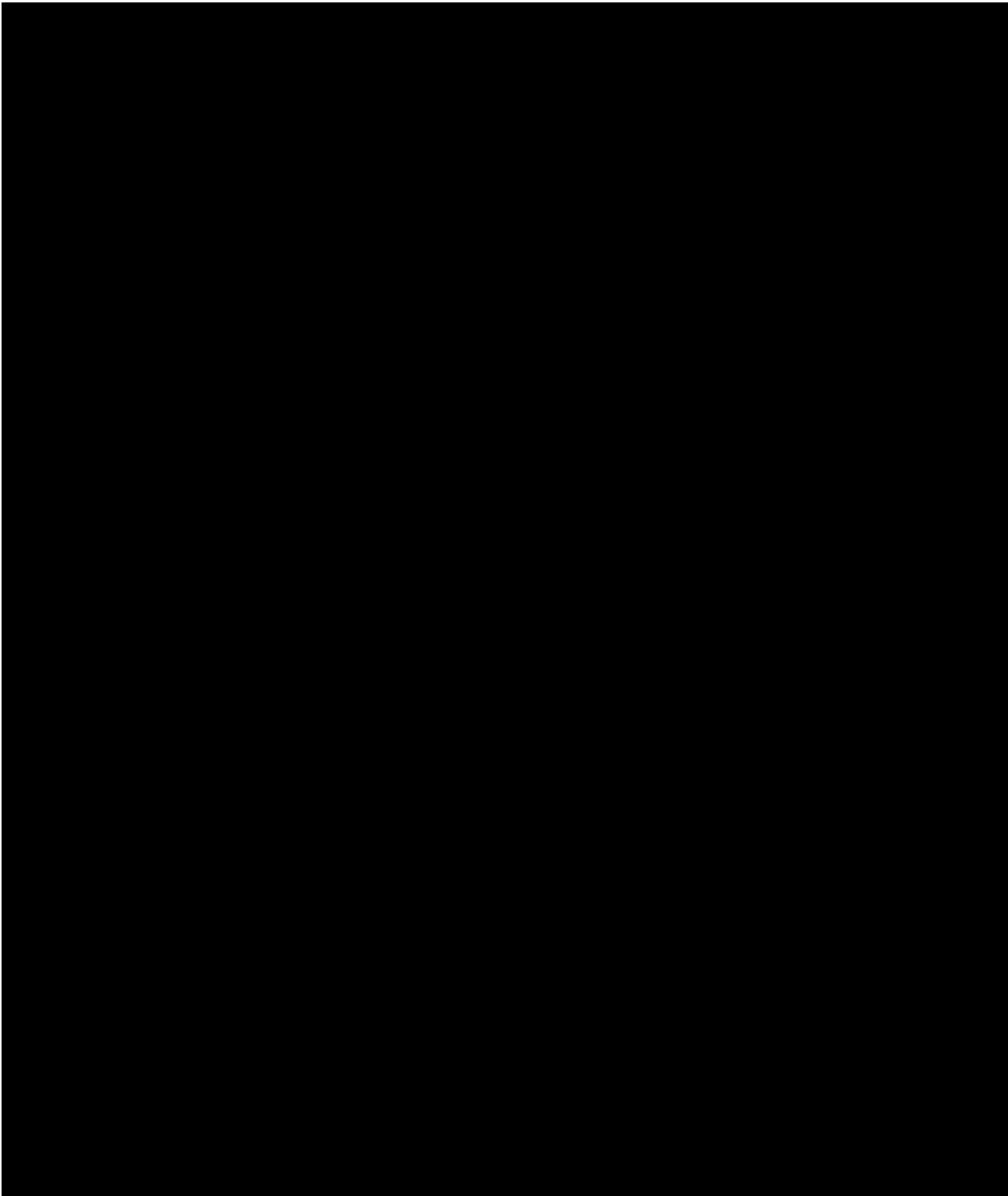


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

BZAM MANAGEMENT INC.
For the period ending October 31, 2023

Business Banking ⁷⁵⁵

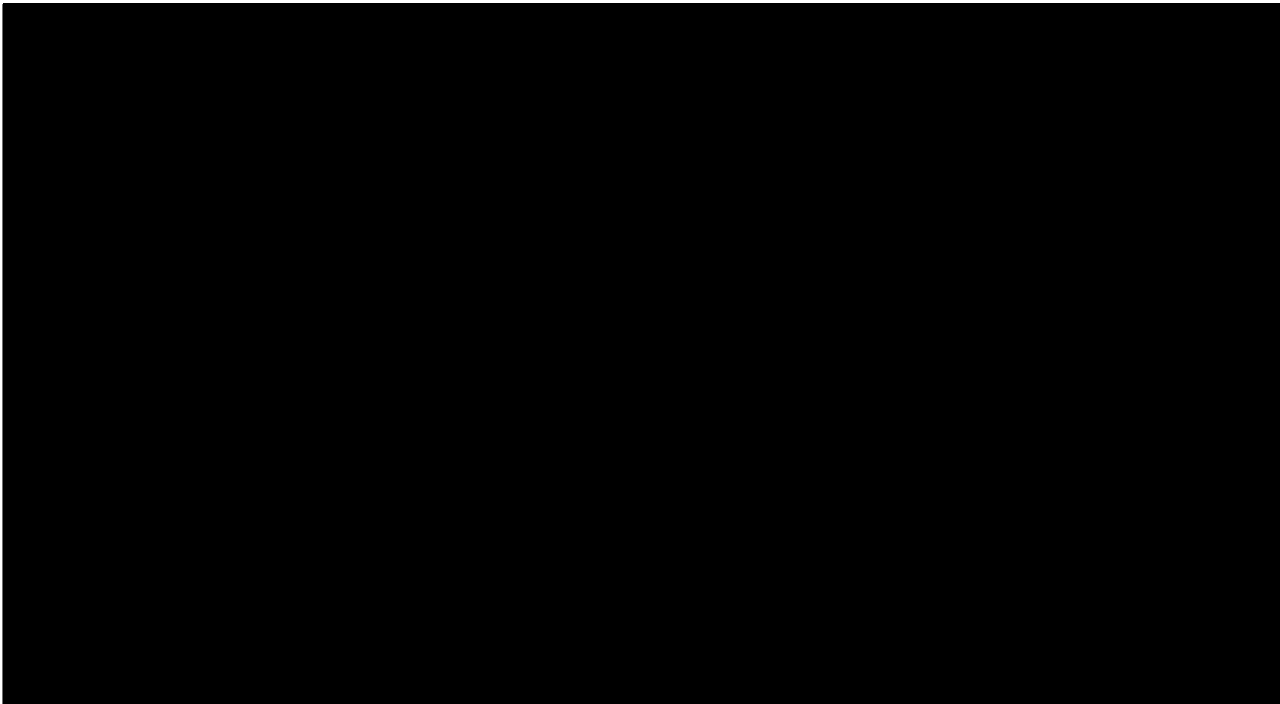


Transaction details (continued)

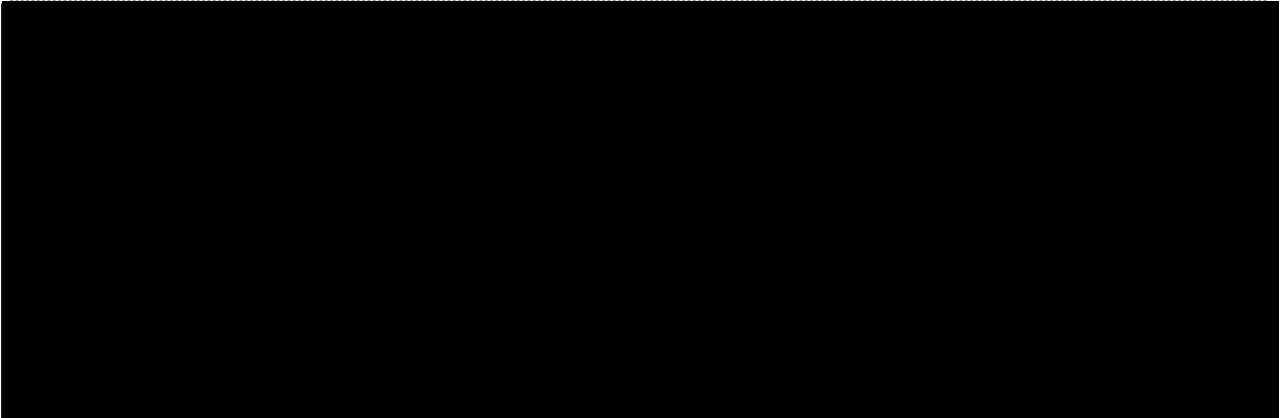
| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



| | | | |
|--------|---|--------------|--|
| Oct 31 | Pre-Authorized Payment No Fee, FDEXD 0632610 BUS/ENT | 1,402,527.00 | |
|--------|---|--------------|--|



A better Digital Banking experience is coming soon!

Starting in October, an enhanced BMO Online Banking and BMO Mobile Banking App experience will begin to roll out to make everyday banking even easier and more secure.

Learn more at bmodemos.com/onlinebanking

Business Banking statement

BZAM MANAGEMENT INC.
For the period ending October 31, 2023

Business Banking ⁷⁵⁷



ISN: 5414111632
Cheque #401

59,226.74

BANK OF MONTREAL
FIRST BANK TOWER, 100 BURNHAM STREET
MONTREAL, QC H2X 1Y7

0401

BZAM MANAGEMENT INC.

PAY Health Canada (Receiver General for Canada) \$59,226.74
90797938

TO THE ORDER OF FIFTY NINE THOUSAND TWO HUNDRED TWENTY SIX DOLLARS AND SEVENTY FOUR CENTS

PER: *[Signature]*

⑆00040⑆ ⑆00040=00⑆ ⑆73B=474⑆

DMGWS 223924706162
20396-002 5349656
Scotiabank
CARLING & KIRKWOOD,
03-Oct-2023
5349656 20396-002

Printer ID # / Ni d'imprimeur 1014

DEPOSIT TO THE CREDIT OF
RECEIVER GENERAL
Health Canada
CSC # 600518-001 000
Acct. # 40002 02773 12
Acct. # 92222317

Endorsement - Signature or Stamp

Disbursed return to
SCOTIA BANK
CARLING & KIRKWOOD
OTTAWA, ONTARIO
Acct. # 20396-002

BACK/ENDOS

SEP 29 2023

130521007/040
130X: Toronto CV
03-028-1023
223695505



Your branch address:

595 BARRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking ⁷⁵⁸



BZAM MANAGEMENT INC.
200 BARRARD STREET UNIT 1570
VANCOUVER BC V6C 3L6

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

Business Banking statement

For the period ending November 30, 2023

Summary of account


| Account | Opening balance (\$) | - Total amounts debited (\$) | + Total amounts credited (\$) | = Closing balance (\$) on Nov 30, 2023 |
|------------|----------------------|------------------------------|-------------------------------|--|
| [REDACTED] | | | | |

Security Tip

With digital payments being processed in seconds, fraudsters are getting bolder and more sophisticated in their efforts to trick individuals into wiring money. Learn more about wire fraud scams at [bmo.com/security](https://www.bmo.com/security)

Transaction details

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|--|---------------------------------------|--------------|
|------|-------------|--|---------------------------------------|--------------|

 **Business Current Account # 0004 1738-474**
 Account Type: BLOCKED
 Business name:
 BZAM MANAGEMENT INC.

| | | | | |
|------------|--|--|--|--|
| [REDACTED] | | | | |
|------------|--|--|--|--|

continued

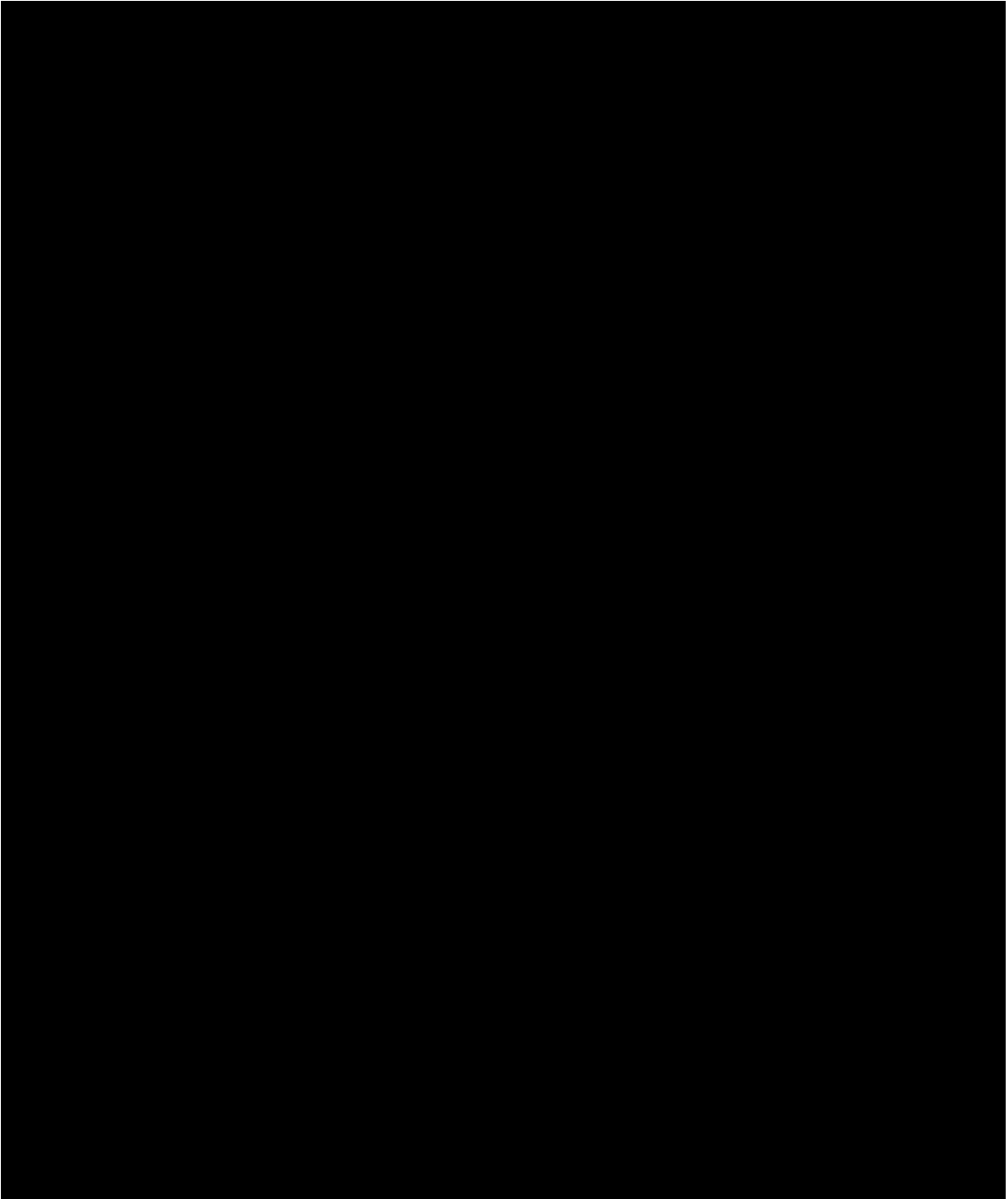


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

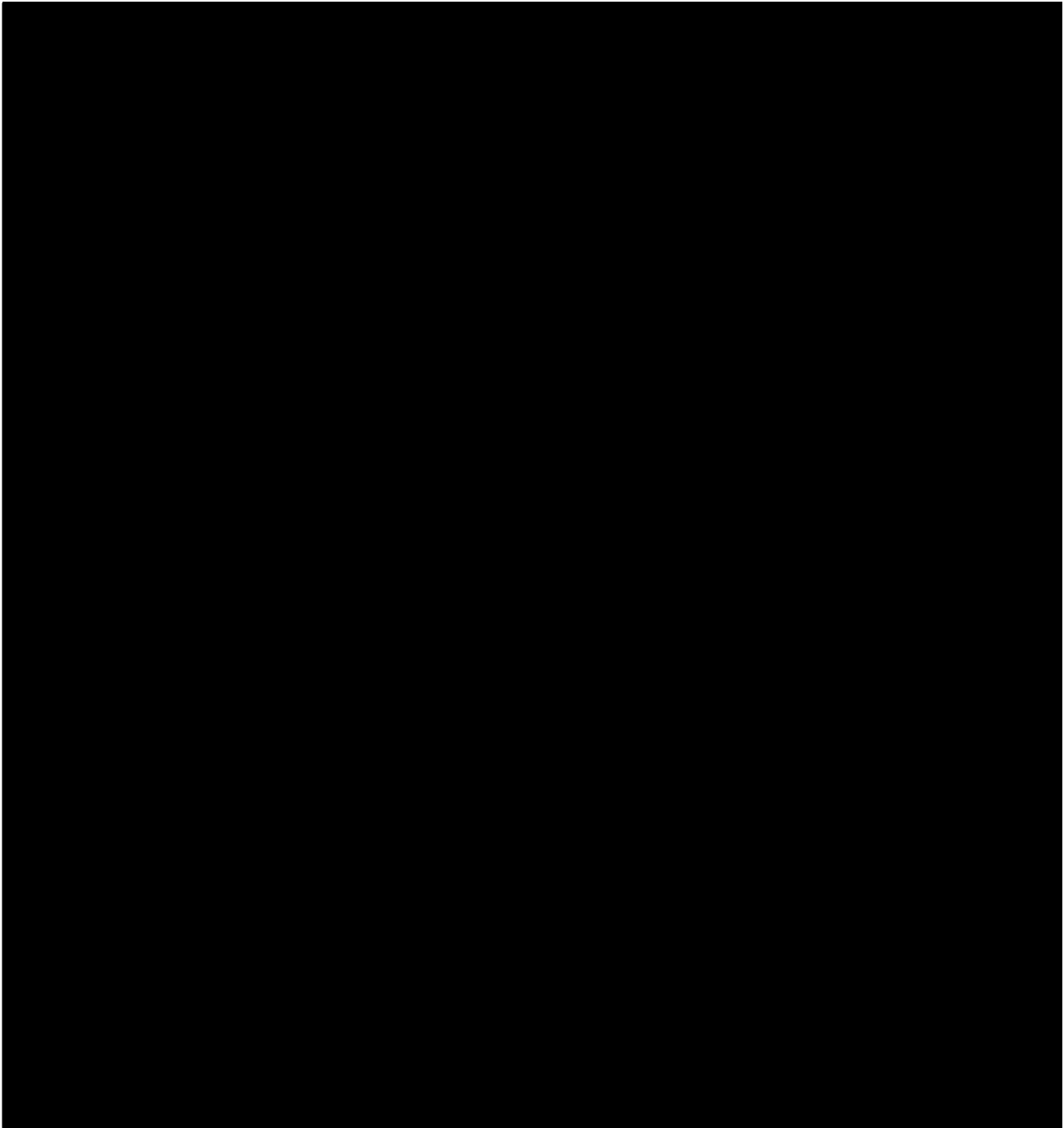
BZAM MANAGEMENT INC.
For the period ending November 30, 2023

Business Banking ⁷⁶⁰



Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|---|-------------|---|--|--------------------|
| Business Current Account # 0004 1738-474 | | | | (continued) |



continued

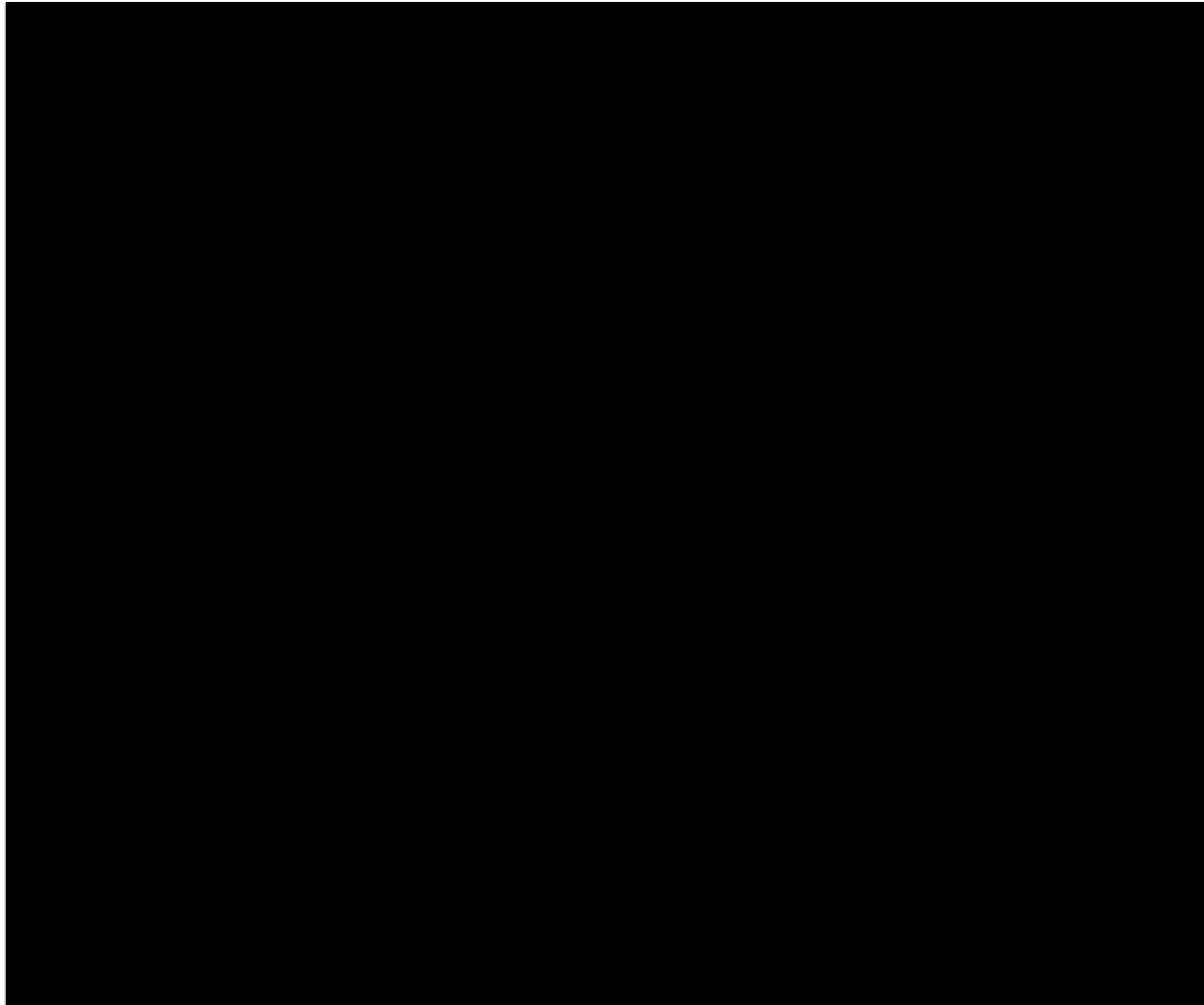


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



| | | | | |
|--------|---|------------|--|--|
| Nov 16 | Pre-Authorized Payment No Fee, FDEXD 5676370 BUS/ENT | 167,204.30 | | |
|--------|---|------------|--|--|



Business Banking statement

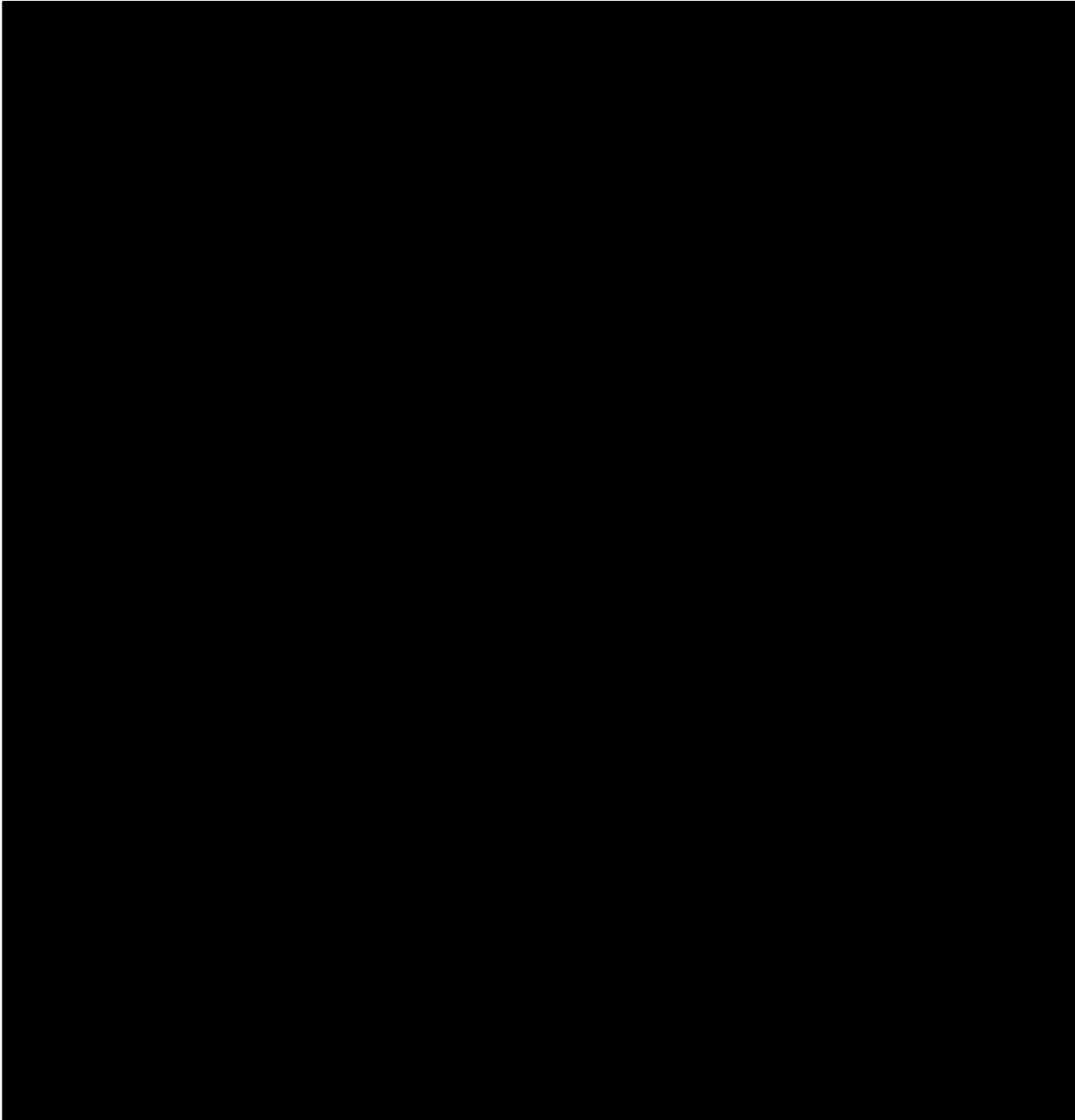
BZAM MANAGEMENT INC.
For the period ending November 30, 2023

Business Banking ⁷⁶²



Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|---|-------------|---|--|--------------------|
| Business Current Account # 0004 1738-474 | | | | (continued) |



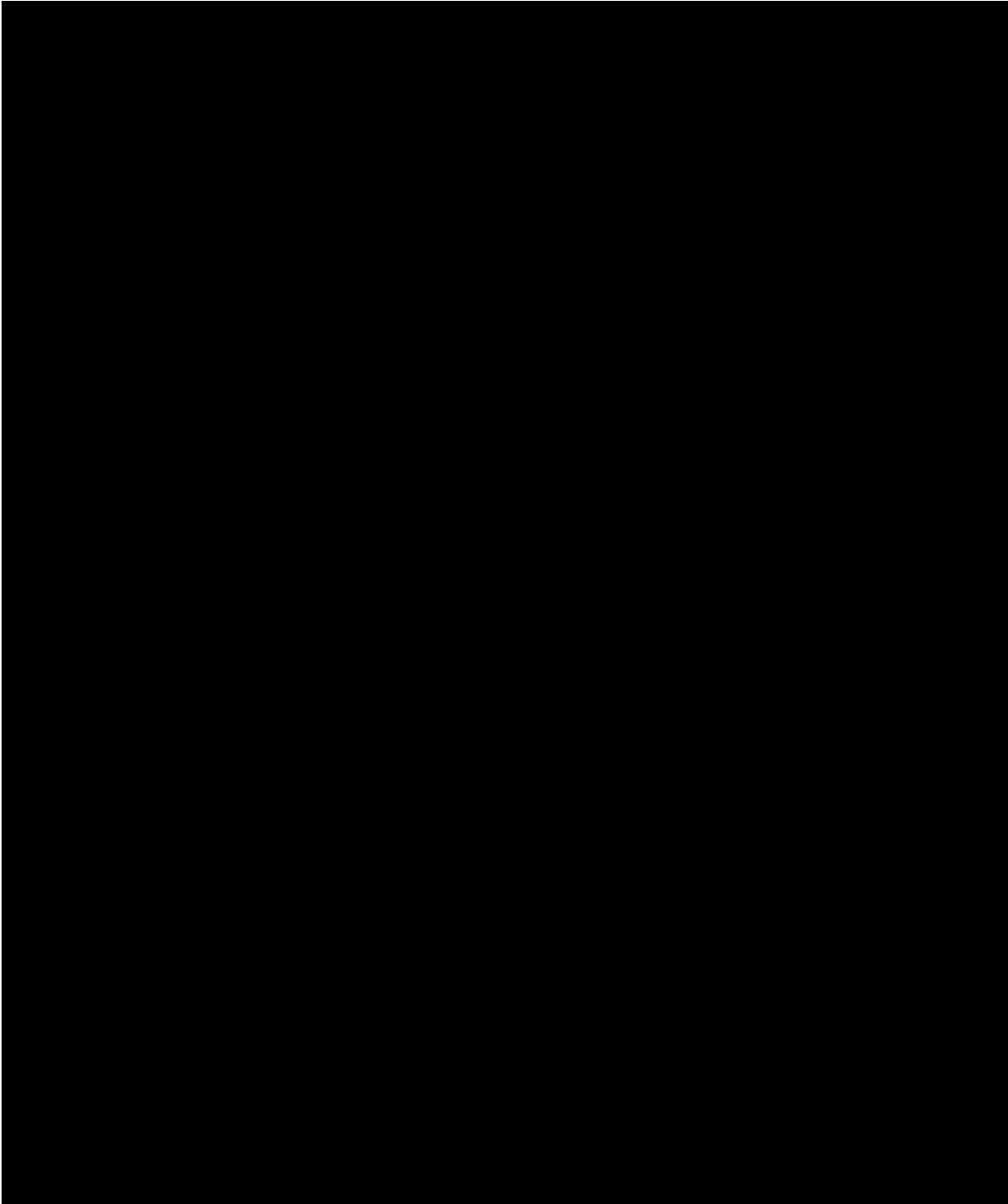
continued

Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

BZAM MANAGEMENT INC.
For the period ending November 30, 2023

Business Banking ⁷⁶⁴



Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|---|-------------|---|--|--------------------|
| Business Current Account # 0004 1738-474 | | | | (continued) |



A better Digital Banking experience is here!

As of October, an enhanced BMO Online Banking and BMO Mobile Banking App experience started to roll out to make everyday banking even easier and more secure.

Learn more at bmo.com/newdigital

Business Banking statement

BZAM MANAGEMENT INC.
For the period ending November 30, 2023

Business Banking ⁷⁶⁶



ISN: 5415327109
Cheque #402

59,226.74

0402

BZAM MANAGEMENT INC.

BANK OF MONTREAL
FIRST BANK TOWER, 555 ELPHINSTON STREET
VANCOUVER, BC V6X 1L7

PAY **Health Canada
(Receiver General for Canada)** 90119 88 \$ 59,226.74

TO THE ORDER OF **FIFTY NINE THOUSAND
TWO HUNDRED TWENTY SIX DOLLARS
AND SEVENTY FOUR CENTS**

BZAM MANAGEMENT INC.
PER: *[Signature]*

1738-474

XZZSP 220525610303
20396-002 5349656
Scotiabank
CARLING & KIRKWOOD,
03-Nov-2023
5349656 20396-002
20396

Printer ID # / NI d'imprimeur 1014

Endorsement - Signature or Stamp

OCT 31 2023

BACK/ENDOS

DEPOSIT TO THE CREDIT OF
RECEIVER GENERAL
Health Canada
COP # 4626 336 463 996
Acct # 4606 82773 12
If Discovered return to
SCOTIABANK
CARLING & KIRKWOOD
OTTAWA, ONTARIO
Tram # 20396-002



Your branch address:

595 BURRARD STREET
VANCOUVER, B.C. V7X1L7

Business Banking ⁷⁶⁷



BZAM MANAGEMENT INC.
200 BURRARD STREET UNIT 1570
VANCOUVER BC V6C 3L6

Your Branch
MAIN OFFICE VANCOUVER
Transit number: 0004

For questions about your statement call
(604) 665-2643

Direct Banking
1-877-262-5907
www.bmo.com

Business Banking statement

For the period ending December 29, 2023

Summary of account

| Account | Opening balance (\$) | - Total amounts debited (\$) | + Total amounts credited (\$) | = Closing balance (\$) on Dec 29, 2023 |
|------------|----------------------|------------------------------|-------------------------------|--|
| [REDACTED] | | | | |

Security Tip

Learn what you can do to stay safe this holiday season by visiting bmo.com/security. Get the best gift of all; peace of mind.

Transaction details

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|--|---------------------------------------|--------------|
|------|-------------|--|---------------------------------------|--------------|

Business Current Account # 0004 1738-474



Account Type: BLOCKED
Business name:
BZAM MANAGEMENT INC.

| | | | | |
|------------|--|--|--|--|
| [REDACTED] | | | | |
|------------|--|--|--|--|

continued

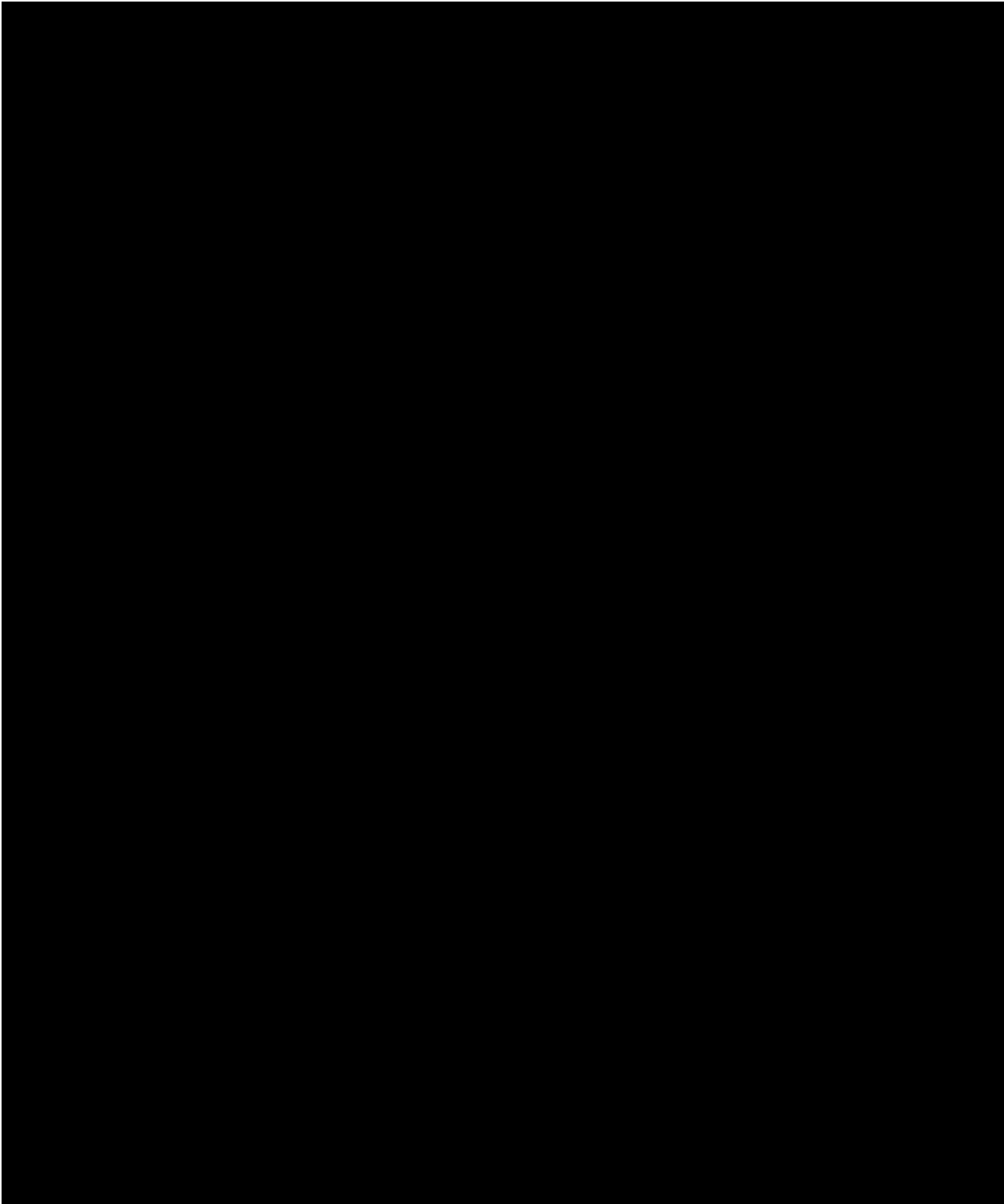


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

BZAM MANAGEMENT INC.
For the period ending December 29, 2023

Business Banking ⁷⁶⁹

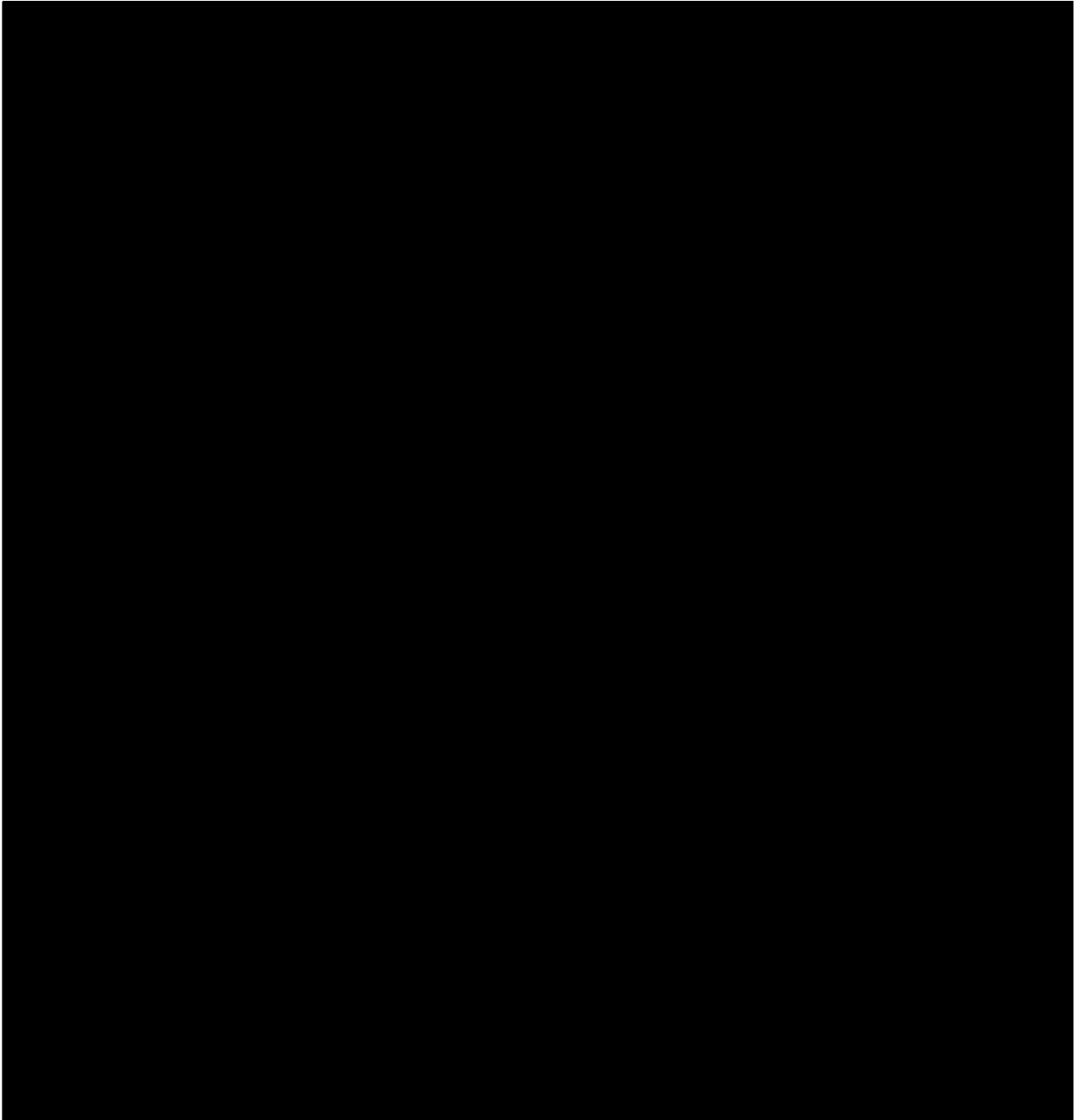


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



continued

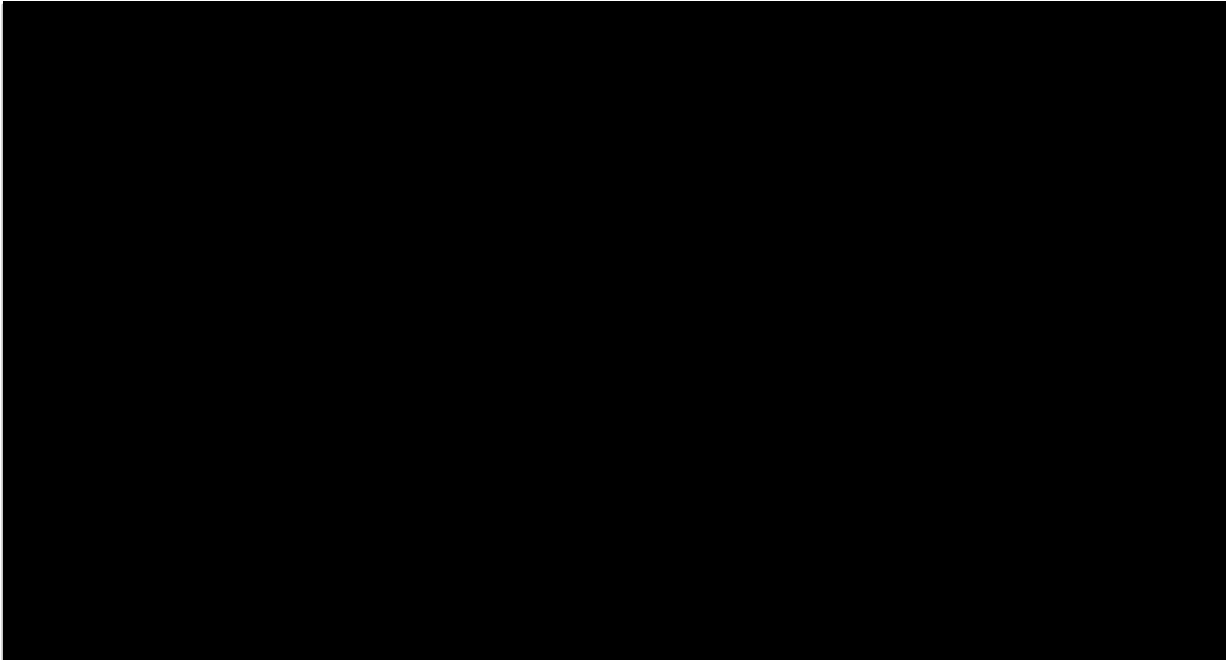


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



| | | | |
|--------|---|------------|--|
| Dec 18 | Pre-Authorized Payment No Fee, FDEXD 5462680 BUS/ENT | 167,204.30 | |
|--------|---|------------|--|



continued

Business Banking statement

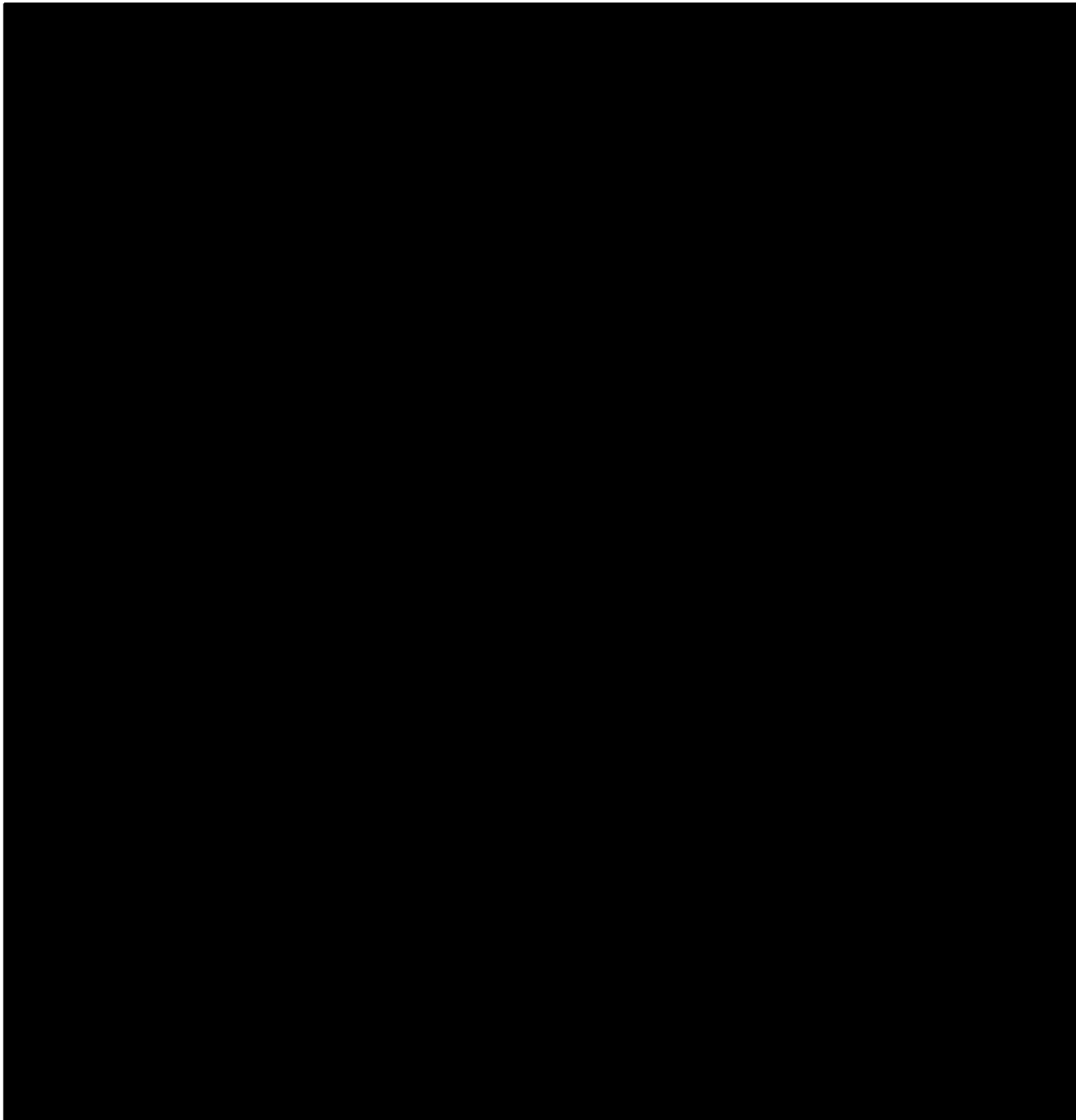
BZAM MANAGEMENT INC.
For the period ending December 29, 2023

Business Banking ⁷⁷¹



Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|---|-------------|---|--|--------------------|
| Business Current Account # 0004 1738-474 | | | | (continued) |



continued

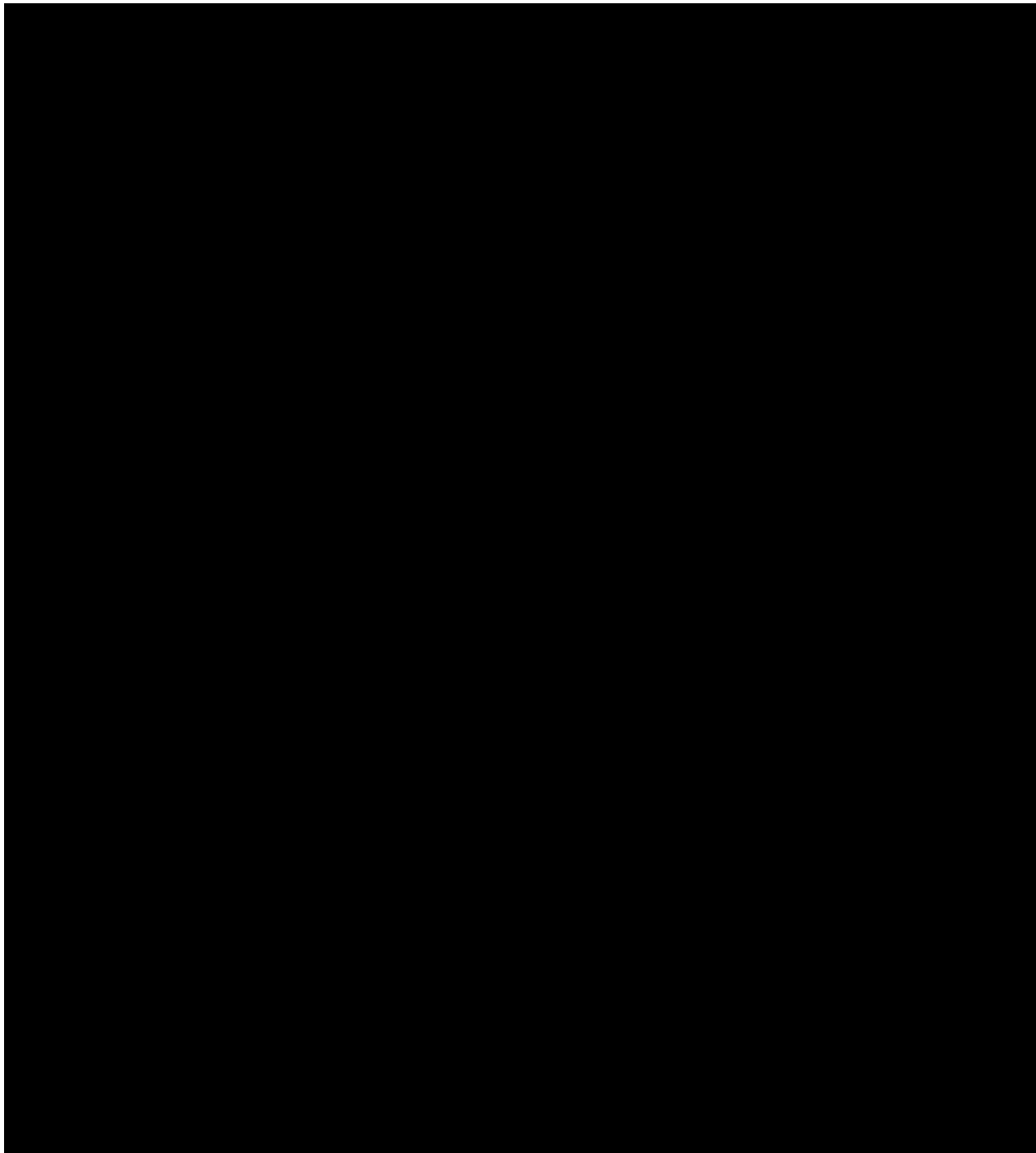


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

BZAM MANAGEMENT INC.
For the period ending December 29, 2023

Business Banking ⁷⁷³



Important information request

As part of our regulatory ongoing monitoring requirements and continued efforts to safeguard your banking information, we want to ensure your profile information is kept up-to-date and accurate. If there are any changes to your profile information, **and BMO has not yet been advised, please call us at 1-877-345-7777 or visit your local BMO branch.**

Please bring applicable documentation depending on the nature of any changes as per below along with the proof of continuity of business (e.g., recent Financial Statement) to your BMO representative or local BMO Branch (proof of continuity is not required for Sole Proprietors):

- **Legal or Trade name change**
 - Articles of Amendment, Trade Name Registration, etc.
- **Directors**
 - Information of all new or changed Directors including:
 - ▶ Name
 - ▶ Occupation (or if self-employed, nature of primary business)
 - Supporting documentation of amendment (e.g., change notice, amend notice, etc.)
- **Beneficial Owners**
 - Information of all Beneficial Owners owning 25% or more of the business including:
 - ▶ Name
 - ▶ Address
 - ▶ Occupation (or if self-employed, nature of primary business)
 - ▶ Percentage ownership
- **Trustees; Beneficiaries**
 - Information of all Trustees and named Beneficiaries including:
 - ▶ Name
 - ▶ Address
 - Supporting documentation of amendment (e.g., Trust document)

Please note that depending on the nature of any changes, updated account documentation may need to be executed at the branch by the appropriate signing officers and cannot be completed over the phone.

A better Digital Banking experience is here!

As of October, an enhanced BMO Online Banking and BMO Mobile Banking App experience started to roll out to make everyday banking even easier and more secure.

Learn more at [bmo.com/newdigital](https://www.bmo.com/newdigital)

Business Banking statement

BZAM MANAGEMENT INC.
For the period ending December 29, 2023

Business Banking ⁷⁷⁵



ISN: 4616391209
Cheque #403

59,226.74

BANK OF MONTREAL
FIRST BANK TOWER, 905 BAYVIEW STREET
TORONTO, ONTARIO M5G 1S7

0403

BZAM MANAGEMENT INC.

PAY Health Canada (Receiver General for Canada) 90797938 \$59,226.74

TO THE ORDER OF FIFTY NINE THOUSAND TWO HUNDRED TWENTY SIX DOLLARS AND SEVENTY FOUR CENTS

PER *[Signature]*
PER *[Signature]*

#000403# @00040#001# 1738=474#

X9HCP 225491313641
20396-002 5349656
SCOTIABANK CREDIT OF
CARLING & KIRKWOOD,
CARLING & KIRKWOOD,
OTTAWA, ONTARIO
04-7208-4043
5349656-20396-002
20396-002
SCOTIABANK
CARLING & KIRKWOOD
OTTAWA, ONTARIO
Transit # 20396-002

NOV 28 2023

Printer ID # / NI d'imprimeur 1014

Endorsement - Signature or Stamp

BACK/ENDOS

6282-002 BNS
CIBC Toronto ON
06 (416) 593-1111
222847689

ISN: 5417179843
Cheque #404

59,226.74

BANK OF MONTREAL
FIRST BANK TOWER, 905 BAYVIEW STREET
TORONTO, ONTARIO M5G 1S7

0404

BZAM MANAGEMENT INC.

PAY Health Canada (Receiver General for Canada) 90797938 \$59,226.74

TO THE ORDER OF FIFTY NINE THOUSAND TWO HUNDRED AND TWENTY SIX DOLLARS AND SEVENTY FOUR CENTS

PER *[Signature]*
PER *[Signature]*

#000404# @00040#001# 1738=474#

RN65C 229379416016
20396-002 9192116
Scotiabank
CARLING & KIRKWOOD,
CARLING & KIRKWOOD,
OTTAWA, ONTARIO
04-7208-4043
9192116-20396-002
20396-002
SCOTIABANK
CARLING & KIRKWOOD
OTTAWA, ONTARIO
Transit # 20396-002

NOV 28 2023

Printer ID # / NI d'imprimeur 1014

Endorsement - Signature or Stamp

BACK/ENDOS

6282-002 BNS
CIBC Toronto ON
06 (416) 593-1111
222847684



Your branch address:
 595 BURRARD STREET
 VANCOUVER, B.C. V7X1L7

Business Banking ⁷⁷⁶



BZAM MANAGEMENT INC.
 200 BURRARD STREET UNIT 1570
 VANCOUVER BC V6C 3L6

Your Branch
 MAIN OFFICE VANCOUVER
 Transit number: 0004

For questions about your statement call
 (604) 665-2643

Direct Banking
 1-877-262-5907
 www.bmo.com

Business Banking statement

For the period ending January 31, 2024

Summary of account


| Account | Opening balance (\$) | - Total amounts debited (\$) | + Total amounts credited (\$) | = Closing balance (\$) on Jan 31, 2024 |
|------------|----------------------|------------------------------|-------------------------------|--|
| [REDACTED] | | | | |

Security Tip

Data Privacy Day is January 28. Never post your birthday or personal information on social media sites. This information can be used to target you. For more security tips, visit bmo.com/security.

Transaction details

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|--|---------------------------------------|--------------|
|------|-------------|--|---------------------------------------|--------------|

 **Business Current Account # 0004 1738-474**
 Account Type: BLOCKED
 Business name:
 BZAM MANAGEMENT INC.

| | | | | |
|------------|--|--|--|--|
| [REDACTED] | | | | |
|------------|--|--|--|--|

continued

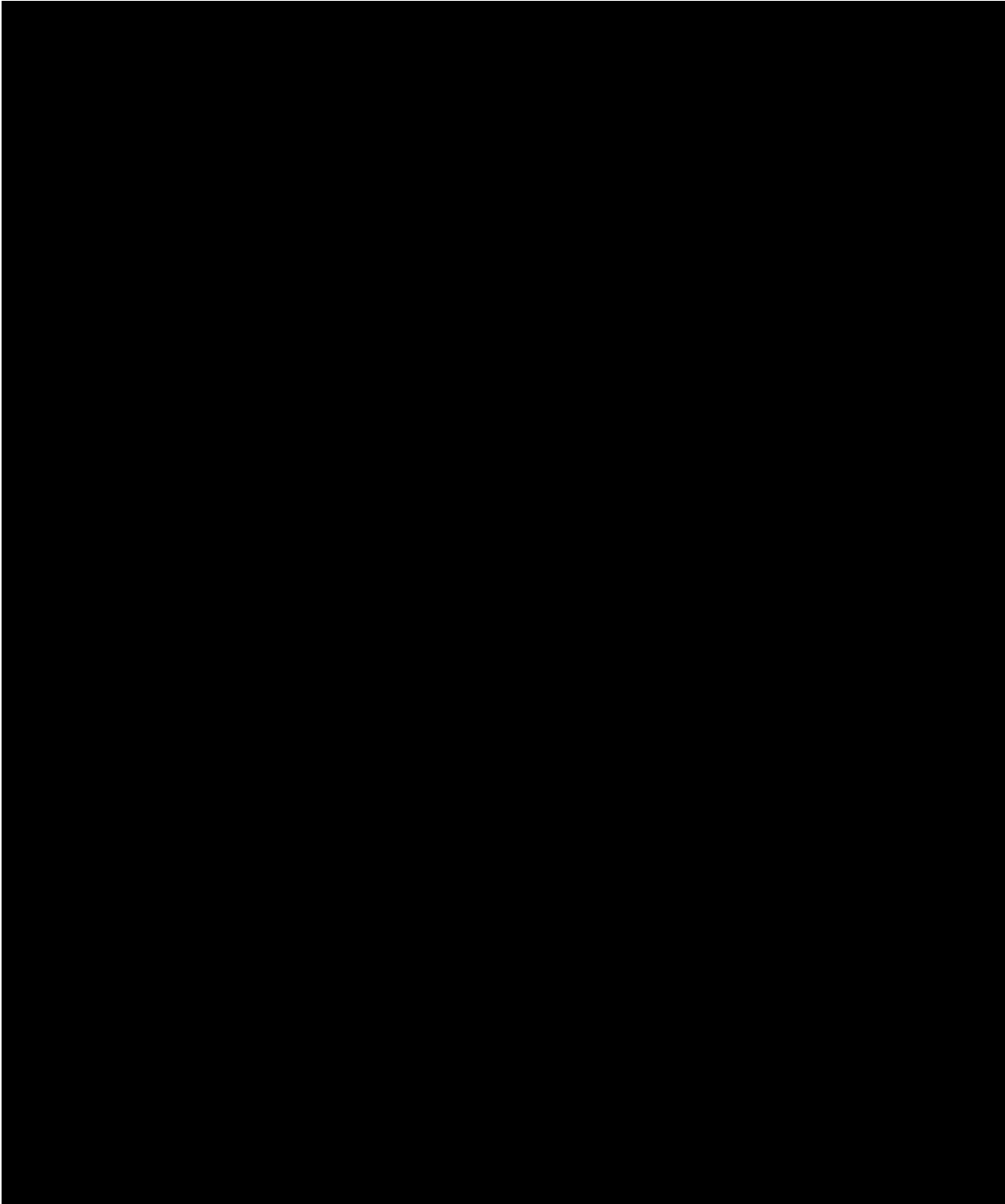


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

BZAM MANAGEMENT INC.
For the period ending January 31, 2024

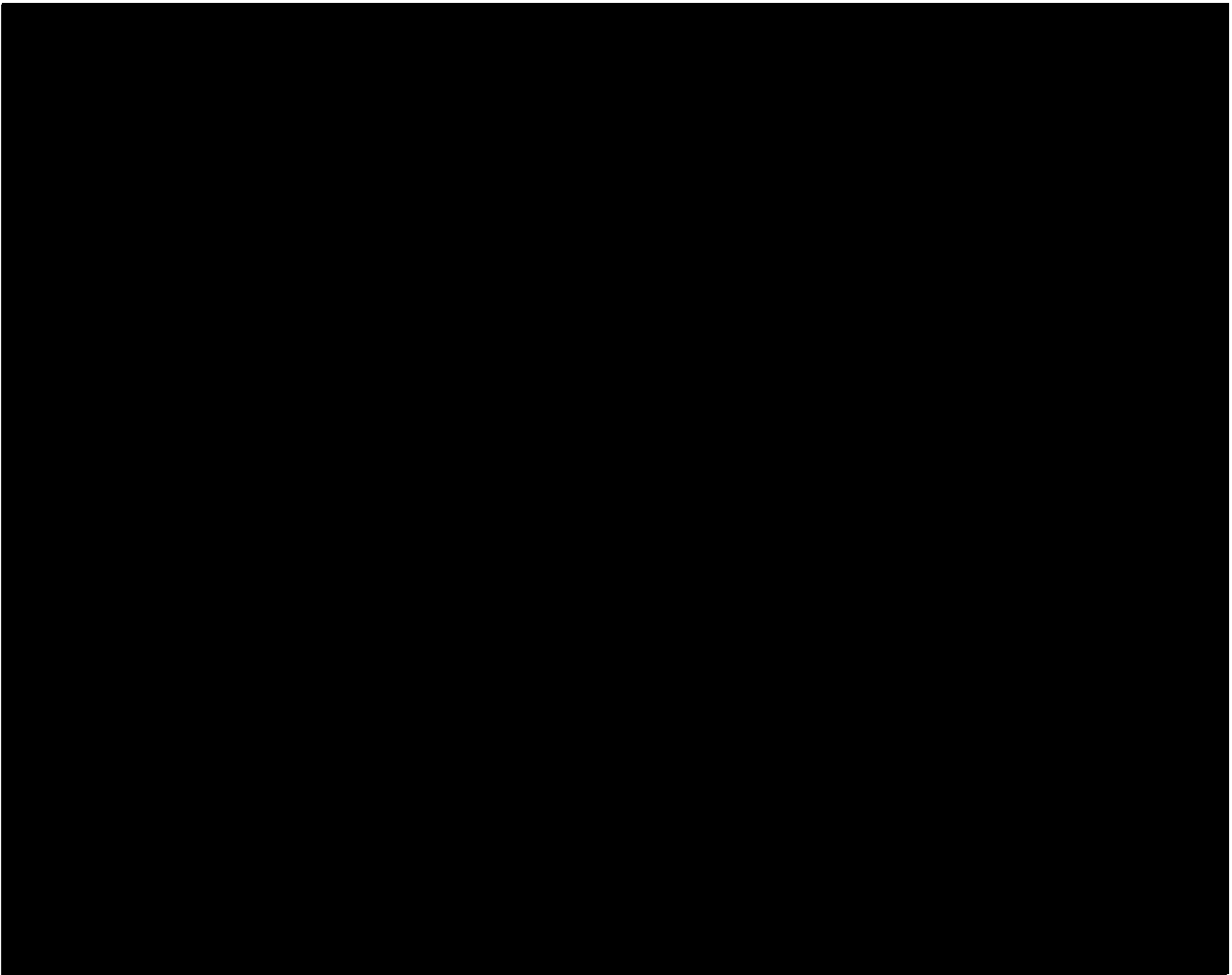
Business Banking ⁷⁷⁸



Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474 (continued)



| | | | | |
|--------|---|--------------|--|--|
| Jan 16 | Pre-Authorized Payment No Fee, FDEXD 5014030 BUS/ENT | 808,863.00 | | |
| Jan 16 | Pre-Authorized Payment No Fee, FDEXD 5014370 BUS/ENT | 1,510,090.00 | | |



continued

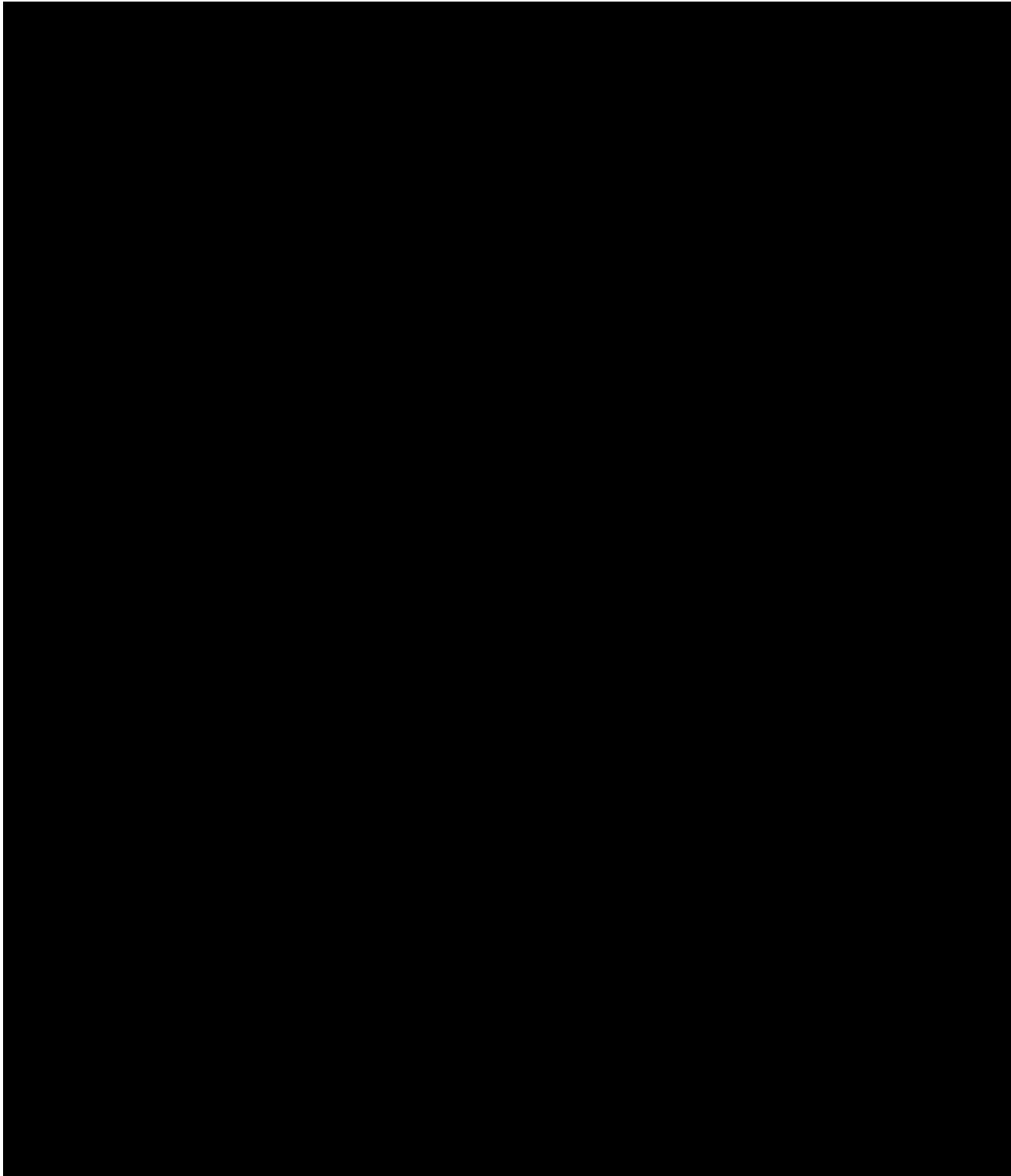


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

BZAM MANAGEMENT INC.
For the period ending January 31, 2024

Business Banking ⁷⁸⁰

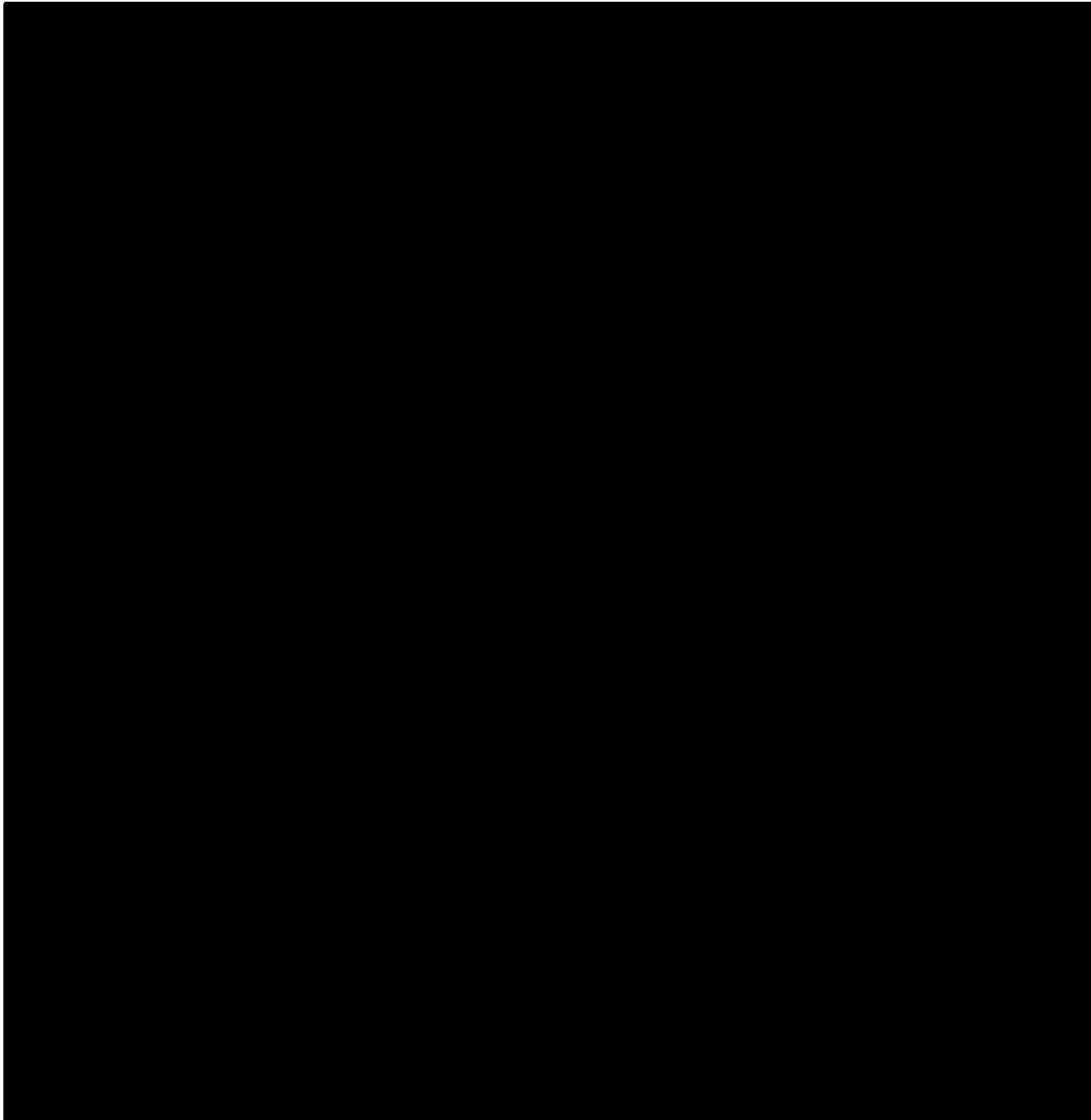


Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



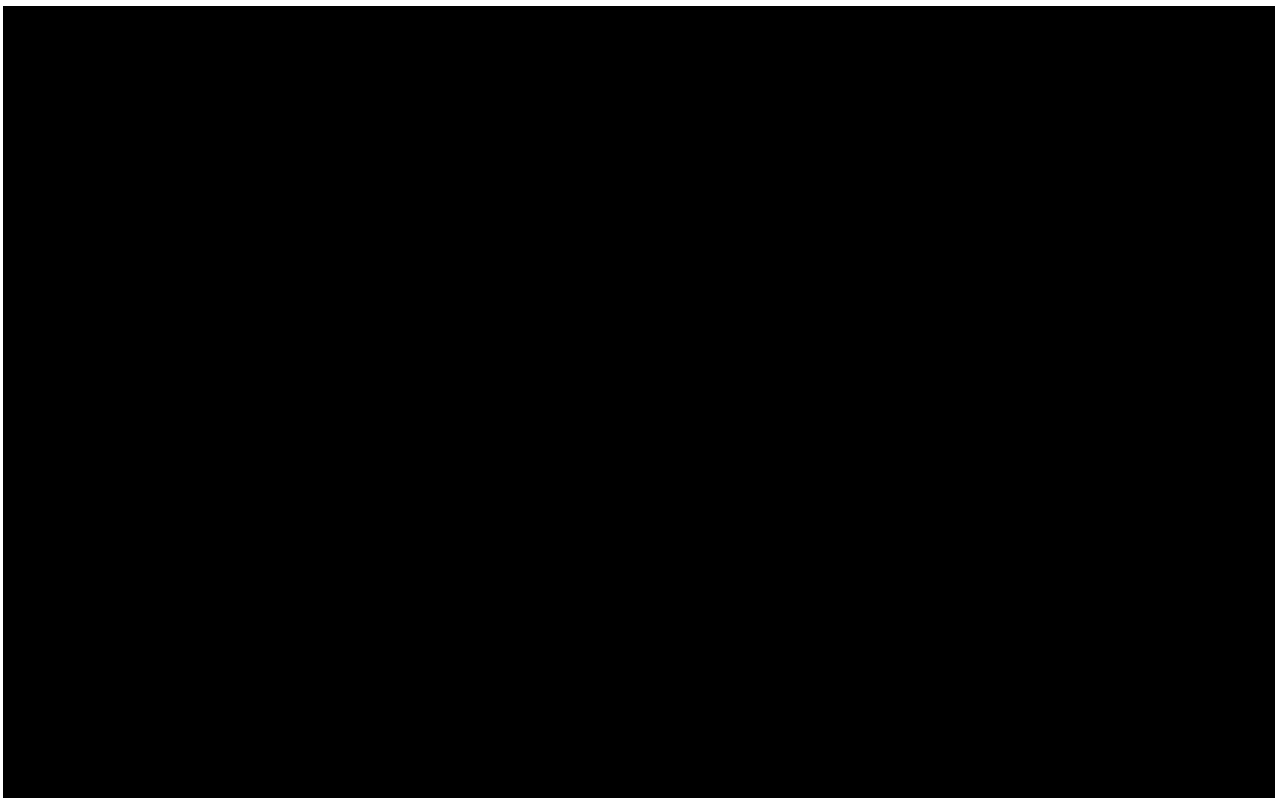
continued

Transaction details (continued)

| Date | Description | Amounts debited from your account (\$) | Amounts credited to your account (\$) | Balance (\$) |
|------|-------------|---|--|--------------|
|------|-------------|---|--|--------------|

Business Current Account # 0004 1738-474

(continued)



Business Banking statement

BZAM MANAGEMENT INC.
For the period ending January 31, 2024

Business Banking ⁷⁸²



ISN: 4618473326
Cheque #405

59,226.74

BANK OF MONTREAL
FIRST BANK TOWER, 100 BARRADIE STREET
VANCOUVER, BC V7X 1L7

0405

BZAM MANAGEMENT INC.

PAY **Health Canada (Receiver General for Canada)** \$ 59,226.74
97197988

TO THE ORDER OF **FIFTY NINE THOUSAND TWO HUNDRED TWENTY SIX DOLLARS AND SEVENTY FOUR CENTS.**

PER *[Signature]*
PER *[Signature]*

⑆000405⑆ ⑆00040⑆00⑆ 1738-474⑆

MJQ3A 225549119469
20396-002-5349656
ENDORSEMENT CREDIT OF
CARLING & KIRKWOOD,
5349656-20396-002
20396-002
SCOTIABANK
CARLING & KIRKWOOD
OTTAWA, ONTARIO
Transit # 20396-002

JAN 29 2024

Printer ID # / Ni d'imprimeur 1014

Endorsement - Signature or Stamp

BACK/ENDOS

60952-002 BNS
CIBC Toronto ON
11 Jan 2024
22388 H76



This is Exhibit "H" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in black ink, appearing to read 'D. Ionis', written over a horizontal line.

Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Andrew Winton

Direct 416 644 5342
awinton@iolg.ca

Lax O'Sullivan Lisus Gottlieb LLP
Suite 2750, 145 King St W
Toronto ON M5H 1J8 Canada
T 416 598 1744 F 416 598 3730
www.iolg.ca

**Lax
O'Sullivan
Lisus
Gottlieb**

May 3, 2024

BY EMAIL

Joseph Blinick
Bennett Jones LLP
1 First Canadian Place, Suite 3400
P.O. Box 130
Toronto ON M5X 1A4

Colin Pendrith
Cassels Brock & Blackwell LLP
Suite 3200, Bay-Adelaide Centre - North
Tower
Toronto ON M5H 0B4

Dear Counsel:

Final Bell Claim v BZAM Ltd. et al. - Various Issues & Updates

I am writing with respect to three issues concerning the upcoming hearing of Final Bell's claim against BZAM Ltd. *et al.*:

Updated Documentary Production

On April 30, 2024, Final Bell Holdings International Ltd. filed its annual audited financial statements for the year ended March 31, 2024 and the related management's discussion and analysis on SEDAR. A copy of these documents is enclosed. We are delivering these documents to update Final Bell's April 4, 2024 Response to BZAM's Redfern Requests, as these documents were not available prior to this week. In the event that Final Bell is able to release interim financial statements for the quarters subsequent to March 31, 2024, we will deliver those to you upon receipt.

Pre-Hearing Record Now Complete

On April 29, 2024, BZAM delivered additional documents in response to our April 22 document request, but it refused to produce all of the documents requested. In many cases, entire categories of documents were refused. At trial, we will rely on this refusal if necessary to ask the Court to draw the adverse inference that the documents would have supported Final Bell's claim and undermined BZAM's and Cortland's defences. We understand the defendants will debate that position, but we wanted to put you on notice of our intention so there is no complaint when we seek the adverse inference at trial.

As we informed you via email earlier this week, upon review of the additional documents BZAM disclosed on April 29, 2024, we did not need to conduct a further examination of Mr. Bovingdon. This confirms that the pre-hearing record is now complete.

Withdrawal of Rescission Claim, Restricting Claim to Equitable Damages and Constructive Trust

We understand that since Mr. Milich's cross-examination on April 8, 2024, more former employees of Final Bell Canada have left BZAM. We further understand that the business formerly operated under the Final Bell Canada brand has deteriorated significantly since it merged with BZAM's operations, to the point where there is little value left in Final Bell Canada as a standalone entity.

Having regard to these developments, and with an awareness that the SISF Process requires approval of the Stalking Horse Bid by May 21, 2024, Final Bell has determined that it is no longer feasible for it to seek rescission of the Share Exchange Agreement, as there is effectively nothing left for BZAM to return to Final Bell if rescission is granted.

In light of these circumstances, we will be amending our notice of motion to confirm that Final Bell's claim will be limited to one for equitable damages in lieu of rescission, and that Final Bell claims a constructive trust over the proceeds of sale of BZAM's shares or assets, as the case may be, to support its claim (see, e.g., [Credifinance Securities Limited v DSLC Capital Corp., 2011 ONCA 160, ¶33](#)).

We will deliver a further amended notice of motion in due course to plead this change in the relief sought. We wanted to alert you to it as soon as the determination was made so that BZAM can proceed with its sale approval motion.

Yours truly,



Andrew Winton

Enclosures

cc: Brendan Bohn / David Ionis, *Lax O'Sullivan Lisus Gottlieb LLP*
Mike Shakra / Tom Feore, *Bennett Jones LLP*
Natalie E. Levine / Jonathan Shepherd, *Cassels Brock & Blackwell LLP*
Maria Konyukhova / Nick Avis, *Stikeman Elliott LLP*

This is Exhibit "I" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

**FINAL BELL HOLDINGS INTERNATIONAL LTD
(FORMERLY FINAL BELL HOLDINGS, INC.)**

**CONSOLIDATED
FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEARS ENDED MARCH 31, 2023
AND 2022**

(Audited)

**FINAL BELL HOLDINGS INTERNATIONAL LTD.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

| | <u>Page</u> |
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| Consolidated Statements of Financial Position ----- | 5 - 6 |
| Consolidated Statements of Loss and Comprehensive Loss----- | 7 |
| Consolidated Statements of Changes in Shareholders' Equity ----- | 8 |
| Consolidated Statements of Cash Flows ----- | 9 - 10 |
| Notes to the Consolidated Financial Statements ----- | 11 – 63 |

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Final Bell Holdings International Ltd. (formerly Final Bell Holding, Inc.)

Opinion

We have audited the accompanying consolidated financial statements of Final Bell Holdings International Ltd. (formerly Final Bell Holding, Inc.) (the "Company"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of loss and comprehensive loss, changes in shareholders' deficit, and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Management's plans in regard to these matters are described in Note 25. Our opinion is not modified in respect of this matter.

Other Matters

The consolidated financial statements of the Company for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on September 13, 2022.

Key Audit Matters

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

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



Impairment Assessment of Goodwill

We draw your attention to Note 9 to the consolidated financial statements. The Company's goodwill balance was \$12,175,000 as at March 31, 2023. The goodwill is allocated to the cash generating units. Management conducts an impairment assessment annually in the fourth quarter, or more frequently if events or changes in circumstances indicate that the carrying value of goodwill and may not be recoverable. Any impairment charges are determined by comparing the recoverable amount of the cash generating unit to its carrying value. The recoverable amount is the higher of the value in use and the fair value less costs to dispose. Management, with the support of valuations specialists, prepared cash flows models to support the recoverable value which included significant judgements and assumptions relating to future cash flows, growth rates and discount rates. Based on the results of the impairment assessment, management did not record an impairment for the year ended March 31, 2023.

The principal considerations for our determination that performing procedures relating to the impairment assessment of goodwill at the cash generating unit level is a key audit matter are (i) the significant judgement required by management when developing the recoverable of the cash generating units; and (ii) a high degree of auditor judgement, subjectivity and effort in performing procedures to evaluate management's significant assumptions, including future cash flows, growth rates and discount rates.

Addressing the matter involved performing procedures and evaluating audit evidence, in connection with forming our overall opinion on the consolidated financial statements. These procedures included among others:

- Evaluating the appropriateness of the underlying discounted cash flow model.
- Testing the completeness and accuracy of underlying data used in the models.
- Evaluating the reasonableness of the significant assumptions used by management, including the future cash flows, growth rates and discount rates.
- Evaluating management's significant assumptions related to future cash flows, growth rates and the discount rates involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the cash generating units; (ii) the consistency with external market and industry data; (iii) sensitivities over significant inputs and assumptions; and (iv) whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable.
- Utilizing valuations professionals with specialized skill and knowledge to assist in testing the reasonableness of certain significant inputs and assumptions used, as well as examining the appropriateness of the impairment models.

Valuation of Consideration, Assets Acquired and Liabilities Assumed in the Reverse Takeover Transaction (RTO) and Related Acquisitions

We draw your attention to Note 4 to the consolidated financial statements. The Company entered into a RTO and a series of acquisition transactions during the year ended March 31, 2023. Management used estimates and judgment in measuring the considerations provided and in measuring the fair value of the intangible assets acquired and liabilities assumed.

The principal considerations for our determination that this is a key audit matter are (i) the significant judgment required by management when assessing the fair value of the consideration, assets acquired and liabilities assumed; and (ii) a high degree of auditor judgement, subjectivity, and effort in performing procedures to evaluate management's significant assumptions, including future cash flows, growth rates and discount rates.

Addressing the matter involved performing procedures and evaluating audit evidence, in connection with forming our overall opinion on the consolidated financial statements. These procedures included among others:

- Examining and evaluating the contractual terms identified in underlying agreements in connection with the RTO and the series of acquisition transactions for consistency with the amounts recorded in the financial statements.
- Testing management's process for developing the cash flows used in the impairment models.
- Evaluating the appropriateness of the underlying discounted cash flow model.
- Evaluating the reasonableness of the significant assumptions used by management, including the future cash flows, growth rates and discount rates.
- Utilizing valuations professionals with specialized skill and knowledge to assist in testing the reasonableness of certain significant inputs and assumptions used, as well as examining the appropriateness of the impairment models.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

A handwritten signature in black ink that reads "Davidson & Caspary LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

April 29, 2024

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Consolidated Statements of Financial Position

As of March 31, 2023 and 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

| | | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|--|--------------|-----------------------|-----------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash | | \$ 3,683 | \$ 3,407 |
| Accounts Receivable, Net | NOTE 6, 25 | 10,274 | 12,360 |
| Inventories | NOTE 7 | 10,680 | 9,338 |
| Prepaid Expenses | | 1,967 | 1,712 |
| Total Current Assets | | <u>26,604</u> | <u>26,817</u> |
| Property and Equipment, Net | NOTE 8 | 5,467 | 4,613 |
| Intangible Assets, Net | NOTE 9 | 15,388 | 16,230 |
| Goodwill | NOTE 9 | 12,175 | 2,030 |
| Right-of-Use Asset | NOTE 10 | 5,487 | 8,771 |
| Notes Receivable- Related Party | NOTE 11 | - | 5,951 |
| Net Investment in Sublease | NOTE 10 | 430 | 759 |
| Other Long Term Assets | | 561 | 414 |
| TOTAL ASSETS | | <u>\$ 66,112</u> | <u>\$ 65,585</u> |
| LIABILITIES AND SHAREHOLDERS' DEFICIT | | | |
| Liabilities: | | | |
| Current Liabilities: | | | |
| Accounts Payable | | \$ 18,634 | \$ 12,853 |
| Accrued Expenses | NOTE 13 | 1,700 | 5,335 |
| Deferred Revenue | NOTE 19 | 1,877 | 2,388 |
| Related Party Loans | NOTE 23 | 1,250 | 3,216 |
| Current Portion of Credit Facility | NOTE 14 | 3,079 | - |
| Unsecured Convertible Notes | NOTE 16, 24 | 19,108 | - |
| Promissory Note | NOTE 16 | 1,111 | - |
| Derivative Financial Instruments | NOTE 16, 24 | 167 | 75 |
| Series A Preferred Stock Liability | NOTES 17, 24 | 10,036 | - |
| Current Portion of Lease Liability | NOTE 10 | 1,251 | 1,365 |
| Income Tax Payable | | 236 | 197 |
| Total Current Liabilities | | <u>58,449</u> | <u>25,429</u> |
| Lease Liability, Net of Current Portion | NOTE 10 | 5,273 | 8,755 |
| Credit Facility | NOTE 14 | - | 3,469 |
| Contingent Liability | NOTE 24 | 2,863 | 500 |
| Series A Preferred Stock Liability | NOTES 17, 24 | - | 11,150 |
| Notes Payable | NOTE 16 | - | 27,898 |
| Secured Term Loan | NOTE 16 | 22,700 | - |
| Other Long Term Liability | | 59 | 59 |
| Deferred Income Tax Liability | NOTE 15 | 1,139 | 470 |
| TOTAL LIABILITIES | | <u>90,483</u> | <u>77,730</u> |

Continued Next Page

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Consolidated Statements of Financial Position

As of March 31, 2023 and 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

| | | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|--|----------------|-----------------------|-----------------------|
| Shareholders' deficit: | <i>NOTE 17</i> | | |
| Share Capital | | 30,713 | 6,617 |
| Share Based Payments Reserve | | 1,278 | - |
| Warrants | | 3,028 | - |
| Accumulated Other Comprehensive Income | | 4,067 | 35 |
| Accumulated Deficit | | <u>(64,325)</u> | <u>(22,847)</u> |
| Deficit attributable to Controlling Shareholders | | (25,239) | (16,195) |
| Non-controlling interest | <i>NOTE 18</i> | <u>868</u> | <u>4,050</u> |
| TOTAL SHAREHOLDERS' DEFICIT | | <u>(24,371)</u> | <u>(12,145)</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT | | <u>\$ 66,112</u> | <u>\$ 65,585</u> |

Approved and authorized by the Board of Directors on April 29, 2024

"Jason DeLand"
Director and Chairman of the Board

"Kay Jessel"
Director

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended March 31, 2023 and 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

| | | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|--|---------------------|--------------------------------------|--------------------------------------|
| Revenues | <i>NOTES 19, 26</i> | \$ 69,589 | \$ 76,055 |
| Cost of Goods Sold | <i>NOTE 26</i> | <u>52,908</u> | <u>60,186</u> |
| Gross Profit | | <u>16,681</u> | <u>15,869</u> |
| Expenses: | | | |
| Selling, General and Administrative | <i>NOTE 20</i> | 24,775 | 23,255 |
| Stock Based Compensation | <i>NOTE 17</i> | 218 | 834 |
| Depreciation and Amortization | <i>NOTES 8, 9</i> | <u>6,229</u> | <u>4,918</u> |
| Total Expenses | | <u>31,222</u> | <u>29,007</u> |
| Loss from Operations | | <u>(14,541)</u> | <u>(13,138)</u> |
| Change in Fair Value of Series A Preferred Stock Liability | <i>NOTE 24</i> | 1,114 | (859) |
| Change in Fair Value of Contingent Consideration | <i>NOTE 24</i> | (28) | (18) |
| Change in Fair Value of Investments | <i>NOTE 12</i> | - | (7,049) |
| Change in Fair Value of Convertible Notes | <i>NOTE 16</i> | (363) | - |
| Change in Fair Value of Derivative Liabilities | <i>NOTE 24</i> | 45 | - |
| Loss from Investment in Associate | | - | (73) |
| Fair Value Adjustment on Equity Accounted Investment | | - | 73 |
| Finance Cost | | (2,781) | (2,324) |
| Listing Fee | <i>NOTE 4</i> | (19,046) | - |
| Other (Expense) Income | | <u>1,095</u> | <u>322</u> |
| Total Other Expense | | <u>(19,964)</u> | <u>(9,928)</u> |
| Loss before Income Taxes | | (34,505) | (23,066) |
| Income Tax (Provision) Benefit | <i>NOTE 15</i> | <u>(135)</u> | <u>544</u> |
| Net Loss | | <u>(34,640)</u> | <u>(22,522)</u> |
| Other Comprehensive Income (Loss): | | | |
| Items to be reclassified subsequently to Profit & Loss statement | | | |
| Foreign Currency Translation Gain | | <u>4,032</u> | <u>5</u> |
| Comprehensive Loss | | <u>\$ (30,608)</u> | <u>\$ (22,517)</u> |
| Net Loss Attributable to: | | | |
| Final Bell Holding, Inc. | | (33,843) | (19,488) |
| Non-Controlling Interest | <i>NOTE 18</i> | <u>(797)</u> | <u>(3,034)</u> |
| | | <u>\$ (34,640)</u> | <u>\$ (22,522)</u> |
| Comprehensive Loss for the Period Attributable to: | | | |
| Final Bell Holding, Inc. | | (29,811) | (19,491) |
| Non-Controlling Interest | <i>NOTE 18</i> | <u>(797)</u> | <u>(3,026)</u> |
| | | <u>\$ (30,608)</u> | <u>\$ (22,517)</u> |
| Weighted Average Number of Common Shares (formerly LLC Units) | | | |
| - Basic and Diluted | | 90,883,934 | 1,501,200 |
| Basic and Diluted Loss per Share | <i>NOTE 21</i> | \$ (0.33) | \$ (12.98) |

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Consolidated Statement of Changes in Shareholders' Deficit
For the Years Ended March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

| | Shares Issued | PV Shares Issued | SV Shares Issued | Share Capital | Additional Paid-In-Capital | Share Based Payments Reserve | Warrants | Accumulated Other Comprehensive Income | Accumulated Deficit | Equity Attributable to Controlling Shareholders | Non-Controlling Interest | Total Shareholders' Deficit |
|--|---------------|------------------|------------------|---------------|----------------------------|------------------------------|----------|--|---------------------|---|--------------------------|-----------------------------|
| Balance as of March 31, 2021 (as previously reported) | - | 2,495,072 | - | \$ - | 6,617 | \$ - | \$ - | 38 | \$(3,224) | 3,431 | \$ 4,679 | \$ 8,110 |
| Retrospective application of reverse recapitalization | - | (2,495,072) | 14,469,531 | 6,617 | (6,617) | - | - | - | - | - | - | - |
| Balance as of March 31, 2021 (as adjusted) | - | - | 14,469,531 | 6,617 | - | - | - | 38 | \$(3,224) | 3,431 | 4,679 | 8,110 |
| Net (Loss) | - | - | - | - | - | - | - | - | (19,488) | (19,488) | (3,034) | (22,522) |
| Foreign Currency Translation Gain | - | - | - | - | - | - | - | (3) | - | (3) | 8 | 5 |
| Stock-Based Compensation | - | - | - | - | - | - | - | - | - | - | - | - |
| Vesting Stock | - | - | - | - | - | - | - | - | - | - | (53) | (53) |
| Warrants | - | - | - | - | - | - | - | - | - | - | 109 | 109 |
| Options | - | - | - | - | - | - | - | - | - | - | 775 | 775 |
| Warrant exercise | - | - | - | - | - | - | - | - | - | - | 30 | 30 |
| Amortization of Discount on Note Receivable - Related Party | - | - | - | - | - | - | - | - | 179 | 179 | (179) | 13 |
| Share of Assets Acquired from Non-Controlling Interest | - | - | - | - | - | - | - | - | (314) | (314) | - | (314) |
| Extinguishment of Note Receivable - Related Party | - | - | - | - | - | - | - | - | - | - | - | - |
| Acquisition of Westside | - | - | - | - | - | - | - | - | - | - | 1,702 | 1,702 |
| Balance as of March 31, 2022 | - | - | 14,469,531 | 6,617 | \$ - | \$ - | \$ - | 35 | \$(23,847) | 16,195 | 4,050 | \$(12,145) |
| Balance as of March 31, 2022 (as previously reported) | - | 2,495,072 | - | \$ - | 6,617 | \$ - | \$ - | 35 | \$(23,847) | 16,195 | 4,050 | \$(12,145) |
| Retrospective application of reverse recapitalization | - | (2,495,072) | 14,469,531 | 6,617 | (6,617) | - | - | - | - | - | - | - |
| Balance as of March 31, 2022 (as adjusted) | - | - | 14,469,531 | 6,617 | - | - | - | 35 | \$(23,847) | 16,195 | 4,050 | \$(12,145) |
| Net (Loss) Income | - | - | - | - | - | - | - | - | (33,843) | (33,843) | (797) | (34,640) |
| Foreign Currency Translation Gain | - | - | - | - | - | - | - | 4,032 | - | 4,032 | - | 4,032 |
| Reverse takeover of FBHI by FBH at Fair Value of Capital Consideration | 173,596,400 | 1,735,964 | - | 12,476 | - | - | - | - | - | 12,476 | - | 12,476 |
| Acquisition of Final Bell Canada | 4,453,609 | - | - | 626 | - | - | - | - | - | 626 | - | 626 |
| Acquisition of 14th Round Minority Interest | 63,998,600 | 639,986 | - | 8,960 | - | 1,224 | - | - | (8,098) | 2,086 | - | (2,086) |
| Shares Issued for Debt Restructuring | 3,000,000 | - | 3,000,000 | 210 | - | - | - | - | - | 210 | - | 210 |
| Stock-Based Compensation | 13,046,474 | - | 13,046,474 | 1,798 | - | 54 | - | - | - | 1,852 | 164 | 2,016 |
| Shares Issued for Interest in Lieu of Cash | 273,728 | - | 273,728 | 26 | - | - | - | - | - | 26 | - | 26 |
| Warrant Issuance | - | - | - | - | - | - | 3,028 | - | - | 3,028 | - | 3,028 |
| Option Expiry | - | - | - | - | - | - | - | - | 94 | 94 | - | 94 |
| Warrant Expiry | - | - | - | - | - | - | - | - | 369 | 369 | (369) | - |
| Balance as of March 31, 2023 | 258,368,811 | 2,575,950 | 35,243,342 | 30,713 | - | 1,278 | 3,028 | 4,067 | \$(64,325) | 25,239 | 868 | \$(43,371) |

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Consolidated Statement of Cash Flows

For the Years Ended March 31, 2023 and 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

| | | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|----------------------|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net Loss for the year | | \$ (34,640) | \$ (22,522) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | | |
| Depreciation and Amortization | <i>NOTE 8, 9, 10</i> | 6,229 | 4,918 |
| Amortization of Loan Discount | <i>NOTE 16</i> | 123 | - |
| Share-based Payments Expense | <i>NOTE 17</i> | 218 | 834 |
| Current Income Taxes | <i>NOTE 15</i> | 380 | 249 |
| Deferred Income Taxes | <i>NOTE 15</i> | 96 | (793) |
| Bad Debt (Recovery) Expense | <i>NOTE 6</i> | 138 | 6,714 |
| Gain on Forgiveness of Small Business Loan | <i>NOTE 22</i> | - | (1,260) |
| Gain on Lease Amendment/Termination | <i>NOTE 10</i> | (294) | (273) |
| Loss on Disposal of Fixed Assets | <i>NOTE 8</i> | 74 | 128 |
| Interest income accrued | <i>NOTE 10</i> | (386) | (311) |
| Interest expense accrued | | 958 | 1,274 |
| Shares Issued for Interest in Lieu of Cash | <i>NOTE 17, 24</i> | 26 | - |
| Warrants issued for Credit Facility | | - | 75 |
| Change in Fair Value of Preferred Stock Liability | <i>NOTE 24</i> | (1,114) | 859 |
| Change in Fair Value of Contingent Liability | <i>NOTE 24</i> | 28 | 18 |
| Change in Fair Value of Investments | <i>NOTE 12</i> | - | 7,049 |
| Change in Fair Value of Convertible Notes | <i>NOTE 24</i> | 363 | - |
| Change in Fair Value of Derivative Liabilities | <i>NOTE 24</i> | (45) | - |
| Transaction Costs | <i>NOTE 4</i> | 19,046 | - |
| Issuance of Shares upon debt restructuring | <i>NOTE 16</i> | 210 | - |
| Issuance of Compensation Shares on Close of Business Combination | <i>NOTE 17</i> | 1,798 | - |
| Loss from investment in associate | | - | 73 |
| Fair Value Adjustment on Equity Accounted Investment | | - | (73) |
| Changes in Operating Assets and Liabilities: | | | |
| Accounts Receivable, Net | | (179) | (7,813) |
| Inventories | | 2,711 | (8,187) |
| Prepaid Expenses | | 305 | (507) |
| Other Long Term Assets/Liabilities | | (149) | 101 |
| Accounts Payable | | 2,133 | 5,002 |
| Accrued Expenses | | (3,184) | 4,620 |
| Income Tax Payable | | (341) | (115) |
| Performance Obligation | | (860) | (598) |
| NET CASH USED IN OPERATING ACTIVITIES | | (6,356) | (10,538) |

Continued Next Page

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Consolidated Statement of Cash Flows

For the Years Ended March 31, 2023 and 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

| | | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---------|---|---|
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Purchases of Property and Equipment | NOTE 8 | (2,274) | (1,958) |
| Payment of Contingent Consideration | NOTE 24 | (319) | (440) |
| Payment of Holdback Liability | | - | (197) |
| Principal Reduction in Lease Receivable | NOTE 10 | 370 | 167 |
| Investment in GSW Creative Corporation and Elysian Group, Inc. | | - | (7,049) |
| Consideration paid, net of cash acquired for Final Bell Canada | NOTE 4 | (1,232) | - |
| Cash Acquired on Deemed Acquisition of Final Bell Holdings International Inc. | NOTE 4 | 517 | - |
| Acquisition of Westside Caregivers Club, Inc. | NOTE 18 | - | (7,400) |
| Issuance of Notes Receivable - Related Party | NOTE 11 | - | (5,640) |
| NET CASH USED IN INVESTING ACTIVITIES | | <u>(2,938)</u> | <u>(22,517)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Issuance of Common Shares | NOTE 17 | - | - |
| Issuance of Notes Payable | NOTE 16 | 5,650 | 26,648 |
| Proceeds of Credit Facility | NOTE 14 | 6,228 | 3,469 |
| Payment of Credit Facility | NOTE 14 | (6,831) | - |
| Proceeds of Related Party Loans | | 1,253 | 1,930 |
| Repayment of Related Party Loans | | (3,463) | (1) |
| Proceeds of Term Loan | NOTE 16 | 4,000 | - |
| Cash Contributions from Non-Controlling Interest | | - | 30 |
| Principal Reduction in Lease Liability | NOTE 10 | (1,549) | (604) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | <u>5,288</u> | <u>31,472</u> |
| Effect of Exchange Rate Changes on Cash | | 4,282 | (39) |
| NET INCREASE (DECREASE) IN CASH | | 276 | (1,622) |
| CASH AT BEGINNING OF YEAR | | <u>3,407</u> | <u>5,029</u> |
| CASH AT END OF YEAR | | <u>\$ 3,683</u> | <u>\$ 3,407</u> |
| SUPPLEMENTAL DISCLOSURE FOR OPERATING ACTIVITIES | | | |
| Cash Paid for Interest | | \$ 399 | \$ - |
| Cash Paid for Income Taxes and Installments | | \$ 113 | \$ 182 |
| NON-CASH INVESTING AND FINANCING ACTIVITIES | | | |
| Value of Shares Issued on Acquisition of Final Bell Canada | | \$ 626 | \$ - |
| Acquisition of 14th Round Minority Interest | | \$ 8,960 | \$ (179) |
| Accounts Receivable for Common Shares | | \$ (3) | \$ - |
| Net Investment in Sublease | | \$ - | \$ (1,222) |
| Extinguishment of Note Receivable - Related Party | | \$ - | \$ 313 |
| Change in Non-Controlling Interest due to Effect of Exchange Rate on Cash | | \$ - | \$ (8) |
| Change in Non-Controlling Interest due to Amortization of Note Receivable - Related Party | | \$ - | \$ (13) |
| Right of Use Asset and Lease Liability at Acquisition/Inception | | \$ 916 | \$ 8,956 |

See accompanying notes to the consolidated financial statements.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)****1. REPORTING ENTITY AND NATURE OF OPERATIONS***Final Bell Holdings International Ltd.*

Final Bell Holdings International Ltd. (the "Company" or "FBHI") was incorporated as Karsten Energy Corp. under the *Business Corporations Act* (British Columbia) ("BCBCA") on November 28, 2012, and was classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "TSX-V") Policy 2.4. On November 18, 2014, the Company completed its qualifying transaction and was listed on the TSX-V as a tier 2 mining issuer. The listing of the Company's common shares was transferred to the NEX Board of the TSX-V on January 31, 2017. The Company's common shares were voluntarily delisted from the NEX Board on April 30, 2021. On October 27, 2021, the Company filed articles of amendment under the BCBCA changing its name from "Karsten Energy Corp." to "Final Bell Holdings International Ltd."

Effective November 30, 2022, the Company completed a series of transactions (collectively, the "Reverse Take-over ("RTO") and other acquisitions"), pursuant to which it acquired the group of companies operating in the cannabis industry known as the "Final Bell Group", including Final Bell Holdings, Inc., a Delaware corporation ("FBH"), 14th Round Inc., a Delaware corporation ("14R" or "14th Round"), Final Bell Canada Inc., an Ontario corporation ("FB Canada"), and their respective subsidiaries and managed entities.

Also effective November 30, 2022, in connection with the RTO, the Company completed a share reorganization pursuant to which its share capital was reorganized to create and authorize a new class of Class B Proportionate Voting Shares (the "PV Shares") and to reclassify the common shares as Class A Subordinate Voting Shares (the "SV Shares"). Subject to certain conditions, each PV Share is convertible into 100 SV Shares, and is entitled to vote with the SV Shares at the rate of 100 votes per PV Share.

Final Bell Holdings, Inc.

The predecessor of FBH is Final Bell Holdings, LLC ("FB LLC"), which was formed on November 25, 2020 as a California limited liability company. On December 27, 2020, pursuant to a Formation and Contribution Agreement, a roll-up transaction (the "Final Bell Roll-Up Transaction") was completed whereby FB LLC acquired the assets and liabilities of a combined group of companies operating in the cannabis industry. The acquisition included a majority interest in 14R (56%). Subsequently, on July 1, 2021, FB LLC completed a restructuring whereby the FB LLC shareholders transferred all of their membership interests in FB LLC to FBH in exchange for FBH shares. As a result of the restructuring, FB LLC became a Delaware corporation and a wholly owned subsidiary of FBH.

Reverse Take-over and Other Acquisitions

On October 12, 2021, the Company entered into a share exchange agreement with FBH and FBH's shareholders, as amended (the "FBH SEA"), pursuant to which the Company would acquire all of the FBH common shares in exchange for PV Shares of the Company. The FBH SEA resulted in the Company acquiring, effective November 30, 2022, each outstanding share of FBH in exchange for approximately 0.69576 PV Shares, being 1,735,964 PV Shares in the aggregate.

On November 30, 2022, the Company also entered into agreements to acquire Final Bell Canada and the remaining 44% noncontrolling interest of 14R. Refer to Note 4 the further details on these acquisitions.

As a result of the RTO which closed on November 30, 2022, the resulting business of the Company, and the application of the relevant guidance for reverse acquisitions under IFRS 3, FBH (the entity receiving securities) has been deemed the "accounting acquirer" while the Company (the entity issuing securities) has been deemed the "accounting acquiree". As such, the financial statements included herein reflect the historical results of FBH and equity has been retrospectively adjusted to present FBHI's equity structure for all periods presented.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)***Nature of Operations*

The Company operates a consolidated group of businesses providing end-to-end supply chain solutions to cannabis brands through integrated product development, manufacturing, and supply chain management. Through 14R, the Company operates in the design and technology space offering industrial design, engineering, manufacturing, branding, and child-resistant packaging solutions for cannabis vaporizers, edibles, and related products.

The consolidated financial statements include the financial statements of the Company and its subsidiaries listed in the following table:

| | Country of incorporation | % Ownership | | Subsidiary of |
|--|--------------------------|----------------|----------------|--|
| | | March 31, 2023 | March 31, 2022 | |
| Final Bell Holding, Inc. | USA | 100% | NA | Final Bell Holdings International Ltd. |
| 14th Round, Inc. ("14th Round") | USA | 100% | 56% | Final Bell Holding, Inc. |
| Uneka Concepts, Inc. ("Uneka") | USA | 100% | 100% | 14th Round |
| 14th Round Technology & Trade (Shenzhen) Co., Ltd. ("14th Round Shenzhen") | China | 100% | 100% | 14th Round |
| Mallen Tech Co., Limited ("Mallentech") | Hong Kong | 100% | 100% | 14th Round |
| Mallen Tech (Dongguan) Co., Ltd. ("DG Co.") | China | 100% | 100% | 14th Round |
| Ares Imports, Inc. ("Ares") | USA | 100% | 100% | 14th Round |
| 14th Round (Canada) Inc. | Canada | 100% | 100% | 14th Round |
| Final Bell Corp | USA | 100% | 100% | Final Bell Holding, Inc. |
| DB Innovation Inc. ("DB Innovation") | USA | 89% | 89% | Final Bell Holding, Inc. |
| DB Designs, LLC ("DB Designs") | USA | 100% | 100% | DB Innovation Inc. |
| Westside Caregivers Club, Inc. ("WCC") | USA | 81% | 81% | Final Bell Corp. |
| Final Bell Canada Inc. | Canada | 100% | NA | Final Bell Holdings International Ltd. |
| Final Bell Corp | Canada | 100% | NA | Final Bell Canada Inc. |
| Starseed Medicinal Inc. | Canada | 100% | NA | Final Bell Canada Inc. |

These consolidated financial statements were authorized for issue by the Company's board of directors on April 29, 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies applied are consistent to all periods presented in these consolidated financial statements by the Company and its subsidiaries.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). FBHI did not early apply any new IFRS requirements that were not yet effective in fiscal year 2023.

Basis of Preparation and Measurement

The Company's consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. A material uncertainty exists that may cast significant doubt about the ability of the Company to continue as a going concern, and therefore, the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's ability to continue as a going concern is dependent upon its ability to generate profits and positive cash flows from operations and obtaining additional funding from financing arrangements. However, there can be no assurance that these activities will be successful or that financing will be available on terms acceptable to the Company.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

The consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying values and classification of assets and liabilities, and such adjustments could be material.

Functional and Presentation Currency

Unless otherwise specified, all financial information included in the consolidated financial statements has been stated in the US dollar (“USD”) and has been rounded to the nearest thousand. The Company selected the USD as the presentation currency to align with the most significant operating currency and underlying financial performance. The functional currency of the parent company is the Canadian dollar (“CAD”), and the functional currency of subsidiaries is USD, CAD, and Renminbi (“RMB”).

Principles of Consolidation

The Company uses judgment in determining the entities that it controls and accordingly consolidates. An entity is controlled when the Company has power over an entity, exposure or rights of variable returns from its involvement with the entity and is able to use its power over the entity to affect its return from the entity. The Company has power over an entity when it has existing rights that give it the current ability to direct the relevant activities, which are activities that significantly affect the investee’s returns. Since power comes from rights, power can result from contractual arrangements. However, certain contractual arrangements contain rights that are designed to protect the Company’s interest, without giving it power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests (“NCI”) are measured at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition. Changes in the Company’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All intercompany transactions, balances and unrealized gains and losses on transactions between companies have been eliminated.

A listing of the Company’s subsidiaries is listed in Note 1, *Reporting Entity and Nature of Operations*.

Material Accounting Policy Information**Foreign Currencies***Foreign currency transactions*

Foreign currency transactions are accounted for at exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing on the date of the statement of financial position. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate of the transaction date. Non-monetary assets and liabilities which are measured at historical costs denominated in foreign currencies that are stated at fair value are translated to US dollar at foreign exchange rates prevailing at the dates the fair value was determined.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)***Translation of the results and financial position of foreign operations*

Assets and liabilities of foreign operations are translated to US dollar at foreign exchange rates prevailing at the reporting date. Statements of profit or loss of foreign operations are translated to US dollar at the average exchange rates for the period. The components of shareholders' equity are translated at historical rates. Exchange differences arising from the translation of shareholders' equity to US dollar at period-end exchange rates are recognized in other comprehensive income. On disposal of a foreign entity the deferred cumulative amount recognized in equity relating to the particular operation is recognized in profit or loss.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate fair values at the date of exchange of the assets given, liabilities assumed, and equity instruments issued. Identifiable assets, liabilities, and contingent liabilities acquired or assumed are measured separately at their fair value as of the acquisition date. The excess of the cost of the acquisition over the Company's interest in the fair value of the identifiable net assets acquired is recorded as goodwill.

The assumptions and estimates relating to the determination of fair value require management to use a high degree of judgement and include estimates of future incomes, cash flows and discount rates. Changes in any of these estimates or assumptions could result in changes in fair values assigned to the consideration for the acquisition and the fair value of the assets, liabilities and goodwill in the purchase price allocation. The fair value of contingent consideration is revalued on the date of the statement of financial position and changes are recognized through profit or loss.

Acquisition-related costs are expensed as incurred.

Goodwill

Goodwill is determined as the excess cost of the acquisition over the Company's interest in the fair value of the identifiable net assets.

In accordance with IFRS 3, *Business Combinations*, goodwill is carried at cost and not amortized but tested for impairment on an annual basis and whenever there is an indicator the cash-generating unit to which goodwill has been allocated may be impaired.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation and impairment losses. Depreciation is calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets.

Depreciation is calculated using the following average estimated useful lives:

| <u>Category</u> | <u>Estimated Useful Life</u> |
|----------------------------|------------------------------|
| Furniture and Fixtures | 7 Years |
| Manufacturing Equipment | 1.5 to 10 Years |
| Leasehold Improvements | Remaining Life of Lease |
| Tooling, Moulding and Dies | 3 Years |
| Automobiles | 5 Years |
| Computers | 3 Years |

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

The assets' residual values, useful lives and methods of depreciation are reviewed annually and adjusted prospectively, if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the statements of loss and comprehensive loss in the year the asset is derecognized.

Repairs and maintenance that do not improve efficiency or extend economic life are charged to expense as incurred.

Intangible Assets

The Company recognizes intangible assets acquired in a business combination, and recognized separately from goodwill, at their fair value at the acquisition date.

The Company uses a straight-line method of amortization, unless a method that better reflects the pattern in which the economic benefits of the intangible asset are consumed or otherwise used up can be reliably determined. The following are the estimated useful lives of the Company's intangible assets:

| | Useful Life (in years) |
|-------------------------------------|-----------------------------------|
| Customer Relationships | 1-5 |
| Patents and Intellectual Property | 7 |
| Marketing Related Intangible Assets | 3-5 |
| Non-Competition Agreement | 3 |
| Licenses | 15-24 |

Intangible assets that have indefinite useful lives are tested annually for impairment or reversal of impairment in addition to whenever events and circumstances indicate the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount of the asset group exceeds its recoverable amount.

Long-Lived Asset Impairment

The carrying amounts of property, plant and equipment, goodwill and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is an indicator of impairment, the asset's recoverable amount is estimated. In addition, goodwill, intangible assets that are not yet available for use and intangibles with an indefinite useful life are tested for impairment annually at the CGU level. An impairment loss is recognized whenever the carrying amount of an asset or the related CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of non-financial assets is determined as the higher of their fair value less costs to sell and value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The recoverable amount of the cash generating units to which the goodwill and the intangible assets with indefinite useful life belong is based on discounted future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in respect of cash-generating units firstly reduce allocated goodwill and then the carrying amounts of the other assets in the unit on a pro rata basis.

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Reversal of impairment losses

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed only to the extent the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Cash

Cash includes cash deposits in financial institutions. Cash is a financial asset that is measured at amortized cost, which approximates fair value.

Accounts Receivable and Note Receivable

Accounts receivables are carried at amortized cost net of credit losses. Expected credit losses reflect the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability, unwillingness to pay, or changing forward looking market uncertainties. Collectability of trade receivables is reviewed on an ongoing basis for each segment of the business. The expected credit loss is determined based on a combination of factors, including the segment's risk assessment regarding the credit worthiness of its customers, historical collection experience, current aging status of customer accounts, financial condition of its customers, and economic conditions. Any credit losses are recognized directly in profit or loss.

Note Receivable – Related Party

Note receivables are recognized at amortized cost. The Company reviews its notes receivable for collectability as information becomes available pertaining to the Company's inability to collect. An allowance for the note receivable is recorded for the likelihood of non-collectability.

Inventories

The Company's inventories are initially recognized at costs, and subsequently valued at the lower of cost and net realizable value. Cost is determined using the weighted-average cost method. Net realizable value is determined as the estimated selling price in the ordinary course of business less estimated costs to completion and selling costs. Cost comprises all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition. Direct costs such as labor and the related overhead attributable to the inventories are capitalized to the extent that cost is less than net realizable value.

Inventory is written down on a SKU level basis if the anticipated net realizable value declines below the carrying amount of the inventories. The Company considers obsolescence, redundant and slow-moving goods, damage, or declining selling prices when calculating the net realizable value of a product.

Inventory acquired in a business combination is valued at selling price less selling and disposal costs.

Leases and Right of Use ("ROU") Asset

Leases are recorded in accordance with IFRS 16, *Leases*. The Company assesses whether a contract is, or contains, a lease at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, and payments for these leases are presented in cash flow from operating activities.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its

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incremental borrowing rate specific to the operating location. The Company considers its recent transactions and management assumptions when calculating the incremental borrowing rates. Changes in the assumptions used may have a significant effect on the Company's consolidated financial statements.

Lease payments include fixed payments, less any lease incentives, variable lease payments that depend on an index or a rate known at the commencement date, and purchase options or extension option payments if the Company is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and right-of-use asset and are recognized as an expense in profit or loss in the period in which the event or condition that triggers those payments occurs.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a renewal and/or purchase option. The corresponding adjustment is made to the related right-of-use asset. The principal portion of the lease payments is presented within financing activities and the interest component is presented within operating activities in the consolidated cash flow statement.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated starting at the commencement date over the shorter period of useful life of the underlying asset and lease term.

Income Taxes

Income tax on the profit or loss for the year is comprised of current and deferred tax. Income tax (benefit) is recognized in profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or subsequently enacted, at the reporting date, and any adjustment to tax payable in respect to previous years.

In accordance with IAS 12, *Income Taxes*, deferred taxes are provided using the balance sheet liability method. This means that, for all taxable and deductible differences between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position a deferred tax liability or asset is recognized. Under this method a provision for deferred taxes is also made for differences between the fair values of assets and liabilities acquired in a business combination and their tax base. IAS 12 prescribes that no deferred taxes are recognized (i) on initial recognition of goodwill, (ii) at the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit and (iii) on differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and to the extent that the Company is able to control the timing of the reversal. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using currently or substantively enacted tax rates.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

The Company recognizes deferred tax assets, including assets arising from losses carried forward, to the extent that future probable taxable profit will be available against which the deferred tax asset can be utilized.

Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)****Financial Instruments**

The Company recognizes financial instruments when it becomes party to the contractual provisions of the instrument.

Classification and Measurement

With the exception of trade receivables, financial assets are initially measured at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred. Debt financial instruments are subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The classification is based on two criteria: the objective of the Company’s business model for managing the assets; and whether the instruments’ contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

The classification and measurement of the Company’s financial assets is as follows:

- Debt instruments at amortized cost: Investments in debt securities where the contractual cash flows are solely payments of principal and interest, and the Company’s business model is to collect contractual cash flows. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss.
- Debt instruments at FVOCI with gains and losses recycled to profit or loss on derecognition: Investments in debt securities where the contractual cash flows are solely payments of principal and interest, and the Company’s business model is achieved by both collecting contractual cash flows and selling financial assets. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other fair value gains and losses are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.
- Equity instruments designated at FVOCI, with no recycling of gains or losses to profit or loss on derecognition: Instruments in which the Company does not have significant influence or control and is generally evidenced by ownership of less than 20% of the voting rights. The Company designates these investments on an instrument-by-instrument basis as equity securities at FVOCI because they represent investments held for long-term strategic purposes. Investments in unquoted companies are subsequently measured at cost, when appropriate. These investments are non-monetary items and gains or losses presented in the other comprehensive income include any related foreign exchange component. Dividends received are recognized in profit or loss. These investments are not subject to impairment testing and upon disposal, the cumulative gain or loss accumulated in other comprehensive income are not reclassified to profit or loss.
- Financial assets and liabilities at FVTPL: Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets’ carrying amount are recognized in profit or loss.

Key Classifications of Financial Instruments

| | |
|---------------------------------------|----------------|
| Cash | Amortized Cost |
| Accounts Receivable | Amortized Cost |
| Notes Receivable | Amortized Cost |
| Accounts Payable and Accrued Expenses | Amortized Cost |
| Other Long-Term Assets | Amortized Cost |
| Credit Facility | Amortized Cost |
| Related Party Loans | FVTPL* |
| Notes Payable | FVTPL* |
| Secured Term Loan | FVTPL* |

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| | |
|------------------------------------|--------|
| Promissory Note | FVTPL* |
| Series A Preferred Stock Liability | FVTPL |
| Contingent Liability | FVTPL |
| Convertible Notes | FVTPL |
| Derivative Financial Instrument | FVTPL |

* Initially measured at FVTPL and subsequently measured on an amortized cost basis

Offsetting

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

Derecognition

A financial asset is derecognized when its contractual rights to the cash flows from the financial asset expire. A financial liability is derecognized only when its contractual obligations are discharged, cancelled or expire.

Fair Value Measurement

A number of FBHI's accounting policies and notes require fair value measurements for both financial and non-financial items.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 – Significant inputs that are not based on observable market data.

If the inputs used to measure an asset or liability's fair value fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company applies fair value measurement to the instruments listed below.

- Contingent Liability
- Series A Preferred Stock Liability
- Unsecured Convertible Notes
- Derivative Financial Instrument
- Related Party loans
- Promissory notes
- Notes payable
- Secured term loan

The fair value of each of these instruments is based on inputs that are not based on observable market data as such, all instruments fall into Level 3 on the fair value hierarchy. The value is determined by commonly used valuation techniques (Black Scholes, etc.) to arrive at the most relevant fair value calculation.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

Revenue Recognition*Goods Sold*

Revenue is recognized in accordance with IFRS 15, *Revenue from Contracts with Customers*. Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Specifically, revenue recognition follows the following five-step approach:

- Identify the contract with a customer
- Identify the performance obligation(s) in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when performance obligations are satisfied

Revenue from contracts with customers is recognized in the statement of profit or loss when the control of the asset or of the service has been transferred to the customer. The control transfer date is generally in accordance with ex work terms under which control is transferred upon shipment date. Revenue is presented net of discounts and sales tax and other related taxes.

When determining the amount of revenue from contracts with customers, the Company evaluates whether it functions as a primary provider, or as an agent in the contract. The Company is the primary provider when it controls the guaranteed goods or services before they are transferred to the customer. In such cases, the Company recognizes revenue as the gross amount of proceeds. In cases where the Company functions as an agent, the Company recognizes the revenue as a net amount, after deducting the amounts which are owed to the primary provider.

Net revenue for the Company is defined as gross revenue, which is net of any customer discounts, rebates, and sales returns and recoveries, less excise taxes.

Deferred Revenue

If consideration is received by the Company before the related performance obligation is satisfied, the advance payment is recorded as deferred revenue until the obligation is satisfied at which time revenue is recorded. Deferred revenue is a liability on the statement of financial position.

Costs of Goods Sold

The Company's policy is to recognize costs of goods sold in the same manner in conjunction with revenue recognition. Cost of goods sold includes the costs directly attributable to revenue recognition and includes amounts paid for finished goods, such as batteries, cartridges, as well as packaging and other supplies for its products.

Share-based Compensation

The Company accounts for its share-based compensation in accordance with IFRS 2, *Share-Based Payments*, which requires fair value measurement on the grant date and recognition of compensation expense for all share-based payment awards made. For options and warrants, the Company estimates the fair value using a closed option valuation (Black-Scholes) model. The fair value of restricted share awards is based upon the estimated fair value price of the common shares on the date of grant. The fair value is then expensed over the requisite service periods of the awards, net of estimated forfeitures, which is generally the performance period, and the related amount is recognized in profit or loss.

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The Black-Scholes option-pricing model requires the input of certain assumptions that require the Company's judgment, including the expected term and the expected share price volatility of the underlying stock.

The assumptions used in calculating the fair value of stock-based compensation represent management's best estimates, but these estimates involve inherent uncertainties and the application of judgment. As a result, if factors change resulting in the use of different assumptions, stock-based compensation expense could be materially different in the future. In addition, the Company is required to estimate the expected forfeiture rate and only recognize expense for those share-based rewards expected to vest. If the actual forfeiture rate is materially different from management's estimates, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

Share based payment reserve

The fair value of stock options is recorded as an expense on the grant date with a corresponding credit to share reserves. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon the exercise of stock options, proceeds received from stock option holders are recorded as an increase to share capital and the related share reserve is transferred to share capital.

Earnings (loss) per share

The calculation of basic EPS has been based on the profit attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding. SV Shares and PV Shares are considered ordinary shares to be included in the denominator of EPS. PV Shares have been converted into SV Shares in accordance with its liquidation rights in ratio of 100:1 to compute basic EPS for one class of ordinary shares. As the legal subsidiary is the accounting acquirer, the number of shares to use in the earnings per share calculations for the period before the RTO is based on the weighted average number of outstanding shares of the accounting acquirer before the RTO adjusted to reflect the exchange ratio applied in the reverse acquisition.

The Company calculates diluted earnings (loss) per share by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive ordinary shares such as exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Adoption of New and Revised Standards and Interpretations

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after April 1, 2023. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The Company has not identified any upcoming changes which could materially impact the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They

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also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle for the first time in the current year. The Annual Improvements include amendments to four standards.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

| | |
|---|--|
| IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17) | Insurance Contracts |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between and Investor and its Associate or Joint Venture |

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Notes to Consolidated Financial Statements

For the Years Ended March 31, 2023 and 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

| | |
|---|--|
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-Current |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to IAS 8 | Definition of Accounting Estimates |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

The Company does not expect the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except if indicated below.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Company anticipates the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

The Company does not anticipate the application of these amendments may have an impact on the Company's consolidated financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

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The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The Company anticipates the application of these amendments may have an impact on the Company's consolidated financial statements in future periods.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of

Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The definition of a change in accounting estimates was deleted. However, the IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

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The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
 - Right-of-use assets and lease liabilities
 - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The Company anticipates the application of these amendments may have an impact on the Company's consolidated financial statements in future periods should such transactions arise.

3. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or, if the revision affects both current and future periods, in the period of the revision and future periods.

Although each of its significant accounting policies reflects judgments, assessments or estimates, the Company believes the following accounting policies reflect the most critical judgments, estimates and assumptions that are important to its business operations and understanding results: RTO transaction (Note 4), business combinations (Note 4), intangible assets (Note 4), goodwill (Note 4), impairment (Note 9), derivatives (Note 24), share-based payments (Note 17), contingent liabilities (Note 24), preferred stock liabilities (Note 24), and accounting for current and deferred tax (note 15). Estimates and key assumptions made in applying accounting policies are included in the notes referenced above for each of these accounting policies.

The Company employs significant estimates to determine the estimated useful lives of property, plant and equipment and intangible assets with finite useful lives, considering industry trends such as technological advancements, past experience, expected use and review of asset useful lives.

The fair values of acquired identifiable intangibles are based on an assessment of future cash flows. Fair value at acquisition is calculated using the present value of estimated future cash flows the Company expects to generate from the asset acquired using a risk-adjusted discount rate. In determining its estimated future cash flows associated with its intangible assets, the Company uses estimates and assumptions about future revenue contributions, cost structures and remaining useful lives of the asset (asset group).

Impairment analyses of goodwill and indefinite-lived intangible assets are performed annually and whenever a triggering event has occurred, in order to determine whether the carrying value exceeds the recoverable amount. These calculations are based on estimates of future cash flows.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

The Company is subject to income tax in multiple jurisdictions. Significant judgment is required to determine the provision for income tax. All income, capital and commodity tax filings are subject to audits and reassessments. In assessing the amount of any income tax provisions to be recognized in the financial statements, estimates are made of the expected successful settlement of these matters, as applicable. Estimates of interest and penalties on tax liabilities are also recorded. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period that such determination is made.

The Company uses its judgment to select a variety of methods including the discounted cash flow method and option valuation models and makes assumptions about the fair value of financial instruments that are mainly based on market conditions existing at each reporting date.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the following year are further discussed in the relevant notes hereafter.

4. REVERSE TAKE-OVER AND RELATED ACQUISITIONS**Share Exchange Agreement**

On November 30, 2022, the Company completed an acquisition pursuant to the FBH SEA whereby shareholders of FBH received PV Shares. Each common share of FBH was exchanged for 0.69576 of a PV Share. The combination constituted a RTO transaction whereby, following the closing of the share exchange, FBH is now a wholly-owned subsidiary of the Company and the Company will carry on the business of FBH.

At the time of the acquisition, the Company's assets consisted primarily of cash, accounts receivable and convertible note receivable and it did not have any processes capable of generating outputs; therefore, the Company did not meet the definition of a business. Accordingly, as the Company did not qualify as a business in accordance with IFRS 3 *Business Combinations*, the acquisition did not constitute a business combination; however, by analogy it has been accounted for as a reverse take-over following the guidance set out in IFRS 2 *Share-based Payment*. Therefore, FBH, the legal subsidiary, has been treated as the accounting acquirer, and the Company, the legal parent, has been treated as the accounting acquiree. The assets acquired and liabilities assumed were recorded at their estimated fair values, which are based on management's estimates and independent third party valuations.

Upon completion of the RTO the shareholders of FBH received 1,735,964 PV Shares in exchange for 2,495,072 FBH shares on a 1:0.69576 basis. The consideration relating to the deemed shares issued in the reverse acquisition was nil based on the fair value per common share of the Company on November 30, 2022. The fair value was estimated using income and market approaches. More specifically, 33.3% weight was given to the discounted cash flow model, guideline public company method, and guideline transaction methods given the close proximity of the value indicators with the following assumptions.

Discounted Cash Flow assumptions

| | |
|-----------------------|-------|
| Discount rate | 14.5% |
| Long-term growth rate | 4% |

Guideline public companies assumptions

| | |
|-----------------------------------|-------|
| Risk Free-Rate | 2.5% |
| Beta adjusted equity risk premium | 7.23% |
| Enterprise Value Multiple | 1.3x |

Guideline transaction methods

| | |
|---------------------------|------|
| Enterprise Value Multiple | 1.5x |
|---------------------------|------|

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

Management determined that due to the short-term nature of cash, accounts receivable, convertible note receivable, accounts payable, accrued expenses and secured loan, the carrying amounts of these items approximate their fair values. The convertible note payable was recorded at fair value using a Black-Scholes Merton option pricing model for the conversion feature and a probability-weighted amortized cost method under two distinct redemption scenarios for the principal to be repaid with the following assumptions:

| | |
|----------------|------|
| Volatility | 102% |
| Risk-free rate | 4.2% |
| Dividend yield | 0.0% |
| Time in years | 1.17 |

As the acquisition was not considered a business combination, the excess of consideration paid over the net assets acquired together with any transaction costs incurred for the RTO is expensed as a listing expense in accordance with IFRS 2 *Share-based Payments*.

Net assets acquired (FBHI at November 30, 2022):

| | | |
|--|----|----------|
| Cash | \$ | 517 |
| Accounts Receivable, Net | | 32 |
| Notes Receivable | | 33,796 |
| Accounts Payable | | (514) |
| Accrued Expenses | | (32) |
| Senior Secured Term Loan Facility | | (21,476) |
| Unsecured Convertible Notes | | (18,780) |
| Warrant Liability | | (113) |
| <hr/> | | |
| Total Identifiable Net Assets | | (6,570) |
| Excess of Purchase Price over Fair Value of Assets Acquired (expensed) | | 19,046 |
| <hr/> | | |
| Net Assets Acquired | \$ | 12,476 |

14th Round Minority Acquisition

Further to the FBH SEA, FBHI completed the acquisition of the remaining 44% of 14R's outstanding shares not held by FBH pursuant to 14R Merger Agreement whereby the remaining shareholders of 14R received 639,986 PV Shares of the Company with an estimated fair value of \$9.0 million based on the deemed valuation of the Company after giving pro forma effect to the completion the transactions contemplated by the FBH SEA agreements. As a result of the close of the acquisition, 14R became a wholly-owned subsidiary of FBHI. As of March 31, 2023, PV Shares of the Company were not yet issued to 14R minority shareholders that either dissented to the transaction or had options and / or warrants that were to be reissued by FBHI at a later date. Refer to Note 18, *Shareholders' Equity* for discussion of the modification of the 14R options and warrants as a result of this transaction.

| | | |
|--|----|---------|
| Carrying Amount of NCI acquired | \$ | 2,086 |
| Consideration paid to NCI | | 8,960 |
| <hr/> | | |
| A decrease in equity attributable to owners of the Company | \$ | (6,874) |

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)****FB Canada Acquisition**

On November 30, 2022, the Company completed the acquisition of all outstanding shares of FB Canada according to the terms of the FB Canada share purchase agreement to acquire 100% of FB Canada. The acquisition was completed to facilitate the Company's entry into the Canadian cannabis market. Total purchase consideration for FB Canada had a fair value of \$19.1 million and consisted of the following:

| | | |
|---|-----------|---------------|
| Cash | \$ | 2,480 |
| Promissory notes | | 1,113 |
| Estimated fair value of shares issued | | 626 |
| Contingent Consideration | | 2,663 |
| Settlement of Pre-existing Relationship | | 12,253 |
| Total Consideration | \$ | 19,135 |

The Company issued (as part of the total consideration for the FB Canada acquisition) a promissory note to the FB Canada sellers in the aggregate amount of \$1.2 million (C\$1.65 million), which had a fair value of \$1.1 million (C\$1.5 million) as of the date of acquisition. The fair value of the promissory note was determined by the Company's third-party valuation specialists and was based on the time value of money. The promissory note does not bear interest and matures at the earlier of fifteen (15) months from issuance, or the completion of an equity capital raise by the Company for gross proceeds equal to or greater than C\$5.0 million. The consideration relating to the SV Shares issued for the acquisition was based on the fair value of the 4,453,609 SV Shares issued having a fair value of \$0.6 million based on the fair value of \$0.14 per SV Share of the Company on November 30, 2022. The fair value was estimated by third-party specialists using income and market approaches. More specifically, 33.3% weight was given to the discounted cash flow model, guideline public company method, and guideline transaction methods given the close proximity of the value indicators with the following assumptions.

Discounted Cash Flow assumptions

| | |
|-----------------------|-----|
| Discount rate | 12% |
| Long-term growth rate | 4% |

Guideline public companies assumptions

| | |
|-----------------------------------|-------|
| Risk Free-Rate | 2.5% |
| Beta adjusted equity risk premium | 7.23% |
| Enterprise Value Multiple | 1.3x |

Guideline transaction methods

| | |
|---------------------------|------|
| Enterprise Value Multiple | 1.2x |
|---------------------------|------|

Contingent consideration is to be issued if FBHI issues shares at a valuation that is less than \$250 million in connection with a listing of FBHI SV Shares on a public stock exchange or if FBHI is acquired prior to the listing of FBHI SV Shares at a valuation that is less than \$250 million. The contingent consideration was valued using the Black-Scholes-Merton model, further adjusted for counterparty credit risk, with the following assumptions:

| | |
|-----------------------------|--------|
| Equity Volatility | 102.0% |
| Risk-free rate | 4.31% |
| Risk-adjusted discount rate | 15.0% |
| Term to exit (years) | 1.00 |

The acquisition of FB Canada effectively settled pre-existing relationships with FBH and 14R, and accordingly has been included within purchase consideration.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

Management determined this acquisition meets the definition of a business under IFRS 3 and therefore the transaction was accounted for as a business combination. As a result of the control obtained through the acquisition, the fair value of the assets and liabilities of FB Canada were consolidated into the Company's financial statements as of November 30, 2022.

The following table summarizes the fair values of the assets acquired and liabilities assumed:

| | | |
|--|----|------------------|
| Cash | \$ | 1,248 |
| Accounts Receivable, Net | | 4,331 |
| Inventories | | 4,053 |
| Other Currents Assets | | 560 |
| Property and Equipment, Net | | 566 |
| ROU Asset | | 710 |
| Intangible Assets | | 2,517 |
| Accounts Payable | | (3,179) |
| Accrued Expenses | | (108) |
| Deferred Tax Liability | | (667) |
| Performance Obligation | | (349) |
| ROU Liability | | (710) |
| Total Identifiable Net Assets | | 8,972 |
| Goodwill | | 10,163 |
| <u>Preliminary Fair Value of Assets Acquired and Liabilities Assumed</u> | | <u>\$ 19,135</u> |

The Company acquired a lease for a building in Bowmanville, Canada. This lease was valued in accordance with IFRS 16 utilizing an incremental borrowing rate of 12.5%.

Intangible assets acquired from FB Canada consist of a market related intangible (tradename), customer relationships, and a cannabis license. The market related intangible asset was fair valued at \$0.4 million having an estimated useful life of 3.3 years valued using the relief from royalty income approach with the following assumptions: Royalty Rate 0.5%, Discount Rate 18.0%, and Tax Rate 26.5%. The customer relationships intangible was fair valued at \$0.6 million using the multi-period excess earnings method with a discount rate of 18.0%. The cannabis license was fair valued at \$1.5 million using the with and without method having an estimated useful life of 5 years and a discount rate of 18%.

As a result of the acquisition, the Company also recognized \$10.2 million of goodwill based on expected financial synergies resulting from full integration of the company's supply chain to consumer in the Canadian market.

For the year ended March 31, 2023, FB Canada contributed revenue of \$7.0 million and loss of \$3.9 million to the Company's consolidated results. If the acquisition had occurred on April 1, 2022, management estimates consolidated revenue would have been \$81.1 million and consolidated loss would have been \$18.1 million.

5. CONCENTRATIONS OF BUSINESS AND CREDIT RISK

The Company maintains cash balances in reputable financial institutions in Canada and the US that are insured by the Canada Deposit Insurance Corporation (CDIC) and Federal Deposit Insurance Corporation ("FDIC") up to certain federal limitations. At times, the Company's cash balance exceeds these federal limitations. As of March 31, 2023 and March 31, 2022, the amount held above the limit in Canada and US financial institutions was \$2.5 million and \$2.0 million, respectively. The Company has not historically experienced any material losses. The Company's cash held in foreign banks that are not subject to FDIC or CDIC coverage as of March 31, 2023 and March 31, 2022 was \$0.2 million and \$0.3 million, respectively.

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Notes to Consolidated Financial Statements

For the Years Ended March 31, 2023 and 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The Company provides credit in the normal course of business to customers located throughout the U.S. and Canada. The Company performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information.

Sales to the Company's three largest customers accounted for 33.0% and 40% of total revenues for the years ended March 31, 2023, and March 31, 2022, respectively. Accounts receivable for these three customers was \$2.4 million and \$3.5 million as of March 31, 2023 and 2022, respectively.

One of the Company's hardware suppliers accounted for 45% and 51% of the cost of goods sold for the year ended March 31, 2023, and 2022, respectively. As of March 31, 2023 and 2022, \$11.0 million and \$7.1 million, respectively, was included in accounts payable and \$0.2 million was included in prepaid expenses for each year related to the Company's outsourced hardware and packaging manufacturer.

6. ACCOUNTS RECEIVABLE

Accounts receivable primarily consists of trade receivables, sales tax receivable and excise tax receivable, net of an allowance for expected credit losses. Sales tax receivable and excise tax receivable represent excess of input tax credits on purchased goods or services received over sales and excise tax collected on the taxable sales in Canada and the United States. Accounts receivable for the years ended March 31, 2023 and 2022 is summarized below:

| | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|--------------------------|-----------------------|-----------------------|
| Accounts Receivable | \$ 12,117 | \$ 16,209 |
| Allowance | (1,843) | (3,849) |
| Accounts Receivable, Net | <u>\$ 10,274</u> | <u>\$ 12,360</u> |

The following summarizes the changes in expected credit losses for the years ended March 31, 2023 and 2022:

| | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|-------------------|-----------------------|-----------------------|
| Opening Allowance | \$ (3,849) | \$ (1,647) |
| Write Off | 29 | - |
| Credit Loss | 103 | (2,202) |
| Recovery | <u>1,874</u> | <u>-</u> |
| Total Allowance | <u>\$ (1,843)</u> | <u>\$ (3,849)</u> |

During the year ended March 31, 2023, the Company recorded a recovery of a \$1.9 million of which \$1.7 million is a result of settling the receivables between related parties as a result of the Final Bell Canada acquisition. Additionally, the company's expected credit losses decreased year over year as a result of improvements in the expected credit losses for each aged receivable aging bucket. This resulted in a reduction to the allowance that was not attributed directly to a recovery or write off of a specific customer balance. The Company recorded bad debt of \$138 thousand for the year ended March 31, 2023 (year ended March 31, 2022 – bad debt expense \$6.7 million) recorded within selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss.

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Notes to Consolidated Financial Statements

For the Years Ended March 31, 2023 and 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

7. INVENTORY

As of March 31, 2023 and 2022, inventory consisted of the following:

| | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|--------------------------|-----------------------|-----------------------|
| Hardware and Packaging | \$ 6,104 | 7,933 |
| Raw Materials - Cannabis | 3,218 | 180 |
| Work in Progress | 490 | - |
| Finished Goods | 868 | 1,225 |
| Inventory | <u>\$ 10,680</u> | <u>\$ 9,338</u> |

The cost of goods sold is comprised of the cost of inventories sold during the period, provisions and write-downs for inventory that does not pass the Company's quality assurance standards and obsolete products and packaging. As of March 31, 2023 and 2022, the total inventory specific reserve recorded was \$317.5 thousand and \$546.7 thousand, respectively and write-downs recorded within cost of goods sold were \$2.1 million in expense and \$175.4 thousand recovery, respectively.

8. PROPERTY AND EQUIPMENT

As of and for the years ended March 31, 2023 and 2022, property and equipment consisted of the following:

| | Furniture and Fixtures | Machinery and Equipment | Tooling, Moulding and Dies | Leasehold Improvements | Automobiles | Computers | Total |
|---------------------------------|---------------------------|-------------------------------|-------------------------------|---------------------------|---------------|---------------|------------------|
| <u>Cost</u> | | | | | | | |
| Balance as of April 1, 2022 | \$ 430 | \$ 4,011 | \$ 1,440 | \$ 1,266 | \$ 270 | \$ 364 | \$ 7,781 |
| Additions | 1 | 688 | 818 | 739 | 12 | 16 | 2,274 |
| Acquisition of FB Canada | 6 | 206 | - | 350 | - | 5 | 567 |
| Disposals | - | (57) | - | (25) | (17) | - | (99) |
| Effect of Foreign Exchange | (1) | (102) | - | (2) | - | (1) | (106) |
| Balance as of March 31, 2023 | <u>\$ 436</u> | <u>\$ 4,746</u> | <u>\$ 2,258</u> | <u>\$ 2,328</u> | <u>\$ 265</u> | <u>\$ 384</u> | <u>\$ 10,417</u> |
| <u>Accumulated Depreciation</u> | | | | | | | |
| Balance as of April 1, 2022 | \$ 197 | \$ 1,183 | \$ 1,217 | \$ 244 | \$ 152 | \$ 175 | \$ 3,168 |
| Depreciation | 92 | 884 | 259 | 465 | 56 | 67 | 1,823 |
| Disposals | - | (22) | - | - | (3) | - | (25) |
| Effect of Foreign Exchange | - | (16) | - | - | - | - | (16) |
| Balance as of March 31, 2023 | <u>\$ 289</u> | <u>\$ 2,029</u> | <u>\$ 1,476</u> | <u>\$ 709</u> | <u>\$ 205</u> | <u>\$ 242</u> | <u>\$ 4,950</u> |
| <u>Net Book Value</u> | | | | | | | |
| Balance as of April 1, 2022 | \$ 233 | \$ 2,828 | \$ 223 | \$ 1,022 | \$ 118 | \$ 189 | \$ 4,613 |
| Balance as of March 31, 2023 | <u>\$ 147</u> | <u>\$ 2,717</u> | <u>\$ 782</u> | <u>\$ 1,619</u> | <u>\$ 60</u> | <u>\$ 142</u> | <u>\$ 5,467</u> |

FINAL BELL HOLDINGS INTERNATIONAL LTD.

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For the Years Ended March 31, 2023 and 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

| | Furniture and Fixtures | Machinery and Equipment | Tooling, Moulding and Dies | Leasehold Improvements | Automobiles | Computers | Total |
|---------------------------------|---------------------------|-------------------------------|----------------------------------|---------------------------|-------------|-----------|----------|
| Cost | | | | | | | |
| Balance as of April 1, 2021 | \$ 227 | \$ 2,744 | \$ 1,125 | \$ 300 | \$ 216 | \$ 169 | \$ 4,781 |
| Acquisition of Westside | 134 | 246 | 15 | 766 | - | - | 1,161 |
| Additions | 69 | 996 | 300 | 344 | 54 | 195 | 1,958 |
| Disposals | - | (19) | - | (150) | - | - | (169) |
| Effect of Foreign Exchange | - | 45 | - | 5 | - | - | 50 |
| Balance as of March 31, 2022 | \$ 430 | \$ 4,012 | \$ 1,440 | \$ 1,265 | \$ 270 | \$ 364 | \$ 7,781 |
| Accumulated Depreciation | | | | | | | |
| Balance as of April 1, 2021 | \$ 153 | \$ 566 | \$ 973 | \$ 112 | \$ 103 | \$ 120 | \$ 2,027 |
| Disposals | - | (4) | - | (37) | - | - | (41) |
| Depreciation | 44 | 618 | 244 | 168 | 49 | 55 | 1,178 |
| Effect of Foreign Exchange | - | 4 | - | - | - | - | 4 |
| Balance as of March 31, 2022 | \$ 197 | \$ 1,184 | \$ 1,217 | \$ 243 | \$ 152 | \$ 175 | \$ 3,168 |
| Net Book Value | | | | | | | |
| Balance as of April 1, 2021 | \$ 74 | \$ 2,178 | \$ 152 | \$ 189 | \$ 113 | \$ 49 | \$ 2,755 |
| Balance as of March 31, 2022 | \$ 233 | \$ 2,828 | \$ 223 | \$ 1,022 | \$ 118 | \$ 189 | \$ 4,613 |

The Company reviews the carrying value of its property and equipment at each reporting period for indicators of impairment and assesses the useful lives of its property and equipment in accordance with IAS 36. The Company did not record any impairment losses related to its property and equipment during the year ended March 31, 2023 or the year ended March 31, 2022.

Depreciation expense was \$1.8 million and \$1.2 million for the years ended March 31, 2023 and March 31, 2022, respectively.

9. INTANGIBLE ASSETS AND GOODWILL

Intangibles

The components of intangible assets as of and for the years ended March 31, 2023 and 2022 are as follows:

| | Patents and Intellectual Property | Customer Relationships | Marketing Related Intangible Assets | Non- competition agreement | Licenses | Total |
|----------------------------------|---|---------------------------|--|----------------------------------|----------|-----------|
| Balance March 31, 2021 | \$ 11,644 | \$ 1,085 | \$ 175 | \$ 12 | \$ - | \$ 12,916 |
| Acquisition of WCC | - | - | - | - | 6,300 | 6,300 |
| Amortization | (2,411) | (310) | (117) | (8) | (140) | (2,986) |
| Balance March 31, 2022 | \$ 9,233 | \$ 775 | \$ 58 | \$ 4 | \$ 6,160 | \$ 16,230 |
| Acquisition of Final Bell Canada | - | 629 | 407 | - | 1,481 | 2,517 |
| Amortization | (2,411) | (402) | (100) | (4) | (441) | (3,358) |
| Effect of Foreign Exchange | - | 1 | - | - | (2) | (1) |
| Balance March 31, 2023 | \$ 6,822 | \$ 1,003 | \$ 365 | \$ - | \$ 7,198 | \$ 15,388 |

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

The Company's patents and intellectual property primarily relate to 14R's acquisition of Uneka, which occurred in October 2019. The patent and intellectual property had a fair value of \$8.9 million upon recognition, with an estimated useful life of 7 years. As of March 31, 2023, the carrying amount of the patent and intellectual property was \$4.4 million with a remaining useful life of approximately 3.5 years as compared to \$5.7 million and 4.5 years as of March 31, 2022.

The Company's licenses primarily related to FBH's acquisition of WCC on November 30, 2021 when the Company recognized the fair value of the WCC cannabis license under the Medicinal and Adult Use Cannabis Regulation and Safety Act ("MAUCRSA") (the "WCC License"). Management estimated a useful life of 15 years for the WCC License based on analysis of market and legislative trends and standard practice for intangibles. The license had a fair value of \$6.3 million upon recognition. As of March 31, 2023, the carrying amount of the license was \$5.7 million with a remaining useful life of approximately 14 years as compared to \$6.2 million and 15 years as of March 31, 2022.

During the year ended March 31, 2023, the Company acquired intangible assets related to the FB Canada transaction. Refer to Note 4 for further discussion. The Company reviews the carrying value of its intangible assets with definite lives in accordance with IAS 36 at each reporting period for indicators of impairment. No impairment losses were recorded for the year ended March 31, 2023 or 2022 related to the Company's intangible assets.

Amortization expense was \$3.4 million and \$3.0 million and is recorded within depreciation and amortization within the consolidated statement of loss and comprehensive and loss for the years ended March 31, 2023 and 2022, respectively.

Goodwill

Changes in the carrying amount of goodwill are as follows:

| | | |
|---------------------------------------|-----------|---------------|
| Balance March 31, 2021 | \$ | - |
| Acquisition of WCC | | 2,030 |
| Balance March 31, 2022 | <u>\$</u> | <u>2,030</u> |
| Acquisition of FB Canada (see Note 4) | | 10,163 |
| Effect of Foreign Exchange | | (18) |
| Balance March 31, 2023 | <u>\$</u> | <u>12,175</u> |

On an annual basis, the Company assesses for indicators of impairment or when facts or circumstances suggest the carrying amount may exceed the recoverable amount. Goodwill is tested for impairment annually.

FBHI performed its annual impairment test as of March 31, 2023 based on the higher of fair value less costs of disposal ("FVLCD") and value in use ("VIU"). As of March 31, 2023, the Company's CGUs have been identified at the operating entity level and consist of 14R, Final Bell U.S., and FB Canada. The units cannot be separated further due to the level of integration, and to a certain degree, interdependence between products and services lines within the business. The CGUs to which goodwill is allocated are Final Bell U.S. and Final Bell Canada. The recoverable amount of the CGUs were determined based on FVLCD using Level 3 inputs in a discounted cash flow ("DCF") analysis. Where applicable, the Company uses its market capitalization and comparative market multiples to corroborate DCF results. No goodwill impairment was identified as a result of the 2023 annual impairment test. The significant assumptions applied in the determination of the recoverable amount are described below:

- i. Cash flows: Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends. Estimated cash flows are primarily driven by forecasted revenues and earnings before interest, taxes, depreciation and amortization (EBITDA) margins. The Final Bell U.S. CGU and Final Bell Canada CGU forecasts were extended to a total of 7 years (and a terminal year thereafter).

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Notes to Consolidated Financial Statements

For the Years Ended March 31, 2023 and 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

- ii. Terminal value growth rate: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators, and projected industry growth. The terminal growth rate utilized in the Final Bell U.S. CGU and Final Bell Canada CGU forecasts were 4.0% and 3.5%, respectively.
- iii. Post-tax discount rate: The post-tax discount rate is reflective of the CGU's Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, levered equity beta adjustment, an unsystematic size and Company-specific risk premium, and after-tax cost of debt based on the average interest expense of comparable companies. The discount rates utilized in the Final Bell U.S. CGU and Final Bell Canada CGU forecasts were 27.0% and 16.0%, respectively.
- iv. Tax rate: The tax rates used in determining the future cash flows were those substantively enacted at the respective valuation date.

10. LEASES

As of March 31, 2023, the Company's right of use asset consisted of the following:

| | Cost | Amortization | Balance |
|---|-----------------|-------------------|-----------------|
| Balance, March 31, 2021 | \$ 2,306 | \$ (916) | \$ 1,390 |
| Additions | 4,528 | (545) | 3,983 |
| Acquisition of Westside | 4,546 | (209) | 4,337 |
| Transition to investment in sublease receivable | (1,773) | 823 | (950) |
| Effect of Foreign Exchange | - | 11 | 11 |
| Balance, March 31, 2022 | \$ 9,607 | \$ (836) | \$ 8,771 |
| Additions | 915 | (1,048) | (133) |
| Lease modification | (3,060) | 190 | (2,870) |
| Lease extinguishment | (405) | 136 | (269) |
| Effect of Foreign Exchange | (11) | (1) | (12) |
| Balance, March 31, 2023 | \$ 7,046 | \$ (1,559) | \$ 5,487 |

On May 7, 2018, 14R entered into a lease assignment agreement for its corporate office with a related party, which includes an option to extend or terminate the lease. On September 1, 2021, 14R subleased the space to a third party under the same terms as the original lease and recognized an investment in sublease receivable of \$1.2 million included in other long-term assets in the consolidated statements of financial position. The gain on the lease transition of \$272.8 thousand is included in general and administrative expense in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2022. This sublease agreement resulted in the recognition of a net investment in sublease by 14R included under long-term assets in the statements of financial position.

On May 1, 2020, 14R entered into a lease agreement for factory space in China. 14R's average monthly payments for the lease term are \$7.0 thousand subject to an 8% increase after two years. At inception, 14R recognized a ROU asset and a lease liability in the amount of \$374.1 thousand. In February 2022, the lease was terminated resulting in the Company forfeiting a two-month deposit for an immaterial amount. A gain on the lease termination of \$28.8 thousand is included in other income (expense) in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2023.

On June 24, 2021, 14R entered into a lease assignment agreement for its warehouse space with a 5-year lease term commencing September 1, 2021, which includes two renewal options for 60 months each. 14R's monthly payments are \$26.1 thousand, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of \$1.4 million.

On September 29, 2021, 14R entered into a lease agreement for office space with a 6-year lease term commencing March 1, 2022. The lease includes a renewal option for 60 months. 14R's monthly payments are \$40.5 thousand, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of \$3.0 million. On February 3, 2023, 14R terminated the lease

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resulting in a gain on lease termination of \$239.9 thousand recorded within other income (expense) in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2023.

On November 30, 2021, FBH acquired WCC which had a lease agreement for its warehouse space. At acquisition, FBH recognized a right of use asset and a lease liability in the amount of \$4.5 million, using its incremental borrowing rate of 7.33%.

On January 15, 2022, FBH entered into a lease agreement for office space with a 2-year lease term commencing January 15, 2022. The lease includes a renewal option for 24 months. FBH's monthly payments were \$6.3 thousand, subject to a 3% annual increase during the duration of the lease term. At the date of acquisition, the right-of-use asset acquired and lease liability assumed were recorded at fair value of \$117.5 thousand. On August 1, 2022, the lease was amended to reduce the office space and lower the monthly payments to \$2.0 thousand subject to a 3% annual increase for the remainder of the lease term. A gain on the lease amendment of \$25.2 thousand is included in other income (expense) in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2023.

On January 20, 2022, 14R entered into a lease agreement for a factory to be used for production in China. 14R's average monthly payments for the lease term are RMB 32.4 thousand subject to a 10% increase after ten years. At inception, 14R recognized a ROU asset and a lease liability in the amount of \$205.7 thousand.

On November 30, 2022, FBHI acquired FB Canada (see Note 4, *Reverse Take-Over and Related Acquisitions*) which had a lease agreement for its office space. At acquisition, FBHI recognized a right of use asset and a lease liability in the amount of \$710 thousand using FB Canada's incremental borrowing rate of 12.5%.

A reconciliation of the lease liabilities for the years ended March 31, 2023 and 2022 are as follows:

| | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|-------------------------------------|-----------------------|-----------------------|
| Balance, Beginning of Year | \$ 10,120 | \$ 1,639 |
| Acquisition of WCC | - | 4,546 |
| Acquisition of Canada | 710 | - |
| Lease amendment | (3,135) | - |
| Lease extinguishment | (298) | - |
| Lease Additions | 206 | 4,528 |
| Lease Payments | (1,549) | (927) |
| Interest Expense on Lease Liability | 487 | 323 |
| Foreign Currency Adjustment | (17) | 11 |
| Balance, End of Year | <u>\$ 6,524</u> | <u>\$ 10,120</u> |

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Future minimum payments due under the Company's leases as of March 31, 2023 are as follows:

| <u>Year Ended March 31</u> | <u>Lease Payments</u> |
|---|-----------------------|
| 2024 | \$ 1,705 |
| 2025 | 1,729 |
| 2026 | 1,450 |
| 2027 | 1,163 |
| 2028 | 1,026 |
| Thereafter | <u>810</u> |
| Total Lease Payments | \$ 7,883 |
| Less Imputed Interest | <u>(1,359)</u> |
| Total | \$ 6,524 |
| Less: current portion | <u>(1,251)</u> |
| Lease Liability, Net of Current Portion | <u>\$ 5,273</u> |

A reconciliation of investment in sublease for the years ended March 31, 2023 and 2022 is as follows:

| | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|---------------------------------|-----------------------|-----------------------|
| Balance, Beginning of Year | \$ 1,055 | \$ - |
| Transition from Lease Liability | - | 1,222 |
| Lease Payments Received | (362) | (208) |
| Interest Income | <u>65</u> | <u>40</u> |
| Balance, End of Year | <u>\$ 759</u> | <u>\$ 1,055</u> |

Future minimum payments receivable under the Company's investment in sublease as of March 31, 2023 are as follows:

| <u>Year Ended March 31</u> | <u>Lease Receivable</u> |
|---|-------------------------|
| 2024 | \$ 373 |
| 2025 | 384 |
| 2026 | 65 |
| 2027 | <u>-</u> |
| Total Undiscounted Lease Receivable | 822 |
| Less Imputed Interest Income | <u>(63)</u> |
| Total | \$ 759 |
| Less: Current Portion Included in Accounts Receivable | <u>(329)</u> |
| Investment in Sublease, Net of Current Portion | <u>\$ 430</u> |

During the years ended March 31, 2023 and 2022, the company did incur costs associated with low value leases or variable lease payments that were not included in the lease liabilities. Costs associated with short term leases were \$1.2 million and \$0.5 million as of March 31, 2023 and 2022, respectively.

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11. NOTES RECEIVABLE – RELATED PARTY**FB Canada**

During the year ended March 31, 2022, FBH entered into a promissory note and related amendments with FB Canada, whereby FBH agreed to lend FB Canada \$5.6 million. The note bore interest at a rate of 8% per annum calculated on the principal outstanding. On November 30, 2022, the Company completed the acquisition of FB Canada (see Note 4, *Reserve Take-Over and Related Acquisitions*), and the balance of the promissory note was determined to be a pre-existing relationship and accordingly, was included in purchase consideration. As a result, as of March 31, 2023, the balance of the principal and accrued interest was \$nil as compared to \$5.6 million as of the same period in 2022. During the years ended March 31, 2023 and 2022, the Company accrued \$nil and \$311.1 thousand, respectively, in interest on the loan that is included in other income (expense) in the consolidated statements of loss and comprehensive loss.

12. INVESTMENTS**GSW Creative Corporation dba dosist (“GSW”)**

On March 15, 2021, FBH executed a stock purchase agreement with GSW to purchase 8,000,000 shares of its Series B-1 Preferred Stock at \$0.625 per share for a total consideration of \$5 million, representing 4% of the outstanding shares of GSW. GSW is a wellness company. The purchase closed in May 2021. In November 2021, FBH executed a licensing agreement with GSW which provides FBH the right to manage the manufacturing, sale and distribution of GSW’s products in exchange for a sales-based royalty. At March 31, 2023 and 2022, management assessed the fair value of its investment in GSW as \$nil. The loss on the change in fair value of the investment of \$5 million is included in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2022.

Sherbinkis

On August 5, 2021, FBH executed a stock purchase agreement with Elysian Group, Inc. (“Elysian”), which owns the trademarks for the brand Sherbinkis (“Sherbinkis”), whereby FBH agreed to purchase 17,400 shares of Elysian Common Stock, representing a 3.8% ownership interest, at a price of \$143.68 per share for an aggregate purchase price of \$2.5 million. In September 2021, FBH completed a cash payment of \$2.0 million to Elysian and made other payments of \$48.8 thousand related to the purchase. At March 31, 2023 and 2022, management assessed the fair value of its investment in Sherbinkis as \$nil. The loss on the change in fair value of the investment of \$2.0 million is included in the consolidated statement of loss and comprehensive loss for the year ended March 31, 2022.

13. ACCRUED EXPENSES

As of March 31, 2023 and 2022, accrued expenses consisted of the following:

| | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|-----------------------------|-----------------------|-----------------------|
| Goods Received/Not Invoiced | \$ - | \$ 4,493 |
| Credit Card Payable | 3 | 22 |
| Accrued Salaries | 518 | 577 |
| Accrued Audit and Tax Fees | - | 25 |
| Accrued Interest Expense | 79 | 16 |
| Customer Payable | 677 | 126 |
| Other | <u>423</u> | <u>76</u> |
| Total Accrued Expenses | <u>\$ 1,700</u> | <u>\$ 5,335</u> |

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)****14. CREDIT FACILITIES****East West Bank (“EWB”)**

In February 2022, 14R entered into a credit agreement with EWB, whereby EWB will provide an Asset Based Lending Facility (the “ABL Facility”) in the amount of up to \$5 million to fund the 14R’s working capital needs. The ABL Facility matures on January 5, 2024 and is secured by 14R’s inventory and accounts receivable. If at any time the aggregate principal amount of the ABL Facility exceeds the Borrowing Base (the lesser of \$5 million and 80% of eligible accounts receivable), 14R is required to immediately repay, upon written or oral notice from EWB, an amount equal to the difference between the outstanding principal balance and the Borrowing Base. Interest on amounts drawn under the ABL Facility will be paid monthly at the Wall Street Journal Prime rate plus 2.50% per annum, subject to a minimum interest rate of 5.75% per annum. Principal payments shall be made based on borrowing base availability. The balance of the unpaid principal and any unpaid interest is due and payable on January 5, 2024. The ABL Facility contains certain covenants, including but not limited to a Minimum Fixed Charge Coverage Ratio of 1.50x to be tested on a quarterly basis. The Company is required to provide audited financial statements to EWB for its debt covenant requirements. During the year ended March 31, 2023, 14R drew down \$1.5 million on the credit facility, recorded \$0.4 million in interest expense and repaid principal and interest of \$2.3 million. As of March 31, 2023 and 2022, the principal balance of the lending facility was \$3.1 million and \$3.5 million, respectively. Accrued interest of \$23.5 thousand and \$16.4 thousand are included in accrued expenses in the statements of financial position for fiscal years ended March 31 2023 and 2022.

Short-Term Financing Facility

In June 2022, the Company entered into a short-term financing facility with Fusion LLF, LLC (dba “Leaflink Financial”) and borrowed \$2.0 million. In September 2022, the Company borrowed an additional \$2.0 million. On November 28, 2022, the Company drew down an additional tranche of funding from Leaflink Financial in the principal amount of \$700.7 thousand. The outstanding amount accrues interest at 2.0% per month. Thus, during the year ended March 31, 2023, the Company drew down a total of \$4.7 million against the facility, incurred interest expense of \$281.8 thousand and made cash repayments of principal and interest of \$5.0 million. As of March 31, 2023, there was no remaining outstanding balance on this financing facility.

15. INCOME TAXES

The following table sets forth the components of income tax (benefit) expense for the years ended March 31, 2023 and 2022:

| | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|--|-----------------------|-----------------------|
| Current: | | |
| Federal | 51 | 229 |
| State | 84 | - |
| Foreign | 17 | 20 |
| Total current state tax expense (benefit) | 152 | 249 |
| Deferred: | | |
| Federal | (49) | (1,394) |
| State | 87 | 602 |
| Foreign | (55) | - |
| Total deferred state tax expense (benefit) | (17) | (792) |
| Total income tax expense (benefit) | 135 | (543) |

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A reconciliation of total income tax expense and the amount computed by applying the statutory income tax rate of 21% to loss before provision from income taxes is as follows:

| | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|--|-----------------------|-----------------------|
| Loss before income taxes | (34,505) | (23,066) |
| Statutory tax rate | 21% | 21% |
| Expense (benefit) based on statutory rates | (7,246) | (4,844) |
| Expenses disallowed under IRC 280E | 2,062 | 2,795 |
| Remeasurment on derivative liabilities | 1,127 | 207 |
| Transaction Costs | 396 | (114) |
| Loss on debt extinguishment | 45 | |
| State income taxes | 84 | (1,302) |
| Change in valuation allowance | 4,643 | 3,919 |
| Foreign Rate Difference | 1,285 | 17 |
| Net Operating Loss Carryforwards | - | (1,895) |
| Deferred tax true-ups | (1,344) | - |
| Return-to-provision adjustments | (265) | - |
| Other adjustments | (652) | 674 |
| Total income tax expense (benefit) | 135 | (543) |

The tax effects of temporary differences giving rise to deferred tax assets and deferred tax liabilities as of as of March 31, 2023 and 2022 are set out below:

| | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|-----------------------------------|-----------------------|-----------------------|
| Deferred tax assets: | | |
| Net operating losses | 13,472 | 3,776 |
| Inventory Reserve | 84 | 169 |
| Investments | 619 | 619 |
| Other | 484 | 586 |
| Accounts Receivable Reserve | 359 | 391 |
| Gross deferred tax assets | 15,018 | 5,541 |
| Valuation allowance | (13,738) | (4,065) |
| Net deferred tax assets | 1,280 | 1,476 |
| Deferred tax liabilities: | | |
| Property and equipment | (364) | (217) |
| Intangible assets | (1,609) | (1,765) |
| Right-of-use assets | 208 | 36 |
| Other 1 | (654) | - |
| Net deferred tax liabilities | (2,419) | (1,946) |
| Total deferred liabilities | (1,139) | (470) |

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As the Company has operations in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

As of March 31, 2023, the Company has gross Federal net operating losses of approximately \$16 million of which expire in 2037 and the remainder can be carried forward indefinitely, and gross state net operating losses of approximately \$39.5 million, which begin to expire in 2029. Pursuant to Section 382 of the Internal Revenue Code, utilization of net operating losses and may be subject to annual limitations in the event of a change in ownership of the Company. These annual limitations may result in the expiration of net operating losses prior to utilization.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company assesses the positive and negative evidence to determine if sufficient future taxable income will be generated at use its existing deferred tax assets. The Company has recorded a valuation allowance related to its Federal and state net operating loss carryforwards as of March 31, 2023 and 2022 in the amount of \$13.7 million and \$4.1 million, respectively.

As of March 31, 2023 and 2022, the Company had no unrecognized tax benefits. The Company does not anticipate any significant unrecognized tax benefits to arise within the next twelve months.

The Company files income tax returns in the US, various state jurisdictions, Canada, and other foreign jurisdictions, and is subject to examination of its income tax returns by tax authorities in these jurisdictions who may challenge any item on these returns.

16. DEBT

| | March 31, 2022 | Additions | Payments (Cash and Equity) | Interest | Acquired through Acquisition | Equity Component | Change in Fair Value | FX | March 31, 2023 |
|-----------------------------|------------------|------------------|----------------------------|-----------------|------------------------------|-------------------|----------------------|----------------|------------------|
| Related Party Loans | \$ 3,216 | \$ 1,253 | \$ (3,463) | \$ 244 | \$ - | \$ - | \$ - | \$ - | \$ 1,250 |
| Credit Facility | 3,469 | 6,228 | (7,275) | 657 | - | - | - | - | 3,079 |
| Unsecured Convertible Notes | - | - | (26) | 304 | 18,780 | - | 363 | (313) | 19,108 |
| Promissory Note | - | - | - | - | 1,113 | - | - | (2) | 1,111 |
| Notes Payable | 27,898 | 5,650 | - | - | (33,796) | - | - | 248 | - |
| Secured Term Loan | - | 4,000 | (792) | 1,044 | 21,476 | (3,028) | - | - | 22,700 |
| Total | \$ 34,583 | \$ 17,131 | \$ (11,556) | \$ 2,249 | \$ 7,573 | \$ (3,028) | \$ 363 | \$ (67) | \$ 47,248 |

| | March 31, 2021 | Additions | Payments (Cash and Equity) | Interest | Acquired through Acquisition | Equity Component | Change in Fair Value | FX | March 31, 2022 |
|---------------------|-----------------|------------------|----------------------------|-----------------|------------------------------|------------------|----------------------|-------------|------------------|
| Related Party Loans | \$ 1,279 | \$ 1,930 | \$ (1) | \$ 8 | \$ - | \$ - | \$ - | \$ - | \$ 3,216 |
| Credit Facility | - | 3,469 | - | - | - | - | - | - | 3,469 |
| Notes Payable | - | 26,648 | - | 1,250 | - | - | - | - | 27,898 |
| Total | \$ 1,279 | \$ 32,047 | \$ (1) | \$ 1,258 | \$ - | \$ - | \$ - | \$ - | \$ 34,583 |

FBHI Notes Payable

On May 10, 2021, Final Bell Corp (the California entity) entered into a convertible note agreement with the Company in the principal amount of \$6.3 million. The note bore interest at a rate of 7.00% per annum calculated on the principal outstanding. In fiscal years 2022 and 2023, the Company subscribed for additional principal amounts of \$20.4 million and \$5.7 million, respectively under the same terms. The notes gave the Company the right to convert the principal and interest outstanding into equity securities of Final Bell Corp at any time up to the March 10, 2023 maturity date at price of \$2.0 million per equity security. In the event Final Bell Corp raised \$50 million (including through a series of financings) in equity securities, the conversion price would be adjusted to 80% of the price in that equity raise (or in the event it issues a series of equity raises, the weighted average price thereof). As a result of this provision, the conversion option does not have a fixed settlement amount and was designated a financial liability. The estimated fair value of the conversion option at inception and as of December 31, 2021, was immaterial and was not recognized in the financials.

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On November 30, 2022, the Company completed the RTO with FBH under the terms of the FBH SEA (see Note 4, *Reverse Take-over and Related Acquisitions* for details) and the intercompany notes totaling \$33.8 million were eliminated in consolidation and interest expense was eliminated with interest income resulting in interest expense of \$nil as compared to \$1.2 million for the year ended March 31, 2022. As a result, of March 31, 2023, the balance of the loan, including interest accrued, was \$nil as compared to \$27.9 million as of March 31, 2022.

Unsecured Convertible Notes

Throughout calendar year 2021, FBHI completed private placements of the Unsecured Convertible Notes in the aggregate principal amount of C\$22.8 million. The Unsecured Convertible Notes were issued pursuant to the terms of a trust indenture with an institutional trustee (the “Indenture”) dated May 6, 2021 and will mature on January 31, 2024 (the “Maturity Date”). The Unsecured Convertible Notes bear interest at 4% per annum from the date of issue and will be payable semi-annually in either cash or SV Shares, at the discretion of the Company. See Note 28, *Amendment to the Unsecured Convertible Notes*, for information relating to the conversion terms of the Unsecured Convertible Notes.

The Unsecured Convertible Notes are subordinated to the senior indebtedness of the Company but rank pari passu with other issues of Unsecured Convertible Notes and, subject to statutory preferred exceptions, with all other present and future unsecured indebtedness of the Company. As the conversion price of the Unsecured Convertible Notes was variable during the fiscal year ended March 31, 2023, the Company accounted for the notes as a hybrid financial instrument with separate debt and derivative liability components.

The balance as of March 31, 2023 was \$19.1 million and a loss on change in fair value of the Unsecured Convertible Notes of \$363.1 thousand was recognized for the year ended March 31, 2023 (see Note 24, *Fair Value of Financial Instruments*). The Company incurred interest expense of \$304.4 thousand for the year ended March 31, 2023. No comparable balance existed as of March 31, 2022.

Senior Secured Term Loan Facility

On August 18, 2022, the Company entered into a loan agreement with Golden Iris International Limited, which provided for a senior secured term loan facility of up to \$25 million (the “Term Loan”). The proceeds of the Term Loan were used to repay the Secured Convertible Notes plus all accrued interest, costs and expenses related thereto, including the amendment fee, and are also available to finance growth initiatives, pay the cash portion of the purchase price pursuant to the FB Canada SPA, and provide for ongoing working capital requirements. The Term Loan has a maturity date of August 18, 2025 (the “GI Loan Maturity Date”) and bears interest from and including each funding date at a rate of 12.0% per annum, the first half of which (6.0% per annum) is payable quarterly, and the second half of which (6.0% per annum) accrues quarterly and is due and payable on the GI Loan Maturity Date or earlier repayment in full of the Term Loan.

The Term Loan also provides for an incentive payment to the senior lender in an amount equal to the full amount of the Term Loan plus interest thereon, which was satisfied through the issuance of a share purchase warrant following funding and another share purchase warrant on equivalent terms following repayment of the Term Loan in respect of the second half of the interest rate accrued to such time.

At March 31, 2023, \$25 million of the Term Loan had been fully drawn across four funding tranches. The first three tranches totaling \$21 million occurred prior to the RTO date and were included in the net assets acquired of FBHI on November 30, 2022. The fourth tranche of \$4 million was funded post-RTO on January 25, 2023. Accordingly, interest expense incurred as of March 31, 2023 on the Term Loan totaled \$920.9 thousand. The Company is required to file its annual audited financial statements on SEDAR+ and provide the audited annual financial statements to Golden Iris for its debt covenant requirements. For the year ended March 31, 2023, the company has received an extension from Golden Iris on providing the audit financial statements.

Upon the full funding and closing of the Term Loan on January 25, 2023, the incentive payment for the term loan amount became due and payable to Golden Iris. On February 1, 2023, the Company issued one (1) warrant to Golden Iris exercisable into 28,089,888 SV Shares at an exercise price of \$0.89 per warrant. The warrant expires on August 17,

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2025. At inception, the warrant was classified and recorded as an equity instrument at its residual value of \$3.0 million within the statements of changes in shareholders' equity. As of March 31, 2023, the outstanding balance of the secured team loan was \$22.7 million, net of a \$2.9 million discount. Amortization of the debt discount totaled \$123.1 thousand for the year ended March 31, 2023. See Note 27, *Subsequent Events*, for information relating to subsequent debt amendment.

Bridge Acquisition Loan

In December 2022, the Company secured debt financing in the aggregate principal amount of \$1.25 million from a group of strategic investors. The Bridge Acquisition Loans bears interest at a rate of 9.00% per annum and matures on June 30, 2023. In consideration for the advance of the funding, the Company has agreed to issue the investors SV Shares. See Note 27, *Subsequent Events* for additional details. As of March 31, 2023, the principal balance of the Bridge Acquisition Loan was \$1.25 million and interest accrued was \$22.7 thousand.

In March 2023, FBHI appointed Mr. Robert Meyer (Director of Angsana Investment Private Limited) to perform certain CEO services for the Company pursuant to the Management Service Agreement terms. Following this transaction, Angsana Investment Private Limited became a related party to FBHI through appointment of common control director Mr. Meyer. Thus, out of the \$1.25 million of debt, \$0.25 million principal balance remains outstanding from a third party and included in accrued expenses on the consolidated statements of financial position and \$1 million principal balance remains outstanding from related parties as of March 31, 2023 (see Note 23 – *Related Parties* for further information).

Final Bell Canada Shareholder Promissory Note

As part of the consideration for the FB Canada acquisition, the Company issued a promissory note to FB Canada shareholders in the aggregate amount of \$1.2 million having a fair value of \$1.1 million as of November 30, 2022. The promissory note does not bear interest and matures at the earlier of fifteen (15) months from issuance, or the completion of an equity capital raise by the Company for gross proceeds equal to or greater than C\$5.0 million. The balance as of March 31, 2023 was \$1.1 million, inclusive of the effect of foreign currency. There was no balance as of March 31, 2022. See Note 27, *Subsequent Events*, for information relating to subsequent debt amendment.

17. SHAREHOLDERS' EQUITY

Company Share Classes

The Company is authorized to issue an unlimited number of SV Shares with no par value, an unlimited number of PV Shares with no par value (the PV Shares and the SV Shares together referred to as, the "Common Shares") and an unlimited number of Class C Preferred Shares.

Voting rights

SV Shares are entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting at which only holders of another class or series of shares of the Company will have the right to vote. At each such meeting, holders of SV Shares will be entitled to one vote in respect of each SV Share held.

Holders of PV Shares will be entitled to notice of and to attend and vote at any meeting of the Shareholders, except a meeting of which only holders of another class or series of shares of the Company will have the right to vote. Subject to the terms set out in the articles of the Company, at each such meeting, holders of PV Shares will be entitled to 100 votes in respect of each PV Share, and each fraction of a PV Share shall entitle the holder to the number of votes calculated by multiplying the fraction by 100 and rounding the product down to the nearest whole number, at each such meeting.

Dividends

Holders of SV shares are entitled to receive dividends, if any, as and when declared by the Board at its discretion. The directors may declare a stock dividend payable in PV Shares on the SV Shares, but only if the directors simultaneously

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declare a stock dividend payable in PV Shares on the PV Shares, in a number of shares per PV Share equal to the number of PV Shares declared as a dividend per SV Share, multiplied by 100.

Liquidation rights

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company to its shareholders for the purposes of winding up its affairs, the holders of the SV Shares shall be entitled to participate pari passu with the holders of PV Shares, with the amount of such distribution per SV Share equal to the amount of such distribution per PV Share divided by 100.

The holders of the PV Shares shall be entitled to participate pari passu with the holders of SV Shares, with the amount of such distribution per PV Share equal to the amount of such distribution per SV Share multiplied by 100.

Shares Issued and Outstanding**SV Shares and PV Shares**

The Company has two classes of equity shares, SV Shares and PV Shares. Both these classes are considered as ordinary shares and are treated equivalently for the purpose of accounting. Total ordinary shares of FBHI would be the sum of SV Shares and PV shares mandatorily convertible into SV shares by multiplying the number of PV Shares by 100. Thus, total common shares outstanding as of March 31, 2023 is 272,838,342.

The changes in the number of issued and outstanding shares for the periods is as follows:

| | <u>Class A</u> <u>Subordinate</u> <u>Voting Shares</u> | <u>Class B</u> <u>Proportionate</u> <u>Voting Shares</u> |
|--|--|--|
| Balance, March 31, 2022 and 2021 (as previously reported) | - | 2,495,072 |
| Retroactive application of reverse recapitalization | 14,469,531 | (2,495,072) |
| Balance, March 31, 2022 and 2021 (adjusted) | 14,469,531 | - |
| Shares Issued on Reverse Take-Over of FBHI | - | 1,735,964 |
| Acquisition of Final Bell Canada | 4,453,609 | - |
| Acquisition of 14th Round Minority Interest | - | 639,986 |
| Shares Issued for Debt Restructuring | 3,000,000 | - |
| Shares Issued for Interest in Lieu of Cash | 273,728 | - |
| Compensation Shares Issued on Closing of Acquisitions | 13,046,474 | - |
| Balance, March 31, 2023 | 35,243,342 | 2,375,950 |

(i) Shares issued for reverse take over:

Upon completion of the RTO on November 30, 2022 the shareholders of FBH received 1,735,964 PV Shares in exchange for 2,495,072 FBH shares on a 1:0.69576 basis.

(ii) Shares issued for Final Bell Canada acquisition:

Upon completion of the FB Canada acquisition on November 30, 2022 the sellers of FB Canada received 4,453,609 SV Shares.

(iii) Shares issued for 14R minority interest acquisition:

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

During the year, FBHI completed the acquisition of the remaining 44% of 14R's outstanding shares not held by FBH pursuant to 14R Merger Agreement whereby the remaining shareholders of 14R received 639,986 PV Shares of the Company.

14R Series A Preferred Stock

14R was authorized to issue up to 84,389 preferred shares with \$0.01 par value per share.

On September 18, 2019, 14R closed on a Series A brokered financing (the "Second Offering") for 50,211 preferred shares, at a price of \$237 per share, for gross proceeds of \$11.9 million. On December 6, 2019, 14R closed an additional tranche to the Second Offering and issued 3,164 preferred shares, at a price of \$237 per share (the "Original Issue Price"), for gross proceeds of \$749.9 thousand. The Series A preferred stock is a class of voting preferred stock with certain anti-dilution rights and protective provisions. The holders of Series A preferred stock are entitled to receive dividends at a rate of 6% per annum.

Such dividend is payable only when, as, and if declared by the board of directors of 14R and is non-cumulative. On February 12, 2021, 14R filed an Amended and Restated Certificate of Incorporation changing the conversion ratio for Series A preferred stock to common stock from a 1:1 ratio to a ratio equal to 1:1.354286 calculated by taking the Original Issue Price of \$237 divided by the Series A Conversion Price of \$175 (the "Conversion Ratio") and also made changes to the mandatory conversion price and threshold for such underwritten public offering as outlined in the conversion rights listed below.

Each share of Series A preferred is convertible, without payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable common stock as determined by the Conversion Ratio. The rights terminate in the event of liquidation, dissolution or winding up of 14R. The Series A preferred stockholders also have an anti-dilution protection that in the event of a merger or reorganization where additional shares of common stock are issued by 14R, the holders of Series A preferred stock are entitled to anti-dilution protection and the Series A Conversion Price would be adjusted, such that any value of common stock that is less than the Series A Conversion Price would result in an increase to the Conversion Ratio in favor of the holders of Series A preferred stock. As a result of this provision, the conversion option does not have a fixed settlement amount and the Series A preferred stock was designated a financial liability (see Note 24).

Share – Based Compensation

Prior to completion of the RTO, 14R administered a plan (the "14R Stock Plan") providing for the grant of options, warrants, restricted stock units ("RSUs") or common stock in exchange for services. 14R recognized compensation expense for stock option, warrant and RSU awards over the applicable service period of the award. The service period is generally the vesting period. Following the RTO, the 14R options are governed by FBHI and subject to the terms of the original grant agreements based on the existing terms and conditions of the stock options granted by 14R.

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Notes to Consolidated Financial Statements

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(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The weighted average inputs used in the measurement of the grant date fair values of equity-settled share-based payments granted during the year ended March 31, 2022 were as follows:

| | Year ended |
|---------------------------|-----------------------|
| | March 31, 2022 |
| Fair Value at Grant Date | \$ 33.03 |
| Share Price at Grant Date | \$ 73.24 |
| Exercise Price | \$ 86.04 |
| Expected Volatility | 142.14% |
| Expected Life | 2.56 |
| Divident Yield | 0% |
| Risk-free Interest Rate | 0.59% |

14R Options no longer represent an entitlement of the holder to acquire shares of 14R and will only represent the right to acquire FBHI PV Shares. Upon the closing date of November 30, 2022, all equity grants issued by 14R became exercisable into PV Shares of FBHI.

As a result of this transaction, FBHI granted replacement equity options for unexercised 14R equity instruments. Accordingly, following the IFRS 2 guidance, 14R performed pre- and post-modification valuations to determine the fair value for the original awards and the fair value of modified awards on the date of modification. As a result of the valuations performed, it was determined the value of the options declined post-modification and accordingly, no additional compensation was recorded.

For post modification value determination, the following inputs were used:

| | Year ended |
|---------------------------|-----------------------|
| | March 31, 2023 |
| Fair Value at Grant Date | \$ 33.03 |
| Share Price at Grant Date | \$ 73.24 |
| Exercise Price | \$ 0.73 |
| Expected Volatility | 87.00% |
| Expected Life | 1.75 |
| Divident Yield | 0% |
| Risk-free Interest Rate | 4.40% |

The share-based payments recorded on the consolidated statements of loss and comprehensive loss are presented in the table below:

| | Year ended | Year ended |
|----------------------------|-----------------------|-----------------------|
| | March 31, 2023 | March 31, 2022 |
| Restricted Share Units | - | 3 |
| Warrants | - | 109 |
| Common Shares | 218 | (53) |
| Options | - | 775 |
| Total share-based payments | <u>\$ 218</u> | <u>\$ 834</u> |

FINAL BELL HOLDINGS INTERNATIONAL LTD.
Notes to Consolidated Financial Statements
For the Years Ended March 31, 2023 and 2022
(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

The continuity of share-based payments reserve activity for the years ended March 31, 2023 and was as follows:

| | Share based payments reserve | |
|---|--------------------------------------|--------------------------------------|
| | Year ended March 31, 2023 | Year ended March 31, 2022 |
| Balance, beginning of period | \$ - | \$ - |
| Amortization of fair value of warrants | - | 109 |
| Amortization of fair value of common stock | 54 | (53) |
| Grant of options | - | 774 |
| Exercise of warrants | - | (17) |
| Reclass to Non-Controlling Interest upon Rollup | - | (814) |
| Acquisition of minority interest | 1,224 | - |
| Balance, end of period | \$ 1,278 | \$ - |

Restricted Stock Units

During prior years, 14R granted restricted share units in exchange for services provided. 14R issued 6,500 RSUs in advance for future services that vested on July 1, 2020. 14R also has 7,230 restricted share units outstanding that vest at a rate of 1/6th every six months beginning in December 2018, with each vesting tranche considered a separate award.

As the restricted share units were issued in advance, 14R recorded prepayments of these shares in the amount of \$513.4 thousand which was the grant date fair value of the shares based on the price of the most recent private placement. The grant date fair value was amortized over the vesting period. For the years ended March 31, 2023 and 2022, \$nil and \$3.3 thousand), respectively, related to this amortization was recognized as share-based payments expense in the statement of profit or loss. As of March 31, 2023 and 2022, 13,730 restricted share units were issued and outstanding, all of which were fully vested.

The RTO transaction did not have an impact on the stock-based compensation expenses as all the RSUs were fully vested before the closing date. FBHI issued replacement awards for outstanding 14R vested RSUs. As the RSUs were fully vested prior to the current fiscal year and the fair value is less than the previously expensed amount, no compensation expense was recorded in as of March 31, 2023.

Vesting Stock

On July 1, 2020, 14R granted 2,777 common shares of 14R under the terms of a board of advisor's agreement (the "Advisors Agreement"). The Advisors Agreement was subsequently amended on February 1, 2021, May 24, 2021, December 30, 2021 and February 11, 2022. The estimated fair value of the common shares on the date of grant of \$180 per common share was based on the consideration value in the Advisors Agreement.

Post RTO, the vesting of 1,666 awards issued by 14R accelerated as a result of change in control of 14R and 2,662 FBHI PV shares vested within 45 days after the RTO date – i.e. January 15, 2023. Thus, FBHI recorded an additional compensation expense for 2,662 vested shares of \$54.1 thousand.

During the years ended March 31, 2023 and 2022, the Company recorded an expense of \$218.3 thousand and recovery of \$52.7 thousand, respectively, related to this amortization included in share-based payments expense in the consolidated statements of loss and comprehensive loss.

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Notes to Consolidated Financial Statements

For the Years Ended March 31, 2023 and 2022

(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)

Stock Options

The following table summarizes the option activity for the periods:

| | Number of Options | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Life |
|--|-------------------|---------------------------------|---|
| Options Exercisable as of March 31, 2021 | - | \$ - | - |
| Options Granted | 17,223 | 73.24 | 2.42 |
| Options Exercisable as of March 31, 2022 | 17,223 | \$ 73.24 | 2.42 |
| Options Cancelled | (2,100) | 73.24 | 1.92 |
| Options Exercisable as of November 30, 2022 | 15,123 | \$ 73.24 | 1.92 |
| Post RTO, Exercisable into FBHI PV Shares | 24,501 | 45.21 | 1.75 |
| Options Cancelled | (3,767) | 45.21 | 1.75 |
| Options Exercisable as of March 31, 2023 | 20,734 | \$ 45.21 | 1.42 |

During the year ended March 31, 2022, 14R granted 17,223 options with an exercise price of \$73.24 per option to employees and consultants of 14R that vested upon grant. The weighted average grant date fair value of the options was estimated using the Black Scholes option pricing model with the following weighted average assumptions: a market price of \$73.24, based on a third-party valuation of 14R's shares, expected dividend yield of 0%, expected volatility of 172.5%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 0.42% and a weighted average expected life of 3 years. The weighted average grant-date fair value of the options was \$774.4 thousand.

During the year ended March 31, 2023, 2,100 14R options and 3,767 FBHI options with exercise prices of \$73.24, and \$45.21 expired, unexercised. As of March 31, 2023, the Company had the following options outstanding:

| Date of expiry | Options outstanding | Options exercisable | Weighted average Exercise price | Grant date fair value vested | Weighted average remaining life (in years) |
|-----------------|---------------------|---------------------|---------------------------------|------------------------------|--|
| August 31, 2024 | 20,734 | 20,734 | \$ 45.21 | \$ 575,475 | 1.42 |

All the options were vested on the date of grant and no further grants were issued. As a result of the RTO transaction, management obtained a valuation report to determine the pre and post modification valuation, it was determined that the value of the options declined post-modification and accordingly, no additional compensation was recorded.

Warrants

Warrant transactions for years ended March 31, 2023 and 2022 were as follows:

| | Year ended March 31, 2023 | | Year ended March 31, 2022 | |
|--|---------------------------|---|---------------------------|---|
| | Number of warrants | Weighted-Average Exercise Price Per Share | Number of warrants | Weighted-Average Exercise Price Per Share |
| Balance, beginning of period | 23,289 | \$ 80 | 22,180 | \$ 63 |
| Warrants Granted | - | - | 2,109 | 237 |
| Warrants Exercised | - | - | (1,000) | 30 |
| Warrants Cancelled | (15,180) | 59 | - | - |
| Balance, end of period | 8,109 | \$ 119 | 23,289 | \$ 80 |
| Post RTO, exercisable into FBHI Warrants | 12,887 | | | |

During the year ended March 31, 2022, 1,000 warrants were exercised for gross proceeds of \$30,000.

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On January 14, 2022, 14R granted 2,109 warrants to EWB with an initial exercise price of \$237 per common share. These warrants will expire on January 14, 2027. The warrants carry a conversion right which allows the holder to exercise the warrants into that number of shares as determined by dividing the fair market value of the common shares issuable upon exercise less the aggregate exercise value by the fair market value of one common share. The fair market value will be either (a) the closing price of the common shares on the business day immediately preceding the date the holder delivers a notice of exercise to 14th Round, if the common shares are traded in a public market or (b) if the shares are not traded in a public market, a market price as determined by the board of directors of 14th Round. Since the number of shares to be issued on the exercise of the warrants is not fixed, the warrants have been classified as a derivative financial instrument in the consolidated statements of financial position. The grant-date fair value of the warrants was \$74.9 thousand. As on March 31, 2023 and March 31, 2022, the fair value of EWB warrants was \$99.5 thousand and \$74.9 thousand, respectively. See Note 24, *Fair Value of Financial Instruments* for additional details.

On February 11, 2022, 14R extended the expiration dates of certain warrants already issued such that 6,000 warrants expiring on June 30, 2022, would expire on June 30, 2023. The weighted average incremental fair value of the warrants was estimated using the Black Scholes option pricing model, calculated immediately before and after the extension, with the following weighted average assumptions: a market price of \$73.24, based on a third-party valuation of 14th Round's shares, expected dividend yield of 0%, expected volatility of 96.35%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 1.07% and a weighted average expected life of 1.4 years. The fair value of the warrant extension was \$67.7 thousand.

Following the RTO closing on November 30, 2022, the 14R warrants shall continue to be governed by FBHI, exchanged using the merger ratio and subject to the terms of the original warrants agreements based on the existing terms and conditions of the warrants granted by 14R. It was observed that the fair value of post modification replacement warrants are less than fair value of pre modification original warrants, thus no accounting implication will be there as a result of this modification.

As of March 31, 2023, FBHI had warrants outstanding as follows:

| Date of expiry | Warrants outstanding | Warrants exercisable | Weighted average Exercise price | Grant date fair value vested | Weighted average remaining life (in years) |
|------------------|----------------------|----------------------|---------------------------------|------------------------------|--|
| June 30, 2023 | 9,470 | 9,470 | \$ 0.49 | \$ 219,745 | 0.25 |
| January 14, 2027 | 3,417 | 3,417 | 2.37 | 74,916 | 3.79 |
| | 12,887 | 12,887 | \$ 1.19 | \$ 294,661 | 1.19 |

Gallant Investment Partners Limited

On May 19, 2022, FBHI entered into an Advisory Services Agreement with Gallant, which was amended and restated on September 30, 2022, and engaged the advisor to provide certain consulting and advisory services related to the Company's strategic growth initiatives. With respect to the compensation fees, the advisor and the Company entered into an Option Award Agreement dated November 29, 2022, wherein Company granted the advisor an option to acquire 13,046,474 SV Shares of the Company in connection with the closing of the RTO. As a result of the closing of the RTO and other acquisitions on November 30, 2022, such options became exercisable at a de minimis exercise price, and the advisor exercised the options and received 13,046,474 SV Shares valued at \$1.8 million (based on the number of SV Shares at the fair value per share on the RTO date), which resulted in compensation cost of \$1.8 million (net of foreign exchange translation adjustment of \$39.5 thousand). These compensation costs are recorded as selling, general, and administrative costs for the year ended March 31, 2023.

Shares issued with respect to debt restructuring arrangement with Angsana

During the year ended March 31, 2023, the Company entered into a debt restructuring agreement with Angsana Investment Private Limited pursuant to which FBHI issued 3,000,000 SV Shares to Angsana as a compensation for

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

restructured terms with valuing compensation cost of \$0.2 million, which is included in finance cost for the year ended March 31, 2023. Refer to Note 24 for additional discussion.

18. NON-CONTROLLING INTEREST

As part of the Final Bell Roll-Up Transaction on December 27, 2020, the assets and liabilities of a combined group of companies were transferred into FBH, resulting in FBH owning 56% of 14R and 89% of DB Innovations as of March 31, 2022 with the remaining 44% and 11%, respectively, retained by the other owners of the contributed entities. On November 30, 2022, as part of the FBH SEA, FBHI acquired the remaining 44% of 14R. As a result, the Company owns 100% of 14R and 89% of DB Innovations as of March 31, 2023.

On January 1, 2021, FBH entered into a stock purchase agreement (“SPA”) with Westside 1237, Inc. (“Seller”) whereby FBH would purchase all shares the Seller owned in WCC, totaling 813 shares or 81.3% of the total ownership stake. In May 2021, FBH paid an initial \$2 million for 220 shares or 22% of WCC equity and on November 30, 2021, paid \$5.4 million for an additional 593 shares or 59.3% of WCC, resulting in the Company owning 81.3% of WCC with 18.7% retained by the other owners of WCC.

The following summarizes the changes in non-controlling interest for the years ended March 31, 2023 and 2022:

| | Total |
|---|-----------------|
| Balance, March 31, 2021 | \$ 4,679 |
| Share of Assets Acquired from Non-Controlling Interest | (179) |
| Amortization of Discount on Note Receivable - Related Party | 13 |
| Share Based Compensation | 831 |
| Warrant exercise | 30 |
| Acquisition of WCC | 1,702 |
| Share of loss for the year | (3,026) |
| Balance, March 31, 2022 | \$ 4,050 |
| Share Based Compensation | 164 |
| Option cancellation | (94) |
| Warrant cancellation | (369) |
| Share of loss for the period | (797) |
| Share of Assets Acquired from Non-Controlling Interest | (2,086) |
| Balance, March 31, 2023 | \$ 868 |

The following summarizes the amounts attributable to NCI for the years ended March 31, 2023:

| | |
|---------------------------------------|---------------|
| Current assets | \$ 1,057 |
| Non-current assets | 2,819 |
| Liabilities - Current and Non-Current | (2,211) |
| Net Assets | 1,665 |
| Carrying amount of NCI | \$ 868 |
| Loss for the period | \$ 3,267 |
| Loss allocated to NCI | 797 |

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)****19. REVENUE RECOGNITION**

The Company generates revenue from the transfer of goods and services at a point-in-time from the revenue streams below:

| | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Hardware & Packaging | \$ 45,434 | \$ 58,499 |
| Master Manufacturing | 24,155 | 17,556 |
| Revenue from External Customers | <u>\$ 69,589</u> | <u>\$ 76,055</u> |

The Company's deferred revenue primarily relates to deposits received from customers that are used to start production. Deferred revenue is typically recognized as revenue within 8-12 weeks once the product is delivered. The following summarizes the changes in deferred revenue for the years ended March 31, 2023 and 2022:

| | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Beginning deferred revenue balance | \$ 2,388 | \$ 2,987 |
| Recognition of deferred revenue included in beginning balance | (2,388) | (2,987) |
| Deferred Revenue acquired as part of acquisition | 349 | - |
| Deferred Revenue recognized in the current period | <u>1,528</u> | <u>2,388</u> |
| Deferred Revenue | <u>\$ 1,877</u> | <u>\$ 2,388</u> |

20. GENERAL AND ADMINISTRATIVE EXPENSES

For the years ended March 31, 2023 and 2022, general and administrative expenses comprised:

| | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---------------------------------|--------------------------------------|-------------|--------------------------------------|-------------|
| Salaries and Benefits | \$ 11,706 | 47% | \$ 7,715 | 33% |
| Professional Fees | 6,890 | 28% | 3,650 | 16% |
| Office Expenses | 5,019 | 20% | 4,440 | 19% |
| Advertising and Marketing | 610 | 2% | 284 | 1% |
| Meals, Entertainment and Travel | 412 | 2% | 452 | 2% |
| Bad Debt (Recovery) Expense | 138 | 1% | 6,714 | 29% |
| Total | <u>\$ 24,775</u> | <u>100%</u> | <u>\$ 23,255</u> | <u>100%</u> |

Certain costs related to a variety of transactions including the RTO, acquisition of FB Canada and debt financings were expensed as incurred and included in professional fees during the years ended March 31, 2023 and 2022, since such costs were not readily identifiable to the specific transactions.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)****21. EARNINGS PER SHARE**

The calculation of basic EPS has been based on the profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding. SV Shares and PV Shares are considered ordinary shares to be included in the denominator of EPS. PV Shares have been converted into SV Shares in accordance with its liquidation rights in ratio of 100:1 to compute basic EPS for one class of ordinary shares. As the legal subsidiary is the accounting acquirer, the number of shares to use in the earnings per share calculations for the period before the RTO is based on the weighted average number of outstanding shares of the accounting acquirer before the RTO adjusted to reflect the exchange ratio applied in the reverse acquisition.

| | March 31, 2023 | March 31, 2022 |
|--|------------------|-------------------|
| Loss for the year, attributable to the ordinary shareholders | (29,811) | (19,491) |
| Weighted-average number of ordinary shares | 90,883,934 | 1,501,200 |
| Basic loss per share | \$ (0.33) | \$ (12.98) |

Basic and diluted EPS are equal as the Company incurred operating losses for both comparative periods presented.

22. COMMITMENTS AND CONTINGENCIES**Local and State Regulations**

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes the Company is in compliance with applicable local and state regulations as of March 31, 2023, regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

US Cannabis Industry

While marijuana is legal under the laws of several U.S. states (with varying restrictions), the United States Federal Controlled Substances Act classifies all "marijuana" as a Schedule I drug, whether for medical or recreational use. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. As such, there is an inherent risk related to the federal government's position on cannabis. There is additional risk associated with the Company's business in cannabis that third-party service providers could suspend or withdraw services and regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S. As of March 31, 2023, Company has not estimated a potential liability related to the possible enforcement of laws against the medical cannabis industry.

Litigation

From time to time, the Company may be involved in litigation related to claims arising out of operations in the normal course of business. As of March 31, 2023, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has material interest adverse to the Company's interest.

Paycheck Protection Program Loans

At formation and rollup, 14th Round had a loan from First Republic Bank in the amount of \$534.0 thousand dated April 20, 2020 and received an additional loan from First Republic in the amount of \$726.3 thousand dated January 31, 2021. Both loans were received under the Paycheck Protection Program established by the Coronavirus Aid, Relief, and

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

Economic Security (“CARES”) Act. The loans may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loans bear interest at a rate of 1% and are payable in monthly installments of principal and interest over 24 months beginning 6 months from the date of the respective note. The loans may be repaid at any time with no prepayment penalty. On April 7, 2021 and November 24, 2021, \$534.0 thousand and \$726.3 thousand, respectively, of loans received under the Payroll Protection Program were forgiven. The resulting gain on forgiveness of debt of \$1.3 million was netted against general and administrative expenses in the consolidated statements of loss and comprehensive loss for the year ended March 31, 2022.

Promissory Notes*Tom Fornarelli*

On March 1, 2023, the Company entered into a loan agreement with Tom Fornarelli (“Borrower”) who is a related party being a co-founder and head of innovation at Final Bell Holdings. As part of the agreement, the Company is obliged to fund the principal sum of \$600.0 thousand, pursuant to payment instructions provided by borrower without accruing any interest on the principal sum outstanding. Upon occurrence of an event of default (as defined in the loan agreement) any amounts unpaid and outstanding shall accrue interest at the rate of 10% per annum. As collateral and continued security for the loan, the borrower agrees to pledge 141,176 PV shares in the favor of the Company. A promissory note was delivered by the Borrower which represents a promise to pay the Company the maximum of amount of principal sum and all other monies owing to the Company on or before March 31, 2024. As of March 31, 2023, no amount was funded or outstanding.

Jeremy Green

On March 1, 2023, the Company entered into a loan agreement with Jeremy Green (“Borrower”) who is a related party being the CEO of 14th Round Inc. (a wholly owned subsidiary of FBHI). As part of the agreement, the Company is obliged to fund the principal sum of \$400.0 thousand, pursuant to payment instructions provided by borrower without accruing any interest on the principal sum outstanding. Upon occurrence of event of default (as defined in the loan agreement) any amounts unpaid and outstanding shall accrue interest at the rate of 10% per annum. As a collateral and continued security for the loan, the borrower agrees to pledge 94,117 PV shares in favor of the Company. A promissory note was delivered by the Borrower which represents a promise to pay the Company the maximum amount of principal sum and all other monies owing to the Company on or before March 31, 2024. As of March 31, 2023, no amount was funded or outstanding.

23. RELATED PARTIES**Product Sales**

In the normal course of business, the Company regularly has product sales to customers that are affiliated through common ownership. During the years ended March 31, 2023 and 2022, the Company had sales to related parties of \$1.6 million and \$1.5 million, respectively, and is owed trade receivables from related parties in the amount of \$358.0 thousand and \$170.2 thousand, respectively, that are included in accounts receivable in the consolidated statements of financial position.

Key Management Compensation

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

The remuneration of directors and other members of key management personnel were as follows:

| | Twelve months ended March 31, 2023 | Twelve months ended March 31, 2022 |
|----------------------------------|--|--|
| Directors & officer compensation | \$ 3,590 | \$ 2,158 |
| Share-based Payments | - | 389 |
| | <u>\$ 3,590</u> | <u>\$ 2,547</u> |

During the year ended March 31, 2022, 14R granted 8,300 options to directors and officers of 14R with a fair value of \$389 thousand. No options were granted during the year ended March 31, 2023.

On March 9, 2023, the Company entered into a Management Service Agreement (MSA) with Angsana and agreed to appoint Mr. Robert Meyer (“Advisor”) as chief executive officer of the Company, replacing the existing chief executive officer, effective April 1, 2023. The Advisor is engaged to provide certain management, consulting, and capital markets advisory services. As compensation for the services, the Company issued stock options to Mr. Meyer to acquire 8,807,624 SV Shares with service and certain non-market performance conditions. It was determined that the grant date for this transaction is April 1, 2023. The share-based compensation cost will be recognized over the vesting period of 1.5 years from the date that Mr. Meyer’s employment is effective and the Company starts to obtain benefit from those services rendered. No options were granted during the year ended March 31, 2023.

Prepaid Sales-Based Royalty Fees

During the year ended March 31, 2023, the Company pre-paid sales-based royalty fees of \$1.2 million to GSW associated with the licensing agreement discussed in Note 12, *Investments*. No prepayments were made for the year ended March 31, 2022. Amounts are recorded within prepaid expenses in the consolidated statements of financial position. The Chairman of the Company’s Board of Directors is the Executive Chairman, CEO, and co-founder of GSW.

Notes Payable

As of March 31, 2023, outstanding balances of note payables to GEV Consultants, LLC (“GEV”) and Avanzato Technology Corp (“ATC”) are both \$nil as compared to \$0.7 million and \$1.0 million as of March 31, 2022, respectively. The total principal balance outstanding with GEV and ATC was repaid in full on January 25, 2023.

On September 7, 2021, the Company entered into a promissory note with PrimeTime Raley LLC (“PrimeTime”), a company with a common director, in the principal amount of \$1.5 million with a maturity date of March 2022. The interest rate on the promissory note is 1%. On March 1, 2022, the Maturity date on the promissory note with PrimeTime was extended to August 31, 2022. As of March 31, 2023, there was no balance outstanding on the loan as compared to \$1.5 million as of March 31, 2022.

In January 2021, FBHI entered into an arrangement with Dexchange Financial Corp. for consulting and advisory services on different general issues concerning the Company for compensation to be paid of \$250 thousand. This amount was outstanding as of March 31, 2023 and is recorded within accrued expenses within the consolidated statements of financial position as of March 31, 2023 as a director of the Company is the President and Founder of Dexchange Financial Corp.

Angsana Investment Private Limited and Jason DeLand

From December 2022 to March 2023, the Company secured debt financing in the aggregate principal amount of \$900.0 thousand from Angsana (entity controlled by Mr. Meyer) and \$100 thousand from Jason DeLand (Chairman of the Company’s Board of Directors). The Bridge Acquisition Loan bears interest at a rate of 9.00% per annum and matures on June 30, 2023. In consideration for the advance of the funding, the Company has agreed to issue the investors warrants to acquire SV Shares of the Company upon closing. As of March 31, 2023, the balance of the Bridge Acquisition Loan

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with Angsana, inclusive of accrued interest was \$916.4 thousand. The balance outstanding, inclusive of accrued interest, with Jason DeLand was \$102.6 thousand.

On March 9, 2023, FBHI entered into a Debt Restructuring Agreement with Angsana with respect to the \$900 thousand outstanding Bridge Loan resulting in the following:

- a. The maturity date of these Bridge Loans was extended from June 30, 2023, to September 30, 2023
- b. The warrants issued by the Company to acquire SV Shares were cancelled as part of this restructuring.
- c. In consideration for extension of the loan, the Company issued 3,000,000 SV Shares to Angsana. The Company has accounted for the restructuring agreement as a loan extinguishment and recognized \$215 thousand as loss on extinguishment of debt within finance cost for the year ended March 31, 2023.
- d. The restructuring agreement added another extension clause which states that if any portion of the Loan and any amounts owing remains outstanding as of September 30, 2023, the maturity date will be further extended to March 31, 2024, in consideration for which Angsana will receive an additional 2,817,750 SV Shares.

Summary

As of March 31, 2023, the outstanding balance of related party loans to the Company totaled \$1.3 million as compared to \$3.2 million as of March 31, 2022.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following summary shows the carrying amount and fair value of each financial instrument for the years ended March 31, 2023 and 2022:

| Financial Instruments | March 31, 2023 | March 31, 2022 | March 31, 2023 | | | March 31, 2022 | | |
|----------------------------------|-----------------|----------------|----------------|---------|---------|----------------|---------|---------|
| | Carrying amount | | Fair Value | | | Fair Value | | |
| | | | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Unsecured Convertible Notes | 19,108 | - | | | 19,108 | | | - |
| Contingent Liability | 2,863 | 500 | | | 2,863 | | | 500 |
| Derivative Financial Instruments | 167 | 75 | | | 167 | | | 75 |
| Series A Preferred Stock | 10,036 | 11,150 | | | 10,036 | | | 11,150 |

All other financial instruments are measured at amortized cost each statement of financial position. Refer to Note 2 for additional discussion. There were no transfers into or out of the fair value levels for the year ended March 31, 2023 or the year ended March 31, 2022.

Contingent Liability

As part of the consideration for the February 2020 acquisition of Uneka, there was a holdback and contingent payouts based on gross profit milestones of \$5 million and \$6 million being met for fiscal years ended March 31, 2021 and March 31, 2022. These holdbacks and contingents were fair valued as of the transaction date and revaluated on the date of the statement of financial position. During the years ended March 31, 2023 and 2022, the Company made payments of \$318.5 thousand and \$440.0 thousand, respectively, against the liability. The Holdback Liability was settled in full prior to March 31, 2023, resulting in a gain on the change in fair value of the contingent consideration of \$181.1 thousand recorded in profit or loss as compared to a loss of \$18.1 thousand for the fiscal year ended March 31, 2022. As of March 31, 2023 and 2022, the fair value of the Contingent Liability was \$nil and \$499.6 thousand, respectively.

On November 30, 2022, FBHI obtained control of FB Canada (Note 4, *Reverse Take-over and Related Acquisitions*). Additional FBHI SV Shares are required to be issued by FBHI if FBHI issues shares at a valuation that is less than \$250 million in connection with the listing of SV Shares or if FBHI is acquired prior to the listing of FBHI SV Shares at a valuation that is less than \$250 million. As of March 31, 2023, the fair value of the contingent liability related the FB

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

Canada acquisition was valued at \$2.9 million, resulting in a loss on the change in fair value of the contingent consideration of \$208.8 thousand. The contingent liability was valued using the Black-Scholes-Merton model, further adjusted for counterparty credit risk, with the following assumptions:

| | |
|-----------------------------|-------|
| Equity Volatility | 120% |
| Risk-free rate | 4.28% |
| Risk-adjusted discount rate | 18.0% |
| Term to exit (years) | 1.00 |

As of March 31, 2023 and 2022, the contingent liabilities resulting from these transactions are designated as a financial liability measured at fair value through profit and loss from the initial recognition date in accordance with IFRS 9.

Series A Preferred Stock Liability

Following the 14R acquisition and subsequent to the fiscal year ended March 31, 2023, the preferred ownership interest of 53,375 shares of Series A preferred stock in 14R held by dissenting holders in 14R were exchanged for an aggregate 140,844 Class C Series A preferred shares and 18,325 PV shares in the capital of FBHI. See Note 27 – *Subsequent Events*. As of March 31, 2023 and 2022, the Series A preferred stock was valued at \$10.0 million and \$11.2 million, respectively. The fair value was estimated using income and market approaches. More specifically, 33.3% weight was given to the discounted cash flow model, guideline public company method, and guideline transaction methods given the close proximity of the value indicators with the following assumptions.

Discounted Cash Flow assumptions

| | |
|-----------------------|-------|
| Discount rate | 10.5% |
| Long-term growth rate | 0% |

Guideline public companies assumptions

| | |
|-----------------------------------|-------|
| Risk Free-Rate | 3.5% |
| Beta adjusted equity risk premium | 7.59% |
| Enterprise Value Multiple | 1.1x |

Guideline transaction methods

| | |
|---------------------------|------|
| Enterprise Value Multiple | 1.2x |
|---------------------------|------|

The change in the fair value of the preferred stock liability was a gain of \$1.1 million and a loss of \$859.3 thousand, respectively for the years ended March 31, 2023 and 2022.

Derivative Financial Instruments

As of March 31, 2023 and 2022, the fair value of the Company's derivative financial instruments was \$167 thousand and \$74.9 thousand, respectively. The derivative financial instruments relate to the warrants issued with the Secured Convertible Notes (2023 - \$65 thousand, 2022 - nil) and the warrants issued to EWB (2023 – \$99.5 thousand, 2022 - \$74.9 thousand).

The fair value of the Secured Convertible Notes warrants was valued using the Black-Scholes method. The warrants were valued using the following significant assumptions:

| | |
|----------------|-------|
| Volatility | 94% |
| Risk-free rate | 4.35% |
| Dividend yield | 0.0% |
| Time in years | 1.5 |

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The fair value of the EWB warrants were valued using the Black-Scholes method, with the following weighted average assumptions: a market price of \$73.24, based on a third-party valuation of 14R's shares, expected dividend yield of 0%, expected volatility of 110.13%, based on the historic volatility of comparable companies, weighted average risk-free interest rate of 1.55% and a weighted average expected life of 5 years.

The gain on change in the fair value of the derivative liabilities for the year ended March 31, 2023 was \$45 thousand and is included in the statement of profit or loss. There was no comparable gain or loss recorded as of March 31, 2022.

Unsecured Convertible Notes

As of March 31, 2023, the fair value of the Company's Unsecured Convertible Notes was \$19.1 million as of March 31, 2023. No comparable balance existed as of March 31, 2022 (see Note 16, *Debt*). The fair value of the Unsecured Convertible Notes was estimated using the significant assumptions regarding the probability of a maturity event or a Qualifying Capital Transaction and the discount rate selected from a market debt yield analysis.

The loss on change in fair value of the Unsecured Convertible Notes for the year ended March 31, 2023 was \$363.1 thousand (March 31, 2022 – \$nil) and is included in the statement of profit or loss.

The Company uses a sensitivity analysis to estimate the impact in profit or loss of a strengthening or a weakening of the US dollar against the other group currencies. If the fair value of these financial liabilities categorized within level 3 were to increase or decrease by 10% as of March 31, 2023, the Company would incur an associated increase or decrease in net and comprehensive loss of approximately \$2.3 million (March 31, 2022 – \$nil). The results of the sensitivity analysis should not be considered as projections of likely future events, as the gains or losses from exchange rates in the future may differ due to developments in the global financial markets.

25. RISK MANAGEMENT FACTORS

Market/Price risk

Market risk is the risk that changes in the market-related factors, such as foreign currency exchange rates and interest rates, will affect the Company's (loss) income or the fair value of finance instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal as the leases and notes had fixed terms for the year ended March 31, 2023.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in its foreign subsidiaries. The Company's foreign currency risk arises primarily with respect to the Chinese Yuan Renminbi ("RMB") and the Canadian Dollar ("CAD"). Fluctuations in the exchange rates between the RMB and CAD and the US dollar could have a material impact on the Company's business, financial condition and results of operations. The Company does not engage in hedging activity to mitigate this risk.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

The exchange rates that have been used in preparing the financial statements are:

| | March 31, 2023 | | March 31, 2022 | |
|-----|----------------|--------------|----------------|--------------|
| | Average rate | Closing rate | Average rate | Closing rate |
| RMB | 0.1446 | 0.1456 | 0.1406 | 0.1576 |
| CAD | 0.7565 | 0.7390 | 0.798 | 0.8003 |

A 1% strengthening or weakening of the US dollar against the RMB at March 31, 2023 would result in an increase or decrease in other comprehensive income of approximately \$11.8 thousand. A 1% strengthening or weakening of the US dollar against the CAD at March 31, 2023 would result in an increase or decrease in other comprehensive income of approximately \$333.9 thousand.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable, and notes receivable. The risk to cash deposits is mitigated by holding these instruments with regulated financial institutions. Accounts receivable, and notes receivables credit risk arises from the possibility that principal and interest due may become uncollectible. The Company mitigates this risk by managing and monitoring the underlying business relationships. As of March 31, 2023 and 2022, the maximum credit exposure related to the carrying amounts of accounts receivable and notes receivable was \$10.3 million and \$18.3 million, respectively.

The Company's aging of trade receivables, net of expected credit losses, was as follows:

| | Accounts Receivable, Net | |
|-------------------------------------|--------------------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| Current | \$ 5,294 | \$ 6,796 |
| Past due 1 to 30 days | 2,845 | 3,115 |
| Past due 31 to 60 days | 1,044 | 3,778 |
| Past due 61 to 90 days | 941 | 870 |
| Past due 91 to 120 days | 1,993 | 1,650 |
| Total Accounts Receivable | 12,117 | 16,209 |
| Less Expected Credit Loss Allowance | (1,843) | (3,849) |
| Total | \$ 10,274 | \$ 12,360 |

Financial Risk Factors*Liquidity risk*

The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to raise sufficient capital to settle obligations and liabilities when due and manage cash flow from operating activities.

The Company objective when managing liquidity is to ensure that it will have sufficient liquidity to meet its contractual financial obligations when they become due under normal and stressed situations without incurring unacceptable losses. Historically, the Company's primary source of liquidity has been its operations, capital contributions made by equity investors and debt issuances.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, which primarily includes cash inflows from trade receivables in comparison to cash outflows from trade payables and accrued liabilities. As of March 31, 2023 and 2022, the Company had cash balances of \$3.7 million and \$3.4 million, respectively, and accounts receivable balances of \$10.3 million and \$12.4 million, respectively.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

The Company has experienced significant losses, has a working capital deficiency of approximately \$31.8 million at March 31, 2023, negative cash flows from operations, and accumulated deficit of \$34.6 million. Refer to Note 27 “Subsequent Events” for management’s progress toward addressing the liquidity risks.

The Company has the following gross contractual obligations as of March 31, 2023, which are expected to be payable in the following respective periods:

| | Less than 1 year | 1 to 3 years | Greater than 3 years | Total |
|---|------------------|--------------|-------------------------|-----------|
| Accounts payable and accrued liabilities | \$ 22,211 | \$ - | \$ - | \$ 22,211 |
| Convertible notes, notes payable and accrued interest | 24,548 | 22,700 | | 47,248 |
| Total | 46,759 | 22,700 | - | 69,459 |

Management of Capital

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to continue operations. In the management of capital, the Company includes its components of operating lease obligations, cash and equity.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company’s planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling its expenses. Management reviews its capital management policies on an ongoing basis. Post the RTO transaction, there have been no changes to the Company’s capital structure.

26. OPERATING SEGMENTS

IFRS 8 requires operating segments to be determined based on the Company’s internal reporting to the Chief Operating Decision Maker (“CODM”). The CODM has been determined to be the Company’s CEO as he is primarily responsible for the assessment of performance. The CODM uses revenues as the key measure of each segment’s performance for the period under evaluation.

The Company has determined it has two key segments 1) hardware and packaging and 2) formulating, filling and co-packing products for various cannabis brands in California and Canada (“Master Manufacturing”). Together, these segments provide the Company with a fully integrated business model.

Segmented Operating Results for the year ended March 31, 2023

| | Hardware & Packaging | Master Manufacturing | Corporate | Total |
|-------------------------------|-------------------------------------|---------------------------------|------------------|--------------|
| Revenue | \$ 45,434 | \$ 24,155 | \$ - | \$ 69,589 |
| Cost of Goods Sold | 31,287 | 21,621 | - | 52,908 |
| Gross Profit | 14,147 | 2,534 | - | 16,681 |
| Expenses | 12,070 | 10,511 | 8,641 | 31,222 |
| Income (Loss) from Operations | \$ 2,077 | \$ (7,977) | \$ (8,641) | \$ (14,541) |

Segmented Operating Results for the year ended March 31, 2022

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

| | Hardware & Packaging | Master Manufacturing | Corporate | Total |
|-------------------------------|-------------------------------------|---------------------------------|------------------|--------------|
| Revenue | \$ 58,499 | \$ 17,556 | \$ - | \$ 76,055 |
| Cost of Goods Sold | 44,005 | 16,181 | - | 60,186 |
| Gross Profit | 14,494 | 1,375 | - | 15,869 |
| Expenses | 20,659 | 5,193 | 3,155 | 29,007 |
| Income (Loss) from Operations | \$ (6,165) | \$ (3,818) | \$ (3,155) | \$ (13,138) |

Within the Master Manufacturing segment, the Company recorded revenue of \$7.0 million and \$17.2 million in Canada and the United States, respectively, for the year ended March 31, 2023 as compared to \$nil and \$17.6 million, respectively for the year ended March 31, 2022.

27. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 29, 2024, which is the date these consolidated financial statements were available to be issued. All subsequent events requiring recognition at March 31, 2023 have been incorporated into these consolidated financial statements.

Equity Financing

The Company received \$5.1 million pursuant to a non-brokered private placement. On January 12, 2024 under the partial revocation order, the Company completed a non-brokered private placement for aggregate gross proceeds of C\$1.37 million through the issuance of 2,978,261 Class A Subordinate Voting Shares at a price of C\$0.46. The remaining amounts remain available for an offering that may be completed following the revocation of the Cease Trade Order issued by the British Columbia Securities Commission. In 2024, term sheets were executed to replace the portion of the equity offering outstanding following the issuance under the partial revocation order.

Transactional Update Related to 14R Merger Agreement

On April 5, 2023, the Company announced that it completed the orderly settlement of all outstanding matters relating to the merger with 14R that was completed in late 2022. Previous holders of preferred shares in 14R who had dissented from the Merger received an aggregate 140,844 Class C Preferred Shares and 18,325 PV Shares. Each Preferred Share is exchangeable into one PV Share, and the Preferred Shares include preference rights to dividends and distributions on liquidation, as well as price protection equal to the consideration securityholders received on completion of the RTO.

Related Party LoansTom Fornarelli

Pursuant to the loan agreement dated March 1, 2023 between FBHI and Tom Fornarelli (co-founder and head of innovation at Final Bell Holdings), the Company made loan advances for \$712.3 thousand as total drawn from April 1, 2023 to March 31, 2024. In January 2024, \$500 thousand of these drawn amounts were repaid. As of March 31, 2024, there was \$212.3 thousand outstanding and payable on this loan.

Jeremy Green

Pursuant to the loan agreement dated March 1, 2023 between FBHI and Jeremy Green, who is a related party being the CEO of 14R, the Company made loan advances for \$150.0 thousand. The entire outstanding amount was repaid to Company on June 9, 2023.

Warrant Exercise

On June 10, 2023, the Company issued 4,675 PV Shares for gross proceeds of \$87.8 thousand upon the exercise of replacement warrants issued in connection with the Merger.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)****Cease Trade Order**

On August 14, 2023, the Company was issued a failure to file cease trade order under the securities legislation of British Columbia as a result of the Company not filing its audited annual financial statements, management discussion and analysis, and certification of annual filings for the year ended March 31, 2023. On September 27, 2023, the Company received a partial revocation order to complete the issuance to Convertible Note holders, before September 30, 2023, of 998,139 Subordinate Voting shares at the deemed price of \$0.46 per share, in full satisfaction of the September 15, 2023 interest payment. On January 9, 2024, the Company received a partial revocation order to complete the issuance of shares for a private placement and trigger the qualifying capital transaction for the conversion of the unsecured notes.

Unsecured Convertible Notes Interest, Amendment, and Conversion

On April 11, 2023, the Company issued 240,003 SV Shares to settle interest payments outstanding.

On June 23, 2023, the Company announced that holders of its outstanding Unsecured Convertible Notes approved certain amendments to the Indenture to provide for the mandatory conversion of the Notes into SV Shares at a fixed price of C\$0.46 per SV Share upon the Company completing an equity financing for gross proceeds of at least C\$1.36 million (US\$1.0 million). This equity financing was completed on January 12, 2024 and on January 19, 2024, 50,259,477 SV shares were issued to the holders of the Notes upon conversion of all outstanding principal plus accrued and unpaid interest to the effective conversion date of January 19, 2024.

Sale of Mallen Tech Co. Limited

On May 23, 2023, the Company entered into an agreement to sell the ownership of Mallen Tech Co. Limited through a 100% equity interest transfer.

Settlement of Outstanding Loans

On June 30, 2023, the Company entered into Debt Settlement Agreements with multiple debt holders wherein the parties agreed to settle the debt in FBHI SV shares. Please see below table for settlement summary:

| Lender | Bridge Loan Balance | Settlement by issuing SV shares |
|---|------------------------|------------------------------------|
| Angsana Investment Private Limited (<i>entity controlled by FBHI current CEO Mr. Meyer</i>) | 900 | 2,647,059 |
| Jason DeLand (<i>Director and Chairman of the Company's Board of Directors</i>) | 100 | 294,118 |
| Dexchange Financial Corp. (<i>entity related to Kay Jessel, Board of Director Member</i>) | 250 | 735,294 |
| Peter Lee | 140 | 304,348 |
| Naval Elite Limited | 250 | 735,294 |
| Total balance of bridge loan will be settled in SV shares | 1,640 | 4,716,113 |

The conversion price for these exchanges was determined to be \$0.34 per share. Accrued interest will be paid in cash. As of the date of these statements, no shares had been issued to settle the debt as a result of the Cease Trade Order issued by the British Columbia Securities Commission. In 2024, term sheets were executed to settle these outstanding amounts through the 15% FBI Note Offering detailed below. These term sheets supersede the original June 30, 2023 settlement agreement.

14R Loan Agreement with Nut Hill Investment Ltd

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On August 21, 2023, 14R entered into two loan agreements with Nut Hill Investment Ltd, a Company partially owned by Mr. Meyer, to borrow \$1.6 million in the form of promissory notes.

The first loan was obtained for the principal amount of \$1.0 million payable on the first maturity date (61st day following the loan date) without accruing any interest. For the outstanding principal amount due on the first maturity date, the maturity for such outstanding amount shall be extended to the second maturity date (181st day following the loan date). Interest shall accrue on the outstanding balance during the period from the first to the second maturity date at the rate of 15% per annum. If the principal remains outstanding on the second maturity date, Nut Hill shall have the right to convert the principal outstanding along with interest accrued into SV Shares at a conversion price of \$0.34 per share, subject to the revocation of the Cease Trade Order issued by the British Columbia Securities Commission. On November 17, 2023, a written consent from Mr. Meyer was obtained which allowed for the conversion of the \$1.0 million loan to equity of the Company subject to the revocation of the Cease Trade Order. On January 17, 2024, written consent to convert the remaining \$0.6 million subject to the revocation of the Cease Trade Order was obtained from Mr. Meyer. As of the date of filing, the loan has not yet been converted and remains outstanding.

The second loan was obtained for the principal amount of \$0.6 million payable on the first maturity date (121st day following the loan date). For the outstanding principal amount due on the first maturity date, the maturity date for such outstanding amount shall be extended to the second maturity date (241st day following the loan date). No interest will accrue on the outstanding principal balance during the term. In consideration for the second loan, Nut Hill shall be entitled to:

- (i) the right to receive royalties in the aggregate amount of \$0.1 million payable on or before the first maturity date based on sales through to that date;
- (ii) if the principal amount of the loan remains unpaid by the first maturity date, Nut Hill shall have the right to receive royalties in addition to (i) above in the amount of \$0.1 million payable on or before the second maturity date based on sales through to that date;
- (iii) If any of the royalties provided for in paragraphs (i) and (ii) above remains unpaid on or before June 30, 2024, such outstanding royalties shall be paid thereafter either (i) in twelve (12) consecutive equal monthly cash installments, beginning on June 30, 2024; or (ii) at the discretion of 14R and its parent company FBHI, the outstanding royalties amount shall be converted into SV Shares at the price of \$0.34 per share, subject to the revocation of the Cease Trade Order.

In March 2024, a term sheet was executed to settle these outstanding amounts through the 15% FBI Note Offering detailed below. This term sheet supersedes the November 17, 2023 conversion option.

14R Loan Agreement with Jason DeLand

On September 1, 2023 14R entered into a loan agreement with Jason DeLand (Chairman of the Company's Board of Directors) to borrow \$0.3 million in the form of promissory note.

The loan shall be payable on the first maturity date (61st day following the loan date) without accruing any interest. For the outstanding principal amount due on the first maturity date, the maturity for such outstanding amount shall be extended to the second maturity date (181st day following the loan date). Upon occurrence of event of default (as defined in the loan agreement) any amounts unpaid and outstanding shall accrue interest at the rate 18% per annum.

If the principal remains outstanding on the second maturity date, Mr. DeLand shall have the right to convert the principal outstanding along with interest accrued into SV Shares at a conversion price of \$0.34 per share subject to the revocation of the Cease Trade Order. As of the date of this filing, this loan was outstanding. In April 2024, a term sheet was executed to settle these outstanding amounts through the 15% FBI Notes detailed below.

Asset Purchase Agreement ("APA") for GSW

On December 11, 2023, FBH completed an asset acquisition of substantially all of GSW's, and its affiliates' and subsidiaries', assets, for an aggregate purchase price of approximately \$10.3 million, paid solely through the assumption of GSW's liabilities. The Company agreed to guarantee certain of the liabilities assumed by FBH in an aggregate amount of approximately \$4.7 million.

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

Sale of FB Canada

On December 5, 2023, the Company entered into a share exchange agreement (the “SEA”) with BZAM Ltd. (“BZAM”) pursuant to which the Company agreed to sell all of the issued and outstanding shares of FB Canada to BZAM in consideration for 90,000,000 common shares of BZAM (the “BZAM Shares”), representing approximately 33.23% of the issued and outstanding shares of BZAM, at a deemed price of C\$0.15 per share, for an aggregate value of C\$13,500,000. The transaction closed on January 5, 2024. Consideration for the sale of FB Canada also included the issuance by BZAM of an unsecured promissory note in the amount of C\$8 million in favor of a subsidiary of the Company.

On February 29, 2024, BZAM applied for and was granted an order from the Ontario Superior Court of Justice under the Companies' Creditors Arrangement Act (the “CCAA”) in order to restructure its business and financial affairs as an insolvent company. The Company has formally opposed the CCAA proceedings to hold BZAM and its management accountable for their actions and such proceedings are ongoing.

East West Bank Extension

On December 29, 2023, the Company received an extension on the maturity date of the ABL Facility for 90 days. On April 3, 2024, the Company received another extension on the maturity date of the ABL Facility for an additional 90 days.

Offering of 15% Secured Convertible Notes

In March 2024, the Company pursued an offering of secured convertible notes of Final Bell Innovations, a wholly owned subsidiary of FBHI, up to an aggregate maximum principal amount of US\$12 million. This offering is intended to replace the offering of SV Shares by way of private placement, as described above, that did not complete as a result of the implementation of the Cease Trade Order.

The secured convertible notes shall bear interest at a rate of 15% per annum, with 4% payable quarterly and the remaining interest due upon maturity. The notes will be convertible into either SV shares, subject to the revocation of the Cease Trade Order, or shares of Final Bell Innovations, subject to certain conditions and pricing methodologies, and include mandatory conversion events. Subscriptions for \$8.1 million principal amount of secured convertible notes have been received by the Company to date, inclusive of funds previously received under the 2023 private placement that did not complete and outstanding debt. The offering is expected to close in one or more tranches in the first fiscal quarter of 2024.

Angsana Management Services Agreement

Effective December 31, 2023, in consideration for the ongoing capital support by Angsana and its affiliates to the Company, Angsana and the Company entered into an amended Debt Restructuring Agreement resulting in the acceleration of the issuance of 11,625,374 SV Shares remaining to be issued to Angsana upon completion of an equity or debt raise of the Company or any of its affiliates or subsidiaries, subject to certain conditions. The revised settlement agreement was entered into to cancel the stock options for 8,807,624 SV Shares and replace those with the issuance of 8,807,624 SV Shares. Angsana also agreed to subscribe for securities under any such equity or debt raise for US\$800 thousand.

Executive and Board Director Changes

On November 1, 2023, Keith Adams was appointed as CFO the company. As part of the appointment, Mr. Adams was issued 4,000,000 RSUs to be converted into on a 1:1 ratio to SV Shares. These RSUs vest over 3 years.

On January 5, 2024, in connection with the sale of FB Canada, Greg Boone resigned as a director of the Company and was replaced by Robert Meyer.

Golden Iris Note Amendment

FINAL BELL HOLDINGS INTERNATIONAL LTD.**Notes to Consolidated Financial Statements****For the Years Ended March 31, 2023 and 2022****(expressed in thousands of US dollars, unless otherwise stated and except for per share amounts)**

On March 4, 2024, FBHI entered into an amendment agreement to the Golden Iris loan. The amendment deferred the quarterly interest payment date of December 31, 2023 to January 31, 2024, increased the quarterly interest rate from 6% to 6.50%, increased the interest rate due at maturity from 6% to 8.5%, and extended the maturity date to August 18, 2026 in exchange for a facility fee of \$250,000 to be paid in three tranches (\$50 thousand due upon execution, \$100 thousand on June 30, 2024 and \$100 thousand on December 31, 2024). All existing covenants were extended to begin effective June 30, 2024. A covenant was also added to the agreement to establish a debt service reserve account which is required to have 100% of any scheduled quarterly payment of interest on the Term Loan for the quarter in which the interest is due and payable. Additionally, the warrant was amended to extend the expiration date from August 17, 2025 to August 17, 2028 and reduce the exercise price from US\$0.89 to US\$0.34 per warrant share. Conditions subsequent to the amendment include the obligation by the Company to complete and file these financial statements and obtain a full revocation of the Cease Trade Order within three months of the amendment.

FB Canada Promissory Note Extension

The promissory note issued to the FB Canada sellers on November 30, 2022 had an original maturity date of February 2024. This maturity date was amended to February 28, 2025 through an amendment to the promissory notes signed in April 2024.

FINAL BELL HOLDINGS INTERNATIONAL LTD.

(Formerly Final Bell Holding, Inc)

(the "Company")

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL
CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2023**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with both the Company's audited consolidated financial statements as at and for the year ended March 31, 2023 and the accompanying notes thereto (the "Financial Statements"), which have been prepared in accordance with International Accounting Standards ("IFRS"). The MD&A has been prepared as of April 29, 2024 pursuant to the disclosure requirements under National Instrument 51-102 - Continuous Disclosure Obligations ("NI 51-102") of the Canadian Securities Administrators ("CSA"). These financial statements, and additional information relating to the Company, are available for viewing at www.sedar.com.

All dollar amounts are expressed in thousands of United States dollars (\$USD), except for share and per share amounts, and where otherwise indicated.

This MD&A contains forward-looking information within the meaning of applicable securities laws, and the use of Non-IFRS measures (as defined below). Refer to "Cautionary Statement Regarding Forward-Looking Statements" and "Cautionary Statement Regarding Certain Non-IFRS Performance Measures" included within this MD&A.

Corporate Structure

Effective November 30, 2022, Final Bell Holdings International Ltd completed a series of transactions (collectively the "Business Combination" or the "Reverse Takeover" or the "RTO") pursuant to which it acquired the group of companies known as the Final Bell Group, including Final Bell Holdings, Inc., a Delaware corporation ("FBH"), 14th Round Inc., a Delaware corporation ("14R"), Final Bell Canada Inc., an Ontario corporation ("FB Canada"), and their respective subsidiaries and managed entities. As a result of the RTO, the resulting business of the Company, and the application of the relevant guidance for reverse acquisitions under IFRS 3, FBH (the entity receiving securities) has been deemed the "accounting acquirer" while the Company (the entity issuing securities) has been deemed the "accounting acquiree".

In connection with RTO, the Company completed a share reorganization pursuant to which its share capital was reorganized to create and authorize a new class of Class B Proportionate Voting Shares (the "PV Shares") and to reclassify the common shares as Class A Subordinate Voting Shares (the "SV Shares"), each having the special rights and restrictions set out in Schedule A to the Management Information Circular dated January 28, 2022 in respect of a special meeting of shareholders of the Company held on February 28, 2022. Subject to certain conditions, each PV Share is convertible into 100 SV Shares, and is entitled to vote with the SV Shares at the rate of 100 votes per PV Share.

The Company now operates a highly competitive consolidated group of businesses providing end-to-end solutions to leading cannabis brands with integrated product development, manufacturing, and supply chain management. Through the Company's operating unit of 14th Round (14R), the Company operates in the design and technology space, offering industrial design, engineering, manufacturing, branding, and child-resistant packaging solutions for cannabis pre-rolls, vaporizers, edibles, and related products. The Company's California and Canadian operations enables cannabis brands to fully outsource production and manufacturing to state-of-the-art hardware and packaging environments, licensed co-manufacturing, and product commercialization expertise to a single supply chain partner. The company's operations fall within the following segments: (i) Hardware and Packaging and (ii) Master Manufacturing.

Operating Segments

Hardware and Packaging

The Company's hardware and packaging segment's capabilities range from branding, product development, custom vaporizer designs to CR-certified edibles dispensers and packaging. 14R provides full-service solutions including product design, innovation and supply chain management for companies that want to build differentiated brands across multiple regions in both Canada and the US. 14R develops and utilizes its own IP and innovative technology including

a wide range of custom container and packaging solutions and vaporizer technology that is engineered to a brand's unique specifications.

14R is the go-to designer and supplier to many of the leading and most strategic North American brands with many customers ranking within the top 5 in sales for their respective product categories. 14R focuses on partnering with leading brands and operating in the largest product categories across the North American markets. 14R does not perform "cannabis-touching" services or activities, thus, it is not subject to cannabis regulations in either Canada or the US and can ship products across state and country borders to enable brands to partner with companies across and build a national differentiated product. While 14R is based in Los Angeles, California, operations span both the US and China through the company's Chinese wholly owned foreign subsidiary (14R Shenzhen).

Master Manufacturing

The Company's Master Manufacturing segment, Final Bell, through its licensed manufacturing facilities, provides unrivaled quality, manufacturing expertise, and world class operations to leading cannabis brands (Brands) in the California and Canadian markets. Final Bell's Master Manufacturing model (Final Bell as a Service or FBaaS) absorbs one of the biggest challenges for brands to scale manufacturing, compliance, dispensary sales, and supply chain across regions and turns them into the platform for driving brand growth. FBaaS reduces complexity, touch points, operational mishaps, and unproductive capital expenditures to streamline the entire supply chain and provides world class Standard Operating Procedure (SOPs) for our Brands.

Brand partners utilize Final Bell's licensed manufacturing facilities and are billed based on the level of services provided by Final Bell. To ease Brands burdens with scaling, the Brands rely on FBaaS to simplify the operation work and risks. Final Bell typically charges a flat fee per unit produced that is payable by the Brand upon manufacturing completion of the product. The flat unit fee charged by FBaaS includes the price of raw materials (hardware and packaging, terpenes, etc.) and a co-manufacturing fee based on labor costs. The co-manufacturing fee varies by production complexity and additional services rendered (e.g., formulation, filling, and/or co-packing).

By providing backend manufacturing services through to distributor management, the Master Manufacturing segment is a true full-service, end-to-end solution.

Key Fourth Quarter Results

During the first quarter following the RTO transaction in November 2022, the company's financial operations continued to perform at historical levels. This was the first quarter that fully integrated the financial results of Final Bell Canada. Final Bell Canada contributed \$6.2 million in revenue during the fourth quarter of 2023. The Company's consolidated gross profit margin during the fourth quarter was approximately 10% as compared to 12% during the same period in 2022. This decline in margin was driven by integration costs in the Master Manufacturing segment.

As a result of the significant technical accounting matters arising from the RTO, adjustments were made in the fourth quarter of fiscal year ended March 31, 2023 related to the valuation methodologies used to measure transaction and financial instruments. Consequently, listing fees from the RTO declined materially to \$19.0 million as compared to \$30.9 million which was originally disclosed in the December 2022 quarterly statements.

During the fourth quarter, the company incurred increased SG&A costs as compared to the prior quarters. This is primarily driven by the increased expenses related to the integration of multiple separate businesses through the business combination transaction. Management expects these costs to normalize in the fiscal year 2024.

Annual Comparative Results for the fiscal years ended March 31, 2023, and March 31, 2022

The following selected financial information is derived from the consolidated financial statements of the Company for the most recent comparable periods.

| (\$ in thousands, except shares and per share) | For the Year Ended | For the Year Ended |
|--|--------------------|--------------------|
| | March 31, 2023 | March 31, 2022 |
| Revenues | \$ 69,589 | \$ 76,055 |
| Loss from Operations | (14,541) | (13,138) |
| Loss Attributable to the Company | (33,843) | (19,488) |
| Comprehensive Loss Attributable to the Company | (29,811) | (19,491) |
| Weighted-average number of ordinary shares | 90,883,934 | 1,501,200 |
| Basic and Diluted Loss per Share | (0.33) | (12.98) |
| Total Assets | 66,112 | 65,585 |
| Total Long-Term Liabilities | 32,034 | 41,151 |

Segmented Operating Results for the fiscal year ended March 31, 2023

| | Hardware & | Master | | |
|-------------------------------|------------|---------------|------------|-------------|
| | Packaging | Manufacturing | Corporate | Total |
| Revenue | \$ 45,433 | \$ 24,155 | \$ - | \$ 69,589 |
| Cost of Goods Sold | 31,287 | 21,620 | - | 52,908 |
| Gross Profit | 14,146 | 2,535 | - | 16,681 |
| Expenses | 12,070 | 10,511 | 8,641 | 31,222 |
| Income (Loss) from Operations | \$ 2,076 | \$ (7,976) | \$ (8,641) | \$ (14,541) |

Segmented Operating Results for the fiscal year ended March 31, 2022

| | Hardware & | Master | | |
|----------------------|------------|---------------|------------|-------------|
| | Packaging | Manufacturing | Corporate | Total |
| Revenue | \$ 58,499 | \$ 17,556 | \$ - | \$ 76,055 |
| Cost of Goods Sold | 44,005 | 16,181 | - | 60,186 |
| Gross Profit | 14,494 | 1,375 | - | 15,869 |
| Expenses | 20,659 | 5,193 | 3,154 | 29,007 |
| Loss from Operations | \$ (6,165) | \$ (3,818) | \$ (3,154) | \$ (13,138) |

Revenue

For the year ended March 31, 2023, revenue was \$69.6 million, a decrease of \$6.5 million or 9% compared to the prior year.

Hardware & Packaging revenue decreased \$13.1 million or 22% for the year ended March 31, 2023, as a large customer had built inventory in the prior year for a new product launch. The revenue decline in Hardware & Packaging is also attributed to migration of customers to our Master Manufacturing segment opting to take advantage of our end-to-end solution(s). This resulted in a transfer of revenues to the Master Manufacturing segment.

Master Manufacturing revenue increased \$6.6 million or 38% for the year ended March 31, 2023. The year over year increase in revenue is largely due to the addition of new customers, migration of customers from Hardware and Packaging and partial year contribution from FB Canada. FB Canada acquisition was completed on November 30, 2022. The increase in revenue was partially offset by one customer no longer requiring Master Manufacturing services and, instead, purchasing Hardware & Packaging solution directly from 14R.

Gross Profit

For the year ended March 31, 2023, gross profit was \$16.7 million as compared to prior year of \$15.9 million, representing gross margin of 24% as compared to prior year of 21%.

Gross profit in the Hardware & Packaging segment was \$14.1 million for the year ended March 31, 2023 as compared to prior year \$14.5 million, representing gross margin of 31% as compared to prior year of 25%. The improvement in segmental gross margin was due to reduced volatility and costs related to freight and shipping, reductions in COVID-related disruptions in China and a change in product mix.

Gross profit in the Master Manufacturing segment was \$2.5 million for the year ended March 31, 2023 as compared to the prior year of \$1.4 million. This represents gross margin of 10% as compared to prior year of 8%. The improvement in segment gross margin was due to the acquisition of FB Canada, a shift from full end-to-end services to co-packing for customers, along with a migration to higher margin preroll, vape products and services.

Depreciation and Amortization

For the year ended March 31, 2023, depreciation and amortization expense was \$6.2 million as compared to prior year of \$4.9 million. The increase in was primarily due to additions of property and plant & equipment.

General and Administrative

For the year ended March 31, 2023, general and administrative expenses were \$24.8 million as compared to the prior year of \$23.3 million. The current year includes \$1.8 million of non-cash advisory expenses stemming from the RTO transaction. Excluding the aforementioned non-cash expense, general and administrative expenses increased as a percentage of revenue during the year ended March 31, 2023 as a result of higher salaries and benefits and other expenses related to FB Canada and corporate expense due to being public upon closing of the RTO on November 30, 2022.

Comprehensive Loss

The comprehensive net loss attributable to the company for the year ended March 31, 2023, was \$29.8 million as compared to prior year of \$19.5 million. The primary drivers were (i) general and administrative expenses; (ii) interest and accretion expenses (iii) transaction costs related to the RTO and (iv) changes in the accounting for fair value of investments.

Drivers of Operational Performance*Revenue*

For the year ended March 31, 2023, the Hardware & Packaging segment generated 65% of the Company's total revenue and its Master Manufacturing segment generated 35%, as compared to 77% and 23%, respectively in the prior year. This shift in revenue largely reflects the growth in business following the acquisition of FB Canada.

Gross Profit

Gross profit is revenue less costs of goods sold. The cost of goods sold for our Hardware and Packaging segment includes the costs directly attributable to revenue recognition and includes amounts paid for goods, such as batteries, cartridges, as well as packaging and other supplies for its products. Cost of goods sold for our Master Manufacturing segment includes costs directly attributable to processing cannabis, including labor, raw materials, and compliance testing, as well as costs attributable to wholesale sales of finished goods. Gross margin measures the Company's gross profit as a percentage of revenue.

For the year ended March 31, 2023, 85% of the Company's total gross profit was generated by its Hardware & Packaging segment and 15% by the Master Manufacturing segment, as compared to 91% and 9%, respectively in the prior year.

Operating Expenses

Total operating expenses, other than cost of goods sold, primarily consist of corporate infrastructure and personnel to support customer relationships and ongoing business, which are reflected as general and administrative expenses, and expense associated with depreciation and amortization.

For the year ended March 31, 2023, operating expenses as a percentage of revenue were 45% as compared to 38%. General and administrative costs increased as a result of being a public entity and increased integration expense associated with FB Canada.

Provision for Income Taxes

The Company is subject to income taxes in the jurisdictions in which it operates and, consequently, income tax expense is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. As the Master Manufacturing segment operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to the sale of products. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E and a higher effective tax rate than most industries. However, the Hardware and Packaging segment is a non-plant-touching cannabis business and as such, it is not subject to the limitations of IRC Section 280E.

Non-IFRS Financial and Performance Measures

In addition to providing financial measurements based on IFRS, we provide additional financial metrics that are not prepared in accordance with IFRS. Management uses non-IFRS financial measures, in addition to IFRS financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate the Company's financial performance. Management uses the non-IFRS measurement of adjusted EBITDA, which we believe reflects our ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as it facilitates comparing financial results across accounting periods. We also believe that this non-IFRS financial measure enables investors to evaluate the Company's operating results and future prospects in the same manner as management. This non-IFRS financial measures may also exclude expenses and gains that may be unusual in nature, infrequent or not reflective of the Company's ongoing operating results. As there are no standardized methods of calculating non-IFRS measures, our methods may differ from those used by others, and accordingly, the use of these measures may not be directly comparable to similarly titled measures used by others. Accordingly, non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Adjusted EBITDA

Adjusted EBITDA is a financial measure that is not calculated in accordance with IFRS. Management believes that because Adjusted EBITDA excludes (a) certain non-cash expenses (such as depreciation, amortization, and stock-based compensation) and (b) expenses that are not reflective of the Company's core operating results over time (such as restructuring costs, litigation or dispute settlement charges or gains, and transaction-related costs). The Company believes this represents a clearer picture of what its operational performance is. Adjusted EBITDA is defined by the Company and is detailed below. This measure provides investors with additional useful information to measure the Company's financial performance, particularly with respect to changes in performance across periods. The Company's management uses Adjusted EBITDA (a) as a measure of operating performance, (b) for planning and forecasting in future periods, and (c) in communications with the Company's board of directors concerning the Company's financial performance.

The Company's presentation of Adjusted EBITDA is not necessarily comparable to other similarly titled captions of other companies due to different methods of calculation and should not be used by investors as a substitute or alternative to net income or any measure of financial performance calculated and presented in accordance with IFRS. Instead, management believes Adjusted EBITDA should be used to supplement the Company's financial measures derived in accordance with IFRS to provide a more complete understanding of the trends affecting the business.

Although Adjusted EBITDA is frequently used by investors and securities analysts in their evaluations of companies, Adjusted EBITDA has limitations as an analytical tool. Investors should not consider it in isolation or as a substitute for, or more meaningful than, amounts determined in accordance with IFRS. Some of the limitations to using non-IFRS measures as an analytical tool are (a) they do not reflect the Company's interest income and expense, or the requirements necessary to service interest or principal payments on the Company's debt, (b) they do not reflect future

requirements for capital expenditures or contractual commitments, and (c) although depreciation and amortization charges are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and non-IFRS measures do not reflect any cash requirements for such replacements.

The following table reconciles Net Loss to Adjusted EBITDA for the years ended March 31, 2023, and March 31, 2022:

| | FYE 2023 | FYE 2022 |
|--|-----------------|-----------------|
| Net Income (Loss) | (34,640) | (22,522) |
| Finance Costs | 2,781 | 2,324 |
| Income Tax Expense (Benefit) | 135 | (544) |
| Depreciation and Amortization | 6,229 | 4,918 |
| EBITDA | (25,495) | (15,824) |
| Adjustments | | |
| Stock Based Compensation | 218 | 834 |
| Change in Fair Value of Series A Preferred Stock Liability | (1,114) | 859 |
| Change in Fair Value of Contingent Consideration | 28 | 18 |
| Change in Fair Value of Investments | 0 | 7,049 |
| Change in Fair Value of Convertible Notes | 363 | 0 |
| Change in Fair Value of Derivative Liabilities | (45) | 0 |
| Acquisition, transaction, and other non-cash costs | 26,224 | (559) |
| Gain on Lease Amendment/Termination | (294) | (273) |
| Loss on Disposal of Fixed Assets | 74 | 128 |
| Adjusted EBITDA | (41) | (7,768) |

Adjusted EBITDA should not be considered in isolation from, or as a substitute for, Net Loss. There are several limitations related to the use of Adjusted EBITDA as compared to Net Loss, the closest comparable IFRS measure.

Adjusted EBITDA, as defined by the Company, excludes from Net Loss:

- Interest income and expense;
- Current income tax expense;
- Non-cash depreciation and amortization expense;
- Non-cash stock-based compensation expense;
- Non-cash impairment charges, as the charges are not expected to be a recurring business activity;
- Non-cash changes in fair value of financial instruments;
- Loss (Gain) on disposal of assets and lease terminations, and
- Acquisition, transaction, and other non-cash costs, which vary significantly by transaction and are excluded to evaluate ongoing operating results.

Liquidity and Capital Resources

As of March 31, 2023, the Company had total current assets of \$26.6 million including cash of \$3.7 million and total current liabilities of \$58.4 million. As of March 31, 2023, the Company had a working capital deficit of \$31.8 million as compared to working capital of \$1.4 million at March 31, 2022. The increase in working capital deficit of \$33.2 was driven by the inclusion of unsecured convertible notes totaling \$19.1 million, which were acquired as part of the RTO and the Series A preferred stock liability of \$10 million included in current liabilities as of March 31, 2023. The unsecured convertible notes and series A preferred stock liabilities were fully converted in SV shares on January 19, 2024 and April 5, 2023, respectively. The remaining increase in deficit was primarily driven by an increase in accounts

payable. To remedy the deficiency, the Company has taken measures to introduce new streams of business and streamline the existing lines of business, including disposing of lines of business that do not fit with the overall growth strategy of our business. These initiatives coupled with the equity conversions will enable us to improve our working capital position and allow us the liquidity and flexibility to meet our financial commitments.

In evaluating short, medium and long term capital requirements to fund both the Company's existing operations and future plans, Management has taken the following measures to address any potential short falls and to raise additional monies to continue to fund future expansion and growth of the Company. In the first quarter of fiscal year 2025, the Company intends to convert certain outstanding debts into the 15% FBI Notes and will continue to raise capital to fund the company's growth strategy. The company has already received pledges for capital infusion into the 15% FBI Notes and will continue fund raising efforts into this note and other investment vehicles. The Company has converted its unsecured convertible notes to equity on January 19, 2024. Additionally, the maturity date of the Company's outstanding secured term loan has been extended to August 18, 2026. Refer to Note 27 "Subsequent Events" in the Company's Consolidated Financial Statements as of March 31, 2023 for additional discussion on subsequent events.

The Company's business plan includes growth through acquisitions as well as facility expansion and improvements to support geographic expansion and to bolster our ability to pursue additional brand licensing and partnership deals. We continue to review and pursue selected external financing sources to ensure adequate financial resources. These potential sources include but are not limited to (i) financing from traditional or non-traditional investment capital organizations; (ii) funding from the sale of equity or debt instruments; and (iii) debt financing with lending terms that more closely match our business model and capital needs. There can be no assurance that we will gain adequate market acceptance for our products or be able to generate sufficient positive cash flow to achieve our business plans, that additional capital or other types of financing will be available when needed, or that such financing will be on terms favorable to the Company.

We expect to need to continue funding operating losses as we continue to scale our operations. Therefore, we are subject to risks including, but not limited to, our inability to raise additional funds through debt and/or equity financing to support our continued development, including capital expenditure requirements, operating requirements and to meet our liabilities and commitments as they come due. The Company's ability to continue as a going concern is dependent on the Company being successful in accessing additional sources of liquidity from lenders or investors. Although the Company is actively pursuing capital raising initiatives, there is no assurance that the Company will be successful in raising capital on acceptable terms or at all. These material uncertainties may cast significant doubt on the ability of the Company to continue as a going concern.

Cash Flows

Cash Flows from Operating Activities

Net cash used by operating activities was \$6.4 million for the year ended March 31, 2023, compared to \$10.5 million in the prior year. This improvement was driven primarily through improved working capital management.

Cash Flow from Investing Activities

Net cash used in investing activities was \$2.9 million during the year ended March 31, 2023, compared to \$22.5 million in the prior year. For the year ended March 31, 2022, the company invested \$14.4 million in acquisitions and equity investments as compared to \$0.8 million in the current fiscal year. In 2022, there was also the issuance of a related party note receivable which did not recur in the current fiscal year. The investing activities in the normal course of business were materially consistent year over year.

Cash Flow from Financing Activities

Net cash provided by financing activities was \$5.3 million during the year ended March 31, 2023, compared \$31.5 million in the prior year. The two major sources of funding during the period were increased amounts drawn under our credit facilities of \$6.2 million, and the Senior Secured Term Loan of \$3.5 million. In the current year, the Company repaid \$10.3 million in principal borrowings as compared to \$5.4 million in the prior year.

Contractual Obligations

In the first quarter of fiscal year 2025, the Company intends to convert certain outstanding debts into the 15% FBI Notes. The Company has received executed term sheets to this effect totaling \$8.1 million. Refer to the Company's Consolidated Financial Statements for the Company's contractual obligations as of March 31, 2023.

Financial Instruments

Financial instruments are measured either at fair value or at amortized cost. The individual fair values attributed to the different components of a financing transaction, notably derivative financial instruments, convertible loans, contingent liabilities, and preferred stock are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and derive estimates. Significant judgment is also used when attributing to fair values to each component of a transaction upon initial recognition, measuring fair values for certain instruments on a recurring basis and disclosing the fair values of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of instruments that are not quoted or observable in an active market. Information about the specific valuation techniques and inputs used in determining the fair value of financial instruments is disclosed in Note 24 of the Company's Consolidated Financial Statements. The table below lists the classification used for each type of financial instrument.

Key Classifications of Financial Instruments

| | |
|---------------------------------------|----------------|
| Cash | Amortized Cost |
| Accounts Receivable | Amortized Cost |
| Notes Receivable | Amortized Cost |
| Accounts Payable and Accrued Expenses | Amortized Cost |
| Other Long-Term Assets | Amortized Cost |
| Credit Facility | Amortized Cost |
| Related Party Loans | FVTPL* |
| Notes Payable | FVTPL* |
| Secured Term Loan | FVTPL* |
| Promissory Note | FVTPL* |
| Series A Preferred Stock Liability | FVTPL |
| Contingent Liability | FVTPL |
| Convertible Notes | FVTPL |
| Derivative Financial Instrument | FVTPL |

* Initially measured at FVTPL and subsequently measured on an amortized cost basis

Fair Value Hierarchy

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

- Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
- Level 3 Inputs for the asset or liability that are not based on observable market data.

The following summary shows the carrying amount and fair value of each financial instrument measured at fair value for the years ended March 31, 2023, and 2022:

| Financial Instruments | March 31, 2023 | | March 31, 2022 | | |
|----------------------------------|-----------------|--------|----------------|---------|---------|
| | Carrying amount | | Fair Value | | |
| | | | Level 1 | Level 2 | Level 3 |
| Unsecured Convertible Notes | 19,108 | - | | | |
| Contingent Liability | 2,863 | 500 | | | |
| Derivative Financial Instruments | 167 | 75 | | | |
| Series A Preferred Stock | 10,036 | 11,150 | | | |

On April 5, 2023, the Company settled the Preferred Stock liability through the issuance of shares.

There were no transfers into or out of the fair value levels for the year ended March 31, 2023, or the year ended March 31, 2022. Refer to the consolidated statement of loss in the Company's consolidated financial statements of the unrealized gains and losses applicable to financial assets.

Financial Risk Management

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is minimal as the leases and notes have fixed terms for the periods ending March 31, 2023.

Foreign currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of investment in its foreign subsidiaries. The Company's foreign currency risk arises primarily with respect to the Chinese Yuan Renminbi ("RMB") and the Canadian Dollar ("CAD"). Fluctuations in the exchange rates between the RMB and CAD and the US dollar could have a material impact on the Company's business, financial condition, and results of operations. The Company does not engage in hedging activity to mitigate this risk.

The exchange rates that have been used in preparing the financial statements are:

| | March 31, 2023 | | March 31, 2022 | |
|-----|----------------|--------------|----------------|--------------|
| | Average rate | Closing rate | Average rate | Closing rate |
| RMB | 0.1446 | 0.1456 | 0.1406 | 0.1576 |
| CAD | 0.7565 | 0.7390 | 0.798 | 0.8003 |

A 1% strengthening or weakening of the US dollar against the RMB at March 31, 2023 would result in an increase or decrease in other comprehensive income of approximately \$11.8 thousand. A 1% strengthening or weakening of the US dollar against the CAD at March 31, 2023 would result in an increase or decrease in other comprehensive income of approximately \$333.9 thousand.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, accounts receivable, and notes receivable. The risk to cash deposits is mitigated by holding these instruments with regulated financial institutions. Accounts receivable, and notes receivables credit risk arises from the possibility that principal and interest due may become uncollectible. The Company mitigates this risk by managing and monitoring the underlying business relationships. As of March 31, 2023, and 2022, the maximum credit exposure related to the carrying amounts of accounts receivable and notes receivable was \$10.3 million and \$18.3 million, respectively.

The Company's aging of trade receivables, net of expected credit losses, was as follows:

| | Accounts Receivable, Net | |
|---------------------------|--------------------------|------------------|
| | March 31, 2023 | March 31, 2022 |
| Current | \$ 5,294 | \$ 6,796 |
| Past due 1 to 30 days | 2,845 | 3,115 |
| Past due 31 to 60 days | 1,044 | 3,778 |
| Past due 61 to 90 days | 941 | 870 |
| Past due 91 to 120 days | 1,993 | 1,650 |
| Total Accounts Receivable | 12,117 | 16,209 |
| Less Allowance | (1,843) | (3,849) |
| Total | <u>\$ 10,274</u> | <u>\$ 12,360</u> |

Off-Balance Sheet Arrangements

As of the date hereof the Company does not have any off-balance sheet financing arrangements and has not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets.

Summary of Outstanding Share Data

The Company had the following securities issued and outstanding as of April 29, 2024:

| Securities | SV Shares |
|---|-------------|
| Total Current Outstanding | 343,698,518 |
| Convertible debentures and debt settlements | 78,542,329 |
| Warrants | 28,089,888 |
| Restricted Share Units | 24,600,000 |
| Stock Option Plan | 20,443,900 |
| Total Diluted Outstanding Shares | 495,374,635 |

Refer to Notes 16 and 17 in the Consolidated Financial Statements for a detailed description of these securities.

Quarterly Historical Data

The company is a reporting issuer as of November 30, 2022. The following selected financial information is derived from the consolidated financial statements of the Company for the most recent four historical quarters. All data is for the "three months", noted below.

| | For the three months ended | | | |
|---|----------------------------|-------------------|--------------------|---------------|
| | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 |
| Revenue | 17,326 | 18,307 | 14,855 | 19,101 |
| Loss from Continuing Operations | (8,835) | (2,092) | (3,461) | (153) |
| Net Loss Attributable to Company | 5,539 | (34,040) | (3,486) | (1,856) |
| Normalized Net Loss Attributable to Company | (6,280) | (3,175) | (3,486) | (1,856) |
| Basic and Diluted Loss per Share | 0.06 | (0.34) * | | * |

*Company formed as of 11/30/2022. We have excluded per share figures prior to that point.

Normalized net loss excludes the listing fee recorded as part of the RTO transaction as of December 31, 2022 and March 31, 2023.

Proposed Transactions

Refer to Note 27 in the Company's Consolidated Financial Statements for transactions that have occurred through April 29, 2024.

Related Party Transactions

Refer to Note 23 in the Company's Consolidated Financial Statements for events that have occurred through April 29, 2024.

Changes in Accounting Policy and Estimates

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments, and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after April 1, 2023. Updates which are not applicable or are not consequential to the Company have been excluded thereof. The Company has not identified any upcoming changes which could materially impact the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in January 2020 to provide a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments clarify that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument. The amendments are effective for annual periods beginning on January 1, 2023.

Amendments to IFRS 3 Reference to the Conceptual Framework

The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to IAS 16 Property, Plant and Equipment— Proceeds before Intended Use

The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract

The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective. The Company does not expect the adoption of the Standards will have a material impact on the financial statements of the Company in future periods, except if indicated below.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendment clarifies the requirements relating to determining if a liability should be presented as current or non-current in the statement of financial position. Under the new requirement, the assessment of whether a liability is presented as current or non-current is based on the contractual arrangements in place as at the reporting date and does not impact the amount or timing of recognition. The amendment applies retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company anticipates the application of these amendments may have an impact on the Company's consolidated financial statements in future periods.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities from a Single Transaction

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

Cautionary Statement Regarding Forward-Looking Statements

This document may contain "**forward-looking information**" (as defined under applicable securities laws). In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue", "target", "intend", "could" or the negative of these terms or other comparable terminology. This forward-looking information relates to future events or future performance including with respect to (i) the Company's objectives and priorities for fiscal year 2024 and beyond; (ii) the performance of the Company's business and operations; (iii) the Company's expectations regarding revenues, expenses and anticipated cash needs; (iv) the Company's expectations regarding future acquisitions, its ability to source investment opportunities and complete future acquisitions, its ability to finance such acquisitions and the expected timing and impact thereof; (v) the competitive conditions of the industry; (vi) the competitive advantages of the Company; (vii) the Company's strategic partnerships and the expected impact thereof; and (viii) the expected future business strategy, competitive strengths, goals, expansion and growth of the Company's business, including operations and plans, new revenue streams and cultivation and licensing assets.

Forward-looking information contained herein reflects management's current beliefs, expectations and assumptions and is based on information currently available to management, management's historical experience, perception of trends and current business conditions, expected future developments and other factors which management considers appropriate. With respect to the forward-looking information contained herein, the Company has made assumptions regarding, among other things: (i) its ability to generate cash flows from operations and obtain necessary financing on acceptable terms; (ii) general economic, financial market, regulatory and political conditions in which the Company operates; (iii) the output from the Company's operations; (iv) consumer interest in the Company's products; (v) competition; (vi) anticipated and unanticipated costs; (vii) government regulation of the Company's activities and products and in the areas of taxation and environmental protection; (viii) the timely receipt of any required regulatory approvals; (ix) the Company's ability to obtain qualified staff, equipment and services in a timely and cost efficient manner; (x) the Company's ability to conduct operations in a safe, efficient and effective manner; (xi) that the Company will meet its future objectives and priorities; (xii) that the Company will have access to adequate capital to fund its future projects and plans; (xiii) that the Company's future projects and plans will proceed as anticipated; (xiv) industry growth rates; and (xv) currency exchange and interest rates.

By its very nature, forward-looking information involves inherent risks and uncertainties, both general and specific, and many factors could cause actual events or results to differ materially from the results discussed in the forward-looking information. In evaluating forward-looking information, readers should specifically consider various factors that may cause actual results to differ materially from any forward-looking information. These factors include, but are not limited to, market and general economic conditions and the risks and uncertainties discussed in the section entitled "Risk Factors".

The forward-looking information contained in this MD&A is presented for the purpose of assisting investors in understanding business and strategic priorities and objectives of the Company as at the periods indicated and may not be appropriate for other purposes. Forward-looking information contained in this MD&A is not a guarantee of future performance and, while forward-looking information is based on certain assumptions that the Company considers reasonable, actual events and results could differ materially from those expressed or implied by forward-looking information. Prospective investors are cautioned to consider these and other factors carefully when making decisions with respect to the Company and not place undue reliance on forward-looking information. Circumstances affecting the Company may change rapidly. Except as may be expressly required by applicable law, the Company does not undertake any obligation to update publicly or revise any such forward-looking information, whether as a result of new information, future events or otherwise.

This is Exhibit “J” referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

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

Applicants

**FURTHER AMENDED NOTICE OF MOTION
(Order Rescinding Share Exchange Agreement)**

Final Bell Holdings International Ltd. will make a Motion to the Honourable Justice Peter J. Osborne on a date to be determined by the Court at the court house, 330 University Avenue, Toronto, Ontario, M5G 1E6.

PROPOSED METHOD OF HEARING: The Motion is to be heard

In person;

THE MOTION IS FOR

1. ~~An Order rescinding the share exchange agreement dated December 5, 2023, between BZAM Ltd., Final Bell Canada Inc., and Final Bell Holdings International Ltd.;~~

2. ~~In addition or in the alternative, if rescission will not put Final Bell Holdings International Ltd. in the same position as it was in before it entered into the share exchange agreement, an order for equitable compensation, is not possible, and/or an Order directing a further hearing to determine an appropriate alternative remedy for Final Bell Holdings International Ltd.;~~ A Declaration that BZAM Ltd. and its affiliates are liable to Final Bell Holdings International Ltd. for equitable damages, in an amount to be determined by the Court at a reference;

2.1 A Declaration that the equitable damages for which BZAM Ltd. and its affiliates are liable to Final Bell Holdings International Ltd. are subject to a constructive trust;

2.2 Costs of this proceeding; and

3. Such further and other Relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE

Overview

4. On January 8, 2024, the Applicant, BZAM Ltd. (“**BZAM**”) and Final Bell Holdings International Ltd. (“**Final Bell**”) completed a transaction (the “**Transaction**”) whereby Final Bell sold its Canadian subsidiary, Final Bell Canada Inc. (“**FBC**”), to BZAM. Final Bell received ninety million (90,000,000) shares of BZAM valued at 15 cents (\$0.15) per share and an \$8 million promissory note in exchange for all the outstanding shares of FBC. The total consideration Final Bell received in exchange for FBC was valued at \$21,500,000 when the Transaction closed.

5. Prior to the closing of the Transaction, Final Bell conducted extensive due diligence on BZAM. As part of the due diligence process, BZAM made detailed representations to Final Bell

concerning the financial condition of BZAM for the purpose of persuading Final Bell to enter into the Transaction in exchange for equity and unsecured debt.

6. These representations, which Final Bell's board relied on in deciding to approve the transaction, included:

- i. BZAM had sufficient cash to fund its operations and would experience positive cash flows throughout 2024;
- ii. BZAM had between \$6-7 million in financing available through access to a revolving credit facility it had with Cortland Credit Lending Corporation ("**Cortland**") which in March 2024 would be extended for a further 15 months;
- iii. BZAM had no outstanding tax liabilities other than the \$7,828,000 in liabilities it disclosed to Final Bell; ~~and~~
- iv. BZAM had sufficient cash flow throughout 2024 to funds it tax liabilities; and
- v. BZAM would not commit a "change of control", as that term is defined in the Cortland credit facility, without Cortland's consent in writing.

7. On February 28, 2024, less than two months after the transaction closed, BZAM applied for protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("**CCAA**") on the basis that it had insufficient liquidity crisis to meet its obligations when they became due and required immediate protection from its creditors.

8. The materials filed by BZAM in support of its CCAA application and the cross-examination testimony of Sean Bovingdon and Matthew Milich reveal that the representations ~~it~~

BZAM made to Final Bell prior to the closing of the Transaction were false, or else BZAM was reckless as to their truth or falsity. Among other things, BZAM's CEO testified in the CCAA application materials that BZAM has insufficient cash to fund its operations, has limited credit available to it from Cortland, and that it is unable to pay its excise tax and GST liabilities.

9. If BZAM had not misled Final Bell, the Transaction would not have closed. If the CCAA proceedings go forward without a rescission of the Transaction or other relief in the alternative, Final Bell will suffer the loss of the entire consideration it bargained for on January 8, 2024, due to its detrimental reliance on BZAM's false representations.

10. The CCAA was not intended to be a means for debtors to "outwit" counterparties to transactions. But that will be the outcome here if the Court does not grant the relief sought by Final Bell.

The Parties

11. Final Bell is the former owner of the Applicant, High Road Holdings Corp. (previously named Final Bell Canada Inc.). Final Bell sold FBC to BZAM on January 8, 2024.

12. The Applicant, BZAM, is a publicly listed cannabis company that cultivates, processes and markets a range of cannabis products, including dried cannabis and cannabis extract products. The other Applicants to the CCAA proceeding are all directly or indirectly wholly owned subsidiaries of BZAM.

13. Matthew Milich is the CEO of BZAM. On February 28, 2024, Mr. Milich swore an affidavit in support of BZAM's request for CCAA protection. Mr. Milich's affidavit contained various statements about BZAM's financial position.

14. Bassam Alghanim is the largest shareholder of BZAM and the chairman of its board. He is also the principal of Stone Pine, one of the secured creditors of BZAM, which is owed approximately \$9,024,755.67.

BZAM Proposes to Acquire FBC

15. Beginning in October 2023, BZAM and Final Bell engaged in discussions regarding the sale of its Canada subsidiary, FBC, to BZAM.

16. On November 1, 2023, BZAM and Final Bell executed a letter of intent setting out BZAM's proposal to buy all of the issued and outstanding common shares of FBC. A significant amount of the purchase price, as set out in the letter of intent, was to be in the form of shares of BZAM.

Final Bell Conducts Due Diligence

17. Final Bell began conducting due diligence on the proposed transaction. This included diligence on the financial position of the potential purchaser BZAM, as Final Bell would be acquiring a significant shareholding in BZAM pursuant to the terms of the proposed transaction.

18. As part of the due diligence process, BZAM provided Final Bell with detailed financial information about BZAM. The information provided to Final Bell included audited and unaudited financial statements, financial models, spreadsheets, PowerPoint decks, emails, and oral statements by representatives of BZAM to representatives of Final Bell.

19. The information that BZAM filed in support of its application for CCAA protection, in particular the February 28, 2024 affidavit of Matthew Milich, CEO of BZAM (the "**Milich**

Affidavit”), demonstrates that the representations BZAM made to Final Bell during the due diligence process were false, or that BZAM was reckless as to their truth.

False or Reckless Representations about BZAM’s Cash Flows

20. BZAM provided information to Final Bell about its future cash flows through spreadsheets and a PowerPoint presentation it provided to Final Bell. These materials contained a pro forma cash flow statement for BZAM projected through to the end of 2024.

21. Through these cash flow statements, BZAM represented that it would have positive cash flows beginning in Q1 of 2024 and continuing throughout the year. It also showed that BZAM had more than sufficient cash and access to debt to fund its operations and would continue to do so going forward.

22. The information about BZAM’s cash flows contained in the Milich Affidavit contradicts the information that BZAM provided to Final Bell during the due diligence process. For example, at paragraph 8 of the Milich Affidavit, Mr. Milich testified that BZAM was in a dire liquidity crisis and would not be able to meet its obligations as they came due absent additional financing.

23. This evidence, adduced less than two months after the Transaction closed, demonstrates that at the closing of the Transaction on January 8, 2024, BZAM’s representations as to its cash flows were false, or else BZAM was reckless as to the truth or falsity of those representations.

24. Among other things, the purchase of FBC by BZAM was cash flow positive for the combined entities. The only way that BZAM could transform from a cash-flow positive to

insolvent entity in a matter of weeks was if it did not have a realistic expectation of being cash flow positive in 2024 when the Transaction closed.

False Representations about the Cortland Credit Facility

25. BZAM provided information to Final Bell about its access to credit through a revolving credit facility with Cortland (the “**Cortland Credit Facility**”). In PowerPoint decks and spreadsheets provided to Final Bell, BZAM represented that it expected to have access to between \$6-7 million in financing throughout 2024 under the Cortland Credit Facility.

26. Although Final Bell was aware that the Cortland Credit Facility was due to mature on March 24, 2024, BZAM assured Final Bell it would be able to procure a 15-month extension from Cortland. This assurance was provided by Sean Bovingdon, the then-CFO of BZAM, to Keith Adams, the CFO of Final Bell, in a virtual meeting held November 21, 2023. Mr. Bovingdon’s assurances were later confirmed by PowerPoint decks and spreadsheets BZAM provided to Final Bell, in which the Cortland Credit Facility continued to be available to BZAM throughout 2024.

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

28. At paragraph 83 of his affidavit, Mr. Milich testified: “The term of the revolving credit facility expires on March 24, 2024, after which the Company must make monthly prepayments towards the base facility amounts borrowed.” This statement directly contradicts the representations BZAM made to Final Bell concerning BZAM’s access to the Cortland Credit Facility beyond March 2024.

29. In addition, at paragraph 86 of his affidavit, Milich testified that as of February 28, 2024, BZAM had access to less than \$2 million through the Cortland Credit Facility. This evidence contradicts BZAM's representation to Final Bell that BZAM would have access to between \$6 and \$7 million under the facility throughout 2024.

30. Similar to the cash flow misrepresentations, the availability of credit under the Cortland Credit Facility and the availability of an extension would not meaningfully change between January 8, 2024, and February 8, 2024, when Milich informed the board of BZAM that the company was on the verge of insolvency. The contradictions between the representations BZAM made to Final Bell prior to the closing of the Transaction and the information contained in the Milich Affidavit demonstrates that BZAM either knew its representations to Final Bell about the Cortland Credit Facility were false, or it was reckless as to their truth or falsity.

False Representations about Excise Tax and GST Liabilities

31. In Canada, excise tax is payable by licensed producers on packaged cannabis and related products when they are sold to provincially-approved distributors and retailers. This tax is set at \$1 per gram, or 10% of a producer's selling price (whichever is higher).

32. As part of the due diligence process, BZAM provided Final Bell information about its outstanding tax liabilities. BZAM disclosed that, as of mid-November 2023, two BZAM affiliated companies, BZAM Management Inc. ("**BMI**"), and The Green Organic Dutchman Ltd., ("**TGOD**"), had an excise tax and GST liability of \$7,828,000, which was subject to payment plans with the Canada Revenue Agency ("**CRA**") and would be paid over the course of between 12 and 21 months. These tax liabilities were also set out in a disclosure letter dated December 5, 2023 (the "**BZAM Disclosure Letter**"). The BZAM Disclosure Letter stated that

BZAM was current with all its taxes, with the exception of the \$7,828,000 in excise tax and GST liability that had been disclosed to Final Bell.

33. Consistent with this information, the statements of future cash flows BZAM provided to Final Bell incorporated arrears payments to CRA over the course of 2024. BZAM represented to Final Bell that it had the means to pay its tax liabilities for the foreseeable future.

34. The Milich Affidavit disclosed tax liabilities that were not disclosed to Final Bell prior to the closing of the Transaction:

- i. Milich testified at paragraph 62 of his affidavit that as of February 15, 2024, BZAM subsidiaries had approximately \$9,083,289.33 in excise tax arrears. In comparison, BZAM's disclosures to Final Bell indicated that BZAM only had approximately \$6,356,000 million in excise tax arrears, all of which were subject to payment plans with the CRA. The only plausible explanation for this \$2.7 million increase in excise tax arrears over the course of less than two months is that BZAM failed to disclose all of its outstanding tax liabilities to Final Bell prior to the closing of the transaction.
- ii. Milich also testified that on February 2, 2024, BMI, one of BZAM's subsidiaries, agreed to a temporary payment plan with the CRA in which it agreed to pay \$164,474 monthly in excise taxes. The excise tax liability associated with this payment plan was not disclosed by BZAM as part of the due diligence process. If a payment plan was agreed to on February 2, 2024, the liability for tax arrears for these taxes would have started to accrue before January 8, 2024, in which case this was another liability that Final Bell was required to disclose to BZAM.

- iii. Milich testified at paragraph 63 of his affidavit that as of February 15, 2024, BZAM Cannabis, a BZAM subsidiary, has approximately \$923,851.04 outstanding in respect of GST liabilities. No outstanding tax liability of any kind was disclosed to Final Bell with respect to BZAM Cannabis. Again, it is unlikely this liability was owing as of January 8, 2024, in which case it should have been disclosed to Final Bell.

BZAM Formed Intention to Terminate Its CFO's Employment Before Closing

34.1 Among the material representations made by BZAM that Final Bell relied on to enter into the share exchange agreement was a representation that it was not in material breach of its credit facility with Cortland.

34.2 This representation, like all of the representations in the share exchange agreement, were updated as of the date of closing by the execution of a "bring-down certificate" by Mr. Milich on January 5, 2024. The BZAM bring-down certificate did not advert to any changes to the representations in the share exchange agreement.

34.3 However, as of January 5, 2024, Mr. Milich had already formed an intention to terminate Mr. Bovingdon's employment as BZAM's chief financial officer without cause within days of the closing of the transaction. Mr. Milich formed an intention to do so without seeking the prior written consent of Cortland, in breach of the Cortland credit facility.

34.4 BZAM knowingly or recklessly misrepresented to Final Bell that it was not in breach of the Cortland facility in circumstances where it had already formed an intention to breach the facility within days of closing.

The Final Bell Board Approves the Transaction Based on BZAM's False Representation

35. Final Bell approved the Transaction based on materials containing BZAM's misrepresentation, including multiple PowerPoint presentations. The PowerPoint presentations provided to the Final Bell board—containing data provided by BZAM—noted that BZAM had strong operational cash flows and had \$6-7 million available through the Cortland Credit Facility which was expected to be renewed. The PowerPoint presentations made no mention of significant outstanding tax liabilities that needed to be managed.

36. Based on the representations made to Final Bell about the financial condition of BZAM, the Final Bell board voted to move forward with the Transaction and enter into a share exchange agreement with BZAM.

The December 5, 2023 Share Exchange Agreement

37. The parties entered into a share exchange agreement (the "SEA") dated December 5, 2023. The SEA provides that Final Bell would sell all of its issued and outstanding shares of FBC in exchange for ninety million (90,000,000) shares of BZAM. The SEA also provided that FBC would issue promissory notes totalling \$8 million to Final Bell, guaranteed by BZAM. Ultimately, before closing, the parties agreed that Final Bell would be issued a single, unsecured note of \$8 million with a fixed repayment term.

38. The SEA provided that ninety million (90,000,000) BZAM shares would be issued to Final Bell at a deemed price of \$0.15 per share. Accounting for the deemed share price and the \$8 million promissory note, FBC was worth \$21.5 million.

39. The Share Exchange Agreement also provided that Final Bell could appoint a nominee to BZAM's board on closing.

40. The BZAM Disclosure Letter, described above as setting out the outstanding tax liabilities of BZAM, was incorporated by reference into the SEA. Article 9.7 of the SEA required that each party promptly notify the other in writing prior to closing if their disclosure letters required updating. BZAM never notified Final Bell that the BZAM Disclosure Letter needed to be updated.

The Transaction Closes

41. The transaction closed on January 8, 2024. On the same day, Kay Jessel, an executive director of Final Bell, was appointed to the board of BZAM.

42. Pursuant to the terms of the transaction, on January 5, 2024, FBC issued an unsecured promissory note to Final Bell for the amount of \$8 million to be paid in monthly installments. The promissory note has a maturity date of June 15, 2027. On the same day, the CEO of BZAM, Matthew Milich, executed an agreement whereby BZAM agreed to guarantee the promissory note owing to Final Bell.

January 24, 2024 Budget Meeting

43. On January 24, 2024, BZAM held a budget meeting to introduce staff at FBC to BZAM (the “**Budget Meeting**”). The Budget Meeting was attended by the entire BZAM board, along with the senior management teams of BZAM and FBC. Approximately thirty people attended. The meeting was led by BZAM’s CEO, Matthew Milich. It lasted roughly two hours.

44. During the Budget Meeting, Mr. Milich said that BZAM expected to continue to draw advances from the Cortland Credit Facility throughout the year. This representation was consistent with the representations made to Final Bell before the transaction closed, namely that the Cortland Credit Facility would be available to BZAM beyond its March 2024 maturity date.

During the Budget Meeting, there was no discussion of BZAM facing any financial problems, or of it potentially requiring an insolvency proceeding.

February 8, 2024: First Board Meeting

45. On February 8, 2024, BZAM held its first board meeting since the acquisition of FBC. During this meeting, the BZAM board was informed that BZAM needed to undergo a complete business reorganization. Despite requests from board members, no details were provided about the reason for the reorganization. During the meeting it was also announced that Sean Bovington had been fired as BZAM's CFO and had been removed from the board.

46. Mr. Milich informed the board that BZAM would likely have to undergo a restructuring in the near future due to a "funding gap" and excise tax liability. Mr. Milich did not elaborate on or explain what he meant by restructuring. There was no reference to or discussion of BZAM seeking CCAA protection. Nor did Mr. Milich explain why an excise tax liability, being an ordinary course business expense of companies operating in the Canadian cannabis industry, would be unanticipated or require BZAM to seek protection from its creditors.

47. BZAM did not disclose these issues to the market ahead of its CCAA application. Nor has it since publicly disclosed the reasons for Mr. Bovington's termination.

February 12, 2024: Second Board Meeting

48. A further BZAM board meeting took place on February 12, 2024. The Monitor and its counsel were in attendance as well as BZAM's insolvency counsel, Sean Sweig of Bennett Jones LLP.

49. Mr. Zweig explained the intended path forward through a CCAA proceeding. Mr. Zweig stated that there would likely be a public stalking horse bid with enough time for others to come in and bid in the process. Mr. Zweig also stated that the stalking horse bid would come from Stone Pine, the company owned by BZAM's Chair and largest shareholder, Mr. Bassam Alghanim.

BZAM Requests CCAA Protection

50. On February 28, 2024, BZAM made an application seeking CCAA protection and this Court issued an order (the "**Initial Order**") commencing these proceedings. The Initial Order was granted in part based on the February 28, 2024 Milich Affidavit. As set out above, statements about BZAM's financial condition contained in the Milich Affidavit demonstrate that BZAM made false representations to Final Bell to induce it to enter in the SEA for the sale of FBC.

BZAM Induced Final Bell to Sell FBC through Fraudulent Misrepresentations

51. During the due diligence process, BZAM made the following representations to Final Bell about BZAM's financial condition in order to induce Final Bell to enter into the SEA for the sale of FBC:

- i. BZAM had sufficient cash to fund its operations and would experience positive cash flows throughout 2024;
- ii. BZAM had between \$6-7 million in financing available through access to a revolving credit facility it had with Cortland which in March 2024 would be extended for a further 15 months;

-15-

- iii. BZAM had no outstanding tax liabilities other than the \$7,828,000 in liabilities it disclosed to Final Bell; ~~and~~
- iv. BZAM had sufficient cash flow throughout 2024 to funds it tax liabilities; and
- v. BZAM was not in material breach of its change of control obligations under the Cortland facility.

52. BZAM made these representations with the intention that Final Bell would act on them and agree to enter into the SEA. Final Bell's board reasonably relied on these representations in making its decision to enter into the SEA with BZAM. The Milich Affidavit demonstrates that these representations were false. Prior to or at the closing of the Transaction, BZAM knew the representations were false, or else was reckless as to their truth or falsity.

53. If the CCAA proceedings go forward, Final Bell will suffer a significant loss because of its reliance on BZAM's false representations. Final Bell will be unable to collect on its \$8 million promissory note and the value of its ninety million (90,000,000) shares in BZAM will be wiped out.

Rescission is Equitable Damages and Constructive Trust are the Appropriate Remedies

54. Final Bell is an innocent party who was induced to enter into the SEA by a false or misleading representation made by BZAM.

55. BZAM's misrepresentation was material and went to the root of the SEA that Final Bell and BZAM entered into. BZAM's consideration to Final Bell in exchange for all of FBC's shares was in the form of equity in BZAM and unsecured debt. Both are now worthless. BZAM's false representations about its financial condition are directly relevant to the consideration paid to

Final Bell in the Transaction – Final Bell would not have agreed to take equity in and grant unsecured debt to a corporation that was on the verge of insolvency.

Statutes and Regulations

56. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-44, sections 11, 11.02, 11.03, 19, and 36.
57. *Courts of Justice Act*, R.S.O. 1990, c. C.43, s. 138.
58. *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, rules 1.04, 6.01, 16.08, and 37.
59. Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

1. The affidavit of Kay Jessel sworn March 18, 2024 and the reply affidavit of Kay Jessel sworn April 1, 2024;
2. The affidavit of Keith Adams sworn March 18, 2024 and the reply affidavit of Keith Adams sworn April 1, 2024;
3. The evidence adduced by the responding parties and the transcripts of the cross-examinations of those witnesses on their affidavits;
4. The transcript of the examination of Sean Bovingdon held April 8, 2024; and
5. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

-17-

~~March 18~~ ~~April 16~~ May 6, 2024

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Brendan Bohn LSO#: 81443O
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Tel: 416 956 5084

Lawyers for Final Bell Holdings International Ltd.

TO: **THE SERVICE LIST**

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

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

Applicants

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

AMENDED NOTICE OF MOTION

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Lawyers for Final Bell Holdings International Ltd.

This is Exhibit “K” referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

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

Applicants

**BILL OF COSTS OF THE RESPONDING PARTY,
FINAL BELL HOLDINGS INTERNATIONAL LTD.**

(Partial Indemnity and Substantial Indemnity)

PART I - FEES

A Claim for fees is being made with respect to the following professionals:

| <u>Name of Lawyer</u> | <u>Year Called to the Bar</u> |
|-----------------------|-------------------------------|
| Andrew Winton | 2007 |
| David Ionis | 2020 |
| Brendan Bohn | 2021 |
| Joanna Vasiliou | Student-at-law |

| COSTS INCURRED TO DATE | | | | | |
|---|--------------------|--------------|--------------------------|------------------------------|----------------------|
| 1. Summary Trial Preparations | | | | | |
| Receipt and review of BZAM's CCAA materials; legal research and preparation of Final Bell's summary trial material, including notice of motion, amended notice of motion, motion record, and reply motion record; receipt and review of BZAM's responding summary trial material, including responding motion record; preparation of Final Bell's request to admit; receipt and review of BZAM's response to request to admit; prepare and respond to Redfern requests; review of BZAM's document productions; preparation of document briefs; preparation for and attendance at cross-examinations; preparation of undertakings and answers to undertakings; preparation of summary trial documents, including agreed statement of facts, cast of characters, chronology, and joint brief of transcripts and undertakings; legal research and preparation of Final Bell's written opening submissions and supplementary written opening submissions; preparation for and attendance at various case conferences with Justice Osborne; and, attend to all correspondence, discussions and meetings with client, counsel, and the Court. | | | | | |
| Lawyer | Hourly Rate | Hours | Partial Indemnity | Substantial Indemnity | Actual Amount |
| A. Winton | \$975.00 | 135.00 | \$78,975.00 | \$118,462.50 | \$131,625.00 |
| D. Ionis | \$575.00 | 157.00 | \$54,165.00 | \$81,247.50 | \$90,275.00 |
| B. Bohn | \$575.00 | 155.60 | \$53,682.00 | \$80,523.00 | \$89,470.00 |
| J. Vasiliou | \$450.00 | 28.40 | \$7,668.00 | \$11,502.00 | \$12,780.00 |
| A. McKnight (Law Clerk) | \$400.00 | 18.00 | \$4,320.00 | \$6,480.00 | \$7,200.00 |
| SUBTOTAL | | | \$198,810.00 | \$298,215.00 | \$331,350.00 |
| PROJECTED COSTS FROM THIS POINT FORWARD | | | | | |
| 2. Summary Trial Hearing | | | | | |
| Attend to any pre-hearing matters; receipt and review of BZAM's opening submissions; preparation for and attendance at 2 day summary trial hearing; legal research and preparation of Final Bell's closing submissions; and, receipt and review of BZAM's closing submissions. | | | | | |
| Lawyer | Hourly Rate | Hours | Partial Indemnity | Substantial Indemnity | Actual Amount |
| A. Winton | \$975.00 | 40.00 | \$23,400.00 | \$35,100.00 | \$39,000.00 |
| D. Ionis | \$575.00 | 45.00 | \$15,525.00 | \$23,287.50 | \$25,875.00 |
| J. Vasiliou | \$450.00 | 20.00 | \$5,400.00 | \$8,100.00 | \$9,000.00 |
| SUBTOTAL | | | \$44,325.00 | \$66,487.50 | \$73,875.00 |

| | Partial Indemnity | Substantial Indemnity | Actual Amount |
|-------------------------------|------------------------------|----------------------------------|--------------------------|
| SUBTOTAL – FEES | \$243,135.00 | \$364,702.50 | \$405,225.00 |
| HST | \$31,607.55 | \$47,411.33 | \$52,679.25 |
| TOTAL FEES AND 13% HST | \$274,742.55 | \$412,113.83 | \$457,904.25 |

| |
|--|
| PART II – DISBURSEMENTS TO DATE |
|--|

| | |
|--|-------------------|
| <u>Non-taxable</u> | |
| Court Filing Fees | \$272.00 |
| | |
| <u>Taxable</u> | |
| Online Research | \$155.02 |
| Printing/Photocopying | \$2,522.00 |
| Transcripts | \$168.75 |
| | |
| SUBTOTAL – TAXABLE DISBURSEMENTS | \$2,845.77 |
| HST | \$369.95 |
| NON-TAXABLE AMOUNT | \$272.00 |
| TOTAL DISBURSEMENTS TO DATE AND HST | \$3,487.72 |

| |
|---|
| PART III – PROJECTED DISBURSEMENTS |
|---|

| | |
|---|--------------------|
| Anticipated Disbursement up to and including trial: court report, transcripts, etc. | \$15,000.00 |
| | |
| TOTAL PROJECTED DISBURSEMENTS AND HST | \$15,000.00 |

| SUMMARY | Partial Indemnity | Substantial Indemnity | Actual Amount |
|--|------------------------------|----------------------------------|--------------------------|
| TOTAL FEES, DISBURSEMENTS AND HST | \$293,230.27 | \$430,601.55 | \$476,391.97 |

E. & O.E.

May 9, 2024

LAX O'SULLIVAN LISUS GOTTLIEB LLP
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Lawyers for Final Bell Holdings International Ltd.

TO: **THE SERVICE LIST**

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Applicants

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

BILL OF COSTS

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Lawyers for Final Bell Holdings International Ltd.

This is Exhibit “L” referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS



Michael S. Shakra

Partner

T: 416.777.6236 / E: shakram@bennettjones.com

Toronto

EDUCATION

York University, BA

Western University, JD, 2012

BAR ADMISSIONS

Ontario, 2013

Michael Shakra practices commercial law with an emphasis on insolvency, restructuring, recapitalizations, private workouts, secured transactions and enforcement of debtor and creditor rights. He has significant experience in complex cross-border matters across a number of industries, including oil and gas, cannabis, construction, investment funds, retail and manufacturing. Michael also provides strategic and risk mitigation advice on corporate lending transactions.

"Michael Shakra is a rising star in the insolvency market. His practice exhibits strength in domestic and cross-border restructurings across a number of industries."

Chambers Canada

Prior to his call to the Bar, Michael spent time as a Short-Term Consultant with Debt Resolution and Business Exit Group of the International Finance Corporation and the World Bank Group in Washington D.C.

Michael's public mandates have included:

For Debtors: Sears Canada, Stoneway Capital Corporation; Calfrac Well Services; MPX International Corporation; FIGR Brands Inc.; Stone Investment Group; Bonavista Energy Corporation; Bumble Bee/Clover Leaf Seafoods; JWC Cannabis; PharmHouse Inc.; Muskoka Grown Inc.; Tervita Corporation; Payless ShoeSource Canada; BCBG Max Azria Canada Inc., Atlas Global Healthcare; Express Fashion Apparel Canada; Bondfield Construction Company; Coopers & Lybrand Chartered Accountants; and Coupcon Inc.

For Lenders / Bondholders: Jack Cooper Transport; Bellatrix Exploration; Connacher Oil and Gas; NCSG Crane & Heavy Haul; Entrec Corporation; U.S. Steel Canada Inc.; Natural Energy Systems Inc.; Stuart Olson Inc.; Concordia International Corp.; and Curative

Cannabis.

For Estate Fiduciaries / Court Appointed Trustees and Monitors: Bridging Finance (Representative Counsel to Unitholders); Nortel Networks (counsel to UK Pension Claimants); Superette Inc.; Wayland Group; Golf Town Canada; and Payless ShoeSource Canada.

This is Exhibit “M” referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS



Alessandro Bozzelli

Partner

Contact Information

416 869 5317
abozzelli@cassels.com

Office

Toronto

Expertise

- Banking & Specialty Finance

Biography

Alessandro Bozzelli is a partner in the Banking & Specialty Finance Group at Cassels. Alessandro has developed strong knowledge and experience in a wide range of financing and debt transactions with a particular emphasis on acting for borrowers and lenders in various financing matters including bilateral and syndicated lending, asset-based lending, aviation financings, acquisition financings, franchise financings, cross-border financings, project financings, renewable energy projects, mezzanine financings, inter-creditor arrangements, real estate financings, receivables financing transactions and factoring transactions. He is recognized as a leader in his field by such publications as *Lexpert*, *IFLR1000* and *Best Lawyers in Canada: Ones to Watch*.

Alessandro is fluent in English, French, and Italian. Prior to joining Cassels, he served as a partner in the Toronto office of an international law firm and as a project manager in the Toronto office of a North American energy company.

Achievements

- *Best Lawyers in Canada: Ones to Watch* (Banking & Finance Law)
- *Canadian Legal Lexpert Directory* (Banking & Financial Institutions)
- *Expert Guides* (Aviation)
- *IFLR1000* (Banking and Finance)
- *LMG's Rising Stars* (Banking & Finance Law)

Education / Bar Admissions

- J.D., Osgoode Hall Law School, 2014
- MBA, Schulich School of Business, 2014
- iBBA, Schulich School of Business, 2008

- Ontario, 2015

Associations

- Canadian Bar Association

- Law Society of Ontario
- Ontario Bar Association

This is Exhibit "N" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS



Kori Williams

Partner

Contact Information

416 860 2990
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Office

Toronto

Expertise

- Banking & Specialty Finance
- Banking & Specialty Finance

Biography

Kori Williams is a partner in the Banking & Specialty Finance Group at Cassels. Kori possesses strong and established knowledge and experience in a wide range of financing and debt transactions with a particular emphasis on acting for borrowers and lenders in various financing matters including bilateral and syndicated lending, asset-based lending, acquisition financings, franchise financings, cross-border financings, project financings, renewable energy projects, mezzanine financings, inter-creditor arrangements, and real estate financings. Kori has been recognized as a leader in his field by *The Canadian Legal Lexpert Directory* and *Best Lawyers in Canada* since 2019.

Kori acts for a number of financial institutions as well as other public and private entities in the financial services, resource, manufacturing, energy, and retail industries.

Kori's representative work includes:

- **Bank of Montreal:** Advising the Bank as administrative agent for a syndicate of lenders to Element Financial Corporation and Element Financial (US) Corp in a US\$8.5 billion amended and restated senior secured credit facility to finance the acquisition of fleet assets in the United States, Australia and New Zealand from General Electric Capital Corporation.
- **Bank of Montreal:** Advising the Bank, as lead arranger and administrative agent, in connection with the establishment of syndicated credit facilities for Constellation Software Inc., a Canadian public company with worldwide operations, including a US\$300 million operating facility and a US\$350 million bridge acquisition facility to assist the borrower in acquiring Total Specific Solutions (TSS) B.V., a Netherlands company.
- **Bank of Montreal:** Advising the bank as administrative agent for a syndicate of lenders to Element Financial Corporation and Element Financial (US) Corp in a US\$8.5 billion amended and restated senior secured credit facility to finance the acquisition of fleet assets in the United States, Australia and New Zealand from General Electric Capital Corporation.
- **Canadian Chartered Bank:** Acting as counsel to the

administrative agent and the lenders in connection with the C\$215 million project financing for the development, construction, ownership and operation of the 58.32 MW Bow Lake wind power project. The Bow Lake wind power project is owned by a limited partnership with the Batchewana First Nation and BluEarth Renewables as limited partners and currently represents the largest economic partnership between a First Nation and a wind energy developer in Canada.

- **Canadian Chartered Bank:** Advising the Agent on an approximately C\$300 million syndicated credit facility in favour of one of Canada's largest waste disposal companies.
- **Canadian Chartered Bank:** Advising the Bank in connection with C\$70 million franchise finance facilities for one of North America's largest franchisees of fast casual restaurants.
- **Confidential client:** Acting as counsel to the lending syndicate on Element Financial Corporation's US\$585 million senior syndicated revolving credit facility and a US\$600 million syndicated bridge credit facility to support the acquisition of leased railcars and the acquisition of a leased helicopter portfolio from GE Capital. These transactions are part of Element Financial's US\$2-billion vendor finance program with Trinity Industries.
- **Element Financial Corporation:** Acting as counsel to the lenders in a C\$1.5 billion amended and restated senior credit facility related to the acquisition of PHH Arval, PHH Corporation's North American fleet management services business.
- **MUFG Union Bank, N.A., Union Bank - Canada Branch and SMBC:** Advising the agent and a syndicate of lenders on a C\$121 million project financing to be used for the development, construction, ownership and operation of a 40 MW wind power energy generation facility of Grand Valley 2 Limited Partnership in Ontario.
- **National Bank of Canada:** Acting as counsel to the administrative agent and the lenders providing credit facilities in the aggregate amount of C\$215 million for the development, construction and commissioning of 4 solar projects in Ontario totaling 38.5 MW. The financing is also to be used in connection with the subsequent acquisition of the solar projects by BluEarth Renewables Inc. from CSI Solar Project

16 Inc.

Prior to joining Cassels, Kori was a partner in the Toronto office of a global firm.

Achievements

- *Best Lawyers in Canada* (Asset-Based Lending; Banking & Finance Law)
- *Canadian Legal Lexpert Directory* (Banking & Financial Institutions)

Recent Representative Work

- Avant Enters Stalking-Horse Purchase Agreement to Acquire The Flowr Group

Education / Bar Admissions

- LL.B., Western University, 2007
- B.A., York University, 2002

- Ontario, 2008

This is Exhibit "O" referred to in the Affidavit of Ashely McKnight sworn by Ashely McKnight at the City of Oshawa, in the Regional Municipality of Durham, before me on May 9, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS



Natalie E. Levine

Partner

Contact Information

416 860 6568
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Office

Toronto

Expertise

- Restructuring & Insolvency

Biography

Natalie Levine (she/her/hers) is a partner in the Restructuring & Insolvency Group at Cassels. As a former US practitioner, Natalie's strength is in working with US-based clients to understand the challenges of the Canadian insolvency landscape and developing solutions in complex proceedings. Her practice focuses on corporate restructurings, with an emphasis on debtors, DIP lenders and informal committees in cross-border proceedings. Her restructuring matters encompass a variety of industries including mining, oil and gas, retail, manufacturing, transportation and entertainment.

A few of Natalie's recent and public representations include acting for:

- Payless ShoeSource Canada Inc. and its affiliates in their cross-border insolvency proceedings
- Former directors and officers of Sears Canada Inc. in connection with the Sears Canada CCAA proceedings and related litigation
- Connacher Oil and Gas Limited in its CCAA proceedings
- Grant Thornton as Monitor in the Toys "R" Us (Canada) Ltd. cross-border insolvency proceedings
- The Official Committee of Unsecured Creditors of Aegerion Pharmaceuticals Holdings Inc., et al. in connection with a cross-border litigation and insolvency proceeding
- The Official Committee of Unsecured Creditors of BPS US Holdings Inc., et al. in connection the company's chapter 11 and CCAA proceedings

Natalie is a member of IWIRC and active in the TMA Network of Women. Natalie is also a member of the NCBJ NexGen class of 2016. Natalie is frequently asked to speak on comparative US and Canadian restructuring issues, and has served as guest lecturer at the University of Windsor.

Achievements

- *Chambers Canada* (Restructuring & Insolvency)
- *Lexpert*, Rising Star Award (2021)

Client Commentary

- “Natalie is an outstanding lawyer.” – *Chambers Canada (Restructuring/Insolvency)*

Recent Representative Work

- Nexus Capital Completes Purchase of Assets from MAV Beauty Brands Under CCAA Proceeding
- Canopy Growth Completes Sale of BioSteel
- BioSteel Obtains CCAA Creditor Protection
- Electra Completes \$21.5 Million Private Placements
- BMO Proposes to Acquire AIR MILES from LoyaltyOne through CCAA Sales Process

Education / Bar Admissions

- J.D. (Harlan Fiske Stone Scholar), Columbia University, 2007
- B.A. (History & Political Science), Washington University in St. Louis, 2004

- New York, 2008
- District of Columbia, 2011
- Ontario, 2013

Associations

- American Bar Association
- International Women’s Insolvency & Restructuring Confederation
- Turnaround Management Association (TMA)

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

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 HOLDING CORP. AND FINAL BELL CORP.

Applicants

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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF ASHLEY MCKNIGHT

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Brendan Bohn LSO#: 81443O
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Tel: 416 956 5084

Lawyers for Final Bell Holdings International Ltd.

TAB 6

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

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

Applicants

AFFIDAVIT

I, Ashley McKnight, of the City of Oshawa, in the Regional Municipality of Durham,
MAKE OATH AND SAY:

1. I am a law clerk with the law firm of Lax O'Sullivan Lisus Gottlieb LLP ("**LOLG**"), lawyers for Final Bell Holdings International Ltd., and, as such, have knowledge of the matters contained in this Affidavit.
2. Attached hereto and marked as **Exhibit "A"** is the Affidavit of Matthew Milich, dated February 28, 2024, without exhibits.
3. Attached hereto and marked as **Exhibit "B"** is the Affidavit of Matthew Milich, dated March 1, 2024, without exhibits.

-2-

4. Attached hereto and marked as **Exhibit “C”** is the redacted Affidavit of Matthew Milich, dated March 25, 2024, with certain exhibits included.
5. Attached hereto and marked as **Exhibit “D”** is the Affidavit of Deepak Alappatt, dated March 25, 2024.
6. Attached hereto and marked as **Exhibit “E”** is Final Bell’s Written Opening Submissions, dated April 16, 2024.
7. Attached hereto and marked as **Exhibit “F”** is Final Bell’s Supplementary Written Opening Submissions, dated April 17, 2024.
8. Attached hereto and marked as **Exhibit “G”** are emails between Andrew Winton of LOLG and Colin Pendrith of Cassels Brock & Blackwell LLP, sent on May 30 and 31, 2024.

SWORN by Ashley McKnight of the City of Oshawa, in the Regional Municipality of Durham, before me at the Town of Newmarket, in the Province of Ontario, on August 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits
(or as may be)

JOANNA VASILIOU



ASHLEY MCKNIGHT

This is Exhibit “A” referred to in the Affidavit of Ashley McKnight sworn by Ashley McKnight of the City of Oshawa, in the Regional Municipality of Durham, before me at the Town of Newmarket, in the Province of Ontario, on August 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in black ink, appearing to read 'Joanna Vasiliou', written in a cursive style.

Commissioner for Taking Affidavits (or as may be)

JOANNA VASILIOU

Court File No.: _____

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

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
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LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH
ROAD HOLDING CORP., AND FINAL BELL CORP.**

Applicants

**AFFIDAVIT OF MATTHEW MILICH
(Sworn February 28, 2024)**

I, Matthew Milich, of the City of Long Beach, in the State of California, **MAKE OATH
AND SAY:**

1. This affidavit is made in support of an Application by BZAM Ltd. ("**BZAM**"), BZAM Holdings Inc. ("**BZAM Holdings**"), BZAM Management Inc. ("**BZAM Management**"), BZAM Cannabis Corp. ("**BZAM Cannabis**"), Folium Life Science Inc. ("**Folium Life Science**"), 102172093 Saskatchewan Ltd. ("**102 Saskatchewan**"), The Green Organic Dutchman Ltd. ("**TGOD**"), Medican Organic Inc. ("**Medican Organic**"), High Road Holding Corp. ("**High Road Holding**"), and Final Bell Corp. doing business as BZAM Labs ("**BZAM Labs**") (each individually, an "**Applicant**", and collectively, the "**Applicants**").

2. I am the Chief Executive Officer of BZAM, which wholly-owns or has a controlling interest in each of the other Applicants and which, directly or indirectly, wholly-owns four other

non-Applicant subsidiaries¹ (each subsidiary of BZAM individually a "**Subsidiary**" and together the "**Subsidiaries**", and collectively with BZAM, the "**Company**"). As such, I have personal knowledge of the Applicants and the matters to which I depose in this affidavit. Where I have relied on other sources for information, I have so stated and I believe them to be true.

3. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

I. RELIEF REQUESTED

4. I swear this affidavit in support of an urgent Application brought by the Applicants for an Order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), among other things:

- (a) declaring that the Applicants are parties to which the CCAA applies;
- (b) appointing FTI Consulting Canada Inc. ("**FTI**" or the "**Proposed Monitor**") as an officer of the Court to monitor the assets, business, and affairs of the Applicants (once appointed in such capacity, the "**Monitor**");
- (c) approving TGOD's ability to borrow up to a principal amount of \$2,400,000 under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Loan**") to finance the Company's critically required working capital requirements and other general corporate purposes, post-filing expenses and costs over the next ten (10) days with TGOD, BZAM, BZAM Holdings, BZAM Management, BZAM Cannabis, Folium

¹ The non-Applicant subsidiaries are: (1) 9430-6347 Québec Inc.; (2) The Green Organic Beverage Corp., a dormant company based in Delaware; (3) TGOD Europe B.V., a company based in the Netherlands, and (4) The Green Organic Dutchman Germany GmbH, a dormant company based in Germany (collectively, the "**Non-Applicant Stay Parties**").

Life Science, 102 Saskatchewan, Medican Organic, High Road Holding and BZAM Labs acting as guarantors under the DIP Loan;

- (d) staying, for an initial period of not more than ten (10) days, all proceedings and remedies taken or that might be taken in respect of the Applicants, the Monitor or the Directors and Officers (as defined below), or affecting the Applicants' business or the Property (as defined below), except with the written consent of the Applicants and the Monitor, or with leave of the Court (the "**Stay of Proceedings**");
- (e) extending the benefit of the Stay of Proceedings and other aspects of the Initial Order to the Non-Applicant Stay Parties and their respective Directors and Officers;
- (f) seeking relief from certain securities reporting obligations under federal, provincial or other laws until further Order of this Court; and
- (g) granting the Administration Charge, the DIP Lender's Charge, and the Directors' Charge (as each are defined below and, collectively, the "**Charges**") in the following priorities:
 - (i) with respect to the Applicants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the "**Property**") other than the Edmonton Property (as defined below):

First – the Administration Charge up to a maximum amount of \$500,000;

Second – the DIP Lender’s Charge up to a maximum amount of \$2,400,000 plus accrued and unpaid interest, fees and expenses; and

Third – the Directors’ Charge up to a maximum amount of \$5,300,000;

(ii) with respect to the Edmonton Property:

First – the Administration Charge up to a maximum amount of \$500,000;

Second – the Edmonton Property Charge in favour of the lenders under the Mortgage Loan (as defined below);

Third – the DIP Lender's Charge up to a maximum amount of \$2,400,000 plus accrued and unpaid interest, fees and expenses; and

Fourth – the Directors' Charge up to a maximum amount of \$5,300,000.

5. If the proposed Initial Order is granted, the Applicants intend to return to Court within ten (10) days (the "**Comeback Hearing**") to seek approval of an Amended and Restated Initial Order (the "**ARIO**"), which, among other things, would:

- (a) extend the Stay of Proceedings;
- (b) increase the maximum principal amount that the Applicants can borrow under the DIP Loan;
- (c) increase the quantum of each of the Administration Charge (to a maximum amount of \$1,000,000), the DIP Lender's Charge (to a principal amount of \$41,000,000 plus

accrued and unpaid interest, fees and expenses), and the Directors' Charge (to a maximum amount of \$12,900,000); and

- (d) seek such other customary relief as may be required to advance the Applicants' restructuring.

6. In addition, the Applicants also intend to seek an Order at the Comeback Hearing (the "**SISP Approval Order**") which, among other things, would:

- (a) authorize and approve BZAM's execution of a share subscription agreement (the "**Stalking Horse Purchase Agreement**") among BZAM and a corporation (the "**Stalking Horse Purchaser**") related to Bassam Alghanim, who is BZAM's largest shareholder, current Chairman, and the individual that ultimately controls Stone Pine Capital Ltd. ("**Stone Pine**"), a secured creditor of BZAM, *nunc pro tunc*, including the Bid Protections (as defined below);
- (b) grant a Court-ordered charge (the "**Bid Protections Charge**") over the Property in favour of the Stalking Horse Purchaser as security for payment of the Bid Protections, with the priority set out therein;
- (c) approve a sale and investment solicitation process (the "**SISP**") in which the Stalking Horse Purchase Agreement will serve as the "**Stalking Horse Bid**", and authorizing the Applicants and the Monitor to implement the SISP pursuant to its terms; and

- (d) authorize and direct the Applicants and the Monitor to perform their respective obligations and do all things reasonably necessary to perform their obligations under the SISP.

II. OVERVIEW

7. BZAM is a reporting issuer listed on the Canadian Securities Exchange under the symbol “BZAM”, “BZAM.WR”, “BZAM.WA”, and “BZAM.WB” and its shares trade in the United States on the OTCQX under the symbol “BZAMF”. It is the ultimate parent company to several companies in the cannabis industry in Canada. Through the Subsidiaries, its business and operations focus on production and sale of various cannabis products. The Company owns cannabis cultivation and processing facilities in Ontario and Alberta, leases production facilities in Ontario, British Columbia and Québec, leases a retail store in Saskatchewan, and has its corporate offices in Ontario and British Columbia.

8. The Applicants are in a dire liquidity crisis and, absent the approval of the additional financing proposed to be made available under the DIP Loan, will not be able to meet their obligations as they become due. Accordingly, there is significant urgency to this CCAA application and the relief sought pursuant to the Initial Order.

9. As a result, the Applicants are seeking protection under the CCAA to, among other things, obtain additional financing in order to continue operations and to implement the SISP that would see the Company restructured and/or all or a portion of the Applicants’ business and assets sold as a going concern.

10. The Company’s existing senior secured creditor, Cortland Credit Lending Corporation ("Cortland"), has agreed to provide additional financing through the DIP Loan (in its capacity as lender, the "DIP Lender") to, among other things, provide the Applicants with the immediate access to funding needed to continue to operate and preserve the value of their operations while the SISP is conducted subject to certain conditions, including Court approval. As noted above, the relief in respect of the SISP is intended to be sought at the Comeback Hearing; no relief related to the SISP is being sought at this time.

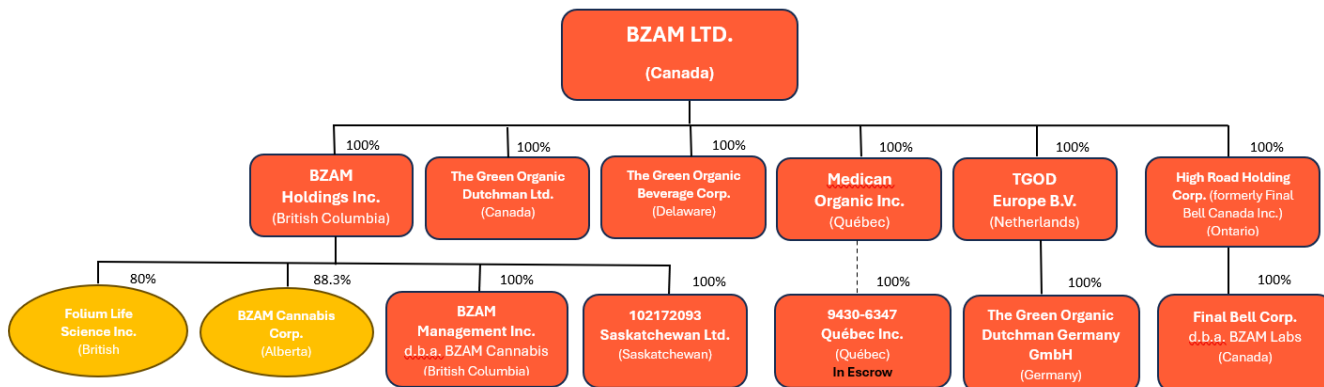
11. The CCAA filing and the proposed SISP are intended to benefit all of the Company’s stakeholders in Canada and internationally, including the Company's many employees, customers, suppliers, secured creditors, other contracting parties, Health Canada, and the relevant provincial cannabis regulators.

III. CORPORATE STRUCTURE OF THE COMPANY

12. A copy of the Company’s current corporate structure is attached hereto as **Exhibit “A”** and is reproduced below for ease of reference:

BZAM Ltd. Corporate Org Chart

As of February 20, 2024, Issued/Outstanding Shares of BZAM Ltd: 273,578,952 common shares



13. All of the Applicants are Canadian companies and are wholly-owned, directly or indirectly, by BZAM (other than Folium Life Science and BZAM Cannabis). The Non-Applicant Stay Parties are registered in Canada, the United States, the Netherlands and Germany.

14. For the purpose of this affidavit and for greater certainty, all references to the Applicants include each of their predecessor entities.

A. BZAM

15. BZAM was incorporated under the name "The Green Organic Dutchman Holdings Ltd." ("**TGOD Holdings**") under the *Canada Business Corporations Act*, RSC 1985, c C-44 (the "**CBCA**") by articles of incorporation dated November 11, 2016, and it later amended its articles on February 23, 2023 to change its name to "BZAM Ltd.". BZAM's registered head office is located in Pitt Meadows, British Columbia. BZAM wholly-owns five of the other Applicants: BZAM Holdings, BZAM Management, TGOD, Medican Organic and High Road Holding. A copy of BZAM's corporate profile report is attached hereto as **Exhibit "B"**.

16. BZAM's name change resulted from a transaction between TGOD Holdings and BZAM Holdings. On November 3, 2022, TGOD Holdings acquired all of the issued and outstanding common shares of BZAM Holdings from BZAM Holdings' sole shareholder in exchange for common shares of TGOD Holdings. This transaction resulted in BZAM Holdings' then-sole shareholder holding approximately 49.5% of the issued and outstanding shares in TGOD Holdings.

17. On January 8, 2024, BZAM acquired all of the issued and outstanding common shares of Final Bell Canada Inc. (now known as High Road Holding) from Final Bell Holdings International

Ltd. ("**FBHI**"). This transaction combined BZAM's cultivation, production, and sales infrastructure with the portfolio of brands that FBHI is bringing to market in Canada.

B. The Applicant Subsidiaries

1. BZAM Holdings

18. BZAM Holdings was incorporated under the *Business Corporations Act*, SBC 2002, c 57 (the "**BCBCA**") on January 17, 2019 to act as a holding company over BZAM Management, 102 Saskatchewan, BZAM Cannabis and Folium Life Science. BZAM Holdings' registered office is located in Vancouver, British Columbia. A copy of BZAM Holdings' corporate profile report is attached hereto as **Exhibit "C"**.

2. BZAM Management

19. BZAM Management was incorporated under the BCBCA on March 12, 2019 and currently does business as "BZAM Cannabis". BZAM Management is a licensed entity with Health Canada that operates out of a leased facility located at Units 517-519, 19100 Airport Way, Pitt Meadows, British Columbia (the "**Pitt Meadows Facility**"). A copy of BZAM Management's corporate profile report is attached hereto as **Exhibit "D"**.

3. BZAM Cannabis

20. BZAM Cannabis was incorporated under the name "1771277 Alberta Inc." under the *Business Corporations Act*, RSA 2000, c B-9 (the "**ABCA**") by articles of incorporation dated September 10, 2013 and later renamed "BZAM Cannabis Corp." following an amalgamation with Sweetgrass Inc. BZAM Cannabis is a licensed entity with Health Canada that operated out of a

facility that it owns located at 8770 24th Street, Sherwood Park, Alberta (the "**Edmonton Property**"). The Edmonton Property is currently listed for sale. There is some cultivation equipment on the grounds of the Edmonton Property, but BZAM Cannabis does not have any active operations or inventory at the Edmonton Property. A copy of BZAM Cannabis' corporate profile report is attached hereto as **Exhibit "E"**.

4. Folium Life Science

21. Folium Life Science was incorporated under the BCBCA on April 29, 2013. Folium Life Science is a licensed entity with Health Canada that operates out of a leased facility located at #107-109, 1761 Sean Heights, Saanichton, British Columbia (the "**Saanichton Facility**"). The Saanichton Facility currently holds various cultivation equipment and inventory. A copy of Folium Life Science's corporate profile report is attached hereto as **Exhibit "F"**.

5. 102 Saskatchewan

22. 102 Saskatchewan was incorporated on June 15, 2023 under *The Business Corporations Act, 2021*, SS 2021, c 6 and sells cannabis products direct to customers under a retail sales license through a leased store located at 40 Great Plains Road, Emerald Park, Saskatchewan (the "**Regina Store**"). A copy of 102 Saskatchewan's corporate profile report is attached hereto as **Exhibit "G"**.

6. TGOD

23. TGOD was incorporated under the CBCA on January 10, 2013. TGOD is a licensed entity with Health Canada that operates out of a facility that it owns located at 1915 Jerseyville Road West, Jerseyville, Ontario (the "**Hamilton Facility**"). A copy of TGOD's corporate profile report is attached hereto as **Exhibit "H"**.

7. **Medican Organic**

24. Medican Organic was incorporated under the *Business Corporations Act*, SQ 2009, c 52 (the "QCBCA") on September 19, 2017 and is currently a holding company that is intended to hold all of the issued and outstanding shares of 9430-6347 Québec Inc. ("**943 Québec**") once the transaction in respect of 943 Québec closes (as described in more detail below). A copy of Medican Organic's corporate profile report is attached hereto as **Exhibit "I"**.

8. **High Road Holding**

25. High Road Holding was incorporated under the name "Final Bell Canada Inc." under the *Business Corporations Act*, RSO 1990, c B.16 (the "OBCA") by articles of incorporation dated January 18, 2021. As described above, Final Bell Canada Inc. amended its articles on January 8, 2024 to change its name to "High Road Holding Corp." after its acquisition by BZAM. High Road Holding wholly-owns BZAM Labs, another Applicant. A copy of High Road Holding's corporate profile report is attached hereto as **Exhibit "J"**.

9. **BZAM Labs**

26. BZAM Labs was incorporated under the name "Mettrum (Bennett North) Ltd." under the CBCA by articles of incorporation dated March 3, 2016, later renamed "Starseed Medicinal Inc." on June 21, 2019, and then later renamed "Final Bell Corp." on June 15, 2021. BZAM Labs is a licensed entity with Health Canada that currently does business as "BZAM Labs" and operates out of a leased facility located at 1100 Bennett Road, Bowmanville, Ontario (the "**Bowmanville Facility**"). A copy of BZAM Labs' corporate profile report is attached hereto as **Exhibit "K"**.

C. The Non-Applicant Stay Parties

27. There are four direct and indirect Subsidiaries of BZAM that are not Applicants in these proceedings:

(a) 943 Québec;

(b) The Green Organic Beverage Corp. ("**TGOB**"), a dormant company based in Delaware;

(c) TGOB Europe B.V. ("**TGOB Europe**"), a company based in the Netherlands; and

(d) The Green Organic Dutchman Germany GmbH ("**TGOB Germany**"), a dormant company based in Germany.

28. 943 Québec was incorporated on December 7, 2020 under the QCBCA and is a licensed entity with Health Canada that operates out of a leased facility located at 5000 Chemin Murphy, Vaudreuil-Dorion, Québec (the "**Québec Facility**"). A copy of 943 Québec's corporate profile report is attached hereto as **Exhibit "L"**.

29. On November 11, 2022, Medican Organic entered into a Share Purchase Agreement, Lease Agreement and Letter of Intent to acquire 943 Québec. Those agreements are currently being held in escrow until certain condition precedents listed in the Letter of Intent are met, and the only condition precedent remaining is that the landlord for the Québec Facility obtain municipal approval over certain improvements that it made to the building. Copies of the Share Purchase Agreement, Lease Agreement and Letter of Intent are attached hereto as **Exhibits "M", "N", and "O"**, respectively.

30. Medican Organic currently holds all the issued and outstanding shares in 943 Québec in escrow until the municipal approval is issued. The Company anticipates that the acquisition of 943 Québec will close in the near future, potentially during the pendency of these CCAA Proceedings. The landlord improvements are now complete and the parties agreed that the commencement date under the lease would start in December 2023. As of the date of this affidavit, 943 Québec has paid two instalments of rent at \$12,647.25 per month (inclusive of QST) while the application for municipal approval of the improvements remains pending. The Applicants intend to serve the landlord of the Québec Facility with notice of the CCAA Proceedings for the Comeback Hearing.

31. TGOD Europe wholly-owns TGOD Germany. Neither company has any material assets or operations.

32. TGOB similarly has no assets or operations. A copy of TGOB's corporate profile report is attached hereto as **Exhibit "P"**.

33. Notwithstanding that these parties are not Applicants the Applicants believe that it is critical to the best interests of the Applicants and their stakeholders to extend the benefits of the Stay of Proceedings to the Non-Applicant Stay Parties. The Non-Applicant Stay Parties are highly integrated with the Applicants and will benefit from the CCAA Proceedings and will maximize value and certainty for the entire Company.

34. In particular, 943 Québec has an active business and holds a license with Health Canada for its operations at the Québec Facility and it requires the benefit of the Stay of Proceedings to prevent the landlord of the Québec Facility from exercising its option to terminate the Lease Agreement. In contrast, TGOD Europe, TGOD Germany and TGOB may have tax attributes of some value to the Stalking Horse Purchaser or any potential purchaser in the SISF. The assets and

liabilities of the Non-Applicant Stay Parties would be compromised if these entities did not benefit from the Stay of Proceedings.

IV. BUSINESS OF THE APPLICANTS

A. The Cannabis Industry in Canada

35. The cannabis industry has evolved, and continues to evolve, rapidly in Canada. Licenses to cultivate, process and/or sell cannabis, among other things, are regulated under the *Cannabis Act*, S.C. 2018, c. 16 (the "*Cannabis Act*") and through the *Cannabis Regulations*, SOR/2018-144 (the "*Cannabis Regulations*").

36. On October 17, 2018, recreational use of cannabis was legalized in Canada. On that date, the *Cannabis Act*, which regulates retail cannabis for recreational adult-use, medical cannabis and industrial hemp in Canada, came into effect. Additionally, cannabis was removed as a controlled substance from the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, and the *Access to Cannabis for Medical Purposes Regulations*, SOR/2016-230 was repealed.

37. On October 17, 2019, the *Cannabis Act* was amended to broaden the scope of legal cannabis products, to include edible cannabis, cannabis extracts and cannabis topicals.

38. The cannabis industry continues to be a highly regulated industry, with the *Cannabis Act* regulating the possession, cultivation, production, distribution, sale, research, testing, import, export and promotion of cannabis.

B. The Company's Business

39. The Company engages in the production, cultivation, processing and distribution of cannabis and cannabis-related products. Its goal is to build a sustainable Canadian cannabis company.

40. Five of BZAMs Subsidiaries are licensed with Health Canada and operate facilities across Canada which cultivate, process and market a range of cannabis products, including dried cannabis and cannabis extract products.

41. BZAM's registered and records office is located in British Columbia, but the majority of the Company's business is based out of Ontario. For example, the Company operates two facilities in Ontario, the Hamilton Facility and the Bowmanville Facility, and nearly 60% of the Company's employees are in Ontario. The Company's senior secured creditor, Cortland, is headquartered in Toronto, Ontario. Several of BZAM's senior management, including the President and the Chief Financial Officer, reside in Ontario and I split my time between the Company's offices in Ontario and British Columbia. In addition, four of BZAM's seven directors reside in Ontario (and two of the other three are non-residents of Canada).

C. Employees

42. The Company collectively employs 441 people in Canada through BZAM and its Subsidiaries (collectively, the "**Employees**") of which approximately 256 of the Employees are employed in Ontario.

43. In addition to the Employees, the Company employs approximately 80-90 individuals on a contract basis. These contract workers are not paid through the Company's payroll. The

Company also pays a quarterly director fee to six directors. None of the employees of the Company are unionized and there is no pension plan.

44. The aggregate payroll for the Company is approximately \$2,344,764 per month.

D. Owned and Leased Real Property

45. The Company owns two cannabis cultivation and processing facilities:

(a) the Hamilton Facility operated by TGOD and which remains in operation; and

(b) the Edmonton Property that was operated by BZAM Cannabis and is currently listed for sale.

46. The Company cultivates and/or processes cannabis at three different leased locations:

(a) the Saanichton Facility operated by Folium Life Sciences;

(b) the Pitt Meadows Facility operated by BZAM Management; and

(c) the Bowmanville Facility operated by BZAM Labs.

47. In addition to the leased facilities above, 102 Saskatchewan leases the space for the Regina Store where it sells retail products direct to customers. The Company also has a leased storage unit located at 150 Mohawk Street, Brantford, Ontario.

48. The Company also leases certain office space, including BZAM's registered office located at the Pitt Meadows Facility and the registered office for certain Subsidiaries located at Suite 402-5520 Explorer Drive, Mississauga, Ontario. These two locations together serve as the corporate offices for the Company.

49. The Company is currently subletting two additional properties that were previously used as office space:

(a) Suite 1570, 200 Burrard Street, British Columbia; and

(b) 311-455 Boulevard Fénélon, Dorval, Québec.

50. BZAM also makes ongoing payments totaling \$25,000 per month towards a lease it previously held at 780 8th Concession, R.R. 3 Puslinch, Ontario (the "**Puslinch Property**"). BZAM makes these payments pursuant to a Lease Settlement Agreement dated June 30, 2023 it entered into with the landlord for the Puslinch Property following BZAM's sale of 100% of all the issued and outstanding shares in Galaxie Brands Corporation, the previous tenant, to 1000370759 Ontario Inc. who assumed the lease at a reduced monthly rent. BZAM has an obligation to make these ongoing payments for the duration of the new tenant's lease at the Puslinch Property and guaranteed the new tenant's base rent payments of \$40,000 per month until June 30, 2024.

51. The Company's costs for all leased locations is approximately \$355,16.57 in aggregate per month.

E. Third Party Suppliers

52. The Company relies on several vendors and third-party service providers to operate its business. In particular, various cannabis product providers, lab services, and utility and technology providers are essential to the Company's operations. Any interruption of service from these third parties, either because they are unable to continue to provide their services to the Applicants or refuse to do so on account of unpaid pre-filing amounts owed to them by the Applicants, may prevent the Applicants from operating in the ordinary course and continuing to provide

uninterrupted services to its customers. The Company is not current with respect to many of these obligations and several Subsidiaries have significant accounts payable (as reflected in the aggregate table below on the Company's liabilities).

1. Brand License Agreements

53. The Company has three brand license agreements, in its capacity as the holder of a standard processing license pursuant to the *Cannabis Act*, in which the licensors have licensed certain intellectual property for the Company's use in certain commercialization, manufacturing and ancillary activities in Canada.

2. Contract and Manufacturing Agreements

54. The Company has approximately three to four active manufacturing services agreements, in its capacity as the holder of a standard processing license pursuant to the *Cannabis Act*, in which BZAM Labs provides the counterparties with certain manufacturing and ancillary services in connection with supply chain management, manufacturing, and shipment of certain products.

3. Supply Agreements

55. The Company has four supply agreements with sellers licensed under the *Cannabis Act* pursuant to which the Company purchases certain cannabis raw material from the sellers for use in its own production and manufacturing through purchase orders.

4. Service Provider and Distribution Agreements

56. The Company has approximately three to four active services and distribution agreements pursuant to which the Company produces and supplies certain products to the counterparty who provides supply management, sale, distribution, and marketing support services for those products.

5. International Supply Agreements

57. The Company has approximately four to five active supply or purchase agreements pursuant to which it makes certain products available to international purchasers for resale under the purchaser's own brand in its territory.

6. Other Agreements

58. BZAM Management has a joint venture agreement with another party pursuant to which BZAM Management provides the necessary production and distribution infrastructure for the business and the counterparty provides the necessary intellectual property, expertise and support to the business for launching the products, including services to BZAM Management for branding and marketing, product development, and sales. The revenues from this joint venture flow through BZAM Management's accounts from the provincial boards which are then remitted back to the joint venture's account.

59. BZAM Management, TGOD and BZAM Labs each have cannabis board supply agreements with various provincial and territorial governments pursuant to which these Subsidiaries provide certain products to the relevant provincial or territorial authorities for wholesale distribution and for sale in public and private retail markets.

F. Excise Duty and Sales Taxes

60. Cannabis producers in Canada are required to post security pursuant to the *Excise Act, 2001*, S.C. 2002, c. 22 (the "*Excise Act, 2001*"). The security provides the Canada Revenue Agency ("CRA") with financial assurance for any outstanding excise duty payable. The security can be posted in the form of a surety bond or a deposit with the CRA.

61. TGOD and BZAM Management have surety bonds in place for \$1,300,000 and \$3,000,000, respectively, with Intact Insurance who holds 50% of this amount as a cash deposit in the amount of \$2,150,000. BZAM Labs has a \$350,000 cash deposit with the CRA.

62. The security required to be posted with the CRA is calculated as the highest amount of cannabis duties payable for a calendar month in the previous twelve calendar months. These duties are calculated, in part, based on the expected number of grams or milligrams of packaged cannabis products to be sold. As of February 15, 2024, TGOD, BZAM Management and BZAM Labs collectively had approximately \$9,083,289.33 in excise tax arrears. On February 2, 2024, the CRA agreed to a temporary payment plan with BZAM Management pursuant to which it agreed to pay \$164,474 per month in excise taxes. On October 18, 2023, the CRA agreed to a payment plan with TGOD pursuant to which it agreed to pay \$330,000 per month in excise taxes.

63. The following Applicants are also in arrears with respect to payroll deductions, GST, and HST in the amount of approximately \$2,644,500.75 in aggregate. As of February 15, 2024:

(a) TGOD has approximately \$1,056.11 outstanding in respect of payroll deductions;

(b) BZAM Management has approximately \$1,363,291.60 outstanding in respect of GST;

(c) BZAM Cannabis has approximately \$923,851.04 outstanding in respect of GST;

(d) BZAM Labs has approximately \$356,302 outstanding in respect of HST.

64. Each of the Applicants is current on its GST/HST filings. On June 21, 2023, the CRA agreed to a temporary payment plan with BZAM Management pursuant to which it agreed to pay \$97,638 per month in GST, which accounts for \$1,276,781.36 of the GST currently owing.

G. Cannabis Licenses

1. Licenses with Health Canada

65. Certain of the Subsidiaries hold licenses with Health Canada which permit these entities to undertake:

(a) standard cultivation activities, including: (i) to possess cannabis; (ii) to obtain dried cannabis, fresh cannabis, cannabis plants or cannabis plant seeds by cultivating, propagating and harvesting; (iii) to alter its chemical or physical properties by any means; and (iv) to sell cannabis (together, "**Standard Cultivation Activities**");

(b) standard processing activities, including: (i) to possess cannabis; (ii) to produce cannabis at the licensed site, other than to obtain it by cultivating, propagating or harvesting; and (iii) to sell cannabis (together, "**Standard Processing Activities**");

(c) activities related to the sale of cannabis for medical purposes, including: (i) to possess cannabis; and (ii) to sell cannabis ("**Medical Purpose Activities**"); and

- (d) research activities, including possession and production of cannabis for use in accordance with any research protocols submitted to Health Canada ("**Research Purpose Activities**").

66. The following Subsidiaries hold licenses issued by Health Canada in accordance with the *Cannabis Act* and *Cannabis Regulations*:

- (a) BZAM Management holds a license that permits it to undertake Standard Processing Activities at the Pitt Meadows Facility. BZAM Management's license expires on March 27, 2025;
- (b) 943 Québec holds a license that permits it to undertake Standard Cultivation Activities and Standard Processing Activities at the Québec Facility. 943 Québec's license expires on April 8, 2027;
- (c) Folium Life Science holds a license that permits it to undertake Standard Cultivation Activities and Medical Purpose Activities at the Saanichton Facility. Folium Life Science's license expires on May 10, 2024;
- (d) TGOD holds a license that permits it to undertake Standard Cultivation Activities, Standard Processing Activities and Medical Purpose Activities at the Hamilton Facility. TGOD's license expires on July 20, 2027;
- (e) BZAM Cannabis holds a license that permits it to undertake Standard Cultivation Activities, Standard Processing Activities and Medical Purpose Activities at the Edmonton Property. BZAM Cannabis' license expires on December 5, 2027;

- (f) BZAM Labs holds a license which permits it to undertake Standard Cultivation Activities, Standard Processing Activities and Medical Purpose Activities at the Bowmanville Facility. BZAM Labs' license expires on October 27, 2027; and
- (g) BZAM Labs also holds a license which permits it to undertake Research Purpose Activities at the Bowmanville Facility. BZAM Labs' license expires on February 7, 2025.

67. Copies of the above licenses with Health Canada are attached hereto as **Exhibit “Q”**.

2. Licenses with the CRA

68. BZAM Management, BZAM Labs, Folium Life Science and TGOD each have cannabis licenses with the CRA that require them to apply cannabis excise stamps to their cannabis products in accordance with the *Excise Act, 2001*.

69. The CRA wrote to BZAM Management on January 29, 2024 to advise that BZAM Management’s cannabis license will expire at midnight on February 29, 2024. The CRA imposed the condition that BZAM Management maintain contact with a collections officer to ensure that a mutually agreeable payment arrangement was followed. BZAM Management has asked the assigned collections officer for an extension to April 15, 2024 to comply with the condition. A copy of the CRA’s letter dated January 29, 2024 is attached hereto as **Exhibit “R”**.

70. BZAM Labs’ cannabis license with the CRA is set to expire on May 16, 2024. A copy of BZAM Labs’ cannabis license renewal letter from the CRA is attached hereto as **Exhibit “S”**.

71. Folium Life Science's cannabis license with the CRA is set to expire on September 30, 2024. A copy of Folium Life Science's cannabis license renewal letter from the CRA is attached hereto as **Exhibit "T"**.

72. TGOD's cannabis license with the CRA is set to expire on October 16, 2024. A copy of TGOD's cannabis license renewal letter from the CRA is attached hereto as **Exhibit "U"**.

H. Intellectual Property

73. BZAM owns trademarks on certain core branded products including BZAM™, TGOD™, Highly Dutch Organic™, and TABLE TOP™. BZAM also produces products under license for various third party brands and suppliers as described above.

I. Cash Management and Credit Cards

74. The Company maintains 19 bank accounts with BMO and Alterna Bank. The Company also has a business credit card used by certain employees that is secured by cash with BMO. BZAM maintains unsecured intercompany loan accounts with many of its Subsidiaries, and those Subsidiaries maintain unsecured intercompany loans with other Subsidiaries, and money flows between BZAM and the Subsidiaries against these intercompany loan accounts.

V. FINANCIAL POSITION OF THE APPLICANTS

75. A copy of the Company's unaudited consolidated balance sheet as at January 31, 2024 is attached hereto as **Exhibit "V"**. Certain information contained in this unaudited balance sheet is summarized below.

76. The Applicants have struggled with cash flow, and since January 31, 2024 in particular, the cash position of the Applicants has deteriorated significantly. The cash on hand for the Applicants for the week of February 25, 2024 is expected to be approximately \$1,848,000.

A. Assets

77. As at January 31, 2024 the Company had total consolidated assets with a book value of approximately \$195,711,080, which consisted primarily of the following:

| Asset Type | Book Value (Consolidated) |
|------------------------------------|----------------------------------|
| Current Assets (Total): | \$100,203,370 |
| Cash and Cash Equivalents | \$4,253,289 |
| Restricted Cash | \$86,633 |
| Trade Receivables | \$14,065,092 |
| Biological Assets | \$5,193,174 |
| Inventories | \$58,828,406 |
| Prepaid Expenses and Deposits | \$5,186,618 |
| Other Current Assets | \$455,874 |
| Due from Related Parties | \$1,658,284 |
| Assets Held for Sale | \$10,476,000 |
| Non-Current Assets (Total): | \$95,507,710 |
| Property, Plant and Equipment | \$75,127,717 |
| Intangible Assets | \$18,353,274 |
| Goodwill | \$790,306 |
| Other Assets | \$1,236,413 |

| Asset Type | Book Value (Consolidated) |
|--------------|---------------------------|
| Total | \$195,711,080 |

78. The net realizable value of the assets is expected to be considerably less than the book value.

B. Liabilities

79. As at January 31, 2024 the Company had total consolidated liabilities with a book value owing of approximately \$112,873,839, which consisted primarily of the following:

| Liability Type | Book Value (Consolidated) |
|--|---------------------------|
| Current Liabilities (Total): | (\$100,883,319) |
| Accounts Payable and Accrued Liabilities | (\$28,211,004) |
| Excise Duties Payable | (\$9,525,910) |
| Sales Taxes Payable | (\$2,188,326) |
| Due to Related Parties | (\$2,420,530) |
| Unearned Revenue | (\$2,497,443) |
| Current Portion of Lease Liabilities | (\$2,491,578) |
| Debt | (\$53,548,528) |
| Non-Current Liabilities (Total): | (\$11,990,520) |
| Lease Liabilities | (\$11,990,520) |
| Total | (\$112,873,839) |

C. Secured Obligations

1. Credit Agreement with Cortland

80. On March 31, 2020, TGOD entered into a credit agreement with Cortland Credit Lending Corp. ("**Cortland**"), which was subsequently amended three times pursuant to which Cortland provided TGOD with a secured revolving credit facility totaling \$22,000,000 (as amended, the "**Original Credit Agreement**"). A copy of the Original Credit Agreement is attached hereto as **Exhibit "W"**.

81. TGOD also executed a debenture that, among other things, contained prohibitions against the creation of any mortgage, lien, security interest or encumbrance against its property, assets and undertakings in priority to Cortland's security interest (the "**Debenture**"). A copy of the Debenture is attached hereto as **Exhibit "X"**.

82. The Original Credit Agreement was amended and restated in its entirety on:

- (a) September 29, 2021, pursuant to an amended and restated credit agreement to extend the term, set the total facility limit, and provide immediate funding, which was then amended a further six times (as amended, the "**First ARCA**"). A copy of the First ARCA is attached hereto as **Exhibit "Y"**; and
- (b) January 8, 2024, pursuant to a further amended and restated credit agreement (the "**Second ARCA**" and, together with the Original Credit Agreement and the First ARCA, the "**Credit Agreement**") following BZAM's acquisition of Final Bell Corp. (*i.e.*, BZAM Labs). The Second ARCA was entered into to incorporate the assets of BZAM Labs into the security collateral of Cortland and, amongst other

things: (i) amend the EBITDA financial covenant to take effect on a rolling three month average basis; (ii) repay \$1,000,000 on the fixed portion of the facility from the proceeds of sale of the Edmonton Property, such repayment amount then becoming available under the revolving portion of the facility; and (iii) allow for an unsecured promissory note to be issued to FBHI (as described in further detail below). A copy of the Second ARCA is attached hereto as **Exhibit “Z”**.

83. Under the Credit Agreement, Cortland provided TGOD with an interest-bearing term and revolving credit facility totaling \$34,000,000. Each loan advance under the Credit Agreement (as amended by the Second ARCA) bears interest at an interest rate which is the greater of: (i) 12% per annum; and (ii) the TD Prime Rate, plus the Applicable Margin (as those terms are defined in the Credit Agreement), and is calculated daily and due and payable on the last business day of each month. The guarantors under the Credit Agreement are TGOD, BZAM, Medican Organic, BZAM Holdings, BZAM Management, BZAM Cannabis, Folium Life Science, High Road Holding and BZAM Labs (together, in such capacity, the "**Cortland Obligors**"). The term of the revolving credit facility expires on March 24, 2024, after which the Company must make monthly prepayments towards the base facility amounts borrowed.

84. Contemporaneously with the Second ARCA, BZAM, Medican Organic, BZAM Holdings, BZAM Management, BZAM Cannabis and Folium Life Science entered into a guarantee and security confirmation agreement with Cortland that, among other things, confirmed that existing guarantees that were entered into at the time of the Original Credit Agreement remained in full force and effect. A copy of the guarantee and security confirmation agreement is attached hereto as **Exhibit “AA”**.

85. On January 8, 2024, High Road Holding 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 their present and after-acquired property. These general security agreements were entered into in the context of BZAM's acquisition of Final Bell Canada Inc. and Final Bell Corp. (*i.e.*, High Road Holding and BZAM Labs) which necessitated granting Cortland security over the two acquired entities. Copies of those general security agreements are attached hereto as **Exhibit "BB"**.

86. As of the date of this affidavit, approximately \$31,919,208.84 of principal is owing under the Credit Agreement and an additional \$362,916.21 of interest has accrued month-to-date for a total amount owing of \$32,282,125.05.

2. Promissory Notes with Stone Pine

87. BZAM has entered into a series of promissory notes with Stone Pine Capital Ltd. ("**Stone Pine**"), a company ultimately controlled by the Company's largest shareholder and current Chairman, as follows:

| Date | Principal Amount |
|-------------------|------------------|
| March 3, 2023 | \$2,500,000 |
| August 30, 2023 | \$1,325,000 |
| October 27, 2023 | \$1,190,000 |
| November 8, 2023 | \$600,000 |
| November 30, 2023 | \$2,000,000 |
| December 4, 2023 | \$900,000 |

| Date | Principal Amount |
|--------------|--------------------|
| Total | \$8,515,000 |

(together, the "**Stone Pine Promissory Notes**")

88. Copies of the Stone Pine Promissory Notes are attached hereto as **Exhibit "CC"**.

89. The Stone Pine Promissory Notes were all amended on January 4, 2024 to each be payable upon demand provided that Stone Pine shall not be permitted to make demand until the later of either: (i) the maturity date of the Cortland Credit Agreement; and (ii) March 31, 2025. The first two Stone Pine Promissory Notes each carry an interest rate of 10% per annum whereas the remaining Stone Pine Promissory Notes carry an interest rate of the Prime Rate (as defined in the Stone Pine Promissory Notes) plus 8% per annum, with interest being calculated monthly and payable on the last day of each month. If BZAM fails to pay on demand any amounts due and payable and such defaults remain uncured for five business days from written notice, then interest accrues at a higher rate of 18% per annum. The amendment to the Stone Pine Promissory Notes is attached hereto as **Exhibit "DD"**.

90. Contemporaneously with the execution of each of the Stone Pine Promissory Notes, BZAM and Stone Pine entered into a general security agreement (collectively, the "**Stone Pine GSAs**") under which Stone Pine was granted security over all present and after-acquired property, assets and undertakings of BZAM. Copies of the Stone Pine GSAs are attached hereto as **Exhibit "EE"**.

91. BZAM, Stone Pine and Cortland entered into subordination and postponement agreements to subordinate the amounts owing under the Stone Pine Promissory Notes to the amounts owing

under the Credit Agreement with Cortland (the "**Subordination Agreements**"). Copies of the Subordination Agreements are attached hereto as **Exhibit "FF"**.

92. BZAM and Cortland also entered into consent agreements pursuant to which Cortland consented to the Stone Pine Promissory Notes on condition of entering into the Subordination Agreements (the "**Consent Agreements**"). The Consent Agreements include an acknowledgement from BZAM that any defaults in the observance or performance of the Stone Pine Promissory Notes constitute a default under the Credit Agreement. The cash advanced by Cortland under the Credit Agreement was ultimately used to fund the operations of the Subsidiaries downstream. Copies of the Consent Agreements are attached hereto as **Exhibit "GG"**.

93. BZAM has not yet paid any interest to Stone Pine under the Stone Pine Promissory Notes. As of the date of this affidavit, the principal amount of \$8,515,000 remains owing under the Stone Pine Promissory Notes and an additional \$509,755.67 of interest has accrued month-to-date for a total amount owing of \$9,024,755.67.

3. Mortgage Loan

94. At the time of its acquisition by BZAM Holdings, BZAM Cannabis owed approximately \$5,000,000 under a loan which was refinanced on May 31, 2021 and is secured against the Edmonton Property pursuant to a commitment letter dated May 19, 2021 (the "**Mortgage Loan**"). A copy of the Mortgage Loan is attached hereto as **Exhibit "HH"**.

95. The Mortgage Loan bears interest at 10.00% per annum and matures on May 31, 2026. Interest is calculated and compounded monthly and payable monthly on the last day of each month. The loan may be prepaid on 30 days' notice upon the payment of a prepayment fee. The

prepayment fee is equal to the greater of: (i) three months interest; and (ii) the aggregate amount of the agent's and lenders' cost of funds incurred as a result of the prepayment. The Mortgage Loan may be renewed beyond the maturity date for a fee of 2.0% of the outstanding principal amount owing should the lender agree. Security for the loan includes: (i) a first mortgage over the Edmonton Property (the "**Edmonton Property Charge**"); (ii) a general assignment of rents and leases in respect of the Edmonton Property; (iii) a general security agreement over all BZAM Cannabis' present and after acquired personal property; and (iv) a corporate guarantee of BZAM Management. A copy of the security documents under the Mortgage Loan are attached hereto as **Exhibit "II"**.

96. As of the date of this affidavit, the principal amount of \$5,000,000 remains owing under the Mortgage Loan and an additional \$40,229.89 of interest has accrued month-to-date for a total amount owing of \$5,040,229.89.

D. Unsecured Obligations

1. FBHI Promissory Note

97. BZAM acquired High Road Holding from FBHI on January 8, 2024. BZAM issued 90,000,000 common shares in BZAM at a deemed price of \$0.15 per share, representing approximately one-third of the issued and outstanding shares of BZAM. High Road Holding also provided an unsecured promissory note dated January 5, 2024 to FBHI in the amount of \$8,000,000 (the "**Final Bell Promissory Note**"). The Final Bell Promissory Note does not bear any interest until March 31, 2025, following which it will bear 10% interest until the maturity date of June 15, 2027. A copy of the Final Bell Promissory Note is attached hereto as **Exhibit "JJ"**.

98. On January 15, 2024 and February 15, 2024, BZAM made payments of \$79,167 each pursuant to the payment schedule included as Exhibit "A" to the Final Bell Promissory Note. The next scheduled payment of \$79,167 under the Final Bell Promissory Note is due on March 15, 2024.

99. On February 23, 2024, counsel for FBHI wrote to the board of directors of BZAM alleging, among other things, that the proposed CCAA Proceedings would breach the Share Exchange Agreement entered into among FBHI, BZAM Labs (formerly Final Bell Canada Inc.) and BZAM dated as of December 5, 2023 (the "**Final Bell Agreement**"). In the letter, counsel for FBHI requested advanced notice of any CCAA application. A copy of the letter from counsel for FBHI is attached hereto as **Exhibit "KK"**.

100. On February 26, 2024, counsel for BZAM responded to the letter from FBHI noting, among other things, that it contained numerous factual inaccuracies and mischaracterizations. A copy of the letter from counsel for BZAM is attached hereto as **Exhibit "LL"**.

101. As of the date of this affidavit, there has been no response to the February 26, 2024 letter.

2. Third Party Suppliers

102. Given the nature of its business, the Company relies on a number of vendors and third party service providers and, as such, are party to a number of agreements for the provision of certain essential services including, among other things, insurance, phone and internet, security, utilities, professional costs and other services provided in connection with operating a business in the cannabis industry. The Company has accrued a significant amount of invoices owing to third party suppliers as reflected in the table of liabilities above.

3. Employee Liabilities

103. The Company is current with respect to its payment of payroll and the remittance of employee source reductions. However, BZAM and certain of its subsidiaries have the following employee liabilities, among others:

- (a) BZAM, TGOD, BZAM Management, Folium Life Science, 102 Saskatchewan, Medican Organic and BZAM Labs owe several employees accrued and unpaid vacation pay in the aggregate amount of \$1,103,860;
- (b) the current Chief Financial Officer of BZAM, Sean Bovingdon, will be leaving his position concurrently with the filing of these CCAA Proceedings to take on a consultant role with BZAM until May 31, 2024 and he is anticipated to receive additional remuneration under a payment plan following his departure; and
- (c) 103 of salaried employees are eligible to receive an annual bonus for 2023 under a corporate incentive program as certain objective metrics, both at an individual and corporate level, were met last year. These bonuses are due to be paid at the end of March 2024 and total approximately \$702,000.

4. Intercompany Loans

104. The Company also engages in intercompany borrowing, through which parent or affiliate companies lend funds to their subsidiaries or affiliates. For example, BZAM has advanced unsecured loans to Subsidiaries such as BZAM Holdings, TGOD, Medican Organic, and BZAM Holdings has similarly advanced unsecured loans its subsidiaries such as Folium Life Science, BZAM Cannabis and BZAM Management.

VI. THE PROPOSED INTERIM FINANCING

105. On February 28, 2024, the following parties entered into a binding term sheet in respect of the DIP Loan (the "**DIP Term Sheet**"):

- (a) TGOD as the borrower (in such capacity, the "**Borrower**");
- (b) TGOD, BZAM, BZAM Holdings, BZAM Management, BZAM Cannabis, Folium Life Science, 102 Saskatchewan, Medican Organic, High Road Holding and BZAM Labs as the guarantors (collectively, and in such capacities, the "**DIP Guarantors**"); and
- (c) Cortland as the DIP Lender.

106. A copy of the DIP Term Sheet is attached hereto as **Exhibit "MM"**.

107. The DIP Term Sheet provides for a super-priority, DIP interim, non-revolving credit facility up to a maximum principal amount that does not exceed the lesser of: (i) \$41,000,000 (the "**Facility Limit**"); and (ii) the Revolving Facility Limit (as defined in the Second ARCA) plus \$7,000,000; provided that any pre-filing obligations and post-filing obligations do not, either individually or in the aggregate, exceed the Facility Limit.

108. The amounts drawn and outstanding under the DIP Loan will bear interest at a rate that is the greater of: (i) the TD Prime Rate (as defined in the Second ARCA) plus 8.05% per annum; and (ii) 12% per annum. Interest on the principal amount outstanding shall be due and payable in cash on the first business day of each month covering interest accrued over the previous calendar month.

109. The DIP Loan includes a commitment fee of \$98,000 which shall be fully payable by the Borrower upon the issuance of the Initial Order and paid from the initial advance under the DIP Loan.

110. The DIP Loan is conditional, among other things, upon the granting of a priority charge over the Property in favour of the DIP Lender to secure the amounts borrowed under the DIP Loan (the "**DIP Lender's Charge**"), however, the DIP Lender has agreed to subordinate the DIP Lender's Charge to all pre-filing amounts owing under the Edmonton Property Charge.

111. In accordance with the DIP Term Sheet, the DIP Loan is to be used during these CCAA proceedings (the "**CCAA Proceedings**") to fund:

- (a) working capital needs in accordance with the Cash Flow Forecast (as defined below);
- (b) fees and expenses associated with the DIP Loan (including without limitation certain expenses, fees of the Monitor, and legal fees of counsel to the DIP Lender, the Applicants and the Monitor); and
- (c) such other costs and expenses of the Borrower as agreed to by the DIP Lender, in writing.

112. The facility made available pursuant to the DIP Term Sheet contemplates a "creeping-roll up" structure, pursuant to which all post-filing receipts by the Applicants will be applied to repay pre-filing obligations owing to Cortland. For greater certainty, the DIP Lender's Charge does not secure any obligation that existed prior to the granting of the Initial Order.

113. The DIP Loan is subject to customary covenants, conditions precedent, and representations and warranties made by the Applicants to the DIP Lender. The DIP Loan must be repaid in full by the date that is the earlier of:

- (a) the Maturity Date (as defined in the DIP Term Sheet);
- (b) the occurrence of an Event of Default (as defined in the DIP Term Sheet); and
- (c) the date of a sale of all or a portion of the Collateral (as defined in the DIP Term Sheet).

114. The amount of the DIP Loan to be funded during the initial Stay of Proceedings (up to a principal amount of \$2,400,000) is only that portion that is necessary to ensure the continued operation of the Applicants' business in the ordinary course during the initial 10 days.

VII. RELIEF SOUGHT AT THE INITIAL HEARING

A. Stay of Proceedings

115. The Applicants urgently require a broad stay of proceedings to prevent enforcement action by certain contractual counterparties and to provide the Applicants with breathing space while they attempt to effect a restructuring, all the while permitting their business to continue to operate as a going concern. In particular, it is critical for the Applicants and 943 Québec (one of the Non-Applicant Stay Parties) to maintain their cannabis licenses with Health Canada and the CRA to ensure the business operates as a going concern in the cannabis industry. Furthermore, BZAM Management's cannabis license with the CRA is set to imminently expire on February 29, 2024.

116. The Applicants are concerned about their failure to meet certain obligations as they become due. It would be detrimental to the Applicants' business if proceedings were commenced or continued, or rights and remedies were executed, against the Applicants. Absent the Stay of Proceedings, the Applicants will not be able to continue to operate their business and will be forced to initiate an abrupt disorderly shutdown.

117. The Applicants are seeking to extend the Stay of Proceedings to the Non-Applicant Stay Parties due to the integration of the business and operations of the Company. The extension of the Stay of Proceedings to these entities is intended to prevent uncoordinated realization and enforcement attempts from being made in different jurisdictions, and thereby preventing immediate losses of value for the Company and its stakeholders.

118. The Applicants believe that without the benefit of the Stay of Proceedings, the Applicants' ability to market and sell their interests in the Non-Applicant Stay Parties (certain of which have active businesses while others may have valuable tax attributes) and their respective assets would be compromised given the lack of stability that would exist. In particular, 943 Québec requires the benefit of the Stay of Proceedings as Medican Organic's transaction to acquire all issued and outstanding shares in 943 Québec is expected to close shortly, at which point 943 Québec will form part of the Company. Without the benefit of the Stay of Proceedings, the landlord for the 943 Québec Facility could exercise its option to terminate the Lease Agreement with 943 Québec.

119. In light of the foregoing, the Stay of Proceedings is in the best interests of the Applicants and their stakeholders. I understand that the Proposed Monitor believes that the Stay of Proceedings – including its extension to the Non-Applicant Stay Parties – is appropriate in the circumstances.

B. Proposed Monitor

120. The proposed Initial Order contemplates that FTI will act as Monitor in the Applicants' CCAA Proceedings. I understand that FTI has consented to act as Monitor of the Applicants in the CCAA Proceedings if the proposed Initial Order is granted. A copy of FTI's consent to act as Monitor is attached hereto as **Exhibit "NN"**.

C. Ability to Pay Certain Pre-Filing Amounts

121. Pursuant to the proposed Initial Order, the Applicants are seeking authorization (but not the obligation) to pay, among other things:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable on or after the date of the Initial Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) with the consent of the Monitor and the DIP Lender, amounts owing for goods and services actually supplied to the Applicants prior to the date of the Initial Order, with the Monitor considering, among other factors, whether (i) the supplier or service provider is essential to the Business and ongoing operations of the Applicants and the payment is required to ensure ongoing supply, (ii) making such payment will preserve, protect or enhance the value of the Property or the Business, (iii) making such payment is required to address regulatory concerns, and (iv) the supplier or service provider is required to continue to provide goods or services to

the Applicants after the date of the Initial Order, including pursuant to the terms of the Initial Order; and

- (c) the fees and disbursements of any Assistants (as defined in the Initial Order) retained or employed by the Applicants in respect of the CCAA Proceedings, at their standard rates and charges.

122. I believe this relief is necessary to maintain ordinary course operations, particularly given the highly regulated nature of the Applicants' business. The Applicants' ability to operate their business in the normal course is dependent on their ability to obtain an uninterrupted supply of certain goods and services.

123. I understand that the Monitor and the DIP Lender are supportive of that relief.

D. Administration Charge

124. The Initial Order provides for a Court-ordered charge in favour of the Proposed Monitor, as well as counsel to the Proposed Monitor and the Applicants, over the Property, to secure payment of their respective fees and disbursements incurred in connection with services rendered in respect of the Applicants up to a maximum amount of \$500,000 (the "**Administration Charge**"). The Administration Charge is proposed to rank ahead of and have priority over all of the other Charges.

125. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during the CCAA Proceedings in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge will have distinct roles in the Applicants' restructuring.

126. The Applicants and the Proposed Monitor worked collaboratively to estimate the quantum of the Administration Charge required, which takes into account the limited retainers the professionals currently have and their material outstanding fees. I believe that the Administration Charge is fair and reasonable in the circumstances. I understand that the Proposed Monitor is also of the view that the Administration Charge is fair and reasonable in the circumstances, and that the proposed DIP Lender support the Administration Charge.

127. The Applicants intend to seek an increase to the Administration Charge to \$1,000,000 at the Comeback Hearing.

E. DIP Lender's Charge

128. The DIP Term Sheet provides, among other things, that the DIP Loan is contingent on the granting of the DIP Lender's Charge:

- (a) with respect to all Property other than the Edmonton Property, the DIP Lender's Charge is proposed to rank in priority to the Directors' Charge, but subordinate to the Administration Charge; and
- (b) with respect to the Edmonton Property, the DIP Lender's Charge is proposed to rank in priority to the Directors' Charge, but subordinate to the Administration Charge and the Edmonton Property Charge.

129. Pursuant to the proposed Initial Order, the DIP Lender's Charge will secure all of the credit advanced under the DIP Loan. The DIP Lender's Charge will not secure obligations incurred prior to the CCAA Proceedings.

130. The amount to be funded under the DIP Loan during the initial Stay of Proceedings is limited to the amount necessary to ensure the continued operations of the Applicants' business. Correspondingly, the DIP Lender's Charge under the proposed Initial Order is limited to the amount to be funded during the initial Stay of Proceedings. The Applicants intend to seek an increase to the DIP Lender's Charge at the Comeback Hearing to the full principal amount available under the DIP Loan.

F. Directors' Charge

131. I am advised by Sean Zweig of Bennett Jones LLP, and believe that, in certain circumstances, directors and officers can be held liable for obligations of a company, including those owed to employees and government entities. Among other things, I understand that these obligations may include unpaid accrued wages and unpaid accrued vacation pay, together with unremitted excise, sales, goods and services, and harmonized sales taxes.

132. It is my understanding that the Applicants' present and former directors and officers (the "**Directors and Officers**") are among the potential beneficiaries under liability insurance policies maintained by Berkley Insurance Company. However, I understand that these policies have various exceptions, exclusions and carve-outs and that they may not provide sufficient coverage against the potential liability that the Directors and Officers could incur in connection with the CCAA Proceedings.

133. Given the risks related to these CCAA Proceedings and the uncertainty surrounding available indemnities and insurance, I understand that the current Directors and Officers' involvement in the CCAA Proceedings is conditional upon the granting of a priority charge in

favour of the Directors and Officers in the amount of \$5,300,000 (the “**Directors’ Charge**”) which is described in greater detail in the pre-filing report of the Proposed Monitor.

134. The Applicants require the involvement of the Directors and Officers in order to continue business operations in the ordinary course. The Directors’ Charge would serve as security for the indemnification obligations and potential liabilities the Directors and Officers may face during the initial 10-day period of the CCAA Proceedings. The proposed Initial Order contemplates that the Directors’ Charge will rank subordinate to Administration Charge and the DIP Lender's Charge, but in priority to all other claims (except any secured creditors who did not receive notice of this application).

135. The Applicants believe that the Directors’ Charge is reasonable in the circumstances. I understand that the Proposed Monitor is supportive of the Directors’ Charge and its quantum.

136. The Applicants intend to seek an increase to the Directors’ Charge at the Comeback Hearing.

G. Cash Flow Forecast

137. With the assistance of the Proposed Monitor, the Applicants have undertaken a cash flow analysis to determine the quantum of funding required to finance their operations, assuming the Initial Order is granted, over the 13-week period ending May 25, 2024 (the “**Cash Flow Forecast**”). I understand that the Cash Flow Forecast will be attached to the pre-filing report of the Proposed Monitor.

138. The Cash Flow Forecast indicates that the Applicants urgently require DIP financing to ensure that they have the liquidity required to meet their obligations and continue their business operations during the Stay of Proceedings.

H. Additional Relief

1. Relief from Reporting and Filing Obligations

139. BZAM is seeking to be relieved from incurring any further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents, restatements, amendments to existing filings, press releases or any other actions (collectively the "**Securities Filings**") that may be required by any federal, provincial or other law respecting securities or capital markets in Canada. This relief is necessary given BZAM's status as a publicly-traded company and reporting issuer listed on the Canadian Securities Exchange and the OTCQX.

140. It is anticipated that the CCAA Proceedings will be a transparent process through which BZAM's many shareholders and other stakeholders will receive information and be kept apprised of BZAM's efforts to ensure a going concern transaction. Relief from making the Securities Filings is critical in that it will allow BZAM to avoid the additional time and expense required for staying current on any public filings.

141. In addition to being relieved from having to make any of the Securities Filings, BZAM and the Monitor and their respective directors, officers, employees and other representatives are seeking to be relieved from any personal liability resulting from a failure to make any Securities Filings.

2. Relief in respect of the Licenses

142. The Subsidiaries listed above that hold licenses with Health Canada and cannabis licenses with CRA seek to have their licenses and their ability to receive cannabis excise stamps preserved and maintained during the Stay Period, including their ability to sell cannabis inventory in the ordinary course under those licenses. There is no immediate concern that any of the licenses with Health Canada will expire during the Stay Period, but the term of these licenses must continue for the duration of the Stay Period to ensure these Subsidiaries operate as a going concern. On the other hand, BZAM Management's cannabis license with the CRA will soon expire on February 29, 2024. If that license is allowed to expire, or to be cancelled or revoked, BZAM Management would not be able to use its existing stock of cannabis excise stamps or continue obtaining an ongoing supply of cannabis excise stamps, which would destroy its ability to operate as a going concern. The Company has included the CRA on the service list to ensure that it receives notice of these CCAA Proceedings.

VIII. RELIEF TO BE SOUGHT AT THE COMEBACK HEARING

143. As referenced above, the Applicants intend to seek the ARIO and the SISP Approval Order at the Comeback Hearing. The relief contemplated by each of the proposed ARIO and SISP Approval Order is described below.

A. ARIO

1. Stay Extension

144. The proposed Initial Order seeks the granting of a CCAA stay of proceedings for the Initial Stay Period until March 8, 2024. At the Comeback Hearing, the Applicants intend to seek an

extension of the stay of proceedings. The proposed extension of the stay of proceedings will enable the Applicants to continue to operate the business, conduct the SISP, and close a transaction.

2. Increases to Charges

145. The charges proposed in the Initial Order are intended for the Initial Stay Period only. The proposed ARIO is anticipated to provide for the following amendments to the Charges, listed in order of priority:

- (a) Administration Charge to increase to a maximum of \$1,000,000;
- (b) an increase to the DIP Lender's Charge to a principal amount of \$41,000,000 plus accrued and unpaid interest, fees and expenses; and
- (c) Directors' Charge to increase to a maximum of \$12,900,000.

146. The Applicants do not anticipate any changes to the Edmonton Property Charge or its priority ranking with respect to the Edmonton Property at the Comeback Hearing.

147. The Applicants believe the amounts of the proposed Charges (both in the Initial Order and the ARIO) are fair and reasonable in the circumstances. I understand that the Proposed Monitor is also supportive of the proposed Charges, as increased and/or granted pursuant to the proposed ARIO. In particular, the increase in the Directors' Charge reflects an increase in the Company's liability for excise tax between February and March, from \$1,361,290 as of the date of this affidavit to approximately \$8,690,000 at the Comeback Hearing.

B. SISP Approval Order

148. As discussed above, the Applicants intend to seek the SISP Approval Order at the Comeback Hearing to pursue a going concern transaction for the benefit of its stakeholders.

1. Stalking Horse Purchase Agreement

149. The Stalking Horse Purchase Agreement between BZAM and the Stalking Horse Purchaser will serve as the basis for the Stalking Horse Bid in the SISP.

150. The Stalking Horse Purchase Agreement is contemplated to be structured as a reverse vesting transaction whereby the Stalking Horse Purchaser will restructure the Company through, among other things, an order to be granted by the Court approving the purchase of the Company by the Stalking Horse Purchaser and the vesting out of all liabilities of the Applicants in the event that the Stalking Horse Bid is the successful bid in the SISP.

151. Further details on the Stalking Horse Purchase Agreement and the Stalking Horse Bid will be provided at the Comeback Hearing.

2. SISP

152. The proposed SISP will provide for the Applicants, the Non-Applicant Stay Parties and the Monitor to solicit potentially interested parties, commencing the same day as the granting of the SISP Approval Order.

153. It is anticipated that in order to be considered a "Qualified Bidder", interested parties will be required to enter into a non-disclosure agreement and submit a binding offer meeting the requirements enumerated in the SISP (referred to as a "Qualified Bid").

154. Further details on the SISP will be provided at the Comeback Hearing.


IX. CONCLUSION

155. In consultation with the Company's professional advisors, I believe that the proposed Initial Order is in the best interests of the Applicants, the Non-Applicant Stay Parties and their stakeholders. The Stay of Proceedings and the DIP Loan will allow the Applicants and the Non-Applicant Stay Parties to continue ordinary course operations with the breathing space and stability necessary to develop and implement their restructuring. Absent the Stay of Proceedings and approval of the DIP Loan, the Company will be unable to meet its obligations as they become due, which would be detrimental to the value of their business, and in turn, the interests of their stakeholders.

156. In the circumstances, I believe that the CCAA Proceedings are the only viable means of restructuring the Applicants' business for the benefit of their stakeholders and that the relief sought in the Initial Order is limited to what is reasonably necessary to stabilize the Applicants' business in the initial ten (10) day period.


157. If the Initial Order is granted, the Applicants also respectfully submit that the relief sought in the proposed ARIO and SISP Approval Order are appropriate and in the best interests of the Applicants, the Non-Applicant Stay Entities and their stakeholders, and that such Orders be granted at the Comeback Hearing.

SWORN REMOTELY by Matthew)
 Milich stated as being located in the City of)
 Mississauga, in the Province of Ontario,)
 before me at the City of Toronto, in the)
 Province of Ontario, on February 28th,)
 2024 in accordance with O. Reg. 431/20,)
 Administering Oath or Declaration)
 Remotely.)

DocuSigned by:

 265A8C7A10A1495...

JAMIE ERNST

A Commissioner for Taking Affidavits in)
 and for the Province of Ontario)

DocuSigned by:

 ED78A780251C4ED...

MATTHEW MILICH

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.

Court File No.: _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

AFFIDAVIT OF MATTHEW MILICH
(Sworn February 28, 2024)

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Sean Zweig (LSO# 57307I)
Mike Shakra (LSO# 64604K)
Andrew Froh (LSBC# 517286)
Jamie Ernst (LSO# 88724A)

Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicants

This is Exhibit “B” referred to in the Affidavit of Ashley McKnight sworn by Ashley McKnight of the City of Oshawa, in the Regional Municipality of Durham, before me at the Town of Newmarket, in the Province of Ontario, on August 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in black ink, appearing to read 'Joanna Vasiliou', written in a cursive style.

Commissioner for Taking Affidavits (or as may be)

JOANNA VASILIOU

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

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

AFFIDAVIT OF MATTHEW MILICH
(Sworn March 1, 2024)

I, Matthew Milich, of the City of Long Beach, in the State of California, **MAKE OATH**
AND SAY:

1. This affidavit is made in support of a motion by 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 (each individually, an "**Applicant**", and collectively, the "**Applicants**").

2. I am the Chief Executive Officer of BZAM, which wholly-owns or has a controlling interest in each of the other Applicants and which, directly or indirectly, wholly-owns four other non-Applicant subsidiaries¹ (each subsidiary of BZAM individually a "**Subsidiary**" and together

¹ The non-Applicant subsidiaries are: (1) 9430-6347 Québec Inc.; (2) The Green Organic Beverage Corp., a dormant company based in Delaware; (3) TGOD Europe B.V., a company based in the Netherlands, and (4) The Green Organic Dutchman Germany GmbH, a dormant company based in Germany (collectively, the "**Non-Applicant Stay Parties**").

the "**Subsidiaries**", and collectively with BZAM, the "**Company**"). As such, I have personal knowledge of the Applicants and the matters to which I depose in this affidavit. Where I have relied on other sources for information, I have so stated and I believe them to be true.

3. All capitalized terms not otherwise defined herein have the meaning ascribed to them in:
 - (a) the Initial Order of the Honourable Justice Osborne dated February 28, 2024 (the "**Initial Order**") in the Applicants' proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), a copy of which is attached hereto as **Exhibit "A"**;
 - (b) my previous affidavit sworn February 28, 2024, in support of the Initial Order (the "**First Milich Affidavit**"), a copy of which is attached hereto (without exhibits) as **Exhibit "B"**; or
 - (c) the SISP (as defined below), a copy of which is appended to the proposed SISP Approval Order (as defined below) at Schedule "A", as applicable.

4. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

I. RELIEF REQUESTED

5. I swear this affidavit in support of motion brought by the Applicants pursuant to the CCAA, for: (i) an amended and restated Initial Order (the "**ARIO**"); and (ii) an order (the "**SISP Approval Order**") approving a sale and investment solicitation process for the purpose of soliciting interest in, and opportunities for the sale of, or investment in, the assets and business operations of the Applicants and the Non-Applicant Stay Parties.

6. The proposed ARIO, among other things, would:
- (a) extend the Stay of Proceedings to and including May 25, 2024 (the "**Stay Extension**");
 - (b) increase the maximum principal amount that the Applicants can borrow under the DIP Loan to \$41,000,000; and
 - (c) increase the quantum of each of the Administration Charge (to a maximum amount of \$1,000,000), the DIP Lender's Charge (to a principal amount of \$41,000,000, plus interest, fees and expenses), and the Directors' Charge (to a maximum amount of \$12,900,000).
7. The proposed SISP Approval Order, among other things, would:
- (a) authorize and approve BZAM's execution of a share subscription agreement (the "**Stalking Horse Purchase Agreement**") among BZAM and 1000816625 Ontario Inc.² (the "**Stalking Horse Purchaser**") dated March 1, 2024, *nunc pro tunc*, including the Bid Protections (as defined below);
 - (b) grant a Court-ordered charge (the "**Bid Protections Charge**") over the Property in favour of the Stalking Horse Purchaser as security for payment of the Bid Protections, with the priority set out in the ARIO;
 - (c) approve a sale and investment solicitation process (the "**SISP**") in which the Stalking Horse Purchase Agreement will serve as the "**Stalking Horse Bid**", and

² The Stalking Horse Purchaser is a company related to Bassam Alghanim, who is BZAM's largest shareholder, current Chairman, and the individual that ultimately controls Stone Pine Capital Ltd. ("**Stone Pine**"), a secured creditor of BZAM.

authorizing the Applicants and the Monitor to implement the SISP pursuant to its terms; and

- (d) authorize and direct the Applicants and the Monitor to perform their respective obligations and do all things reasonably necessary to perform their obligations under the SISP.

II. INTRODUCTION AND BACKGROUND

8. BZAM is a reporting issuer listed on the Canadian Securities Exchange under the symbol “BZAM”, “BZAM.WR”, “BZAM.WA”, and “BZAM.WB” and its shares trade in the United States on the OTCQX under the symbol “BZAMF”. It is the ultimate parent company to several companies in the cannabis industry in Canada. Through the Subsidiaries, its business and operations focus on production and sale of various cannabis products. The Company owns cannabis cultivation and processing facilities in Ontario and Alberta, leases production facilities in British Columbia and Québec, leases a retail store in Saskatchewan, and has its corporate offices in Ontario and British Columbia.

9. The Applicants obtained protection under the CCAA pursuant to the Initial Order on February 28, 2024. The facts underlying the Applicants' financial circumstances and need for CCAA protection are set out in the First Milich Affidavit and are not repeated herein.

10. The Initial Order, among other things:

- (a) declared that the Applicants are parties to which the CCAA applies;
- (b) appointed FTI as the Monitor;

- (c) granted an initial stay of proceedings in favour of the Applicants, the Non-Applicant Stay Parties, and their respective Directors and Officers, until and including March 8, 2024 (the "**Stay Period**");
- (d) extended the benefit of the Stay of Proceedings and other aspects of the Initial Order to the Non-Applicant Stay Parties and their respective Directors and Officers;
- (e) approved TGOD's ability to borrow up to a principal amount of \$2,400,000 under a debtor-in-possession ("**DIP**") credit facility (the "**DIP Loan**") from the Company's existing senior secured creditor, Cortland Credit Lending Corporation ("**Cortland**" and in its capacity as lender, the "**DIP Lender**") to finance the Company's critically required working capital requirements and other general corporate purposes, post-filing expenses and costs during the initial Stay Period with the other Applicants acting as guarantors under the DIP Loan;
- (f) granted the Administration Charge, the DIP Lenders' Charge and the Directors' Charge (collectively, the "**Charges**");
- (g) relieved the Applicants from incurring any further expenses in relation to the Securities Filings and provided that none of the Directors and Officers, employees and other representatives of the Applicants, or the Monitor (and its directors, officers, employees and representatives) shall have any personal liability for any failure by the Applicants to make Securities Filings; and
- (h) relieved BZAM of any obligation to call and hold its Annual General Meeting until further Order of this Court.

III. THE ARIO

A. Increases to the Charges

1. The Administration Charge

11. The Initial Order granted an Administration Charge in favour of the Monitor, as well as counsel to the Monitor and the Applicants, over the Property up to a maximum of \$500,000, which took into account the limited retainers the professionals had and their outstanding fees. The ARIO contemplates increasing the quantum of the Directors' Charge to a maximum of \$1,000,000.

12. The Applicants require the expertise, knowledge, and continued participation of the proposed beneficiaries of the Administration Charge during the CCAA Proceedings in order to complete a successful restructuring. Each of the beneficiaries of the Administration Charge will have distinct roles in the Applicants' restructuring.

13. I believe that the increased quantum of the Administration Charge is fair and reasonable in the circumstances. I understand that the Monitor and the DIP Lender are also supportive of the Administration Charge and its increased quantum.

2. The DIP Lenders' Charge

14. Under the terms of the Initial Order, the maximum principal amount of the DIP Loan to be advanced prior to the Comeback Hearing was limited to \$2,400,000, which was the amount determined to be reasonably necessary to continue ordinary course operations during the initial Stay Period. As such, the DIP Lenders' Charge sought and granted in the Initial Order was limited to a maximum principal amount of \$2,400,000 plus accrued and unpaid interest, fees and expenses.

The Initial Order reflects the DIP Lender's agreement to subordinate the DIP Lender's Charge to all pre-filing amounts owing under the Edmonton Property Charge.

15. The Applicants are now seeking to increase the maximum quantum of the DIP Lenders' Charge to the principal amount of \$41,000,000 (plus accrued and unpaid interest, fees and costs), which is the full amount available to the Applicants under the Court-approved DIP Loan.

16. Additional draws under the DIP Loan are conditional on the increase to the DIP Lenders' Charge being granted. Should the ARIO not be granted and the DIP Lenders' Charge not be increased, the Applicants, the Non-Applicant Stay Parties and their stakeholders stand to suffer material prejudice including, but not limited to, the cessation of their business.

3. The Directors' Charge

17. As is customary in CCAA proceedings, the Initial Order granted a Directors' Charge in favour of the Directors and Officers up to a maximum of \$5,300,000, which reflected an estimate of potential liabilities the Directors and Officers could incur up to the date of the Comeback Hearing. The ARIO contemplates increasing the quantum of the Directors' Charge to a maximum of \$12,900,000.

18. I believe that the increased quantum of the Directors' Charge is fair and reasonable in the circumstances. It is calculated based on an estimate of the maximum potential liability the Directors and Officers could have during the CCAA Proceedings. I understand that the Monitor and the DIP Lender are supportive of the Directors' Charge and its increased quantum. I further understand that the Monitor will include a breakdown of the proposed \$12,900,000 Directors' Charge in its First Monitor's Report.

B. Priority of the Charges**1. Cortland's Pre-Filing Debt Charge**

19. Pursuant to section 3.5(f) of the DIP Loan, the parties agreed that the Directors' Charge would rank subordinate to the DIP and Cortland's pre-filing security. This was not expressly set out under the priority ranking of the Charges under the Initial Order. Accordingly, the ARIO is seeking to correct the priority ranking on the Property and the Edmonton Property to include a charge in favour of Cortland for all existing security for all amounts due under the Amended and Restated Credit Agreement dated January 8, 2024 ("**Cortland's Pre-Filing Debt Charge**"). Cortland's Pre-Filing Debt Charge will rank subordinate to the DIP Lender's Charge, but ahead of the Directors' Charge with respect to the Property and the Edmonton Property.

2. Encumbrances

20. The Initial Order provides that the beneficiaries of the Charges, including the DIP Lender, are entitled to seek priority for their respective Charge over any Encumbrance (as defined in the Initial Order) in favour of any person that was not previously served with notice of the hearing in respect of the Initial Order.

21. I am advised that the DIP Lender requires that the ARIO provide that the DIP Lenders' Charge rank in priority to all Encumbrances (other than the Administration Charge and the Edmonton Property Charge), including Encumbrances in favour of any person that was not previously provided with notice of the hearing in respect of the Initial Order. Accordingly, pursuant to the ARIO, the Applicants' are seeking to have the Charges rank in priority to all Encumbrances.

22. I am advised by Sean Zweig of Bennett Jones LLP, counsel for the Applicants, that the parties holding such Encumbrances will be given notice of the motion in respect of the ARIO and the SISP Approval Order.

C. Stay Extension

23. Pursuant to the Initial Order, the Court granted the initial Stay Period until and including March 8, 2024. Pursuant to the ARIO, the Applicants are seeking an extension of the Stay Period until and including May 25, 2024.

24. Since the granting of the Initial Order, the Applicants have acted in good faith and with due diligence to, among other things, stabilize their business, finalize the SISP and the Stalking Horse Purchase Agreement, and with the assistance of the Monitor, deploy a communications plan notifying key stakeholders of the CCAA Proceedings. Specifically, the communications plan has included:

- (a) disseminating a press release through The Newswire informing investors and other interested parties that the Applicants had obtained protection pursuant to the CCAA;
- (b) hosting virtual town hall meetings with the Applicants' employees;
- (c) contacting key customers and suppliers; and
- (d) notifying Health Canada of these proceedings.

25. It is necessary and in the best interests of the Applicants, the Non-Applicant Stay Parties and their stakeholders that the Stay Period be extended until May 25, 2024, as it will allow the

Applicants and the Monitor to complete the SISP (if approved by this Court), which will ultimately preserve and maximize the value of the Applicants' and the Non-Applicant Stay Parties' business for the benefit of their many stakeholders.

26. As is demonstrated in the Cash Flow Forecast appended to the Monitor's Pre-Filing Report, subject to the granting of the ARIO, the Applicants are forecast to have sufficient liquidity to fund their obligations and the costs of the CCAA Proceedings through to the end of the extended Stay Period.

IV. THE SISP APPROVAL ORDER

27. The Applicants seek the proposed SISP Approval Order to pursue a going concern transaction for the benefit of its and the Non-Applicant Stay Parties' stakeholders. The proposed SISP Approval Order has two key aspects: (a) authorize and approve BZAM's execution of the Stalking Horse Purchase Agreement; and (b) approve the SISP in which the Stalking Horse Purchase Agreement will serve as the Stalking Horse Bid.

A. Stalking Horse Purchase Agreement

28. The Stalking Horse Purchase Agreement between BZAM and the Stalking Horse Purchaser (*i.e.*, 1000816625 Ontario Inc.) will serve as the basis for the Stalking Horse Bid in the SISP. A copy of the Stalking Horse Purchase Agreement is attached hereto as **Exhibit "C"**.

29. I believe that utilizing a stalking horse is of significant benefit to the Applicants because, among other things, it assures the Applicants' many stakeholders – including its hundreds of employees, customers, suppliers, Health Canada and CRA – that there will be a going-concern outcome for the Applicants' business.

30. The Stalking Horse Purchase Agreement is contemplated to be structured as a reverse vesting transaction whereby the Stalking Horse Purchaser will restructure the Company through, among other things, an order to be granted by the Court (the "**RVO**") approving the purchase of the Company by the Stalking Horse Purchaser and the vesting out of certain liabilities of the Applicants in the event that the Stalking Horse Bid is the "**Successful Bid**" in the SISP. The transaction was structured as a reverse vesting transaction, among other reasons, because the Applicants' cannabis licenses cannot be transferred in a typical asset vesting structure.

31. The Stalking Horse Purchase Agreement is the product of significant efforts and negotiations among the Stalking Horse Purchaser, the Company, the Monitor and the Company's secured creditors, Stone Pine and Cortland. The Stalking Horse Purchase Agreement will pay out, in full, the amount of Cortland's secured debts under the Credit Agreement. The significant terms of the Stalking Horse Purchase Agreement include, among other things:

| Term | Details ³ |
|---------------------------|--|
| 1.1 "Assumed Liabilities" | <p>"Assumed Liabilities" means:</p> <p>(a) All trade payables and liabilities incurred in the normal course of operations from the date of the Initial Order that remain outstanding as at the Closing Date (as such trade payables and liabilities are set out in the Statement of Trade Payables).</p> <p>All mortgages registered on title to the real property owned by any of the Company Group Members.</p> <p>All amounts owing under the existing charge on Plan 8720213, Block 5, Lot 4, excepting thereout all mines and minerals and municipally known as 8770 24th Street NW, Edmonton, Alberta, T6P 1X8, in favour of Manjinder Singh Gill, as agent, in a principal amount of \$5,000,000 with registration number 212152636.</p> <p>Other Assumed Liabilities to be agreed by the Parties.</p> |

³ All capitalized terms in this table not otherwise defined have the meaning ascribed to them in the Stalking Horse Purchase Agreement.

| | |
|--------------------------|--|
| | <p>(b) Liabilities under any Retained Contracts, Permits and Licenses or Permitted Encumbrances (in each case, to the extent forming part of the Retained Assets) arising out of events or circumstances that occur after the Closing; and</p> <p>(c) any Tax Liabilities and Transaction Taxes referred to in Section 3.1(c) and Section 3.2(c).</p> |
| 1.1 "Cash Consideration" | " Cash Consideration " means an amount sufficient to pay in full in cash all (i) amounts owing in respect of the DIP Facility; (ii) amounts owing by the CCAA Applicants to Cortland Credit Lending Corporation pursuant to the Second Amended and Restated Credit Agreement dated January 8, 2024; and (iii) amounts in respect of Closing Payments to the extent paid in accordance with Sections 2.3 and 6.2(b). |
| 2.1 Deposit | <p>The Purchaser shall pay to the Monitor, by wire transfer of immediately available funds, an amount of \$2,250,000 (the "Cash Deposit"), within two (2) days of the granting of the SISP Order by the Court, which Cash Deposit shall be held in escrow by the Monitor in a non-interest bearing account on behalf of the Company. If the Closing does not occur for any reason and the Agreement is terminated, the Cash Deposit will be forthwith refunded in full to the Purchaser (without interest, offset or deduction) except:</p> <p>(a) if this Agreement is terminated by the Company pursuant to Section 8.1(a)(v); or</p> <p>(b) if this Agreement is terminated by the Company pursuant to Section 8.1(a)(iv), except if (i) at the time of such termination the condition in Section 7.1(k) has not been satisfied and (ii) the Purchaser has requested an extension of the Outside Date and has not received consent to such extension, in which case the Cash Deposit will be forthwith refunded in full to the Purchaser (without interest, offset or deduction).</p> <p>If this Agreement is terminated by the Company in the circumstances set forth in Sections 2.1(a) or 2.1(b), the Cash Deposit shall become the property of, and shall be transferred to, the Company as liquidated damages (and not as a penalty) to compensate the Company for the expenses incurred and opportunities foregone as a result of the failure to close the Transactions.</p> |
| 2.2 Subscription Price | <p>The subscription price for the Subscribed Shares shall be an amount equal to the aggregate of the following (the "Subscription Price"): </p> <p>(i) <u>Assumption of Stone Pine Debt</u>: On the Closing Date and in accordance with the Closing Sequence, the Purchaser shall enter into the Stone Pine Debt Assumption Agreement pursuant to which the Purchaser will assume from the Company and agree to pay in full when due the Stone Pine Debt plus accrued and unpaid interest thereon</p> |

| | |
|--------------------------------|--|
| | <p>as of the Closing Date and the Company shall thereupon be released from all obligations and liabilities under the Stone Pine Debt (collectively, the "Debt Consideration"); and</p> <p>(ii) <u>Cash Consideration</u>: On the Closing Date and in accordance with the Closing Sequence, the Purchaser shall pay the Cash Consideration as follows: (A) by the release of the Cash Deposit by the Monitor to the Company, and (B) by wire transfer to an account designated by the Monitor, on behalf of the Company, of immediately available funds in the amount of the balance of the Cash Consideration.</p> <p><u>Assumption of Assumed Liabilities</u>: On the Closing Date and in accordance with the Closing Sequence, the Company Group Members shall retain the Assumed Liabilities. For greater certainty, all Assumed Liabilities, including, but not limited to, the Statement of Trade Payables amounts, will be assumed and retained by the Company and paid on the later of (a) Closing, and (b) when such Assumed Liabilities become due and owing in accordance with their current payment terms and conditions, absent any acceleration that may be asserted to be caused by or associated with the Company Group Members' insolvency or the CCAA Proceedings.</p> |
| 7.1 The Purchaser's Conditions | <p>The Purchaser's closing conditions include, among others:</p> <p>(a) <u>Successful Bid</u>. The Staking Horse Purchase Agreement shall have been declared the "Successful Bid" in accordance with the SISP Procedures.</p> <p>(b) <u>Court Approval</u>. The Initial Order, the SISP Order and the Approval and Reverse Vesting Order shall have been issued by the Court, and shall not have been vacated, set aside or stayed.</p> <p>...</p> <p>(e) <u>No Material Adverse Effect</u>. During the Interim Period, there shall have been no Material Adverse Effect.</p> <p>...</p> <p>(h) <u>The Terminated Employees</u>. The Company Group Members shall have terminated the employment of the Terminated Employees, as requested by the Purchaser in its sole discretion, and all Liabilities owing to any such terminated employees in respect of such terminations, including all amounts owing on account of statutory notice, termination payments, severance, vacation pay, benefits, bonuses or other compensation or entitlements, all of which Liabilities shall be Excluded Liabilities or shall be Discharged by the Approval and Reverse Vesting Order.</p> |

| | |
|------------------------------|--|
| | <p>(i) <u>Residual Co.</u> Pursuant to the Approval and Reverse Vesting Order: (i) all Excluded Assets and Excluded Liabilities shall have been transferred to Residual Co or Discharged; and (ii) the Company Group Members, their businesses and properties shall have been released and forever Discharged of all claims and Encumbrances (other than Assumed Liabilities, if any); such that, from and after Closing the businesses and properties of the Company Group Members shall exclude the Excluded Assets and the Excluded Contracts, and shall not be subject to any Excluded Liabilities.</p> <p>...</p> <p>(k) <u>Cannabis Licenses.</u> (i) the Cannabis Licenses shall be valid and in good standing at the Closing Time with no adverse conditions or restrictions, except for routine conditions or restrictions that do not result in a finding of non-compliance or suspension; and (ii) all required Authorizations from Health Canada in connection with the Closing of the Transactions shall have been obtained.</p> |
| 7.2 The Company's Conditions | <p>The Company's closing conditions include, among others:</p> <p>(a) <u>Successful Bid.</u> The Stalking Horse Purchase Agreement shall have been declared the "Successful Bid" in accordance with the SISP Procedures.</p> <p>(b) <u>Court Approval.</u> The Initial Order, the SISP Order and the Approval and Reverse Vesting Order shall have been issued by the Court, and shall not have been vacated, set aside or stayed.</p> <p>...</p> <p>(g) <u>Closing Cash Amount.</u> On the Closing Date, prior to Closing, the Company shall have cash in an amount sufficient to satisfy the following payments in full on Closing (the "Closing Cash Amount") and such payments shall have been made on or before the Closing:</p> <p>(i) the reasonable and documented outstanding fees and expenses up to and including Closing of each of the Company Advisors, the Monitor and the Monitor Advisors;</p> <p>(ii) the reasonable and documented outstanding legal and financial advisor fees and expenses up to and including Closing of the DIP Lender; and</p> <p>(iii) the Wind-Up Reserve (\$250,000) payable to the Monitor.</p> |

32. If the Stalking Horse Bid is not the Successful Bid in the SISP, then the Stalking Horse Purchaser will be entitled to payment of the Bid Protections up to the maximum amount of \$850,000. The "**Bid Protections**" are comprised of: (i) a break fee of \$750,000; and (ii) and expense reimbursement of \$100,000. The proposed SISP Approval Order provides that the Bid Protections only become effective upon execution of the Stalking Horse Purchase Agreement.

33. The exact purchase price in the Stalking Horse Purchase Agreement is not capable of being calculated at this time because it contemplates the payment or assumption of a currently unknown amount of borrowings under the DIP Loan. However, on the assumption that the DIP Loan will be fully drawn, the maximum amount of the Bid Protections in aggregate is approximately 2% of the purchase price. I am advised by Jeffrey Rosenberg of FTI that the quantum of the Bid Protections is in line with market terms, is consistent with market practice and is reasonable given the circumstances.

34. The Bid Protections are proposed to be secured by the Bid Protections Charge over the Property in favour of the Stalking Horse Purchaser. The Bid Protections Charge, if granted, would have priority over all other security interests, charges and liens, but would rank subordinate to all other Charges pursuant to the ARIO.

B. The SISP

1. Overview

35. The proposed SISP provides for the Applicants, the Non-Applicant Stay Parties and the Monitor to solicit interest in, and opportunities for, a sale of, or investment in, all or part the Company's assets and business operations, commencing the same day as the granting of the SISP

Approval Order. The SISP is divided into two phases and was designed to be a flexible process that will obtain the best offer for the Business to maximize value for the Applicants' many stakeholders.

36. The SISP contemplates one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of one or more of the Company as a going concern or a sale of all, substantially all or one or more components of the assets of the Company (*i.e.*, the Property) and the Company's business operations (the "**Business**") (each an "**Opportunity**"). Ultimately, the SISP will permit the Applicants, the Non-Applicant Stay Parties and their stakeholders to determine the avenues of restructuring available for the Business. A copy of the SISP is appended at Schedule "A" to the SISP Approval Order.

37. The SISP sets out, among other things, the manner in which non-binding letters of intent ("**LOIs**") and binding Qualified Bids for a broad array of executable transaction alternatives (each a "**Transaction**") that are superior to the sale transaction contemplated by the Stalking Horse Bid will be solicited from interested parties and how a Successful Bid will be selected.

38. The SISP contains seven milestones within two phases which are described in the following table:

| Milestone ⁴ | Date |
|---|---|
| Phase 1 | |
| Commence solicitation of interest from parties, including delivering teaser letter and NDA, and upon execution of NDA, confidential information memorandum and access to an electronic data room. | As soon as possible following issuance of the SISP Approval Order (if granted). |

⁴ All capitalized terms in this table not otherwise defined have the meaning ascribed to them in the SISP.

| Milestone ⁴ | Date |
|--|---|
| Deadline to submit an LOI. | April 8, 2024 at 5:00 p.m. (EST) (the " LOI Deadline ") |
| Deadline for the Applicants and the Monitor to determine if any LOIs constitute a Qualified LOI. | By no later than April 11, 2024. |
| Phase 2 | |
| Deadline for Qualified Bidders to submit a Qualified Bid. | April 29, 2024 at 2:00 p.m. (EST) (the " Qualified Bid Deadline ") |
| The Applicants and the Monitor to commence an Auction, if any. | By no later than May 3, 2024. |
| Approval Order hearing. | By no later than May 21, 2024, subject to Court availability. |
| 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 (the " Outside Date "). |

39. The milestones referred to in the above table are described in detail below.

40. I understand that the SISP (including the milestones contained in the SISP) is supported by the Monitor and the DIP Lender. Specifically, the Monitor has advised and agrees that interested parties will have sufficient time to formulate and submit Binding Offers (as defined below) and that the SISP will ensure the Business is sold as a going concern.

2. SISP Phase 1

(a) Notification Process

41. The Monitor, with the assistance of the Applicants, will prepare a process summary (the "**Teaser Letter**"), describing the Opportunity and the SISP, and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP.

42. The Applicants, with the assistance of the Monitor, will prepare a non-disclosure agreement (the "**NDA**") in form and substance satisfactory to the Applicants and the Monitor. The Monitor will disseminate the Teaser Letter and the NDA to potentially interested parties identified by the Applicants and the Monitor or any other interested party who contacts the Applicants or the Monitor. The Teaser Letter and the NDA will also be sent by the Monitor to any other party who requests a copy of the Teaser Letter and the NDA or who is identified to the Monitor or the Company as a potential bidder as soon as reasonably practicable. Any parties that execute an NDA will be prohibited from communicating with any other party who executed an NDA during the term of the SISP, without the consent of the Monitor in consultation with the Applicants.

(b) Letters of Intent

43. Any interested party who wishes to submit an LOI in the SISP must submit an LOI that complies with the following criteria (which the Company and the Monitor, with the consent of the DIP Lender, may waive strict compliance with):

- (a) it sets forth the identity of the interested party, including its contact information, full disclosure of its direct and indirect principals and equity holders, and

information as to the interested party's financial wherewithal to complete a transaction pursuant to the SISP;

- (b) it sets forth the principal terms of the proposed Transaction, including: (i) the nature of the proposed Transaction; (ii) the purchase price or other consideration offered in connection with the Transaction, including material assumed liabilities; (iii) a description of any conditions or approvals required and any additional due diligence required for the interested party to make a final binding bid; (iv) all conditions to closing that the interested party may wish to impose on the closing of the Transaction; (v) proposed treatment of the Company's employees; (vi) any other terms or conditions that the interested party believes are material to the Transaction; and (vii) any other information as may be reasonably requested by the Company and the Monitor; and
- (c) it is received by the Company and the Monitor by the LOI Deadline.

44. Following the LOI Deadline, the Company and the Monitor (and, subject to section 21 of the SISP, the DIP Lender and the Stalking Horse Bidder) will assess the LOIs. If no Qualified LOIs are received by the LOI Deadline then the Company and the Monitor (with the consent of the DIP Lender and the Stalking Horse Bidder) may elect to terminate the SISP and send notice of same to the service list established in the CCAA Proceedings and any interested party who submitted an LOI. The Applicants will then proceed to seek Court approval to implement the transaction contemplated by the Stalking Horse Purchase Agreement. If the Company determines (following consultation with the Monitor, the DIP Lender and the Stalking Horse Bidder, subject to section 21 of the SISP) that the Transaction outlined in one or more LOIs represents a viable

potential alternative Transaction that could provide greater value to the Company and their stakeholders than the Stalking Horse Bid, including having regard to: (i) the consideration offered; (ii) the interested party's financial capability to complete a Transaction; (iii) the interested party's ability to make a binding offer by the Qualified Bid Deadline; and (iv) such other factors that the Company and the Monitor consider relevant, then such LOI will be deemed a "**Qualified LOI**" and the interested party submitting such Qualified LOI will be deemed a "**Qualified Bidder**".

3. SISP Phase 2

(a) Qualified Bidder(s) and Qualified Bid(s)

45. If one or more LOIs are determined to be a Qualified LOI, then the Applicants and the Monitor will proceed to Phase 2. Only Qualified Bidders will be permitted to participate in Phase 2.

46. The Applicants and the Monitor will prepare a bid process letter for Phase 2 (the "**Bid Process Letter**"), and the Bid Process Letter will be: (i) sent to all Qualified Bidders, and (ii) posted on the Monitor's Website. Phase 2 of the SISP will include, among other things, the opportunity for Qualified Bidders to: (x) conduct additional diligence, including participation in management presentations; and (y) to prepare and submit a binding Qualified Bid on or before the Qualified Bid Deadline.

47. In order to constitute a Qualified Bid, that bid must, among other things, provide aggregate cash consideration on closing in an amount greater than the Stalking Horse Purchase Agreement, plus the Bid Protections.

48. The completion of any Qualified Bid (including, for certainty, the Stalking Horse Purchase Agreement if it is the Successful Bid) will be subject to the approval of the Court. For purposes of the SISP, the Stalking Horse Bidder is deemed a Qualified Bidder and the Stalking Horse Bid is deemed a Qualified Bid.

49. At any time during the SISP, the Company, with the written consent of the Monitor and the DIP Lender, reserve the right not to accept any Qualified Bid or to otherwise terminate the SISP. The Company, with the written consent of the Monitor, also reserves the right to deal with one or more Qualified Bidders to the exclusion of others, to accept a Qualified Bid for different parts of the Company's Property or Business or to accept multiple Qualified Bids and enter into definitive agreements in respect of all such bids, provided that the aggregate of those Qualified Bids satisfies the cash consideration and closing date requirements under section 11 of the SISP.

(b) Selection of Successful Bid and Approval Order

50. Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Company or their Property or Business will submit a Qualified Bid by no later 2:00 p.m. EST on April 29, 2024 (the "**Qualified Bid Deadline**").

51. If one or more Qualified Bids (other than the Stalking Horse Bid) are received by the Company and the Monitor on or before the Qualified Bid Deadline, the Company and the Monitor, may:

- (a) negotiate with one or more of the Qualified Bidders who submitted a Qualified Bid, including requesting that such Qualified Bidder improve or otherwise modify the terms of its Qualified Bid;

- (b) consider the factors required to constitute a Qualified Bid under section 11 of the SISP and then designate any Qualified Bid (including the Stalking Horse Bid) to be the highest and best bid in the SISP and therefore the Successful Bid;
- (c) having regards to the same consideration factors above, designate any Qualified Bid as a "**Back-Up Bid**" (provided that the Stalking Horse Purchase Agreement will not serve as the Back-Up Bid unless agreed to in writing by the Stalking Horse Bidder); or
- (d) proceed with an auction process to determine the Successful Bid and any Back-Up Bid (the "**Auction**"), which Auction will be administered in accordance with Schedule "A" appended to the SISP.

52. If no Qualified Bid (other than the Stalking Horse Bid) is received by the Company and the Monitor by the Qualified Bid Deadline, then the Stalking Horse Bid will be deemed the Successful Bid and will be executed in accordance with and subject to the terms of the Stalking Horse Purchase Agreement, including obtaining Court approval thereof.

53. Following selection of the Successful Bid, the Company, with the assistance of its advisors and the Monitor, will seek to finalize any remaining necessary definitive agreement(s) with respect to the Successful Bid in accordance with the milestones. Once the necessary definitive agreement(s) with respect to a Successful Bid are finalized, as determined by the Company and the Monitor, the Applicants will apply to the Court for an order (or orders) approving the Successful Bid and/or the mechanics to authorize the Company to complete the transactions contemplated. The Applicants would seek authorization from the Court for the Company to: (a) enter into any and all necessary agreements and related documentation with respect to the

Successful Bid; (b) undertake such other actions as may be necessary to give effect to such Successful Bid; and (c) implement the Transaction contemplated in the Successful Bid (each, an "**Approval Order**"). If the Successful Bid is not executed in accordance with its terms, the Company will be authorized, but not required, to elect that the Back-Up Bid (if any) is the Successful Bid.

4. Creditor Access to Information

54. The SISP provides creditors of the Company with a mechanism to receive updates and information on the SISP. The Company and the Monitor are permitted, in their discretion, to provide updates and information in respect of the SISP to any creditor (including any advisor thereto) (each a "**Creditor**") on a confidential basis upon: (a) an irrevocable confirmation in writing from such Creditor it will not submit any bid in the SISP; and (b) such Creditor executing a confidentiality agreement or undertaking with the Company in a form satisfactory to the Company and the Monitor.

55. With respect to the DIP Lender's and the Stalking Horse Bidder's rights to receive information on the SISP:

- (a) the DIP Lender is only entitled to certain consultation rights specified in the SISP and confidential updates and information from the Company and the Monitor in respect of the SISP, including copies of any LOIs or bids submitted in Phase 2, upon the DIP Lender confirming in writing to the Company and the Monitor that it will not submit any bid in the SISP; and

- (b) the Stalking Horse Bidder shall only be entitled to the consultation rights specified herein in its favour and confidential updates and information from the Company and the Monitor in respect of the SISP, including copies of any LOIs or Qualified Bid, upon the Stalking Horse Bidder irrevocably confirming in writing to the Applicants and the Monitor that it will not submit any bid in the SISP except for the Stalking Horse Bid, except for any revised Stalking Horse Bid that may be submitted in the Auction.

56. The DIP Lender and any other secured lender of the Company shall have the right (subject to compliance with the terms of the SISP) to credit bid their secured debt against the assets secured thereby up to the full face value of that secured lender's claims, including principal, interest and any other obligations owing to such secured lender. However, any secured lender which submits such a credit bid will be required to, among other things: (i) pay in full in cash any obligations of the Company in priority to its secured debt; and (ii) pay appropriate consideration for any assets of the Company which are contemplated to be acquired and that are not subject to that secured lender's security.

V. POTENTIAL OBJECTION

57. As disclosed in the First Milich Affidavit:

- (a) on February 23, 2024, counsel for Final Bell Holdings International Ltd. ("FBHI") wrote to the board of directors of BZAM alleging, among other things, that "BZAM is not insolvent". A copy of the letter from counsel for FBHI is attached hereto as **Exhibit "D"**; and

(b) on February 26, 2024, counsel for BZAM responded to the letter from FBHI noting, among other things, that it contained numerous factual inaccuracies and mischaracterizations, and offering to have a call to discuss at FBHI's convenience.

A copy of the letter from counsel for BZAM is attached hereto as **Exhibit "E"**.

58. I am advised by Sean Zweig of Bennett Jones LLP, counsel for the Applicants, that as at the time of swearing this Affidavit, there has been no response to the February 26, 2024 letter, and no other attempt by FBHI's counsel to engage in any dialogue with the Applicants' counsel.

59. Instead, FBHI issued a press release on February 29, 2024, a copy of which is attached hereto as **Exhibit "F"**. The press release announced, among other things, FBHI's intention to challenge the CCAA application and that it "intends to use all legal recourse available to it to oppose the CCAA Proceedings and hold BZAM and its management accountable for their actions." It is noteworthy that the press release does not repeat the prior untenable assertion that BZAM is not insolvent.

60. Based on the press release, FBHI appears to have a misunderstanding that BZAM is attempting to do a "quick-flip" transaction. However, as described in detail above, that is not the case. To the contrary, the Applicants and the Monitor have designed a stalking horse sale process that will canvass the market to ensure that value is maximized for the benefit of all of the Applicants' stakeholders, including FBHI.

**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.**

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

AFFIDAVIT OF MATTHEW MILICH
(Sworn March 1, 2024)

BENNETT JONES LLP

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Lawyers for the Applicants

This is Exhibit “C” referred to in the Affidavit of Ashley McKnight sworn by Ashley McKnight of the City of Oshawa, in the Regional Municipality of Durham, before me at the Town of Newmarket, in the Province of Ontario, on August 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in black ink, appearing to read 'Joanna Vasiliou', written in a cursive style.

Commissioner for Taking Affidavits (or as may be)

JOANNA VASILIOU

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

**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

**AFFIDAVIT OF MATTHEW MILICH
(Sworn March 25, 2024)**

I, Matthew Milich, of the City of Long Beach, in the State of California, **MAKE OATH**
AND SAY:

1. I am the Chief Executive Officer of BZAM Ltd. ("**BZAM**"), which wholly-owns or has a controlling interest in each of the other applicants in this proceeding (collectively with BZAM, the "**Applicants**"). I was directly involved in the transaction under which BZAM acquired all of the issued and outstanding shares of Final Bell Canada Inc. ("**FBC**") from Final Bell Holdings International Ltd. ("**Final Bell**") pursuant to a share exchange agreement between Final Bell, FBC and BZAM dated December 5, 2023 (the "**Share Exchange Agreement**"), a copy of which is attached as **Exhibit "A"**. I refer to this transaction as the "**FBC Acquisition**" below. As such, I have personal knowledge of the facts set out in this affidavit, except where otherwise indicated to be based on information provided to me by others or from reviewing a document, in which case I state the source of the information and I believe that information to be true. Nothing in this affidavit is intended to waive any privilege of any kind including, without limitation, any privilege

attaching to any communications between any of the Applicants and their legal counsel, other professional advisors or otherwise.

2. I have reviewed the affidavit of Kay Jessel sworn March 18, 2024 (the "**Jessel Affidavit**") and the affidavit of Keith Adams sworn March 18, 2024 (the "**Adams Affidavit**", and together with the Jessel Affidavit, the "**Final Bell Affidavits**") delivered on behalf of Final Bell in connection with its motion seeking rescission of the FBC Acquisition under which its wholly-owned Canadian subsidiary, FBC, was acquired by BZAM prior to the commencement of these CCAA proceedings.

3. Aspects of the Final Bell Affidavits are incorrect and incomplete. Below I respond to various assertions in the Final Bell Affidavits and address various omissions in those affidavits. In the interest of brevity, I have not addressed every issue raised in or omitted from the Final Bell Affidavits, and I should not be taken to agree with statements in the Final Bell Affidavits simply because I have not responded to them here.

4. This affidavit is supplemental to my affidavit sworn February 28, 2024 (the "**First Affidavit**") in support of the Applicants' urgent application for an initial order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**"). The First Affidavit summarizes, among other things, the corporate structure of the Applicants, the business of the Applicants, the financial position of the Applicants, various other matters relating to the Applicants, the relief requested under the Initial Order and the relief to be requested at the comeback hearing. Justice Osborne granted the Initial Order on February 28, 2024, a copy of which is attached as **Exhibit "B"**, along with His Honour's endorsement of the same date.

5. This affidavit is also supplemental to my affidavit sworn March 1, 2024 (the "**Second Affidavit**") in support of the Applicants' motion for an amended and restated initial order (the "**ARIO**") and an order approving a proposed sales and investment solicitation process (the "**SISP Approval Order**"). The Second Affidavit summarizes, among other things, the relief sought under the ARIO and the SISP Approval Order. Justice Osborne granted the ARIO and the SISP Approval Order on March 8, 2024, copies of which are attached as **Exhibit "C"**, along with His Honour's endorsement of the same date.

6. All capitalized terms not otherwise defined herein have the meaning ascribed to them in the First Affidavit, the Second Affidavit or the Share Exchange Agreement.

7. All references to currency in this affidavit are in Canadian dollars unless noted otherwise.

8. I discuss the following issues below in my response to the Final Bell Affidavits:

- I. Background to the FBC Acquisition;
- II. BZAM's known financial condition at the time of entering into the Share Exchange Agreement;
- III. Final Bell's baseless allegations concerning forward-looking information;
- IV. FBC's financial condition and its need for a financial lifeline;
- V. The integration of FBC into BZAM pre- and post-closing of the FBC Acquisition;
- VI. The timing of BZAM's consideration of restructuring options; and

VII. How the relief Final Bell seeks would prejudice, among others, arm's length third parties, particularly Cortland Credit Lending Corporation ("**Cortland**"), BZAM's first secured lender and the DIP Lender in the CCAA proceedings.

I. BACKGROUND TO THE FBC ACQUISITION

9. As set out in the Final Bell Affidavits, BZAM and Final Bell entered into a letter of intent under which BZAM expressed its interest in acquiring all of the issued and outstanding shares of FBC. Attached as **Exhibit "D"** is the final, mutually executed letter of intent dated October 31, 2023, which was signed by Final Bell on November 1, 2023 (the "**LOI**").

10. However, omitted from the Final Bell Affidavits is any mention of the fact that the parties had been in discussions about a potential transaction before this time. In particular, the parties began exploring a potential transaction in or around early October 2023.

11. On or about October 6, 2023, I was connected by email to Greg Boone (then CEO of FBC) by a mutual contact, Keith Merker, who was a director of BZAM at the time. Mr. Boone and I then exchanged emails to schedule an introductory meeting shortly afterwards. Attached as **Exhibit "E"** is a copy of that correspondence.

12. On or about October 11, 2023, I had a call with Mr. Boone. On that call, Mr. Boone brought up that FBC was pursuing a new product launch—specifically, the launch of infused pre-rolled joints under the Jeeter brand (the "**Jeeter Launch**") for which FBC had recently secured a licensing deal and for which a large load-in with the Ontario Cannabis Retail Corporation (operating as the Ontario Cannabis Store) was required by late January/early February 2024. I subsequently learned, however, that the license agreement was in fact not signed by the parties

until on or about November 16, 2023. As Final Bell and Mr. Boone knew, BZAM had at one time sought the same licensing deal, but Jeeter ultimately decided to partner with FBC.

13. During the October 11th call, Mr. Boone indicated FBC's need for operational and financial help, particularly with the cost-intensive Jeeter Launch on the horizon. We discussed the idea of a potential M&A transaction between FBC and BZAM. We also discussed a potential in-person meeting between myself and Tom Fornarelli (a co-founder of Final Bell) to further explore and advance discussions around a potential transaction of this nature.

14. On or about October 21, 2023, I met with Mr. Fornarelli at the Final Bell facility in Van Nuys, California to further discuss a potential way forward that could assist Final Bell with the operational and financial support it needed and was seeking in respect of FBC. In dealing with Final Bell, it was my understanding that Mr. Fornarelli was the *de facto* leader of the company.

15. At the October 21st meeting, Mr. Fornarelli and I discussed the possibility of a share exchange transaction between Final Bell and BZAM under which BZAM would acquire all of the shares of Final Bell's Canadian business, FBC. In exchange, it was contemplated that Final Bell (and/or its affiliates) would receive equity in BZAM. There was also contemplation of BZAM assuming some portion of debt owing by FBC to its parent and/or affiliates.

16. On October 22, 2024, I delivered a draft letter of intent expressing BZAM's interest in this form of transaction to Final Bell. A copy of this correspondence and the enclosed draft letter of intent are attached as **Exhibit "F"**.

17. On or about October 26, 2023, I met again with Mr. Fornarelli, and other Final Bell personnel (including Final Bell CEO Robert Meyer) at the Final Bell facility in Van Nuys.

Following that meeting, at which we discussed the draft letter of intent, I sent a revised draft to Mr. Fornarelli and Mr. Meyer. This correspondence is attached as **Exhibit "G"**.

18. Over the next several days, Mr. Meyer and I exchanged comments regarding the draft letter of intent. This correspondence is attached as **Exhibit "H"**.

19. On October 30, 2023, Mr. Meyer provided a revised draft letter of intent and a mutual Non-Disclosure Agreement between Final Bell and BZAM (the "**NDA**") in contemplation of "exchanging further information". A copy of Mr. Meyer's correspondence is attached as **Exhibit "I"**, with the revised draft letter of intent he enclosed attached as **Exhibit "J"**.

20. The parties ultimately agreed to the LOI and NDA, and Final Bell executed both concurrently on November 1, 2023. The mutually executed copy of the NDA is attached as **Exhibit "K"**.

21. Under the LOI, it was contemplated that the parties would enter into a definitive agreement by November 22, 2023 (or such as other time or date as may be agreed to in writing by the parties).

22. While the Final Bell Affidavits omit any reference to the period and circumstances preceding the signing of the LOI and NDA, it was Final Bell that initiated discussions between the parties about a potential transaction and was most interested in a transaction given its need for operational and financial support as it related to FBC.

23. Final Bell was at all material times represented by sophisticated legal counsel in connection with the FBC Acquisition, including at the time Final Bell signed the LOI and NDA, and at all material times since. In particular, Final Bell was represented by Sangra Moller LLP, a law firm

based in Vancouver that holds itself out as "a leading corporate and securities law firm representing local, national and international clients".

24. In introducing BZAM to the Final Bell "deal team" on November 1, 2023, Mr. Meyer noted that Mr. Adams was Final Bell's Chief Financial Officer, and that he led the Final Bell senior finance team comprising at least several individuals: Ariel Wessling, Jimmy Nguyen and Kiarash Hessami, each of whom was copied on Mr. Meyer's email. It was in this email that Mr. Meyer also introduced Final Bell's legal counsel as part of the deal team (though Final Bell's legal counsel was also copied on earlier correspondence, including when Final Bell sent the revised draft letter of intent and the NDA to BZAM on October 30, 2023). A copy of this email correspondence is attached as **Exhibit "L"**.

25. As set out in the Final Bell Affidavits, Mr. Adams (and, subsequently, Mr. Jessel), who led the diligence efforts on behalf of Final Bell, had extensive qualifications and experience in transactions of this nature (with Mr. Adams being a Certified Public Accountant and Certified Management Accountant with over forty years of experience, including several executive roles in the cannabis integration and supply chain management space, and also having served as Chief Financial Officer or Chief Accounting Officer of various public and private companies; and Mr. Jessel having worked in investment banking, private asset management and investor relations, having raised hundreds of millions of dollars for public and private companies worldwide, and having also held director positions with various public and private companies in North America and Europe).

26. At all times, I understood Final Bell and the individuals representing it to be sophisticated parties with significant experience and expertise in transactions of the nature contemplated under the LOI and, ultimately, the Share Exchange Agreement.

27. Between the signing of the LOI and NDA (on November 1, 2023) and the signing of the Share Exchange Agreement (on December 5, 2023), BZAM and Final Bell exchanged certain financial information relevant to the FBC Acquisition.

28. The documentation and information provided by BZAM to Final Bell in the lead up to the signing of the Share Exchange Agreement was shared pursuant to and in reliance upon the terms of the NDA.

29. In connection with the FBC Acquisition, BZAM engaged Clarus Securities Inc. ("**Clarus**"), a reputable investment bank, as its financial advisor. Clarus was engaged to provide advice on the FBC Acquisition and, among other things, prepare a combined *pro forma* model for the to-be-combined business based on standalone models for each company, including the model for FBC that Final Bell had prepared and provided to BZAM. A copy of FBC's standalone model provided by Final Bell is attached [REDACTED]. Throughout the process, BZAM relied on Clarus' expertise and financial modelling with respect to the FBC Acquisition.

30. At Final Bell's request, a copy of the confidential *pro forma* combined model prepared by Clarus for BZAM's use was provided to it on November 21, 2023 and the confidential standalone BZAM model was provided on November 30, 2023. Respectively attached [REDACTED] [REDACTED] are the confidential *pro forma* combined model prepared by Clarus and the confidential standalone BZAM model.

31. At no time did BZAM represent that these models should be exclusively relied upon by Final Bell, or relied upon at all. Moreover, in my experience, models of this nature containing forward-looking projections are commonly exchanged in advance of potential M&A transactions. Given that actual results invariably differ from forecasted projections, receiving parties will typically heavily scrutinize models, perform their own sensitivity analysis, and perform other appropriate due diligence.

32. Indeed, Mr. Adams himself seemed to acknowledge the challenges associated with producing a model. As he wrote to me on November 21, 2023 concerning the combined model: “[h]ow is the model coming? Never easy. Just when you think you have it, something else pops its ugly head up.” A copy of this email is attached as **Exhibit "P"**.

33. Of note, on November 29, 2023, Final Bell provided BZAM with an excel spreadsheet detailing FBC's accounts payable, [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] A copy of this spreadsheet is attached [REDACTED]

34. As discussed in more detail below, I believe that Final Bell was of the view that it could not continue bearing the operational and financial burden associated with FBC, [REDACTED]
[REDACTED]
[REDACTED] I believe that Final Bell was looking for a partner who could take on the significant historical and future costs of operating FBC and

also provide the operational expertise, infrastructure and other support that FBC required. I believe that this was a primary driver for Final Bell entering into a transaction with BZAM.

35. Ultimately, the parties executed the Share Exchange Agreement on December 5, 2023. BZAM press released the FBC Acquisition the following morning, on December 6, 2023. A copy of this press release is attached as **Exhibit "R"**.

36. Between the signing of the Share Exchange Agreement on December 5, 2023, and the closing of the FBC Acquisition on January 8, 2024, BZAM conducted further due diligence relating to the FBC Acquisition.

37. While the Final Bell Affidavits baselessly assert that Final Bell relied on various representations concerning potential future events allegedly made to it preceding the signing of the Share Exchange Agreement (which I categorically deny and address in more detail below), it appears Final Bell conducted only superficial diligence on BZAM before the signing of the Share Exchange Agreement on December 5, 2023 and virtually no further diligence between the signing of the Share Exchange Agreement and the closing of the FBC Acquisition on January 8, 2024. This is also discussed in more detail below.

II. BZAM'S KNOWN FINANCIAL CONDITION AT THE TIME OF ENTERING INTO THE SHARE EXCHANGE AGREEMENT

38. BZAM has operated at a loss at all material times, including when the Share Exchange Agreement was negotiated and signed. Collectively attached as **Exhibit "S"** are copies of BZAM's audited consolidated annual financial statements for the last three years, which were reviewed quarterly, audited annually by BZAM's independent auditor (KPMG LLP), and publicly disclosed in accordance with the laws and regulations applicable to public companies. As set out in BZAM's

most recent consolidated audited annual financial statements dated April 28, 2023 for the fiscal year ending December 31, 2022, BZAM had a net loss from operations of nearly \$37 million.

39. For the three months ended September 30, 2023, BZAM had a net loss from operations of nearly \$17 million—and for the nine months ended September 30, 2023, a net loss from operations of nearly \$102 million (inclusive of a non-cash impairment charge of approximately \$74 million). Similarly, in 2022, BZAM had a net loss from operations of nearly \$7 million for the three months ended September 30, 2022, and a net loss from operations of about \$27 million for the nine months ended September 30, 2022. Attached as **Exhibit "T"** are BZAM's unaudited consolidated financial statements for the three and nine months ended September 30, 2023, and September 30, 2022. Also attached as **Exhibit "U"** is an email chain of November 22, 2023 by which I sent Mr. Adams these most recent financial statements, among other things. Mr. Adams confirmed receipt later that day.

40. Simply put, BZAM's public financial disclosure has shown significant and sustained losses at all material times.

41. Consistent with the above, and relatedly, a factor made clear in all of BZAM's financial statements is a material uncertainty relating to BZAM's ability to operate as a going concern. For instance, in Note 2 to the most recent consolidated audited annual financial statements (FY2022) attached as Exhibit "S", it states "a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern." Note 2 to the financial statements further provides, in part:

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.

42. This caution is repeated in the unaudited consolidated financial statements for the three and nine months ended September 30, 2023 attached as Exhibit "T".

43. This is also consistent with the disclosure in BZAM's other public disclosure documents, to which Final Bell had access. For instance, the Management Discussion and Analysis for BZAM dated April 28, 2023 (which are publicly accessible and which Final Bell was also provided prior to the signing of the Share Exchange Agreement), attached as **Exhibit "V"**, provides, among other things, that "[t]here can be no assurance that additional funding will be available to the Company, or, if available, that such funding will be on acceptable terms. If adequate funds are not available, the Company will be required to delay or reduce the scope of any or all of its projects. Management continues to pursue other alternatives to fund the Company's operations and looks to reduce costs... These conditions indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern."

44. Final Bell had access to all of BZAM's public disclosures prior to entering into the LOI. Final Bell was also provided with BZAM's consolidated audited annual financial statements along with additional financial disclosure including, among other things, the unaudited financial statements for the three and nine months ended September 30, 2023, prior to entering into the Share Exchange Agreement.

45. On December 5, 2023, prior to signing the Share Exchange Agreement, Final Bell was also provided with a disclosure letter from BZAM, per Section 1.5 of the Share Exchange Agreement (the purpose of which, per Section 1.6, was to "set out the qualifications, exceptions and other

information called for in this Agreement”). The disclosure letter documented, among other things, past-due excise tax and GST liabilities, and six injections of cash (via secured demand promissory notes) from Stone Pine Capital Ltd. ("**Stone Pine**") over the course of 2023. Capital injections from Stone Pine were also disclosed in the financial statements that Final Bell was given.

46. In other words, prior to the parties signing the Share Exchange Agreement, BZAM provided Final Bell with clear disclosure that, among other things, between March and December 2023, Stone Pine had injected approximately \$7,515,000 into BZAM, including \$900,000 on December 4, 2023 (the day before the Share Exchange Agreement was signed). This was consistent with the disclosure in BZAM’s financial statements at the time, which disclosed the ongoing need for continued cash injections to fund BZAM’s business. A complete copy of this disclosure letter is attached as **Exhibit "W"**.

47. Final Bell also had the ability to conduct such further or additional diligence as it deemed necessary or appropriate prior to entering into the Share Exchange Agreement. Among other things, section 3 of the LOI specifically provided that BZAM will "cooperate with [Final Bell] on [its] due diligence of BZAM and its business, operations and financial performance and promptly furnish [Final Bell] and [its] advisors with any materials reasonably requested."

48. Further, as is customary, the Share Exchange Agreement (at section 9.5) also provided Final Bell and FBC with the right to access all of BZAM's books and records and to obtain from BZAM any financial and operating data and other information with respect to BZAM as Final Bell or FBC reasonably requested to enable them to confirm the accuracy of the matters represented and warranted by BZAM in the Share Exchange Agreement.

49. Final Bell was (or at least ought to have been) well-aware of BZAM's financial condition at the time of negotiating and entering into the Share Exchange Agreement. I believe that BZAM's financial statements were prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects BZAM's financial position on a consolidated basis at such dates and the results of operations and changes in financial position on a consolidated basis for the periods then ended, consistent with the representations it made under the Share Exchange Agreement.

50. As set out in the First Affidavit, BZAM's shares were listed for trading on the Canadian Securities Exchange under the symbol "BZAM", and in the United States on the OTCQX under the symbol "BZAMF". Attached as **Exhibit "X"** is a print-out of BZAM's historical share performance from March 2023 onwards, which shows a consistently declining share price throughout that period.

51. Despite having knowledge of BZAM's financial condition, the material uncertainty it would be able to continue as a going concern, its ongoing need for continued capital injections (including from Stone Pine), and the performance of its shares in the capital markets, it appears from the Final Bell Affidavits that Final Bell is now remarkably asserting it effectively ignored or disregarded all of this information and, instead, purportedly took comfort entirely in a *pro forma* combined model based on various assumptions (including forward-looking assumptions about FBC), and other representations allegedly made, before the Share Exchange Agreement was signed, which form no part of the Share Exchange Agreement. I discuss these alleged representations below.

III. FINAL BELL'S BASELESS ALLEGATIONS CONCERNING FORWARD-LOOKING INFORMATION

52. Mr. Adams asserts in his affidavit that he "oversaw and undertook Final Bell's due diligence of BZAM". He then discusses a PowerPoint presentation that I "shared various drafts" of with him in November 2023 (which he calls the "**Project Tower PowerPoint**"). He asserts that this presentation was one of the bases for Final Bell's due diligence. In citing the *pro forma* cash flow statement contained in the Project Tower PowerPoint (which consisted of projections for the to-be-combined business for the next several quarters), he claims that BZAM contradicted the information in BZAM's financial statements concerning BZAM's lack of cash and that, on this basis, Final Bell effectively ignored BZAM's financial statements and all of its other financial disclosure.

53. As Mr. Adams was aware, however, the Project Tower PowerPoint incorporated certain summary information from the *pro forma* model prepared by Clarus, which contained a set of combined forward-looking projections based on, among other things, certain assumptions about the post-purchase integrated business, including about synergies that could be potentially achieved. The projections contained in the Project Tower PowerPoint were derived from the *pro forma* combined model prepared by Clarus (for BZAM's use) based on its financial modelling of the to-be-combined business at that point in time.

54. The FBC model, which was prepared by Final Bell, was, of course, an integral input in the *pro forma* combined model prepared by Clarus. While the Final Bell Affidavits focus almost exclusively on cash flow projections in the Project Tower PowerPoint taken from the *pro forma* combined model, it is important to note what the key building blocks of the *pro forma* combined model were (and were not).

55. The *pro forma* combined model is a forward-looking, three statement model utilizing as inputs the projected income statements, balance sheets and cash flow statements for each of BZAM and FBC. It is built upon: (i) the BZAM standalone model; (ii) the FBC standalone model (which was prepared by Final Bell); and (iii) a myriad of synergy assumptions, many of which were jointly discussed between BZAM and Final Bell.

56. At no point did Mr. Adams, or any Final Bell personnel, raise any concerns at the time the *pro forma* combined model was prepared regarding the reasonableness of those assumptions. I am also not aware of Final Bell having taken any steps to stress test the assumptions and projections in the *pro forma* combined model, nor is any mention made of this in the Final Bell Affidavits.

57. As time went on, it turned out that the forward-looking projections in the *pro forma* combined model varied from actual results in certain material respects, including in terms of both revenue and costs.

58. It defies credulity that Final Bell now characterizes the Project Tower PowerPoint, which contained information from the *pro forma* combined model that was prepared by Clarus for BZAM's own use, based on inputs from Final Bell, and based on mutually discussed assumptions about the to-be-combined business, as a representation by BZAM that Final Bell detrimentally relied upon.

59. While Mr. Adams asserts in the Adams Affidavit that he also "reviewed the BZAM Standalone Spreadsheet carefully" and, in doing so, "noted that BZAM had an almost neutral cash flow from operations, and did not need any external funding", 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 becomes negative toward the end of the year. Based on the projections in the BZAM standalone model, it ought to have been clear that BZAM would require over \$2 million of external funding in 2024 (provided all of the assumptions upon which the BZAM standalone model was premised turned out to be correct).

60. In any event, as far as I can tell based on the disclosure in the Final Bell Affidavits, the standalone BZAM model formed no part of what is referred to as the "Transaction PowerPoint" that was presented to Final Bell's board of directors in connection with the FBC Acquisition. Rather, it was exclusively summary portions of the *pro forma* combined model included in the Transaction PowerPoint that was presented to Final Bell's board of directors.

61. Additionally, although Mr. Adams insinuates in his affidavit that BZAM misrepresented that it "expected to sell its Edmonton property for over \$10 million", BZAM in fact listed this property for sale for \$10.8 million in or around August 2023. The property remained listed at the time of the Project Tower PowerPoint and *pro forma* combined model in November 2023, with the expectation that it would soon sell at or close to the list price. A copy of the listing agreement for this property, dated August 15, 2023, is attached as **Exhibit "Y"**. A copy of the sales brochure for this property is attached as **Exhibit "Z"**. I understand there has recently been an offer on the property for a purchase price close to the list price. BZAM reasonably anticipated that the Edmonton property would sell sooner than it has.

62. Similarly, Mr. Jessel asserts in the Jessel Affidavit that a presentation he calls the "Transaction PowerPoint" misrepresented BZAM's projected future growth and the certainty with which the Cortland Credit Facility would be renewed (among other things). This Transaction

PowerPoint, however, was prepared by Final Bell, and to my knowledge, neither I nor anyone at BZAM had seen this document until it was included in the Final Bell Affidavits.

63. While some contents of the Transaction PowerPoint appear to be directly copied from the Project Tower PowerPoint and/or the *pro forma* combined model that were prepared by Clarus for BZAM's use,¹ other content in the Transaction PowerPoint appears to have been produced by Final Bell, and cannot be attributed to BZAM. For instance, the Transaction PowerPoint (prepared by Final Bell) notes that "[c]onservative revenue numbers [were] used" (in the *pro forma* combined model prepared by Clarus); however, to the best of my knowledge, neither BZAM nor Clarus advised Final Bell that this was the case.

64. In any event, in the Transaction PowerPoint prepared by Final Bell, Final Bell specifically noted that "working capital management and the risks associated with integration may lead for [*sic*] the financial projections to be lower than expected". Based on this statement and all the other circumstances, I believe Final Bell knew that forward-looking projections in the Project Tower PowerPoint and/or the *pro forma* combined model could vary from actual results. Final Bell also failed to advise BZAM of the extent to which it now claims to have relied upon projections in the Project Tower PowerPoint and/or *pro forma* combined model.

65. Further, from my experience, I believe it is commonly known that forecasting future financial performance is particularly difficult for cannabis companies given the relatively nascent,

1. An email from Mr. Adams to myself and Mr. Bovingdon in which he asks me for a "board deck that [he] could leverage with the financials trended graphically etc." is attached as **Exhibit "AA"**.

unique and regulation-intensive environment in which they operate. Among other things, the nature of sales arrangements with provincial distributors makes forecasting challenging given that the vast majority of sales do not involve long-term purchase orders. Instead, purchasing arrangements with these distributors are typically made on a purchase order by purchaser order basis. Likewise, with respect to costs, there are a host of challenges associated with forecasting future costs that are particularly acute in the cannabis industry. This is attributable to, among other things, the significant and variable costs associated with operating a highly regulated business, the variability inherent in producing a plant-based product, the variability in working capital demands given the production and sales cycles as well as the excise tax cost and long cash-collection cycle, and other factors.

66. Given the inherent difficulty in accurately calculating forward-looking estimates in the cannabis industry (particularly for any extended period), in my experience, forward-looking information is generally viewed with caution in this industry. I believe that any sophisticated cannabis industry participant would understand this.

67. Messrs. Adams and Jessel also allege that BZAM misrepresented the risk of the Cortland Credit Facility not being extended. Mr. Adams alleges that BZAM "would have known" of such a risk prior to the closing of the Share Exchange Agreement on January 8, 2024, and should have disclosed it by then. However, at no point prior to February 2024 did BZAM have any reasonable basis to believe that the Cortland Credit Facility would not be extended. And, importantly, Cortland never declined or refused to extend the Cortland Credit Facility. Rather, since the Facility was due to mature (or be extended) in March 2024 – a fact well-known to Final Bell – and BZAM entered CCAA proceedings in February 2024, the possibility of extending the facility past March 2024 was superseded by intervening events.

68. As addressed in more detail below, BZAM did not anticipate needing to enter CCAA proceedings at the time it may have discussed the prospect of extending the Cortland Credit Facility. To be clear, neither I nor anyone else of which I am aware at BZAM had any basis to believe that Cortland would not have extended the Facility past March 2024 (as it had done previously).

69. At no point, contrary to Mr. Adams' assertions, was he ever "assured" by BZAM with certainty that it "would be able to get a 15-month extension to the Cortland Credit Facility". At most, BZAM personnel expressed their belief that the Facility would be extended, which was reasonable at the time given all the circumstances, including, in particular, Cortland's past conduct in extending the Facility. As is clear from BZAM's December 5, 2023 disclosure letter, Cortland had amended the Facility first entered into on September 29, 2021 with The Green Organic Dutchman Ltd. ("**TGOD**") numerous times. Cortland extended the maturity date of the Facility four times previously. Accordingly, to the extent there was any representation by BZAM that it believed the Cortland Facility would likely be extended, this was a reasonably held belief.

70. Moreover, despite having the ability to seek assurances from Cortland that the Facility would be extended, as well as the ability to build this into the Share Exchange Agreement as a condition to closing, Final Bell elected not to do so. In my experience, if this were an important factor for Final Bell in agreeing to the FBC Acquisition, it would have sought formal assurance that the Facility would be extended. It never did so. As noted above, Final Bell was at all times represented by counsel, including when negotiating the terms of the Share Exchange Agreement (e.g., the conditions to closing at Article 8).

71. When BZAM transacted with TGOD in 2022, it was a condition to closing that the facility be extended and, prior to closing that transaction, the facility was in fact extended. Attached as **Exhibit "BB"** is a copy of the share exchange agreement between BZAM and TGOD dated October 18, 2022 (the "**TGOD Share Exchange Agreement**"), which contains this condition to closing at section 8.1(p) (providing that the terms of TGOD's facility with Cortland would be amended or waived to the satisfaction of BZAM). Attached as **Exhibit "CC"** is the amended facility with the extended maturity date (*see* section 2.7), which was obtained prior to closing the transaction under the TGOD Share Exchange Agreement. The TGOD Share Exchange Agreement was provided by BZAM to Final Bell as part of the diligence materials prior to Final Bell signing the Share Exchange Agreement. Yet, Final Bell sought no such assurance in connection with the FBC Acquisition.

72. To the best of my knowledge, at no time did Final Bell even seek any kind of informal assurance from Cortland that the Facility would likely be extended past March 2024. As noted, Final Bell well-knew that the maturity date of the Facility was March 2024.

73. Mr. Adams alleges in the Adams Affidavit that the Project Tower PowerPoint showed that approximately \$5-7 million would be "available" to BZAM under the Cortland Credit Facility. He suggests that this was another representation on which Final Bell supposedly detrimentally relied. This is incorrect, since—as I had explained to Mr. Adams at the time and is, in any event, clear in the terms of the Credit Facility (which was available to Final Bell at the time, and which has remained available to it at all times since)—the \$5-7 million figure is "available" only insofar as there is available collateral (accounts receivable) to borrow against. Attached as **Exhibit "DD"** are BZAM's borrowing base calculations under the Cortland Credit Facility as at November 17, 2023 (with certain redactions for confidential/commercially sensitive information), which show

over \$7 million "available" for borrowing under the Cortland Credit Facility (contingent on BZAM having sufficient accounts receivable that could serve as collateral to borrow against).

74. Finally, Mr. Adams' allegation that BZAM misrepresented its excise tax and GST liabilities is also incorrect. His supposed failure to understand "how BZAM's excise tax arrears could have increased by more than \$2.5 million between the closing of the FBC sale on January 8, 2024 and the date of the [First] Affidavit on February 28, 2024" is difficult to understand. Given the passage of time, BZAM's excise tax liabilities are bound to evolve, fluctuate, and potentially increase.

75. 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 (from approximately \$6,356,000 to approximately \$9,000,000). 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. Worth noting is that, in any given month, BZAM might be expected to create \$3-4 million in new excise tax liabilities. The CRA requires companies to maintain a security deposit, the amount of which is intended to cover their highest anticipated excise tax liability in any given month. Collectively, the BZAM entities maintain security (through deposits and surety bonds) of more than \$4.7 million with the CRA for this purpose. \$2.7 million in new excise tax liabilities as at February 15, 2024 ought to have been reasonably expected.

76. As it relates to the alleged undisclosed GST liability of approximately \$923,851, this amount was not included in BZAM's December 5th 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 (given that, while a liability would be incurred on the transferor, an equivalent asset would be recorded by the transferee, such that the intercompany transfer would be GST-neutral to the overall business).

IV. FBC'S FINANCIAL CONDITION AND ITS NEED FOR A FINANCIAL LIFELINE

77. Mr. Adams alleges (without any documentary support in the Adams Affidavit) that, "[t]hrough the closing process, BZAM impressed upon us an urgency to close the Share Exchange Agreement", and "pushed us...to close the Share Exchange Agreement." The reality was precisely the opposite. As set out in more detail below, FBC represented a significant liability to Final Bell, and it was eager (if not desperate) to sell the FBC business to avoid incurring further losses in operating it, which it could not bear.

78. Collectively [REDACTED] are copies of FBC's balance sheets and income statements provided to BZAM prior to the signing of the Share Exchange Agreement, which show

[REDACTED]

79. As set out above and confirmed in FBC's accounts payable summary discussed above and attached [REDACTED]

[REDACTED]

80. Additionally, beyond [REDACTED]

[REDACTED] For instance, as set out in FBC's most recent balance sheet that was provided to BZAM for the three-month period ended September

30, 2023 (attached [REDACTED])

[REDACTED]

[REDACTED]

81. In an internal Final Bell email that was sent to me by Mr. Adams in November 2023 (after the parties had signed the LOI and while they were engaged in due diligence before signing the Share Exchange Agreement), [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] A copy of the email chain containing this correspondence is attached as [REDACTED]

82. Further, in the Transaction PowerPoint Final Bell prepared for its board of directors (attached as Exhibit "2" to the Jessel Affidavit) and which was not shared with BZAM prior to the Final Bell Affidavits, Final Bell specifically acknowledged, in its first bullet point under the heading titled "Deal Rationale", that FBC "has been a significant cash drain on our group, mainly in the form of accruing intercompany balances as they've scaled their business." In its first bullet point on the concluding slide of the Transaction PowerPoint, Final Bell noted that the FBC Acquisition "will eliminate the cash drain from [FBC] and begin to generate more cash flows in [14th Round]".

83. Finally, in a December 2023 email exchange forwarded to me by Mr. Adams following the signing of the Share Exchange Agreement, [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] copy of this exchange, as forwarded to me by Mr. Adams, is attached [REDACTED]

84. Based on the above, including [REDACTED]

[REDACTED]
[REDACTED] I believe that Final Bell prioritized limiting its losses on the FBC business by selling and exiting it as quickly as it could, while conducting limited or superficial due diligence, in exchange for some potential upside down the road, which it obtained by virtue of acquiring a sizeable equity position in BZAM along with the Final Note (as defined below).

85. The Final Bell Affidavits suggest that it was only under great protest (and at BZAM and Cortland's insistence) that Final Bell reluctantly agreed to replace the Secured Promissory Note of \$4 million and the Unsecured Promissory Note of \$4 million contemplated under the Share Exchange Agreement with a single, unsecured note for \$8 million (the "**Final Note**"). This characterization is also incorrect.

86. After entering into the Share Exchange Agreement but prior to closing, I spoke with Mr. Adams at or around 8:30 am PST on December 21, 2023, to discuss Final Bell's proposal that, rather than BZAM assuming \$4 million in secured debt (which would be subordinate to Cortland's

senior secured debt and the principal amount of which would only be payable to Final Bell after the Cortland senior secured debt was paid in full) and \$4 million in unsecured accounts payable, BZAM instead could assume the full amount of \$8 million in a single unsecured “accounts payable” promissory note (which could be paid to Final Bell on a monthly basis in increments). Final Bell insisted that this be a condition to closing as BZAM would be able to pay down principal on an unsecured note characterized as accounts payable at some point, whereas, under a secured note, principal payments would always be subordinate to Cortland and only payable once Cortland's senior secured debt was repaid in full.

87. The correspondence between Mr. Adams and I leading up to our December 21, 2023 call is attached as **Exhibit "HH"**.

88. Final Bell's last-minute idea expressed to me by Mr. Adams to convert the original agreement that BZAM would assume \$4 million in unsecured debt and \$4 million in secured debt, to now instead have BZAM assume \$8 million in unsecured debt, was inconvenient to BZAM and added, in my view, unnecessary effort to the FBC Acquisition on BZAM's part. It also delayed closing. However, in order to get the deal done, BZAM was prepared to agree to Final Bell's new proposal with Cortland's approval. It was never BZAM's intention to have the \$8 million in debt be entirely unsecured. Rather, as noted, this was Final Bell's proposal as a work-around to the issues they had with the conditions attaching to secured debt.

89. Not only did BZAM make two payments of principal under the Final Note to Final Bell (in the amount approximately \$79,000 each) after closing the FBC Acquisition, but, immediately prior to closing the FBC Acquisition, Final Bell improperly withdrew approximately \$1,000,000 from FBC outside the ordinary course of business and in contravention of the terms of the Share

Exchange Agreement. It was only after BZAM had discovered these payments and confronted Final Bell about them that approximately \$700,000 was ultimately credited against the unsecured debt owing to Final Bell pursuant to the Final Note.

90. As a general matter, I believe that Final Bell acquired what it bargained for under the Share Exchange Agreement. I also believe that it would be fundamentally unjust to allow it to now unwind the FBC Acquisition after the risks inherent in its transaction with BZAM, which were well-known (or ought to have been well-known) to Final Bell, have come to fruition. In any event, as discussed in greater detail below, the businesses of FBC and BZAM have already become integrated. Any attempt to undo that integration could prejudice not only BZAM but innocent third parties, particularly Cortland as senior secured lender and DIP Lender, whose collateral package is now comprised of the acquired FBC assets.

V. THE INTEGRATION OF FBC INTO BZAM PRE- AND POST-CLOSING

91. The business of FBC has already been integrated into the combined organization. Such integration commenced before the FBC Acquisition even closed (and, indeed, before the Share Exchange Agreement was even signed), and continued at an increased rate post-closing.

92. For instance, on or about November 8, 2023, just one week after signing the LOI and before the Share Exchange Agreement was signed, [REDACTED]

[REDACTED] is email correspondence between Final Bell and BZAM dated November 8, 2023 relating to this matter.

93. Since signing the Share Exchange Agreement and closing the FBC Acquisition, among other things:

(a) **Company Wide Staff Integration**: BZAM has so far reduced overall headcount by over 60 positions across the combined organization over two phases of integration in order to streamline operations. 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 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 Jeeter Launch in particular, I believe it would not have happened without BZAM's financial and operational support.

(d) **Excise Tax Integration**: BZAM has integrated the excise requirements of Final Bell Corp. (a FBC subsidiary, renamed BZAM Labs) into the rest of the organization. At the time of the transaction, Final Bell had an excise deposit of only \$438,000 approximately, 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 Jeeter Launch was borne by another BZAM subsidiary rather than Final Bell Corp.

(e) **Collateral Package Integration**: Post-acquisition, High Road Holding Corp. (formerly FBC) and BZAM Labs (formerly Final Bell Corp.) 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 / changing which licences are used to list SKUs with the provincial boards.

VI. TIMING OF BZAM'S CONSIDERATION OF RESTRUCTURING OPTIONS

94. BZAM conducted its business in the ordinary course after entering into the Share Exchange Agreement and at all times beforehand and since, although subject to the terms of the Initial Order and ARIO since they were granted.

95. As of January 14, 2024, BZAM's cash flow forecast identified a funding need of approximately \$720,000 over an 8- to 12-week period. At the time, I had a reasonable expectation that Stone Pine would provide such funding to BZAM, as it had in the past.

96. However, an updated cash flow statement subsequently prepared showed a deficit of approximately \$3.36 million over about a 12-week time horizon, with the peak deficit within 3-4 weeks.

97. At the January 24, 2024 budget meeting, which Mr. Jessel attended, the BZAM board discussed the 2024 annual budget model, BZAM's objectives for 2024 and various other business matters, including the timing and logistics for BZAM's annual general meeting. At this meeting, the pending departure of Mr. Bovingdon from the company was also discussed. Notably, while Mr. Jessel asserts in the Jessel Affidavit that he first learned of Mr. Bovingdon's departure from BZAM at a BZAM board meeting conducted on February 8, 2024, Mr. Bovingdon's resignation from the board was approved by the board at the January 24th meeting, with Mr. Jessel voting to approve Mr. Bovingdon's resignation as a director at that time. Mr. Bovingdon's departure as CFO was also discussed at this meeting. The minutes of this meeting are attached as **Exhibit "JJ"**. BZAM press released Mr. Bovingdon's departure on January 25, 2024. A copy of this press release is attached as **Exhibit "KK"**. At the January 24 board meeting, it was discussed that Alberto Montagne, the CFO of Stone Pine, would urgently visit BZAM's office in Mississauga

the following week to participate in an in-depth examination of BZAM's 2024 budget model and near term cashflow forecast.

98. I met with Mr. Montagne and others at BZAM's office between January 29 and January 31, 2024 to review, in detail, BZAM's financials and 12-week cashflow following/in the midst of the BZAM-FBC integration. During the course of this review certain material issues with the cashflow were identified. In particular, the analysis revealed a need for \$5 million in funding over a 12-week time horizon.

99. On February 6, 2024, I presented the findings of the most recent cashflow analysis to BZAM's board of directors. Although he also neglects to mention this meeting in the Jessel Affidavit, Mr. Jessel attended this meeting as well, which lasted approximately two hours. I reported BZAM's findings that, given the demands for working capital and various other factors (including some suppliers having changed terms to cash on delivery, revenues coming in shy of expectations, and the company not having enough of a financial buffer to cover its near-term financial needs), BZAM had a funding deficit of approximately \$5 million. It was also discussed that Stone Pine would not provide additional funding of that magnitude to BZAM until Stone Pine received and reviewed a detailed restructuring plan acceptable to Stone Pine, with a view to providing a solution for a long-term sustainable outcome for the company. I indicated that I had engaged in preliminary discussions with restructuring advisors, and the Board indicated its support to engage appropriate restructuring advisors as required. The minutes of this meeting are attached as **Exhibit "LL"**.

100. Contrary to the suggestions in the Jessel Affidavit, at no time prior to closing the FBC Acquisition did BZAM or any of the Applicants consider filing for protection under the CCAA,

nor did they consider undertaking any restructuring steps whatsoever. It was only after the FBC Acquisition closed and the increasing need for capital became apparent which the company reasonably determined it would not be able to obtain that BZAM then engaged restructuring counsel. Following this time, BZAM considered its various options with the benefit of legal advice from restructuring counsel (and, ultimately, filed for creditor protection under the CCAA on February 28, 2024).

101. The February 6, 2024 board meeting was to be (and was in fact) followed by a shorter board meeting for a further review of the findings on February 8, 2024. Mr. Jessel incorrectly suggests that this second meeting on February 8 (which he incorrectly calls the "First Board Meeting" in his affidavit) was improperly short, though its summary nature was—as he was aware—always contemplated. It was also continued on February 12, 2024.

102. At the February 8, 2024 meeting, I advised BZAM's board that a few preliminary steps had been taken to address issues identified in the previous meeting. By way of examples, I mentioned that management had initiated engagement of external advisors, and prepared a revised cashflow forecast. At the follow-up continuance of this meeting on February 12, 2024, Jeffrey Rosenberg (of FTI Canada Consulting Inc.) and Sean Zweig (of Bennett Jones LLP) attended. At that time, I introduced FTI Canada Consulting Inc. as BZAM's financial advisor, and Bennett Jones LLP as its restructuring counsel. The minutes of this meeting are attached to this affidavit as **Exhibit "MM"**.

103. In his affidavit, Mr. Jessel claims that he had spoken to multiple individuals who had expressed interest in funding BZAM around mid-February 2024 prior to BZAM's CCAA filing, and that he communicated this to me. He suggests, incorrectly, that I “refused to engage with

[him]” on the point. Mr. Jessel’s characterization of this is inaccurate. I had a phone call with him and a follow-up meeting in-person. However, he did not, as he now alleges, claim to have lined up “multiple individuals who had expressed interest in funding BZAM”. Rather, what Mr. Jessel told me was that he had a lead on one possible funder, but that he was unsure how “serious” this individual was. I offered to speak with this individual and requested that Mr. Jessel make an introduction, but Mr. Jessel never followed up on my offer.

104. It is also worth noting that BZAM had previously made efforts to fund the company through a brokered private placement in October 2023. In connection with that, it engaged Clarus as agent to conduct, on a best-efforts marketed basis, a private placement for aggregate proceeds of approximately \$2 million. A copy of BZAM's press release dated October 2, 2023 announcing this private placement is attached as **Exhibit "NN"**. Ultimately, there was insufficient interest from investors in the capital markets to complete the private placement. Accordingly, BZAM opted to proceed with a loan facility offered by Stone Pine in lieu of the brokered private placement. On October 30, 2023, BZAM announced this and also disclosed that it had secured a loan of up to \$3 million in aggregate, funded by way of one or more secured promissory notes, with the initial tranche of \$1.19 million being funded as of the date of the press release. Attached as **Exhibit "OO"** is a copy of this press release. Final Bell was well-aware of all of this. Not only was it publicly disclosed—it was also directly referenced in BZAM's disclosure provided directly to Final Bell in advance of signing the LOI. I believe that the suggestion in the Adams Affidavit that BZAM failed to consider or pursue alternatives and somehow pushed the company into a CCAA process improperly is absurd. BZAM has at all times acted in good faith, with a view to the best interests of the company and its stakeholders.

VII. THE PROPOSED RELIEF WOULD BE PREJUDICIAL TO ARM'S LENGTH THIRD PARTIES, PARTICULARLY CORTLAND/THE DIP LENDER

105. Following the closing of the FBC Acquisition, on or about January 9, 2024, BZAM, through its wholly-owned subsidiary TGOD, entered into a Second Amended and Restated Credit Agreement (the "**SARCA**") with Cortland to incorporate the assets of FBC into the security collateral. Attached as **Exhibit "PP"** is a copy of the SARCA.

106. BZAM then borrowed funds from Cortland using FBC's accounts receivable as part of its borrowing base.

107. Attached as **Exhibit "QQ"** is a copy of a borrowing base calculation dated February 23, 2024 (with certain redactions for confidential/commercially sensitive information), under which Cortland loaned and advanced funds to BZAM post-closing of the FBC acquisition on the basis of the FBC receivables.

108. Based on the terms of the SARCA, I believe that Cortland would not have advanced the same level of funds to BZAM under the revolving facility as it did following the closing of the FBC Acquisition had the FBC assets not formed part of the collateral against which Cortland secured its debt.

109. Additionally, the DIP Loan approved under the Initial Order and the ARIO is a creeping "roll-up" whereby the pre-filing debt of Cortland is to be paid back using proceeds from receivables and is thereby "rolled" into the DIP Loan. Final Bell appeared at the March 8, 2024 hearing at which the ARIO was sought and obtained. It did not object to the ARIO, including to any provisions relating to the DIP Loan.

110. I believe that the relief sought by Final Bell on its motion would be prejudicial to Cortland as BZAM's first secured lender and the Applicants' DIP Lender as it would effectively deprive it of the very collateral upon which it agreed to advance funds to BZAM and the other Applicants, thereby exacerbating the losses it may suffer.

111. Cortland is a *bona fide* arm's length lender, with no connection to the Applicants or any of its directors or officers other than in its capacity as lender.

112. Given all of the circumstances, including the integration between the FBC and BZAM businesses that has occurred to date, I also believe that the relief sought by Final Bell on its motion could be prejudicial to other third parties, such as employees and arm's length suppliers who have contracted with BZAM following the FBC acquisition.

113. I would be remiss not to mention that Final Bell personnel (including Mr. Fornarelli) have advised me and others at BZAM (including Mr. Merker) that they would take steps to harm BZAM's go-forward business by destroying BZAM's relationships with its license partners, particularly those with whom Final Bell established relationships, if BZAM does not accede to Final Bell's demands.

114. BZAM has serious concerns that if Final Bell follows through on its threats, such actions would have a detrimental effect on BZAM's ability to exit the CCAA proceedings as a going concern.

SWORN REMOTELY by Matthew)
Milich stated as being located in the City of)
Vancouver, in the Province of British)
Columbia, before me at the City of)
Toronto, in the Province of Ontario, on)
March 25, 2024 in accordance with O. Reg.)
431/20, Administering Oath or Declaration)
Remotely.)



A Commissioner for Taking Affidavits in)
and for the Province of Ontario)



MATTHEW MILICH

**Exhibit "O" to the
Affidavit of Matthew Milich sworn
March 25, 2023**

A handwritten signature in cursive script, appearing to read "Tom Feore".

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

| | Actual 2023 | | Actual 2023 | | Actual 2023 | | Actual 2023 | | Actual 2023 | | Prelim 2023 | | Prelim 2023 | | Draft 2023 | | Projected 2023 | | Projected 2023 | | Projected 2023 | | Projected 2024 | | Projected 2024 | | Projected 2024 | | Projected 2024 | | Projected 2024 | | Projected 2024 | | Projected 2024 | | | |
|---|------------------|----------------|-------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|--------------------|------------------|----------------|--------|--|--|
| | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | | |
| Summary P&L | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Revenue | \$7,798 | \$8,134 | \$6,165 | \$6,028 | \$6,905 | \$6,351 | \$6,728 | \$7,541 | \$6,169 | \$6,654 | \$6,105 | \$6,377 | \$6,676 | \$6,795 | \$6,916 | \$7,041 | \$7,104 | \$7,168 | \$7,233 | \$7,298 | \$7,364 | \$7,432 | \$7,499 | \$7,499 | \$24,097 | \$19,285 | \$20,438 | \$18,135 | \$20,387 | \$21,313 | \$21,896 | \$22,429 | \$81,955 | \$86,025 | | | | |
| Cost of Sales | \$5,744 | \$5,695 | \$9,557 | \$4,655 | \$5,174 | \$6,394 | \$4,825 | \$5,888 | \$6,406 | \$4,732 | \$4,701 | \$4,628 | \$4,599 | \$4,696 | \$4,789 | \$4,893 | \$4,910 | \$4,950 | \$5,025 | \$5,052 | \$5,082 | \$5,145 | \$5,150 | \$5,148 | \$20,995 | \$16,224 | \$17,119 | \$14,061 | \$14,083 | \$14,753 | \$15,159 | \$15,443 | \$68,399 | \$59,438 | | | | |
| % sales | 74% | 70% | 117% | 77% | 75% | 101% | 72% | 78% | 104% | 84% | 77% | 73% | 69% | 69% | 69% | 69% | 69% | 69% | 69% | 69% | 69% | 69% | 69% | 69% | 87% | 84% | 84% | 78% | 69% | 69% | 69% | 69% | 83% | 69% | | | | |
| Gross profit before Adjustments | \$2,054 | \$2,439 | (\$1,392) | \$1,373 | \$1,731 | (\$43) | \$1,903 | \$1,653 | (\$237) | \$922 | \$1,404 | \$1,749 | \$2,077 | \$2,099 | \$2,128 | \$2,148 | \$2,194 | \$2,219 | \$2,208 | \$2,247 | \$2,283 | \$2,287 | \$2,349 | \$2,350 | \$3,101 | \$3,061 | \$3,319 | \$4,075 | \$6,304 | \$6,561 | \$6,737 | \$6,986 | \$13,556 | \$26,587 | | | | |
| % Sales | 26.3% | 30.0% | -17.0% | 22.8% | 25.1% | -0.7% | 28.3% | 21.9% | -3.8% | 16.3% | 23.0% | 27.4% | 31.1% | 30.9% | 30.8% | 30.5% | 30.9% | 31.0% | 30.5% | 30.8% | 31.0% | 30.8% | 31.3% | 31.3% | 12.9% | 15.9% | 16.2% | 22.5% | 30.9% | 30.8% | 30.8% | 31.1% | 16.5% | 30.9% | | | | |
| FV Adjustments | \$0 | \$0 | \$143 | \$0 | \$0 | \$1,226 | \$1,359 | \$158 | (\$1,201) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$143 | \$1,226 | \$316 | \$0 | \$0 | \$0 | \$0 | \$0 | \$1,685 | \$0 | | | | |
| Gross Profit after Adjustments | \$2,054 | \$2,439 | (\$1,535) | \$1,373 | \$1,731 | (\$1,269) | \$544 | \$1,495 | \$964 | \$922 | \$1,404 | \$1,749 | \$2,077 | \$2,099 | \$2,128 | \$2,148 | \$2,194 | \$2,219 | \$2,208 | \$2,247 | \$2,283 | \$2,287 | \$2,349 | \$2,350 | \$2,959 | \$1,835 | \$3,003 | \$4,075 | \$6,304 | \$6,561 | \$6,737 | \$6,986 | \$11,871 | \$26,587 | | | | |
| % sales | 26.3% | 30.0% | -18.8% | 22.8% | 25.1% | -20.0% | 8.1% | 19.8% | 15.6% | 16.3% | 23.0% | 27.4% | 31.1% | 30.9% | 30.8% | 30.5% | 30.9% | 31.0% | 30.5% | 30.8% | 31.0% | 30.8% | 31.3% | 31.3% | 12.3% | 9.5% | 14.7% | 22.5% | 30.9% | 30.8% | 30.8% | 31.1% | 14.5% | 30.9% | | | | |
| S&M expense | \$1,243 | \$787 | \$1,389 | \$906 | \$1,556 | \$1,996 | \$1,400 | \$1,261 | \$1,310 | \$913 | \$837 | \$837 | \$808 | \$808 | \$808 | \$833 | \$833 | \$833 | \$841 | \$841 | \$841 | \$841 | \$841 | \$841 | \$3,420 | \$4,459 | \$3,971 | \$2,587 | \$2,425 | \$2,498 | \$2,523 | \$2,523 | \$14,436 | \$9,970 | | | | |
| R&D expense | \$0 | \$0 | \$50 | \$0 | \$0 | \$25 | \$8 | \$4 | \$186 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$50 | \$25 | \$198 | \$0 | \$0 | \$0 | \$0 | \$0 | \$272 | \$0 | | | | |
| G&A expense | \$2,822 | \$1,748 | \$3,845 | \$2,191 | \$1,950 | \$2,022 | \$2,497 | \$2,035 | \$2,113 | \$1,286 | \$1,288 | \$1,300 | \$1,140 | \$1,140 | \$1,140 | \$1,160 | \$1,310 | \$1,160 | \$1,160 | \$1,210 | \$1,160 | \$1,160 | \$1,160 | \$1,160 | \$8,415 | \$6,163 | \$6,645 | \$3,874 | \$3,420 | \$3,631 | \$3,531 | \$3,481 | \$25,097 | \$14,063 | | | | |
| Total Opex | \$4,065 | \$2,535 | \$5,284 | \$3,097 | \$3,506 | \$4,043 | \$3,905 | \$3,299 | \$3,609 | \$2,198 | \$2,125 | \$2,136 | \$1,949 | \$1,949 | \$1,949 | \$1,993 | \$1,993 | \$2,143 | \$2,001 | \$2,001 | \$2,051 | \$2,001 | \$2,001 | \$2,001 | \$11,884 | \$10,646 | \$10,814 | \$6,460 | \$5,846 | \$6,129 | \$6,054 | \$6,004 | \$39,805 | \$24,033 | | | | |
| SBC | \$0 | \$0 | \$585 | \$0 | \$0 | \$393 | \$200 | \$200 | (\$665) | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$585 | \$393 | (\$265) | \$300 | \$300 | \$300 | \$300 | \$300 | \$1,013 | \$1,200 | | | | |
| Depreciation | \$0 | \$0 | \$2,166 | \$0 | \$0 | \$2,169 | \$698 | \$492 | \$298 | \$551 | \$552 | \$553 | \$550 | \$550 | \$550 | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 | \$2,166 | \$2,169 | \$1,488 | \$1,655 | \$1,649 | \$1,673 | \$1,673 | \$1,673 | \$7,479 | \$6,667 | | | | |
| Total Other Opex | \$0 | \$0 | \$2,751 | \$0 | \$0 | \$2,562 | \$898 | \$692 | (\$367) | \$651 | \$652 | \$653 | \$650 | \$650 | \$650 | \$658 | \$658 | \$658 | \$658 | \$658 | \$658 | \$658 | \$658 | \$658 | \$2,751 | \$2,562 | \$1,223 | \$1,955 | \$1,949 | \$1,973 | \$1,973 | \$1,973 | \$8,493 | \$7,867 | | | | |
| Total Opex | \$4,065 | \$2,535 | \$8,035 | \$3,097 | \$3,506 | \$6,606 | \$4,803 | \$3,991 | \$3,242 | \$2,849 | \$2,777 | \$2,790 | \$2,598 | \$2,598 | \$2,598 | \$2,651 | \$2,651 | \$2,801 | \$2,659 | \$2,659 | \$2,709 | \$2,659 | \$2,659 | \$2,659 | \$14,636 | \$13,209 | \$12,037 | \$8,416 | \$7,794 | \$8,102 | \$8,027 | \$7,977 | \$48,297 | \$31,900 | | | | |
| Loss from Operations | (\$2,011) | (\$96) | (\$9,570) | (\$1,724) | (\$1,775) | (\$7,875) | (\$4,259) | (\$2,496) | (\$2,279) | (\$1,927) | (\$1,374) | (\$1,040) | (\$521) | (\$499) | (\$470) | (\$502) | (\$457) | (\$582) | (\$451) | (\$412) | (\$426) | (\$372) | (\$310) | (\$309) | (\$11,677) | (\$11,374) | (\$9,034) | (\$4,341) | (\$1,491) | (\$1,541) | (\$1,290) | (\$991) | (\$36,426) | (\$5,313) | | | | |
| Foreign exchange gain/(loss) | \$0 | \$0 | \$66 | \$0 | \$0 | \$115 | (\$9) | \$18 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$66 | \$115 | \$9 | \$0 | \$0 | \$0 | \$0 | \$0 | \$190 | \$0 | | | | |
| Finance Costs (Interest) | \$0 | \$0 | \$1,684 | \$0 | \$0 | \$1,764 | \$515 | \$609 | \$667 | \$443 | \$462 | \$416 | \$416 | \$426 | \$421 | \$426 | \$423 | \$428 | \$425 | \$426 | \$432 | \$429 | \$434 | \$430 | \$1,684 | \$1,764 | \$1,791 | \$1,321 | \$1,263 | \$1,278 | \$1,283 | \$1,292 | \$6,561 | \$5,116 | | | | |
| Accretion | \$0 | \$0 | \$325 | \$0 | \$0 | \$338 | \$91 | \$84 | \$86 | \$104 | \$102 | \$278 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$325 | \$338 | \$261 | \$485 | \$0 | \$0 | \$0 | \$0 | \$1,409 | \$0 | | | | |
| Investment in assoc. | \$0 | \$0 | \$0 | \$0 | \$0 | \$74 | \$0 | \$0 | \$12 | \$0 | \$0 | \$0 | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | \$0 | \$74 | \$12 | \$0 | (\$210) | (\$210) | (\$210) | (\$210) | \$86 | (\$840) | | | | | |
| PPE/Intangible other changes | \$0 | \$0 | \$0 | \$0 | \$0 | \$7 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$7 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$7 | \$0 | | | | | |
| Restructuring | \$0 | \$0 | \$0 | \$0 | \$0 | \$722 | \$0 | \$0 | \$4,760 | \$38 | \$23 | \$13 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$722 | \$4,760 | \$75 | \$0 | \$0 | \$0 | \$0 | \$5,557 | \$0 | | | | |
| Revaluation of contingent consideration | \$0 | \$0 | \$3,535 | \$0 | \$0 | (\$19,405) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,535 | (\$19,405) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$15,870) | \$0 | | | | |
| Impairment | \$0 | \$0 | \$0 | \$0 | \$0 | \$70,072 | \$0 | \$0 | \$1,963 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$70,072 | \$1,963 | \$0 | \$0 | \$0 | \$0 | \$0 | \$72,035 | \$0 | | | | |
| Other expenses | \$0 | \$0 | \$2,035 | \$0 | \$0 | \$406 | \$0 | \$10 | \$27 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,035 | \$406 | \$37 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,478 | \$0 | | | | |
| Total Other | \$0 | \$0 | \$7,646 | \$0 | \$0 | \$54,093 | \$596 | \$722 | \$7,515 | \$586 | \$588 | \$707 | \$346 | \$356 | \$351 | \$356 | \$353 | \$358 | \$355 | \$356 | \$362 | \$359 | \$364 | \$360 | \$7,646 | \$54,093 | \$8,833 | \$1,881 | \$1,053 | \$1,068 | \$1,073 | \$1,082 | \$72,453 | \$4,276 | | | | |
| Net loss from operations | (\$2,011) | (\$96) | (\$17,216) | (\$1,724) | (\$1,775) | (\$61,968) | (\$4,856) | (\$3,217) | (\$9,794) | (\$2,513) | (\$1,962) | (\$1,748) | (\$867) | (\$855) | (\$822) | (\$859) | (\$810) | (\$940) | (\$806) | (\$768) | (\$788) | (\$731) | (\$674) | (\$669) | (\$19,323) | (\$65,466) | (\$17,867) | (\$6,223) | (\$2,544) | (\$2,609) | (\$2,362) | (\$2,073) | (\$108,880) | (\$9,589) | | | | |
| EBITDA Adjustments - Add Back | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SBC | \$0 | \$0 | \$585 | \$0 | \$0 | \$393 | \$200 | \$200 | (\$665) | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$585 | \$393 | (\$265) | \$300 | \$300 | \$300 | \$300 | \$300 | \$1,013 | \$1,200 | | | | |
| Depreciation | \$0 | \$0 | \$2,166 | \$0 | \$0 | \$2,169 | \$698 | \$492 | \$298 | \$551 | \$552 | \$553 | \$550 | \$550 | \$550 | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 | \$2,166 | \$2,169 | \$1,488 | \$1,655 | \$1,649 | \$1,673 | \$1,673 | \$1,673 | \$7,479 | \$6,667 | | | | |
| Finance Costs (Interest) | \$0 | \$0 | \$1,684 | \$0 | \$0 | \$1,764 | \$515 | \$609 | \$667 | \$443 | \$462 | \$416 | \$416 | \$426 | \$421 | \$426 | \$423 | \$428 | \$425 | \$426 | \$432 | \$429 | \$434 | \$430 | \$1,684 | \$1,764 | \$1,791 | \$1,321 | \$1,263 | \$1,278 | \$1,283 | \$1,292 | \$6,561 | \$5,116 | | | | |
| Accretion | \$0 | \$0 | \$325 | \$0 | \$0 | \$338 | \$91 | \$84 | \$86 | \$104 | \$102 | \$278 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$325 | \$338 | \$261 | \$485 | \$0 | \$0 | \$0 | \$0 | \$1,409 | \$0 | | | | |
| Revaluation of contingent consideration | \$0 | \$0 | \$3,535 | \$0 | \$0 | (\$19,405) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,535 | (\$19,405) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$15,870) | \$0 | | | | |
| Impairment | \$0 | \$0 | \$0 | \$0 | \$0 | \$70,072 | \$0 | \$0 | \$1,963 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$70,072 | \$1,963 | \$0 | \$0 | \$0 | \$0 | \$0 | \$72,035 | \$0 | | | | |
| Other Adjustments | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,008 | \$845 | (\$927) | \$235 | \$235 | \$235 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$185 | \$0 | \$0 | \$1,927 | \$705 | \$555 | \$555 | \$555 | \$555 | \$2,632 | \$2,222 | | | | |
| EBITDA | (\$2,011) | (\$96) | (\$8,920) | (\$1,724) | (\$1,775) | (\$6,636) | (\$1,343) | (\$987) | (\$8,371) | (\$1,080) | (\$510) | (\$166) | \$383 | \$405 | \$434 | \$410 | \$456 | \$331 | \$462 | \$501 | \$486 | \$541 | \$603 | \$604 | (\$11,027) | (\$10,135) | (\$10,702) | (\$1,756) | \$1,223 | \$1,197 | \$1,449 | \$1,747 | (\$33,620) | \$5,616 | | | | |
| Foreign exchange gain/(loss) | \$0 | \$0 | \$66 | \$0 | \$0 | \$115 | (\$9) | \$18 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$66 | \$115 | \$9 | \$0 | \$0 | \$0 | \$0 | \$0 | \$190 | \$0 | | | | |
| Investment in assoc. | \$0 | \$0 | \$0 | \$0 | \$0</ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | \$10,827 | \$10,395 | \$15,800 | \$15,368 | \$14,935 | \$14,491 | \$14,231 | \$14,075 | \$13,865 | \$13,745 | \$13,625 | \$13,505 | \$13,385 | \$13,265 | \$13,145 | \$13,025 | \$12,905 | \$12,785 | \$12,665 | \$12,545 | \$12,425 | \$12,305 | \$12,185 | \$12,065 | \$15,800 | \$14,491 | \$13,865 | \$13,505 | \$13,145 | \$12,785 | \$12,425 | \$12,065 | \$13,505 | \$12,065 | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--|--|--|--|--|
| Other liabilities | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Liabilities | 84,992 | 84,560 | 101,973 | 101,973 | 101,540 | 82,025 | 88,981 | 95,671 | 88,598 | 86,038 | 85,449 | 78,030 | 76,930 | 76,919 | 75,786 | 75,700 | 74,982 | 75,219 | 74,373 | 73,878 | 74,020 | 72,972 | 72,907 | 72,099 | 101,973 | 82,025 | 88,598 | 78,030 | 75,786 | 75,219 | 74,020 | 72,099 | 78,030 | 72,099 | | | | | |
| Shareholders Equity | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Share capital | \$880,820 | \$880,820 | \$691,473 | \$691,473 | \$691,473 | \$696,989 | \$697,189 | \$697,389 | \$696,709 | \$696,809 | \$696,909 | \$697,009 | \$697,109 | \$697,209 | \$697,309 | \$697,409 | \$697,509 | \$697,609 | \$697,709 | \$697,809 | \$697,909 | \$698,009 | \$698,109 | \$698,209 | \$691,473 | \$696,989 | \$696,709 | \$697,009 | \$697,309 | \$697,609 | \$697,909 | \$698,209 | \$697,009 | \$698,209 | | | | | |
| Retained earnings | (\$688,354) | (\$688,449) | (\$532,476) | (\$534,199) | (\$535,974) | (\$595,704) | (\$600,560) | (\$603,746) | (\$612,238) | (\$614,751) | (\$616,713) | (\$618,461) | (\$619,328) | (\$620,183) | (\$621,005) | (\$621,863) | (\$622,674) | (\$623,614) | (\$624,420) | (\$625,188) | (\$625,976) | (\$626,707) | (\$627,381) | (\$628,050) | (\$532,476) | (\$595,704) | (\$612,238) | (\$618,461) | (\$621,005) | (\$623,614) | (\$625,976) | (\$628,050) | (\$618,461) | (\$628,050) | | | | | |
| Non-controlling interests | (\$8,421) | (\$8,421) | \$5,694 | \$5,694 | \$5,694 | \$3,456 | \$3,455 | \$3,455 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$5,694 | \$3,456 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | \$2,172 | | | | | |
| Reserve for foreign currency translations | (\$202) | (\$202) | (\$1,655) | (\$1,655) | (\$1,655) | (\$1,743) | (\$202) | (\$202) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,655) | (\$1,743) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | (\$1,762) | | | | | |
| Total Shareholders Equity | 183,844 | 183,748 | 163,036 | 161,313 | 159,538 | 102,998 | 99,882 | 96,896 | 84,881 | 82,468 | 80,606 | 78,959 | 78,191 | 77,436 | 76,714 | 75,956 | 75,246 | 74,405 | 73,699 | 73,031 | 72,343 | 71,712 | 71,138 | 70,570 | 163,036 | 102,998 | 84,881 | 78,959 | 76,714 | 74,405 | 72,343 | 70,570 | 78,959 | 70,570 | | | | | |
| Total Liabilities and shareholders Equity | 268,835 | 268,307 | 265,010 | 263,286 | 261,078 | 185,023 | 188,864 | 192,567 | 173,479 | 168,506 | 166,056 | 156,989 | 155,121 | 154,355 | 152,500 | 151,656 | 150,227 | 149,624 | 148,072 | 146,909 | 146,363 | 144,684 | 144,045 | 142,668 | 265,010 | 185,023 | 173,479 | 156,989 | 152,500 | 149,624 | 146,363 | 142,668 | 156,989 | 142,668 | | | | | |
| Cash Flow | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2023 | 2024 | 2025 | | | | | |
| Cash Flow from Operations | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net Income | (\$2,011) | (\$96) | (\$17,216) | (\$1,724) | (\$1,775) | (\$61,968) | (\$4,856) | (\$3,217) | (\$9,794) | (\$2,513) | (\$1,962) | (\$1,748) | (\$867) | (\$855) | (\$822) | (\$859) | (\$810) | (\$940) | (\$806) | (\$768) | (\$788) | (\$731) | (\$674) | (\$669) | | | | | | | | | | | | | | | |
| Add Back Non-Cash Items: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bonus accrual | \$0 | \$0 | \$475 | \$0 | \$0 | \$386 | \$0 | \$0 | \$0 | \$50 | \$50 | \$50 | \$65 | \$65 | (\$235) | \$65 | \$65 | \$65 | \$65 | \$65 | \$65 | \$65 | \$65 | \$65 | | | | | | | | | | | | | | | |
| Inventory Obsolescence | \$0 | \$0 | \$2,635 | \$0 | \$0 | \$2,446 | \$0 | \$0 | \$0 | \$0 | \$0 | \$100 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | | | | | | |
| Depreciation | \$0 | \$0 | \$2,872 | \$0 | \$0 | \$3,724 | \$2,057 | \$650 | \$909 | \$551 | \$552 | \$788 | \$550 | \$550 | \$550 | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 | \$558 | | | | | | | | | | | | | | | |
| SBC | \$0 | \$0 | \$585 | \$0 | \$0 | \$393 | \$200 | \$200 | (\$665) | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | | | | | | | | | | | | | | | |
| Share of income/loss on investment in assoc. | \$0 | \$0 | \$0 | \$0 | \$0 | \$74 | \$0 | \$0 | \$12 | \$0 | \$0 | \$0 | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | (\$70) | | | | | | | | | | | | | | | |
| PPE/intangible other changes | \$0 | \$0 | \$3,861 | \$0 | \$0 | \$51,012 | \$2,099 | \$929 | \$1,122 | \$339 | \$338 | (\$325) | \$185 | \$185 | (\$663) | \$185 | \$185 | (\$70) | \$185 | \$185 | (\$273) | (\$273) | (\$273) | (\$273) | | | | | | | | | | | | | | | |
| Interest | \$0 | \$0 | \$1,684 | \$0 | \$0 | \$1,764 | \$515 | \$609 | \$667 | \$443 | \$462 | \$416 | \$416 | \$426 | \$421 | \$426 | \$423 | \$428 | \$425 | \$426 | \$432 | \$429 | \$434 | \$430 | | | | | | | | | | | | | | | |
| Changes in Working Capital | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts Receivable | \$0 | \$0 | (\$2,219) | \$0 | \$0 | \$3,902 | (\$2,606) | \$972 | \$1,434 | \$763 | (\$520) | (\$805) | (\$93) | (\$1,042) | \$491 | (\$566) | \$284 | (\$555) | \$319 | (\$124) | (\$556) | \$314 | (\$566) | \$441 | | | | | | | | | | | | | | | |
| Biological Asset | \$0 | \$0 | \$453 | \$0 | \$0 | (\$610) | (\$548) | \$146 | \$269 | \$350 | \$7 | (\$52) | \$719 | (\$21) | \$37 | \$9 | (\$52) | \$38 | (\$22) | (\$20) | \$59 | \$4 | (\$34) | (\$4) | | | | | | | | | | | | | | | |
| Inventory | \$0 | \$0 | (\$1,408) | \$0 | \$0 | \$833 | \$268 | (\$380) | \$388 | \$590 | (\$870) | \$1,615 | \$419 | (\$145) | \$1,496 | (\$156) | \$784 | \$437 | \$567 | (\$254) | (\$272) | \$678 | (\$654) | \$978 | | | | | | | | | | | | | | | |
| Other current assets/liabilities | \$0 | \$0 | \$1,701 | \$0 | \$0 | (\$24) | \$1,766 | \$0 | (\$1,754) | (\$120) | \$880 | (\$120) | (\$120) | (\$120) | (\$120) | (\$120) | (\$120) | (\$120) | (\$120) | (\$120) | (\$120) | (\$120) | (\$120) | (\$120) | | | | | | | | | | | | | | | |
| Accounts Payable | \$0 | \$0 | \$1,436 | \$0 | \$0 | \$32 | \$1,501 | \$1,420 | \$4,551 | (\$2,493) | (\$2,150) | (\$2,178) | (\$226) | (\$681) | (\$638) | (\$367) | (\$374) | (\$38) | (\$460) | (\$448) | (\$177) | (\$695) | (\$357) | (\$371) | | | | | | | | | | | | | | | |
| Revolver loan interests | \$0 | \$0 | (\$432) | \$432 | \$0 | (\$432) | \$0 | \$0 | \$623 | (\$238) | \$5 | (\$46) | \$0 | \$0 | (\$5) | \$5 | (\$3) | \$5 | (\$3) | \$1 | \$6 | (\$3) | \$5 | (\$4) | | | | | | | | | | | | | | | |
| Cash Flow from Operations (Outflow) | (\$2,011) | (\$96) | (\$5,574) | (\$1,292) | (\$1,775) | \$1,532 | \$396 | \$1,328 | (\$2,239) | (\$2,177) | (\$3,109) | (\$2,205) | \$1,077 | (\$1,597) | \$543 | (\$790) | \$971 | (\$163) | \$737 | (\$469) | (\$1,038) | \$714 | (\$1,128) | \$657 | | | | | | | | | | | | | | | |
| Cash flows from investing activities: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 | (\$368) | \$0 | \$0 | (\$12) | (\$9) | (\$8) | (\$7) | (\$4) | (\$2) | (\$1) | (\$21) | (\$10) | (\$5) | (\$3) | (\$1) | (\$1) | (\$0) | (\$0) | (\$0) | | | | | | | | | | | | | | | |
| Wyld JV Cash Receipt | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$12) | \$0 | \$0 | \$0 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | \$70 | | | | | | | | | | | | | | | |
| Asset sale | \$0 | \$0 | \$0 | \$0 | \$0 | \$80 | \$1,400 | \$310 | \$1,800 | \$0 | \$0 | \$10,476 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | | | | | | |
| Cash Flow from Investing | \$0 | \$0 | \$0 | \$0 | \$0 | (\$288) | \$1,400 | \$310 | \$1,776 | (\$9) | (\$8) | \$10,469 | \$66 | \$68 | \$69 | \$49 | \$60 | \$65 | \$67 | \$69 | \$69 | \$70 | \$70 | \$70 | | | | | | | | | | | | | | | |
| Cash flows from financing activities: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equity Raised | \$0 | \$0 | \$4,832 | \$0 | \$0 | \$0 | \$0 | \$30 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | | | | | | |
| Term Debt | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | (\$2,000) | (\$1,000) | \$0 | \$0 | (\$1,000) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | | | | | | |
| Term Debt - other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,500 | \$1,325 | \$1,190 | \$1,200 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | | | | | | |
| Other Loans/Movements | \$0 | \$0 | \$0 | \$0 | \$0 | \$3,496 | \$0 | \$500 | \$0 | \$0 | \$0 | (\$5,000) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | | | | | | |
| Revolving Line of Credit (Net movement) | (\$432) | (\$432) | (\$432) | (\$432) | (\$432) | (\$474) | (\$474) | (\$499) | (\$667) | (\$443) | (\$462) | (\$416) | (\$416) | (\$426) | (\$421) | (\$426) | (\$423) | (\$428) | (\$425) | (\$426) | (\$432) | (\$429) | (\$434) | (\$430) | | | | | | | | | | | | | | | |
| Cash Flow from Financing Activities | (\$432) | (\$432) | \$4,400 | (\$432) | (\$432) | \$3,022 | (\$474) | \$531 | (\$342) | \$747 | \$738 | (\$6,416) | (\$416) | (\$426) | (\$421) | (\$426) | (\$423) | (\$428) | (\$425) | (\$426) | (\$432) | (\$429) | (\$434) | (\$430) | | | | | | | | | | | | | | | |
| Cash Beginning | \$3,954 | \$1,511 | \$983 | (\$191) | \$62 | (\$2,145) | \$2,121 | \$3,667 | \$5,837 | \$5,032 | \$3,592 | \$1,214 | \$3,062 | \$3,789 | \$1,834 | \$2,025 | \$858 | \$1,465 | \$938 | \$1,317 | \$491 | (\$909) | (\$554) | (\$2,046) | | | | | | | | | | | | | | | |
| Cash Adjustment | \$0 | \$0 | (\$1,977) | \$0 | \$0 | (\$223) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | | | | | | | | | | | | | | | |
| Net cash inflow/(outflow) | (\$2,443) | (\$528) | (\$1,174) | (\$1,724) | (\$2,207) | \$4,266 | \$1,323 | \$2,169 | (\$805) | (\$1,440) | (\$2,379) | \$1,848 | \$727 | (\$1,955) | \$191 | (\$1,167) | \$607 | (\$527) | \$379 | (\$826) | (\$1,400) | \$355 | (\$1,492) | \$298 | | | | | | | | | | | | | | | |
| Cash End | \$1,511 | \$983 | (\$191) | \$62 | (\$2,145) | \$2,121 | \$3,667 | \$5,837 | \$5,032 | \$3,592 | \$1,214 | \$3,062 | \$3,789 | \$1,834 | \$2,025 | \$858 | \$1,465 | \$938 | \$1,317 | \$491 | (\$909) | (\$554) | (\$2,046) | (\$1,748) | | | | | | | | | | | | | | | |

NEED TO FILL OUT

B/S Check >>

Table with 25 columns representing months from Jan-23 to Dec-24 and 3 rows: Actual 2023, Summary 2023, and Projected 2023-2024.

Assumptions

Table for Financing assumptions: Equity raised (Cash), SBC estimate. Columns include months from Jan-23 to Dec-24.

CORTLAND TGOD Term Debt:

Table for CORTLAND TGOD Term Debt: Beginning Principal Balance, Plus: Additions, Less: Principal repayments, Ending Principal Balance.

Table for Amortized Cost Balance: Beginning Amortized Cost Balance, Term Loan Accretion, Other cash changes, Other non-cash changes, Ending Amortized Cost Balance.

CORTLAND REVOLVING

Table for CORTLAND REVOLVING: Maximum Revolving Facility Limit, % of Eligible AR, % of Eligible Inventory, Eligible Total, Potential AR advance cash, Potential Inventory advance cash, Potential Availability, Incremental change, Potential advanced cumulative, Advanced/restricted amount, Revolving carrying balance.

Table for Term Debt - Other: Beginning Balance, Additions / (Repayment), Ending Balance, Interest Expense.

Table for Interest Rate Calculations: Ebitda, TD PRIME RATE, Applicable Margin, INTEREST RATE, New Facility Loan Rate, APPLICABLE RATE, Total Interest Expense (Income Statement).

MORTGAGE BZAM LOAN:

Table for MORTGAGE BZAM LOAN: Beginning Principal Balance, Plus: Additions, Less: Principal repayments, Ending Principal Balance.

Table for Total Interest Expense (Income Statement) for Mortgage BZAM Loan.

Cash Flow Statement

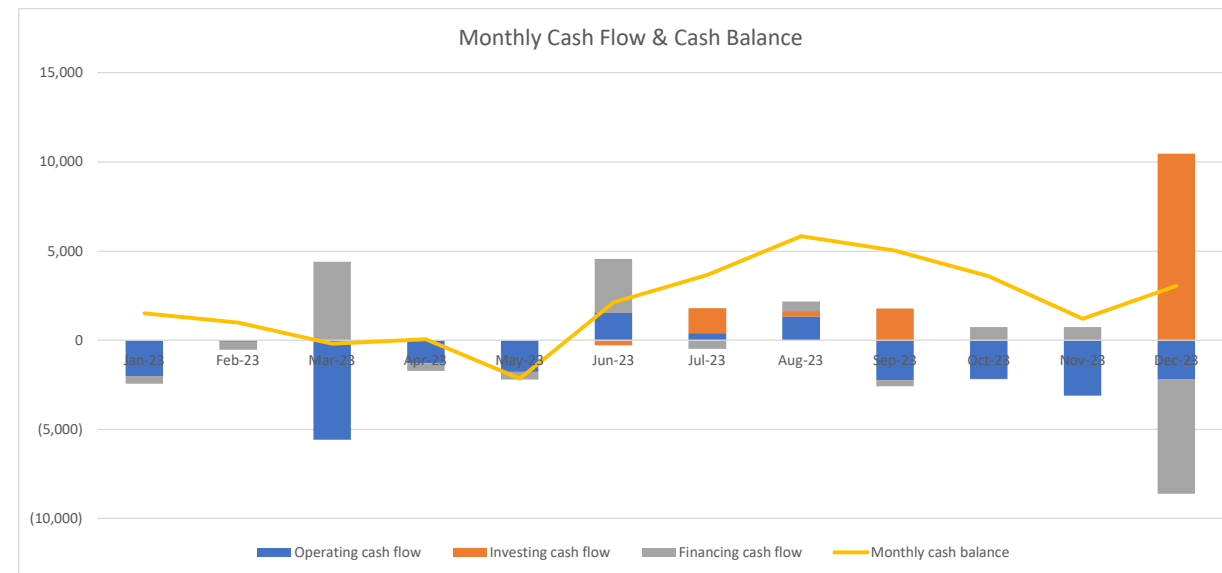
Cash Flow from Operating Activities:

Table for Cash Flow Statement: EBITDA, Add Back Non-Cash Items: Bonus accrual, Inventory Obsolescence, Depreciation in COGs, Debt modification, Share of income/loss on investment in assoc., PPE/Intangible other changes.

| | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|------------------------------|----------------|--------------|----------------|----------------|----------------|----------------|--------------|--------------|----------------|----------------|----------------|----------------|--------------|----------------|--------------|----------------|--------------|--------------|--------------|--------------|----------------|--------------|----------------|----------------|
| Changes in Working Capital | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts Receivable | BS Pull | 0 | 0 | (2,219) | 0 | 0 | 3,902 | (2,606) | 972 | 1,434 | 763 | (520) | (805) | (93) | (1,042) | 491 | (566) | 284 | (555) | 319 | (124) | (556) | 314 | (566) | 441 |
| Biological Asset | BS Pull | 0 | 0 | 453 | 0 | 0 | (610) | (548) | 146 | 269 | 350 | 7 | (52) | 719 | (21) | 37 | 9 | (52) | 38 | (22) | (20) | 59 | 4 | (34) | (4) |
| Inventory | BS Pull | 0 | 0 | (1,408) | 0 | 0 | 833 | 268 | (380) | 388 | 590 | (870) | 1,615 | 419 | (145) | 1,496 | (156) | 784 | 437 | 567 | (254) | (272) | 678 | (654) | 978 |
| Other current assets/liabilities | BS Pull | 0 | 0 | 1,701 | 0 | 0 | (24) | 1,766 | 0 | (1,754) | (120) | 880 | (120) | (120) | (120) | (120) | (120) | (120) | (120) | (120) | (120) | (120) | (120) | (120) | (120) |
| Accounts Payable | AP NT Pull | 0 | 0 | 1,436 | 0 | 0 | 32 | 1,501 | 1,420 | 4,551 | (2,493) | (2,150) | (2,178) | (226) | (681) | (638) | (367) | (374) | (38) | (460) | (448) | (177) | (695) | (357) | (371) |
| Revolver loan interests | BS Pull | 0 | 0 | (432) | 432 | 0 | (432) | 0 | 0 | 623 | (238) | 5 | (46) | 0 | 10 | (5) | 5 | (3) | 5 | (3) | 1 | 6 | (3) | 5 | (4) |
| Cash Flow from Operations (Outflow) | | (2,011) | (96) | (5,574) | (1,292) | (1,775) | 1,532 | 396 | 1,328 | (2,239) | (2,177) | (3,109) | (2,205) | 1,077 | (1,597) | 543 | (790) | 971 | (163) | 737 | (469) | (1,038) | 714 | (1,128) | 657 |
| Cash Flow from Investing Activities | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital Expenditures | AP NT Pull | 0 | 0 | 0 | 0 | 0 | (368) | 0 | 0 | (12) | (9) | (8) | (7) | (4) | (2) | (1) | (21) | (10) | (5) | (3) | (1) | (1) | (0) | (0) | (0) |
| Wyld JV Cash Receipt | Pending | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (12) | 0 | 0 | 0 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 | 70 |
| Asset sale | Manual input (proceeds only) | 0 | 0 | 0 | 0 | 0 | 80 | 1,400 | 310 | 1,800 | 0 | 0 | 10,476 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash Flow from Investing | | 0 | 0 | 0 | 0 | 0 | (288) | 1,400 | 310 | 1,776 | (9) | (8) | 10,469 | 66 | 68 | 69 | 49 | 60 | 65 | 67 | 69 | 69 | 70 | 70 | 70 |
| Cash Flow from Financing Activities | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equity Raised | | 0 | 0 | 4,832 | 0 | 0 | 0 | 0 | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Term Debt | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (2,000) | (1,000) | 0 | 0 | (1,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Term Debt - other | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,500 | 1,325 | 1,190 | 1,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Loans/Movements | | 0 | 0 | 0 | 0 | 0 | 3,496 | 0 | 500 | 0 | 0 | 0 | (5,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revolving Line of Credit (Net movement) | | (432) | (432) | (432) | (432) | (432) | (474) | (474) | (499) | (667) | (443) | (462) | (416) | (416) | (426) | (421) | (426) | (423) | (428) | (425) | (426) | (432) | (429) | (434) | (430) |
| Cash Flow from Financing Activities | | (432) | (432) | 4,400 | (432) | (432) | 3,022 | (474) | 531 | (342) | 747 | 738 | (6,416) | (416) | (426) | (421) | (426) | (423) | (428) | (425) | (426) | (432) | (429) | (434) | (430) |
| Cash, beginning of the month | | 3,954 | 1,511 | 983 | 1,786 | 62 | (2,145) | 2,345 | 3,667 | 5,837 | 5,032 | 3,592 | 1,214 | 3,062 | 3,789 | 1,834 | 2,025 | 858 | 1,465 | 938 | 1,317 | 491 | (909) | (554) | (2,046) |
| Increase/(decrease) in cash | | (2,443) | (528) | (1,174) | (1,724) | (2,207) | 4,266 | 1,323 | 2,169 | (805) | (1,440) | (2,379) | 1,848 | 727 | (1,955) | 191 | (1,167) | 607 | (527) | 379 | (826) | (1,400) | 355 | (1,492) | 298 |
| Cash, end of the month | | 1,511 | 983 | (191) | 62 | (2,145) | 2,121 | 3,667 | 5,837 | 5,032 | 3,592 | 1,214 | 3,062 | 3,789 | 1,834 | 2,025 | 858 | 1,465 | 938 | 1,317 | 491 | (909) | (554) | (2,046) | (1,748) |
| Net income with non-cash add backs | | (2,011) | (96) | (5,104) | (1,724) | (1,775) | (2,169) | 16 | (829) | (7,748) | (1,030) | (460) | (618) | 378 | 400 | (719) | 405 | 451 | 71 | 457 | 496 | 23 | 536 | 598 | (263) |
| Changes in Working Capital | | 0 | 0 | (470) | 432 | 0 | 3,701 | 381 | 2,158 | 5,509 | (1,147) | (2,649) | (1,587) | 699 | (1,998) | 1,262 | (1,195) | 520 | (234) | 280 | (965) | (1,061) | 178 | (1,725) | 920 |

Summary Charts

| | | | | | | | | | | | | | |
|--------------------------|---------|-------|---------|---------|---------|-------|-------|-------|---------|---------|---------|---------|--|
| Cash Flow Summary | | | | | | | | | | | | | |
| Operating cash flow | (2,011) | (96) | (5,574) | (1,292) | (1,775) | 1,532 | 396 | 1,328 | (2,239) | (2,177) | (3,109) | (2,205) | |
| Investing cash flow | 0 | 0 | 0 | 0 | 0 | (288) | 1,400 | 310 | 1,776 | (9) | (8) | 10,469 | |
| Financing cash flow | (432) | (432) | 4,400 | (432) | (432) | 3,022 | (474) | 531 | (342) | 747 | 738 | (6,416) | |
| Monthly cash balance | 1,511 | 983 | (191) | 62 | (2,145) | 2,121 | 3,667 | 5,837 | 5,032 | 3,592 | 1,214 | 3,062 | |



CONSOLIDATED BALANCE SHEET

| | | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Prelim 2023 | Prelim 2023 | Draft 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | | | |
|--|--|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-------------|-------------|-------------|
| | | Dec-22 | Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | |
| NEED TO FILL OUT | | (0) | (0) | 0 | 0 | 0 | (0) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| B/S Check >> | | (0) | (0) | 0 | 0 | 0 | (0) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Assumptions | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Accounts Receivable Assumptions | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DSO (Receivable Days) | | Must use 30 days because we have access to the re | | | | | | | | | | | | | | | | | | | | | | | | | |
| Billings AR Balance | | [calc] | 10,960 | 12,675 | 11,433 | 9,087 | 10,143 | 10,406 | 10,110 | 10,747 | 11,032 | 10,269 | 10,789 | 11,594 | 11,687 | 12,728 | 12,238 | 12,804 | 12,520 | 13,075 | 12,757 | 12,881 | 13,436 | 13,122 | 13,688 | 13,247 | |
| Biological Asset Assumptions | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cummulative ADDITIONS from facilities | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ancaster | | From COGs tab | 1,078,152 | 1,098,696 | 1,061,280 | 1,051,775 | 1,103,485 | 1,065,808 | 1,087,563 | 1,107,838 | 1,407,838 | 1,407,838 | 1,407,838 | 1,407,838 | 1,078,152 | 1,098,696 | 1,061,280 | 1,051,775 | 1,103,485 | 1,065,808 | 1,087,563 | 1,107,838 | 1,049,070 | 1,044,882 | 1,079,005 | 1,082,870 | |
| Edmonton | | From COGs tab | 286,622 | 293,899 | 307,324 | 372,273 | 340,471 | 334,639 | 341,555 | 393,752 | 693,752 | 343,330 | 336,517 | 388,763 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Folium | | From COGs tab | 142,090 | 142,090 | 142,090 | 142,754 | 143,038 | 143,038 | 142,846 | 142,846 | 142,397 | 142,397 | 142,397 | 142,397 | 142,090 | 142,090 | 142,090 | 142,754 | 143,038 | 143,038 | 143,038 | 142,846 | 142,846 | 142,397 | 142,397 | 142,397 | |
| Vaudreuil | | From COGs tab | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Midway | | From COGs tab | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total Biological Asset Ending Balance | | [calc] | 1,953,523.3 | 1,506,865.2 | 1,534,685.7 | 1,510,695.0 | 1,566,802.6 | 1,586,994.7 | 1,543,484.8 | 1,572,155.7 | 1,644,178.8 | 2,243,986.3 | 1,893,564.2 | 1,886,751.0 | 1,938,997.4 | 1,220,242.7 | 1,240,786.9 | 1,203,370.7 | 1,194,529.5 | 1,246,523.4 | 1,208,845.9 | 1,230,600.9 | 1,250,426.7 | 1,191,466.4 | 1,187,278.2 | 1,221,401.4 | 1,225,266.7 |
| Inventory assumptions | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory Days | | | 222.0 | 163.8 | 115.0 | 135.0 | 150.0 | 126.5 | 200.0 | 200.0 | 160.0 | 220.0 | 220.0 | 220.0 | 217.5 | 200.0 | 200.0 | 190.0 | 190.0 | 180.0 | 180.0 | 180.0 | 175.0 | 175.0 | 172.5 | 172.5 | |
| Ancaster | | From COGs tab | 1,091,577 | 1,118,173 | 1,056,392 | 1,044,801 | 1,083,271 | 1,044,948 | 1,054,870 | 1,087,832 | 1,087,832 | 1,087,832 | 1,087,832 | 1,087,832 | 1,091,577 | 1,118,173 | 1,056,392 | 1,044,801 | 1,083,271 | 1,044,948 | 1,054,870 | 1,087,832 | 1,048,650 | 1,041,915 | 1,058,253 | 1,041,731 | |
| Edmonton | | From COGs tab | 301,750 | 301,750 | 301,750 | 336,947 | 347,672 | 346,810 | 329,752 | 357,457 | 357,457 | 353,925 | 328,254 | 347,378 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | |
| Folium | | From COGs tab | 142,090 | 142,090 | 142,090 | 142,375 | 142,754 | 143,038 | 143,038 | 142,846 | 142,397 | 142,397 | 142,397 | 142,397 | 142,090 | 142,090 | 142,090 | 142,754 | 143,038 | 143,038 | 143,038 | 142,846 | 142,846 | 142,397 | 142,397 | 142,397 | |
| Vaudreuil | | From COGs tab | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Midway | | From COGs tab | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Additions from cultivation | | | 1,535,416.8 | 1,562,012.8 | 1,500,231.9 | 1,524,122.2 | 1,573,696.4 | 1,534,795.8 | 1,527,660.4 | 1,588,134.3 | 1,587,877.5 | 1,584,153.3 | 1,558,482.3 | 1,577,606.4 | 1,733,667.0 | 1,760,263.1 | 1,755,822.9 | 1,817,174.3 | 1,925,243.7 | 1,887,205.0 | 1,838,286.2 | 1,939,800.8 | 1,900,362.2 | 1,823,739.8 | 1,908,822.3 | 1,892,300.1 | |
| Inventory Balance from Cost | | [calc] | 35,454,477 | 41,132,676 | 33,315,169 | 35,451,707 | 20,947,711 | 25,036,928 | 26,962,355 | 31,128,284 | 37,987,757 | 34,166,570 | 33,580,176 | 34,476,047 | 32,842,060 | 32,592,927 | 33,365,300 | 30,993,127 | 30,987,989 | 31,095,991 | 29,692,028 | 29,119,592 | 29,311,825 | 29,643,839 | 29,041,874 | 29,610,232 | 29,849,178 |
| Total Inventory Ending Balance | | [calc] | 35,454,477 | 42,668,093 | 34,877,182 | 36,951,938 | 22,471,833 | 26,610,624 | 28,497,150 | 32,655,944 | 39,575,891 | 35,754,447 | 35,164,330 | 36,034,529 | 34,419,667 | 34,000,924 | 34,145,773 | 32,649,550 | 32,805,166 | 32,021,136 | 31,584,233 | 31,017,678 | 31,271,625 | 31,543,991 | 30,865,614 | 31,519,555 | 30,541,078 |
| | | | | | 36,952 | | | 28,497 | 32,656 | | 35,754 | | | | | | | | | | | | | | | | |
| | | | | | | | | (7,533) | | | | | | | | | | | | | | | | | | | |
| Capital expenditure assumptions | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Beg. Balance | | | 166,351 | 165,241 | 164,131 | 132,156 | 131,046 | 129,936 | 90,640 | 97,227 | 96,561 | 75,799 | 75,285 | 74,770 | 74,253 | 73,734 | 73,214 | 72,695 | 72,208 | 71,680 | 71,152 | 70,625 | 70,097 | 69,569 | 69,042 | 68,514 | |
| Capital Expenditures (have as +) | | Cash | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 23 | 7 | 7 | 7 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Depreciation (have as +) | | 20% Non-Cash | 1,110 | 1,110 | 1,110 | 1,110 | 1,110 | 1,110 | 666 | 666 | 268 | 521 | 522 | 523 | 520 | 520 | 520 | 528 | 528 | 528 | 528 | 528 | 528 | 528 | 528 | 528 | |
| Other addition | | Non-Cash | | | | | | 7253 | | | | | | | | | | | | | | | | | | | |
| Other reduction | | Non-Cash | | | -30865 | | -4154 | | | 8,078 | | | | | | | | | | | | | | | | | |
| Writedown/Assets held for sale | | | | | | | 34,032 | | 12,439 | | | | | | | | | | | | | | | | | | |
| End Balance | | | 166,351 | 165,241 | 164,131 | 132,156 | 131,046 | 129,936 | 90,640 | 97,227 | 96,561 | 75,799 | 75,285 | 74,770 | 74,253 | 73,734 | 73,214 | 72,695 | 72,208 | 71,680 | 71,152 | 70,625 | 70,097 | 69,569 | 69,042 | 68,514 | |
| | | | | | | | | | 0 | 21 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Intangible assumptions | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Beg. Balance | | | 22,491 | 22,461 | 22,431 | 22,401 | 22,371 | 22,341 | 19,680 | 19,650 | 19,620 | 19,308 | 19,278 | 19,248 | 19,218 | 19,188 | 19,158 | 19,128 | 19,098 | 19,068 | 19,038 | 19,008 | 18,978 | 18,948 | 18,918 | 18,888 | |
| Capital Expenditures (have as +) | | Cash | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Amortization (have as -) | | 20% Non-Cash | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | |
| Other addition | | Non-Cash | | | | | | | 3,869 | | | | | | | | | | | | | | | | | | |
| Other reduction | | Non-Cash | | | | | | 500 | | 282 | | | | | | | | | | | | | | | | | |
| Writedown | | | | | | | 6,000 | | | | | | | | | | | | | | | | | | | | |
| End Balance | | | 22,491 | 22,461 | 22,431 | 22,401 | 22,371 | 22,341 | 19,680 | 19,650 | 19,620 | 19,308 | 19,278 | 19,248 | 19,218 | 19,188 | 19,158 | 19,128 | 19,098 | 19,068 | 19,038 | 19,008 | 18,978 | 18,948 | 18,918 | 18,888 | |
| | | | | | (5,260) | | | (125) | | | | | | | | | | | | | | | | | | | |
| Goodwill Assumptions | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Beg. Balance | | | | | | | | | 28,692 | | | | | | | | | | | | | | | | | | |
| Additions / Writedowns | | | | | | | | (28,692) | | | | | | | | | | | | | | | | | | | |
| Ending Balance | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bonus accruals | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bonus accruals | | | | | | | | | | | 50.0 | 50.0 | 50.0 | 50.0 | 65.0 | 65.0 | 235.0 | 65.0 | 65.0 | 65.0 | 65.0 | 65.0 | 65.0 | 65.0 | 65.0 | 65.0 | |
| | | | | | | | | | | | 50.0 | 100.0 | 150.0 | 215.0 | 280.0 | 45.0 | 110.0 | 175.0 | 240.0 | 305.0 | 370.0 | 435.0 | 500.0 | 565.0 | 630.0 | 630.0 | |
| Balance sheet | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current assets: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash | | From CF tab | 3,954 | 1,511 | 983 | 1,786 | 62 | (2,145) | 2,345 | 3,667 | 5,837 | 5,032 | 3,592 | 1,214 | 3,062 | 3,789 | 1,834 | 2,025 | 858 | 1,465 | 938 | 1,317 | 491 | (909) | (554) | (2,046) | (1,748) |
| Restricted Cash | | | 446 | 446 | 427 | 427 | 427 | 704 | 1,227 | 2,695 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 | 608 |
| Trade and other receivables | | From above | 12,515 | 12,515 | 12,515 | 14,734 | 14,734 | 14,734 | 10,832 | 13,438 | 12,466 | 11,032 | 10,269 | 10,789 | 11,594 | 11,687 | 12,728 | 12,238 | 12,804 | 12,520 | 13,075 | 12,757 | 12,881 | 13,436 | 13,122 | 13,688 | 13,247 |
| Biological Assets | | From above | 1,954 | 1,954 | 1,954 | 1,501 | 1,501 | 1,501 | 2,111 | 2,658 | 2,513 | 2,244 | 1,894 | 1,999 | 1,999 | 1,220 | 1,241 | 1,203 | 1,195 | 1,247 | | | | | | | |

CONSOLIDATED INCOME STATEMENT

Price Compression Rate
 Wyld JV income if any

| Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Prelim 2023 | Prelim 2023 | Draft 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 | Projected 2024 |
|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Jan-23 | Feb-23 | Mar-23 | Apr-23 | May-23 | Jun-23 | Jul-23 | Aug-23 | Sep-23 | Oct-23 | Nov-23 | Dec-23 | Jan-24 | Feb-24 | Mar-24 | Apr-24 | May-24 | Jun-24 | Jul-24 | Aug-24 | Sep-24 | Oct-24 | Nov-24 | Dec-24 | Dec-24 |

ASSUMPTIONS

| Revenue assumptions | | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Prelim 2023 | Prelim 2023 | Draft 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | |
|------------------------|--------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Gross Sales (invoiced) | from Revenues tab | 11,707,937 | 12,243,469 | 12,212,875 | 9,362,816 | 10,804,933 | 11,537,165 | 11,410,127 | 10,985,672 | 8,342,548 | 9,004,005 | 9,286,158 | 9,764,717 | 9,931,259 | 10,115,673 | 10,303,908 | 10,496,613 | 10,594,464 | 10,693,427 | 10,794,094 | 10,894,910 | 10,996,868 | 11,100,567 | 11,204,438 | 11,204,573 |
| Returns | from Revenues tab | - 308,963 | - 328,715 | - 292,020 | - 183,800 | - 216,099 | - 225,825 | - 223,011 | - 219,667 | - 189,748 | - 290,210 | - 211,081 | - 211,083 | - 93,290 | - 95,134 | - 97,018 | - 98,941 | - 99,920 | - 100,911 | - 101,914 | - 102,922 | - 103,944 | - 104,976 | - 106,015 | - 106,018 |
| Sales Allowances | from Revenues tab | - 73,529 | - 84,863 | - 106,627 | - 91,822 | - 107,991 | - 396,185 | - 739,894 | - 338,867 | - 105,822 | - 110,000 | - 95,275 | - 110,104 | - 55,174 | - 56,278 | - 57,403 | - 58,552 | - 59,137 | - 59,728 | - 60,326 | - 60,929 | - 61,538 | - 62,154 | - 62,775 | - 62,775 |
| Excise Duty | from Revenues tab | - 3,527,698 | - 3,695,526 | - 3,649,712 | - 3,058,984 | - 3,575,476 | - 2,981,147 | - 3,719,544 | - 3,563,658 | - 1,877,947 | - 2,950,229 | - 2,874,852 | - 3,066,629 | - 3,107,011 | - 3,169,452 | - 3,233,141 | - 3,298,103 | - 3,331,235 | - 3,364,697 | - 3,398,494 | - 3,432,629 | - 3,467,105 | - 3,501,926 | - 3,537,095 | - 3,537,095 |
| Net Revenues | from Revenues tab | 7,797,747 | 8,134,365 | 8,164,516 | 6,028,210 | 6,905,367 | 7,934,009 | 6,727,678 | 7,541,214 | 6,169,031 | 5,653,567 | 6,104,949 | 6,376,901 | 6,675,783 | 6,794,810 | 6,916,346 | 7,041,017 | 7,104,173 | 7,168,090 | 7,233,360 | 7,298,430 | 7,364,281 | 7,431,511 | 7,498,553 | 7,498,684 |
| Price Compression | | 0.0% | | | | | | | | | | | | | | | | | | | | | | | |

| COGS assumptions | | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Prelim 2023 | Prelim 2023 | Draft 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | |
|---|---------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Cost of Goods Sold - direct only | from COGs tab | 4,202,169 | 4,339,701 | 4,160,195 | 3,368,304 | 3,694,796 | 4,053,630 | 3,904,543 | 3,615,693 | 4,467,227 | 3,457,457 | 3,506,885 | 3,591,126 | 3,607,626 | 3,671,787 | 3,737,231 | 3,804,371 | 3,838,415 | 3,872,800 | 3,907,919 | 3,942,995 | 3,978,421 | 4,014,596 | 4,050,735 | 4,050,735 |
| Freight Out | from COGs tab | 200,549 | 199,461 | 203,640 | 170,522 | 195,272 | 201,174 | 185,051 | 168,952 | 165,571 | 181,408 | 151,905 | 151,621 | 167,818 | 168,076 | 178,413 | 179,013 | 184,013 | 184,351 | 189,013 | 189,032 | 199,017 | 199,018 | 199,356 | 197,818 |
| Freight Intracompany | from COGs tab | 57,236 | 40,090 | 27,324 | 96,953 | 145,786 | 32,020 | 100,447 | 36,629 | 42,931 | 24,099 | 45,340 | 26,450 | 4,229 | 6,309 | 11,029 | 11,321 | 12,381 | 12,761 | 10,391 | 11,941 | 11,831 | 10,629 | 11,776 | 11,881 |
| Returns | from COGs tab | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Royalty | from COGs tab | - | - | 47,607 | - | - | 47,607 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Inventory obsolescence / write-off | from COGs tab | - | - | 2,635,448 | - | - | 1,500,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Inventory Revaluation | from COGs tab | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| HC Reg Fee (2.3% of Net Rev) | from COGs tab | 171,650 | 180,228 | 177,505 | 135,037 | 158,056 | 167,416 | 235,940 | 208,431 | 124,364 | 118,532 | 128,914 | 135,169 | 145,958 | 176,347 | 188,474 | 224,755 | 202,193 | 206,213 | 244,637 | 234,244 | 219,117 | 246,938 | 214,446 | 214,662 |
| Overhead | | 1,112,148 | 935,421 | 1,210,066 | 884,231 | 980,388 | 467,625 | 259,999 | 1,199,495 | 1,371,000 | 715,116 | 633,096 | 488,241 | 488,241 | 488,241 | 488,241 | 488,241 | 488,241 | 488,241 | 488,241 | 488,241 | 488,241 | 488,241 | 488,241 | 488,241 |
| Depreciation | | - | - | 705,416 | - | - | 705,416 | 658,903 | 658,903 | 235,139 | 235,139 | 235,139 | 235,139 | 185,139 | 185,139 | 185,139 | 185,139 | 185,139 | 185,139 | 185,139 | 185,139 | 185,139 | 185,139 | 185,139 | 185,139 |
| COGS - Other | | | | 389,346 | | | 389,346 | | | | | | | | | | | | | | | | | | |
| Total COGS | | 5,743,752 | 5,694,901 | 5,556,547 | 4,655,047 | 5,174,298 | 7,543,234 | 4,824,884 | 5,888,102 | 6,406,232 | 4,731,752 | 4,701,279 | 4,627,745 | 4,599,011 | 4,695,899 | 4,788,528 | 4,892,841 | 4,910,382 | 4,949,505 | 5,025,340 | 5,051,592 | 5,081,765 | 5,144,561 | 5,149,693 | 5,148,476 |
| Price Compression, impact on HC Reg Fee | | 2.3% | | | | | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Growth Rate | 4.3% | 0.4% | -26.2% | 14.6% | 14.9% | -15.2% | 12.1% | -18.2% | -8.4% | 8.0% | 4.5% | 4.7% | 1.8% | 1.8% | 1.8% | 1.8% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% | 0.9% |
| Excise taxes as a % of revenue | -30.1% | -30.2% | -29.9% | -32.7% | -33.1% | -25.8% | -32.6% | -32.4% | -22.5% | -32.8% | -31.0% | -31.4% | -31.3% | -31.3% | -31.4% | -31.4% | -31.4% | -31.5% | -31.5% | -31.5% | -31.5% | -31.5% | -31.6% | -31.6% |
| Returns as a % of revenue | -2.6% | -2.7% | -2.4% | -2.0% | -2.0% | -2.0% | -2.0% | -2.0% | -2.3% | -2.3% | -2.2% | -2.2% | -0.9% | -0.9% | -0.9% | -0.9% | -0.9% | -0.9% | -0.9% | -0.9% | -0.9% | -0.9% | -0.9% | -0.9% |
| Sales Allowances as a % of revenue | -0.6% | -0.7% | -0.9% | -1.0% | -1.0% | -3.4% | -6.5% | 3.1% | -1.3% | -1.2% | -1.0% | -1.1% | -0.6% | -0.6% | -0.6% | -0.6% | -0.6% | -0.6% | -0.6% | -0.6% | -0.6% | -0.6% | -0.6% | -0.6% |

INCOME STATEMENT

| Revenue | input above; Rev fcast model | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Actual 2023 | Prelim 2023 | Prelim 2023 | Draft 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 | Projected 2023 |
|---|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | input above; Rev fcast model | 11,325 | 11,830 | 11,814 | 9,087 | 10,481 | 10,406 | 10,447 | 11,105 | 8,047 | 8,604 | 8,980 | 9,444 | 9,783 | 9,964 | 10,149 | 10,339 | 10,435 | 10,533 | 10,632 | 10,731 | 10,831 | 10,933 | 11,036 |
| Excise taxes | input above; Rev fcast model | (3,528) | (3,696) | (3,650) | (3,059) | (3,575) | (4,055) | (3,720) | (3,564) | (1,878) | (2,950) | (2,875) | (3,067) | (3,107) | (3,169) | (3,233) | (3,298) | (3,331) | (3,365) | (3,398) | (3,433) | (3,467) | (3,502) | (3,537) |
| Net revenue | | 7,797 | 8,134 | 8,165 | 6,028 | 6,906 | 6,351 | 6,727 | 7,541 | 6,169 | 5,654 | 6,105 | 6,377 | 6,676 | 6,795 | 6,916 | 7,041 | 7,104 | 7,168 | 7,233 | 7,298 | 7,364 | 7,432 | 7,499 |
| Cost of Sales | input above | (5,744) | (5,695) | (5,557) | (4,655) | (5,174) | (6,351) | (4,825) | (5,888) | (6,406) | (4,732) | (4,701) | (4,628) | (4,599) | (4,696) | (4,789) | (4,893) | (4,910) | (4,950) | (5,025) | (5,052) | (5,082) | (5,145) | (5,148) |
| Gross Profit before FV adjustments | | 2,054 | 2,439 | (1,392) | 1,373 | 1,731 | (43) | 1,903 | (1,653) | (237) | 922 | 1,404 | 1,749 | 2,077 | 2,099 | 2,128 | 2,148 | 2,194 | 2,219 | 2,208 | 2,247 | 2,283 | 2,287 | 2,349 |
| FV Adjustments | | | | (143) | | | (1,226) | (1,359) | (158) | 1,201 | | | | | | | | | | | | | | |
| Gross Profit | | 2,054 | 2,439 | (1,535) | 1,373 | 1,731 | (1,269) | 544 | 1,495 | 964 | 922 | 1,404 | 1,749 | 2,077 | 2,099 | 2,128 | 2,148 | 2,194 | 2,219 | 2,208 | 2,247 | 2,283 | 2,287 | 2,349 |
| Sales and marketing expenses | From SG&A tab; Opex model | (1,243) | (787) | (1,389) | (906) | (1,556) | (1,996) | (1,400) | (1,261) | (1,310) | (837) | (837) | (808) | (808) | (808) | (833) | (833) | (833) | (833) | (841) | (841) | (841) | (841) | (841) |
| Research and development expenses | From SG&A tab; Opex model | 0 | 0 | (50) | | | (25) | (8) | (4) | (186) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| General and administrative expenses | From SG&A tab; Opex model | (2,822) | (1,748) | (3,845) | (2,191) | (1,950) | (2,022) | (2,497) | (2,035) | (2,113) | (1,286) | (1,288) | (1,300) | (1,140) | (1,140) | (1,140) | (1,160) | (1,160) | (1,310) | (1,160) | (1,160) | (1,210) | (1,160) | (1,160) |
| Share based compensation | From CF tab | | | (585) | | | (393) | (200) | (200) | 665 | (100) | (100) | (100) | (100) | (100) | (100) | (100) | (100) | (100) | (100) | (100) | (100) | (100) | (100) |
| Depreciation and amortization | From BS tab | | | (2,166) | | | (2,169) | (698) | (492) | (298) | (551) | (552) | (553) | (550) | (550) | (558) | (558) | (558) | (558) | (558) | (558) | (558) | (558) | (558) |
| Total operating expenses | | (4,065) | (2,535) | (8,035) | (3,097) | (3,506) | (6,606) | (4,803) | (3,991) | (3,242) | (2,849) | (2,777) | (2,790) | (2,598) | (2,598) | (2,598) | (2,651) | (2,651) | (2,801) | (2,659) | (2,659) | (2,709) | (2,659) | (2,659) |
| Profit/(Loss) from operations | | (2,011) | (96) | (9,570) | (1,724) | (1,775) | (7,875) | (4,259) | (2,496) | | | | | | | | | | | | | | | |

**Exhibit "JJ" to the
Affidavit of Matthew Milich sworn
March 25, 2023**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

BZAM™

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
BZAM LTD. (the "Corporation") HELD ON WEDNESDAY, JANUARY 24, 2024 AT
12:00 P.M (Toronto Time) BY VIDEO CONFERENCE (The "Meeting").**

The following directors were present:

- Bassam Alghanim, *Chairman*
- Chris Schnarr
- Keith Merker
- Wendy Kaufman
- Sherry Tross
- Sean Bovingdon, CFO
- Kay Jessel

By Invitation:

- Matt Milich, CEO
- Jordan Winnett, Chief Commercial Officer
- Greg Boone, President
- Christy Zhou, Chief Legal Officer
- Lana MacKenzie, Vice President, National Sales -East
- Oli Maughan, Vice President, Marketing & Retail
- Jennifer Maccarone, Vice President, Operations – East
- Leo Wong, Vice President, Operations – West
- Seth Mitchell, Vice President, People & Culture
- Alberto Montagne, Chief Financial Officer, Stone Pine Capital, Observer
- Tony Moschella, Observer
- Tyler Patterson, National Key Accounts Manager – West, *joined part of the Meeting*
- Rosanna Mastropietro, Corporate Secretary

With the consent of the meeting, notice of the meeting being delivered, Mr. Alghanim acted as Chairman and Ms. Mastropietro acted as Secretary of the Meeting.

Quorum being present, the Chair declared the meeting duly constituted for the transaction of business.

Before commencing with official business, Messrs. Alghanim and Milich welcomed Kay Jessel, the new member of the board of directors (the "**Board**"), the new members of the senior management team from Final Bell and lastly, Mr. Alghanim informed the Board that Messrs. Montagne and Moschella have been asked to join the Meeting as Observers. No objections were raised.

1. BUDGET REVIEW

Mr. Milich kicked off the budget presentation, as delivered to the Board, with the Corporation's mission and key objectives for 2024. Each member of the management team then spoke to their respective area within the budget presentation. During the presentation, various members of the management team responded to directors' questions and concerns, which led to certain action items for management to take away and address to the Board's satisfaction. At the conclusion of the presentation, the Board agreed to defer the approval of the 2024 Budget and requested management to perform a further review and analysis related thereto for the Board's approval at a later date.

2. OTHER BUSINESS**a. *AGM Date and Related Logistics***

The directors were in support of a virtual annual and general meeting of shareholders, as held in the past, at the end of May, if feasible. Ms. Mastropietro was to review and coordinate the requisite documentation and logistics for the corporate governance, compensation and nominating committee's review and approval in due course.

b. *Departure of Chief Financial Officer ("CFO")*

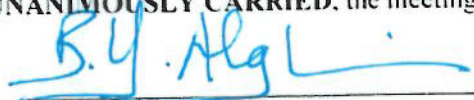
Mr. Milich noted that Mr. Bovingdon, CFO, would be departing from the Corporation with an effective date of April 30, 2024 to allow for a smooth transition of the role. A press release announcing his departure would be forth coming as soon as his separation agreement was finalized. In conjunction with this transition, Mr. Bovingdon would be stepping down from the Board effective immediately. The Board supported Mr. Milich in joining the Board as management's representative to fill the vacancy left by Mr. Bovingdon.

UPON MOTION DULY MADE, SECONDED AND UNANIMOUSLY CARRIED:

1. The resignation from Mr. Bovingdon, formerly director of the Corporation, is hereby accepted, effective immediately.
2. Mr. Milich is hereby appointed as director of the Corporation until the next annual meeting of shareholders or until his successor is elected or appointed.
3. Effective as of the date hereof, the Board shall be comprised of:
 - Bassam Alghanim
 - Kay Jessel
 - Keith Merker
 - Wendy Kaufman
 - Sherry Tross
 - Chris Schnarr
 - Matt Milich
4. Any one officer or director of the Corporation, except as otherwise provided herein, is hereby authorized and directed to execute and deliver on behalf of the Corporation all such further deeds, documents or writings and to make such filings with regulatory authorities and take such further and other actions as shall appear necessary or desirable from time to time in order to carry out fully the foregoing resolutions. Execution and delivery of such documents in the aforesaid manner shall be conclusive evidence that all deeds, documents and writings so executed and delivered are valid, binding obligations of and enforceable against the Corporation in accordance with the terms thereof.

3. TERMINATION

There being no further business, **UPON MOTION DULY MADE, SECONDED AND UNANIMOUSLY CARRIED**, the meeting was terminated.


Bassam Alghanim
Chairman


Rosanna Mastropietro
Corporate Secretary

**Exhibit "KK" to the
Affidavit of Matthew Milich sworn
March 25, 2023**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)

BZAM Announces Departure of its Chief Financial Officer



NEWS PROVIDED BY

BZAM LTD. →

Jan 25, 2024, 07:30 ET

VANCOUVER, BC, Jan. 25, 2024 /CNW/ - BZAM Ltd. ("**BZAM**") (CSE: BZAM) (US-OTC: BZAMF) announced today that Sean Bovingdon, Chief Financial Officer, will be leaving his position on April 30, 2024 to pursue other opportunities. He will remain in his role to ensure a smooth transition, including through the announcement of the Company's results for the fiscal year ending December 31, 2023. In conjunction with transition, he will be stepping down from the Board of Directors effective immediately. Matt Milich, BZAM's Chief Executive Officer, will be joining the Board as management representative to fill the vacancy.

"On behalf of the Board of Directors and the entire BZAM team, I would like to thank Sean for his dedication to BZAM. We wish him every success in his future endeavors," said Mr. Milich.

The Corporation has commenced a formal search process for a new Chief Financial Officer.

About BZAM Ltd.

BZAM Ltd. (CSE: BZAM) (US-OTC: BZAMF) is a leading Canadian cannabis producer. The BZAM family includes core brands BZAM™, TGO™, ness™, Highly Dutch Organic™, TABLE TOP™, as well as partner brands Jeeter, Cookies, Sherbinskis, Dunn Cannabis, FRESH and Wyld. BZAM operates facilities in BC, Ontario and Quebec, as well as a retail store in Regina, Saskatchewan.

The BZAM Shares and certain BZAM warrants issued under the indentures dated June 12, 2020, October 23, 2020 and December 10, 2020 currently trade on the CSE under the symbol "BZAM", "BZAM.WR", "BZAM.WA", and "BZAM.WB" respectively. The BZAM Shares trade in the U.S. on the OTCQX under the symbol "BZAMF". For more information on BZAM Ltd., please visit www.bzam.com.

SOURCE BZAM LTD.

For further information: Matt Milich, CEO, BZAM, mmilich@bzam.com, 778-655-6335

**Exhibit "LL" to the
Affidavit of Matthew Milich sworn
March 25, 2023**

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

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
BZAM LTD. (the "Corporation") HELD ON TUESDAY, FEBRUARY 6, 2024 AT 12:00
P.M (Toronto Time) BY VIDEO CONFERENCE (The "Meeting").**

The following directors were present:

- Bassam Alghanim, *Chairman*
- Chris Schnarr
- Keith Merker
- Wendy Kaufman
- Sherry Tross
- Matt Milich, CEO
- Kay Jessel

By Invitation:

- Sean Bovington, CFO
- Alberto Montagne, Chief Financial Officer, Stone Pine Capital Ltd.
- Rosanna Mastropietro, Corporate Secretary

With the consent of the meeting, notice of the meeting being delivered, Mr. Alghanim acted as Chairman and Ms. Mastropietro acted as Secretary of the Meeting.

Quorum being present, the Chair declared the meeting duly constituted for the transaction of business.

1. CASHFLOW REVIEW & DISCUSSION

Mr. Alghanim informed the board of directors (the "**Board**") that following the Board Meeting held on January 24, 2024, he had asked Alberto Montagne, CFO of Stone Pine Capital Ltd. ("**Stone Pine**"), to visit the Corporation's office in Mississauga to do a further detailed review of the budget and cashflow. Mr. Montagne noted that he spent a few days with the finance team and management to review and understand the financial reporting and analysis, and expressed concerns related to his findings.

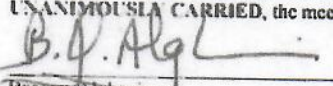
Mr. Montagne concluded his report by advising that Stone Pine would not be in a position to provide additional funding to the Corporation until Stone Pine received and reviewed a detailed restructuring plan acceptable to Stone Pine, with a view to providing a solution for a long-term sustainable outcome for the Corporation.

As a result of the review exercise, Mr. Milich noted that the funding gap was approximately \$5M. Aside from requesting additional funding from Stone Pine, Management informed the Board that other funding alternatives were considered, explored, and analyzed, but that such options were not feasible given the current market conditions and the financial state of the Corporation. As a result of such analysis, Management further advised that a potential restructuring of the Corporation 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 inquiries with potential restructuring advisors.

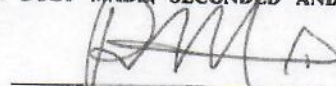
In an effort to develop and provide the Board a comprehensive restructuring plan, Mr. Milich requested the Board's support to engage the appropriate external advisors, as required. The Board indicated its support of that approach and expressed their interest in receiving an immediate update on the restructuring plan this week. Ms. Mastropietro was instructed to circulate a meeting invite for Thursday, February 8, 2024 at 3 pm (ET) for said update to the Board.

2. TERMINATION

There being no further business, **UPON MOTION DULY MADE, SECONDED AND UNANIMOUSLY CARRIED**, the meeting was terminated.



Bassam Alghanim
Chairman



Rosanna Mastropietro
Corporate Secretary

**Exhibit "MM" to the
Affidavit of Matthew Milich sworn
March 25, 2023**

A handwritten signature in cursive script, appearing to read "Tom Feore", written in black ink.

TOM FEORE
Commissioner for Taking Affidavits
(or as may be)



**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF
BZAM LTD. (the “Corporation”) HELD ON THURSDAY, FEBRUARY 8, 2024 AT 3:00
P.M (Toronto Time), ADJOURNED AND RESUMED ON MONDAY, FEBRUARY 12,
2024 BY VIDEO CONFERENCE (The “Meeting”).**

The following directors were present:

- Bassam Alghanim, *Chairman*
- Chris Schnarr
- Keith Merker
- Wendy Kaufman
- Sherry Tross
- Matt Milich, CEO
- Kay Jessel

By Invitation:

- Sean Bovingdon, CFO
- Rosanna Mastropietro, Corporate Secretary
- Alberto Montagne, CFO, Stone Pine Capital Ltd. (*present on February 12, 2024*)
- Sean Zweig, Partner, Bennett Jones LLP (*present on February 12, 2024*)
- Jeffrey Rosenberg, Sr. Managing Director, FTI Consulting (*present on February 12, 2024*)

With the consent of the meeting, notice of the meeting being delivered, Mr. Alghanim acted as Chairman and Ms. Mastropietro acted as Secretary of the Meeting.

Quorum being present, the Chair declared the meeting duly constituted for the transaction of business.

1. CASHFLOW UPDATE

As a follow up to the board of directors (the “**Board**”) meeting held two days prior, Mr. Milich noted that a few preliminary steps had been taken, for example: management initiated the engagement of external advisors, and management prepared a revised cashflow forecast and a revised 2024 budget. Mr. Milich presented the revised cashflow forecast to the Board, informing the Board that the forecast was based on the initial consultation with the external advisors. The revised cashflow forecast contemplated a potential restructuring plan, which could include a filing under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) as soon as February 21, 2024.

Mr. Bovingdon then went through the week-by-week cashflow details with the Board, and discussed the risks and assumptions related thereto. Mr. Bovingdon shared certain insights that were communicated by the advisors related to a potential CCAA filing. Mr. Schnarr then asked management for a memo prepared by the external advisors with advice related to a potential CCAA filing for the Board’s review. Mr. Bovingdon also noted the potential implementation of a key employment retention program (“**KERP**”) to support the retention of key employees in a restructuring process to avoid interruptions in operations and back-office support. Management responded to certain questions posed by the directors, and a general discussion ensued.

Mr. Milich added that he had preliminary discussions with Cortland Credit Lending Corporation (“**Cortland**”), who indicated its continued support for the Corporation in a potential restructuring.

Management was tasked with preparing an outline of steps and relevant dates associated with a potential CCAA filing for the Board’s review. A brief discussion followed, and the directors agreed to

adjourn the meeting, and reconvene the following week on Monday, February 12, 2024 at 3:00 p.m. (ET) by video conference.

2. ADJOURNMENT & RESUMPTION OF MEETING

All directors were present with Messrs. Bovingdon, Montagne, Rosenberg, Zweig and Ms. Mastropietro in attendance.

Messrs. Rosenberg and Zweig (the “**Advisors**”), each provided a brief introduction of themselves including their respective areas of expertise to the Board.

Mr. Milich provided a brief recap of the cashflow forecast that was presented at last week’s board meeting for the benefit of the Advisors in attendance. He noted that Cortland expressed an interest in providing a debtor-in-possession financing (commonly known as a “**DIP**”) to the Corporation, if necessary, to provide working capital in a CCAA proceeding. A fulsome discussion followed, whereby the Advisors provided an overview of CCAA, certain relevant considerations for the Corporation in the context of a CCAA proceedings, and responded to various directors’ inquiries. The Advisors then briefly addressed timelines, related actions, operating assumptions and directors’ and officers’ liabilities and responsibilities under a CCAA proceeding, including implications of being a director during and post-CCAA filing. A general discussion ensued. Mr. Milich also added that following any restructuring, the Corporation intended to emerge as a private company.

Management and the Advisors noted that the next steps in the contingency planning were to continue to compile and draft relevant documents in connection with a potential CCAA filing, including a board resolution approving the restructuring plan, related actions and documents. However, no decisions with respect to a potential filing were made.

Following a brief discussion, **UPON MOTION DULY MADE, SECONDED AND UNANIMOUSLY CARRIED** that the Corporation be authorized to continue to proceed with further contingency planning in respect of a potential CCAA filing, with final approval from the Board to be sought prior to the commencement of a CCAA proceeding.

Bassam Alghanim
Chairman



Rosanna Mastropietro
Corporate Secretary

**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.**

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings Commenced in Toronto

AFFIDAVIT OF MATTHEW MILICH
(Sworn March 25, 2024)

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, ON M5X 1A4

Sean Zweig (LSO# 57307I)

Joseph Blinick (LSO# 64325B)

Mike Shakra (LSO# 64604K)

Jamie Ernst (LSO# 88724A)

Tel: 416-863-1200

Fax: 416-863-1716

Lawyers for the Applicants

This is Exhibit “D” referred to in the Affidavit of Ashley McKnight sworn by Ashley McKnight of the City of Oshawa, in the Regional Municipality of Durham, before me at the Town of Newmarket, in the Province of Ontario, on August 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in black ink, appearing to read 'Joanna Vasiliou', written in a cursive style.

Commissioner for Taking Affidavits (or as may be)

JOANNA VASILIOU

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

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

Applicants

AFFIDAVIT

I, DEEPAK ALAPPATT, of the Town of Milton, in the Province of Ontario, SWEAR AND SAY:

1. I am Managing Director, Risk, with Cortland Credit Lending Corporation (“**Cortland**”), and as such, I have personal knowledge of the matters deposed to herein, except where stated to be based on information and belief, and where so stated I verily believe the same to be true.

2. I am authorized to swear this affidavit on behalf of Cortland. I swear this affidavit in connection with a Motion made by Final Bell Holdings International Ltd. to rescind the share exchange agreement dated December 5, 2023 (the “**Share Exchange Agreement**”) between BZAM Ltd. (“**BZAM**”), Final Bell Canada Inc. (the prior name of High Road Holding Corp.) and Final Bell Holdings International Ltd.

-2-

3. Cortland is a leading Canadian alternative asset manager headquartered in Toronto, Ontario, that provides accredited investors with access to private credit.

4. On March 31, 2020, The Green Organic Dutchman Ltd. ("**TGOD**") entered into a credit agreement with Cortland, in its capacity as agent for certain lenders (collectively, the "**Lenders**") (as amended, the "**Original Credit Agreement**"). On or about November 3, 2022, BZAM acquired all of the issued and outstanding shares of BZAM Holdings Inc. pursuant to a share exchange agreement dated October 18, 2022, between The Green Organic Dutchman Holdings Ltd. (the prior name of BZAM), BZAM Holdings Inc. and BZAM international Ltd.

5. The Original Credit Agreement was amended and restated in its entirety on: (i) September 29, 2021, which was then amended a further six times (as amended, the "**First ARCA**"); and (ii) January 8, 2024, pursuant to a further amended and restated credit agreement (the "**Second ARCA**" and, together with the Original Credit Agreement and the First ARCA, the "**Credit Agreement**"), following BZAM's acquisition of Final Bell Corp., pursuant to the Share Exchange Agreement.

6. BZAM, BZAM Holdings Inc., BZAM Management Inc., BZAM Cannabis Corp., Folium Life Science Inc., TGOD, Medican Organic Inc., High Road Holding Corp., and Final Bell Corp. (collectively, the "**Obligors**" and together with 102172093 Saskatchewan Ltd., collectively the "**Applicants**") are obligors under the Credit Agreement.

7. Advances were made to, or for the benefit of, the Applicants (including, for greater certainty, Final Bell Corp.), following BZAM's acquisition of Final Bell Corp. Those advances were made at a time when Final Bell Corp. formed part of BZAM's asset base

and was part of the collateral against which the advances were made. In total, approximately \$18 million was advanced in the period between BZAM's acquisition of Final Bell Corp. and the Applicants' filing for CCAA protection (the "**Pre-Filing Advances**") and, taking into account the repayments made during the same period, the net outstanding amount of the Pre-Filing Advances is approximately \$5 million.

8. Cortland, in its capacity as agent for the Lenders, also agreed to provide a debtor-in-possession ("**DIP**") credit facility (the "**DIP Loan**") to the Applicants to, among other things, provide the Applicants with immediate access to funding needed to continue to operate and preserve the value of their operations while a sale and investment solicitation process is being conducted. To date, approximately \$6.9 million has been advanced as part of the DIP Loan.

9. The availability of credit under both the Credit Agreement and the DIP Loan are subject to a facility limit which is calculated based on, among other things, the margining of the eligible accounts receivables of the Applicants (including, for greater certainty, Final Bell Corp.). As a precondition to each advance under the Credit Agreement and the DIP Loan, Cortland was to receive a borrowing base certificate, which, among other things: (i) calculated the amount of the eligible accounts receivables of the Applicants available for margining; and (ii) certified such calculation. Cortland relied upon the borrowing base certificates when extending credit and understood that Final Bell Corp. accounted for at least 30% of the Applicants' borrowing base.

10. As of the date of this affidavit, approximately \$31,463,189 of principal is owing under the Credit Agreement and the DIP Loan and an additional \$307,272 of interest has accrued month-to-date thereon for a total amount owing of \$31,770,461.

11. In the event that the Share Exchange Agreement was rescinded, Cortland and the Lenders would be unduly prejudiced as the collateral against which the Pre-Filing Advances and DIP Loan were made would be depleted resulting in a significant borrowing base shortfall. Cortland relied upon Final Bell Corp. forming part of the borrowing base against which it was willing to extend credit and, without the margining of the eligible receivables of Final Bell Corp., Cortland would not have been willing to extend credit to the same extent under the Credit Agreement and DIP Loan.

12. In addition, the Applicants' ability to repay Cortland the amounts owing under the Credit Agreement using post-filing receipts will be impaired if the Share Exchange Agreement is rescinded, as any receipts of Final Bell Corp. would no longer be payable to Cortland.

13. It would be prejudicial and unfair to Cortland to unwind the Share Exchange Agreement without also requiring that some or all of the Pre-Filing Advances and DIP Loan be returned to Cortland and the Lenders.

14. When the Share Exchange Agreement was presented to Cortland, Cortland's counsel prepared a subordination agreement consistent with the subordination agreement in place for the existing subordinated secured creditors. After reviewing the proposed subordination agreement, Final Bell Holdings International Ltd.'s solicitors advised that the note would be unsecured. That decision was made entirely by Final Bell

Holdings International Ltd., with the assistance of counsel and without influence from Cortland.

SWORN by Deepak Alappatt of the Town of Milton, in the Province of Ontario before me at the City of Toronto, in the Province of Ontario, on March 25, 2024 in accordance with O. Reg. 431/20, Administering Oath or Document Remotely.



Colin Pendrith

DEEPAK ALAPPATT

Commissioner for Taking Affidavits
(or as may be)

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

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

Applicants

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

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This is Exhibit “E” referred to in the Affidavit of Ashley McKnight sworn by Ashley McKnight of the City of Oshawa, in the Regional Municipality of Durham, before me at the Town of Newmarket, in the Province of Ontario, on August 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in black ink, appearing to read 'Joanna Vasiliou', written in a cursive style.

Commissioner for Taking Affidavits (or as may be)

JOANNA VASILIOU

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
BZAM LTD., BZAM HOLDINGS INC., BZAM MANAGEMENT INC., BZAM
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LTD., THE GREEN ORGANIC DUTCHMAN LTD., MEDICAN ORGANIC INC., HIGH
ROAD HOLDING CORP. AND FINAL BELL CORP.**

Applicants

**WRITTEN OPENING STATEMENT OF THE CLAIMANT,
FINAL BELL HOLDINGS INTERNATIONAL LTD.
(SUMMARY TRIAL RETURNABLE APRIL 22 AND 23, 2024)**

April 16, 2024

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TO: **THE SERVICE LIST**

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PART I - INTRODUCTION

1. The issue on this summary trial is whether a purchaser of assets is entitled to knowingly or recklessly make false or misleading statements inducing the seller to agree to a sale involving consideration in the form of equity in the merged entity and unsecured debt. Final Bell seeks to rescind its share exchange agreement with BZAM after BZAM sought CCAA protection less than two months after Final Bell sold its Canadian subsidiary, Final Bell Canada, to BZAM.
2. Final Bell claims that BZAM made the following misrepresentations in circumstances where it knew the representations were false or else was reckless as to their truth:
 - (a) That there was no reason why the Cortland Credit Facility would not be extended beyond March 2024;
 - (b) That BZAM was not in default of its tax obligations and would not default on those obligations after closing;
 - (c) That BZAM was not on the brink of insolvency when the parties entered into and/or closed on the transaction; and
 - (d) That BZAM would not terminate its CFO without cause immediately after closing on the transaction.
3. Together, these misrepresentations falsely portrayed BZAM as a company that was worthy of Final Bell joining forces with to take on the Canadian cannabis market.
4. In fact, and contrary to its representations to Final Bell:
 - (a) Cortland informed BZAM in December 2023 that it would not extend the facility;
 - (b) BZAM failed to file its excise tax returns on time and did not disclose its intention to attempt to renegotiate a tax arrears repayment plan to Final Bell;
 - (c) BZAM was insolvent less than two months after closing; and
 - (d) BZAM formed the intention in December 2023 to terminate its CFO without cause within days of closing on the agreement with no replacement lined up.

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5. BZAM suggests that Final Bell should not have relied on BZAM's representations made during the due diligence period. This position lacks common sense and conflicts with the express terms of the parties' agreement.

6. BZAM "paid" for Final Bell Canada by issuing it \$13.5 million in equity and granting it an \$8 million unsecured promissory note. Through this CCAA process, BZAM's largest shareholder and second largest secured creditor seeks to "scoop" the Final Bell Canada assets by wiping this consideration from the restructured company's balance sheet; he only intends to repay Cortland's secured debt and the debt owed to his own holding company in exchange for all of BZAM's assets. Final Bell will recover nothing.

7. This outcome would be manifestly unfair. This Court should grant Final Bell's claim and rescind the share exchange agreement because BZAM made false or misleading statements that induced Final Bell into executing and closing on the agreement, and the misrepresentations were material and relied upon by Final Bell.

8. Cortland is participating in this proceeding to argue that rescission would be unfair to it. Final Bell does not agree. But even so, this Court has the authority, either under the CCAA or its equitable jurisdiction, to award Final Bell a remedy that does not permit BZAM's other stakeholders from profiting from BZAM's false or misleading misrepresentations. This includes an award of equitable damages or an award that amends the stalking horse bid to require that it compensate Final Bell for its loss of its Canadian subsidiary as a term of approval.

9. What follows is Final Bell's opening statement. The evidentiary record, while robust, is not yet complete. For example, Final Bell will be cross-examining Milich on many material issues. BZAM may be cross-examining Final Bell's witnesses. In its closing submissions, Final

Bell will revisit these facts, summarize the law, and ask this Court to fashion an equitable remedy that ensures that BZAM and its stakeholders do not profit from false or misleading representations knowingly or recklessly made to Final Bell.

PART II - SUMMARY OF FACTS

A. The Parties

10. Final Bell Holdings International Ltd. (“**Final Bell**”) is a corporation incorporated under the laws of British Columbia.

11. Until January 5, 2024, Final Bell was the owner of all of the shares of Final Bell Canada Inc. (“**FBC**”), a corporation incorporated under the laws of Ontario.

12. BZAM Ltd. is a corporation incorporated under the laws of Canada. BZAM Ltd. wholly-owns or has a controlling interest in the other Applicants to the CCAA proceeding in which this rescission claim has been brought, which are referred to herein, save for FBC and its subsidiary Final Bell Corp., as “**BZAM**”.

i. The Witnesses

13. Final Bell adduced evidence from two of its representatives: Kay Jessel, its Executive Director, and Keith Adams, its CFO since November 9, 2023.

1. Kay Jessel – Final Bell Director

14. Kay Jessel has been a director of Final Bell since the inception of its predecessor company, of which he was also a director. Between March and November 2023, Jessel acted as Final Bell’s interim CFO until the appointment of Mr. Adams as its permanent CFO. Jessel’s background is in investment banking, private asset management, and investor relations. He has a

Diplom Kaufmann (the German equivalent of an MBA) from Universität Hamburg and has held director positions in public and private companies in North America and Europe.¹

2. *Keith Adams – Final Bell’s Chief Financial Officer*

15. Keith Adams is Final Bell’s CFO, a position he’s held since November 9, 2023. Adams is a certified public accountant and certified management accountant with over forty years’ experience, including in executive roles in the cannabis integration and supply chain management space.²

16. As explained throughout these submissions, Adams was heavily involved in Final Bell’s due diligence review of BZAM’s disclosure leading up to the execution of the share exchange agreement (the “SEA”) on December 5, 2023.

3. *Matthew Milich – BZAM’s CEO*

17. Matthew Milich is BZAM’s only affiant in this proceeding. He was the managing director of Bassam Alghanim’s family office for approximately ten years before he was appointed BZAM’s President in 2019. He has been its senior-most officer since then. When BZAM merged with The Green Organic Dutchman (“TGOD”) in 2022, Milich assumed the role of CEO of the combined entity.

¹ Affidavit of Kay Jessel sworn March 18, 2024 (“**Jessel Affidavit #1**”), ¶1, 3, and 4; Motion Record (“**MR**”), Tab B, pp. 20-21. Exhibit 1 to the Cross-Examination of Kay Jessel held April 10, 2024 (“**Jessel Cross**”).

² Affidavit of Keith Adams sworn March 18, 2024 (“**Adams Affidavit #1**”), ¶1-4; MR, Tab C, pp. 189-90. Exhibit 1 to the Cross-Examination of Keith Adams held April 10, 2024 (“**Adams Cross**”).

18. Milich was cross-examined on portions of his affidavit evidence. He will be called as a live witness at the hearing to complete his cross-examination. For this reason, Final Bell will refrain from making detailed comments about this evidence because it is not yet complete.

4. *Sean Bovingdon – BZAM’s Former CFO*

19. Sean Bovingdon was BZAM’s CFO from November 2023 until approximately January 24, 2024, when it was announced he was “resigning” from his position effective April 30, 2024 to pursue other opportunities. In fact, Bovingdon was told on January 11, 2024, six days after the closing of the SEA, that he was being terminated by BZAM without cause.

20. As BZAM’s CFO, Bovingdon was central to overseeing and reviewing BZAM’s financial disclosure to Final Bell during the due diligence period leading up to the signing of the SEA. It is therefore notable that BZAM elected not to adduce evidence-in-chief from Bovingdon in response to this claim. The testimony from Bovingdon in this proceeding is the result of Final Bell’s insistence that his evidence be gathered in the form of an out-of-court examination.

21. As explained in detail below, Bovingdon’s testimony and answers to undertakings reveal the true state of affairs at BZAM prior to and shortly after closing on the SEA, which was not disclosed by BZAM in its witness’s affidavits. For example, Bovingdon admitted that BZAM’s January 25, 2024 public statement concerning his departure as its CFO, which stated that Bovingdon was “leaving” BZAM “to pursue other opportunities,” was incorrect.³ Bovingdon’s

³ Transcript of Examination of Sean Bovingdon held April 8, 2024 (“**Bovingdon Cross**”), pp. 42-43, qq. 168-70; BZAM Press Release dated January 25, 2024, Exhibit “KK” to the Affidavit of Matthew Milich sworn March 25, 2024 (“**Milich Affidavit #3**”), BZAM Responding Motion Record (“**RMR**”), Tab 1-KK, p. 809.

evidence revealed several other misleading statements by BZAM, which explains why BZAM was unwilling to adduce an affidavit from him.

22. Bovingdon will not be testifying live at the hearing.

5. *Deepak Alappatt – Cortland’s Managing Director, Risk*

23. Deepak Alappatt is the Managing Director, Risk with Cortland Credit Lending Corporation (“**Cortland**”), BZAM’s senior secured lender and its DIP lender. Alappatt testified that following the purchase of FBC by BZAM, FBC’s accounts receivable accounted for approximately thirty per cent of BZAM’s borrowing base – meaning it increased BZAM’s ability to access the revolver portion of the Cortland credit facility to fund its operations.

24. Cortland relies on Alappatt to argue that it would be prejudiced if the SEA is rescinded. But Alappatt’s evidence is based on documents he reviewed to prepare his affidavit but did not append to his affidavit, so his evidence should be considered with caution.

25. More importantly, Alappatt confirmed at his cross-examination that the stalking horse bid would repay the debt owed to Cortland in full, and to date there is no indication from the stalking horse bidder that it will withdraw its bid if Final Bell’s claim succeeds.⁴

26. Alappatt will not be testifying live at the hearing.

ii. *One Other Notable Individual – Bassam Alghanim*

27. A non-witness, non-party to this proceeding is central to questions concerning the appropriate remedy. Bassam Alghanim is BZAM’s largest shareholder, holding approximately

⁴ Transcript of Cross-Examination of Deepak Alappatt held April 8, 2024 (“**Alappatt Cross**”), pp. 31-32, qq. 93-96.

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37% of the shares in the company; the principal behind Stone Pine Capital Ltd., BZAM's second secured creditor; and the principal of 1000816625 Ontario Inc., the stalking horse bidder.⁵ He is also the Chairman of BZAM.

28. Alghanim's stalking horse bid seeks to purchase BZAM in exchange for full payment of the secured debt owed to Cortland and Stone Pine, but will leave Final Bell with no ability to recover on its debt or equity claims. He stands the most to benefit from BZAM's insolvency.

B. Negotiations Lead to Letter of Intent from BZAM to Purchase FBC

29. On October 31, 2023, after a few weeks of discussions and negotiations between representatives of BZAM and Final Bell, BZAM's board of directors delivered a non-binding letter of intent ("LOI") to Final Bell. BZAM was offering to purchase under a share exchange agreement all of the issued and outstanding shares of FBC.⁶

30. The LOI proposed to purchase FBC in exchange for:

- (a) 90 million shares of BZAM;
- (b) FBC's retention of \$4 million of existing accounts payable to its present parent/affiliate supplier; and
- (c) BZAM's assumption of \$4 million in debt owing by FBC to its present parent/affiliate, bearing interest at 0%, with a maturity date of March 31, 2025, and secured on the same basis and *pari passu* with the secured debt held by Stone Pine Capital Ltd.⁷

31. Among other things, the LOI proposed that:

- (a) the proposed transaction and its terms and conditions would be set out in a definitive agreement and related disclosure letters, documents, and ancillary

⁵ First Report of the Monitor dated March 6, 2024, ¶4(i).

⁶ Jessel Affidavit #1, ¶5; MR, p. 21.

⁷ The LOI is Exhibit 1 to Jessel Affidavit #1; MR, Tab B-1, p. 35.

agreements that are customary for a transaction of this nature, which it collectively defined as the “Transaction Documents”;

- (b) the definitive agreement would contain the customary terms and conditions for the transaction, including representations and warranties of each of FBC and BZAM, customary deal protections, and conditions to closing, which included no material adverse change and other “customary” conditions;
- (c) BZAM would cooperate with Final Bell on its due diligence of BZAM and its business, operations and financial performance and would promptly furnish Final Bell with any materials reasonably requested; and
- (d) the parties agree to give each other prompt written notice of any material change in or affecting their respective business, affairs, operations, assets, liabilities or capital.⁸

32. Final Bell signed the LOI on November 1, 2023.⁹

C. Final Bell’s Rationale for the Transaction

33. On November 1, 2023, Robert Meyer, Final Bell’s CEO, explained the rationale for Final Bell to approve the transaction as including:

- (a) The combined entity would continue to procure its packaging and hardware through 14th Round, an affiliate of Final Bell, with access to banking facilities to pay 14th Round;
- (b) Combining BZAM’s existing footprint with FBC would create the fourth or fifth largest player in Canada and offers cost and revenue synergies to the merged entity;
- (c) The deal creates a new dominant player in Canada with a portfolio of leading brands, efficient manufacturing technology and supply chain management; and
- (d) As a non-control investor, Final Bell would have immediate access to liquidity shareholding when markets improve.¹⁰

⁸ LOI, MR, Tab B-1, pp. 35-40.

⁹ Jessel Affidavit #1, ¶6; MR, Tab B, p. 21.

¹⁰ Email from Robert Meyer to the Board of Final Bell dated November 1, 2023; Exhibit 6 to Jessel Cross.

34. Meyer's rationale also referred to FBC as a "cash drain" on Final Bell. BZAM relies on this to suggest that Final Bell was a motivated seller. But the "cash drain" was not due to significant losses at Final Bell, but due to the fact that cash held by FBC was "trapped" in Canada and could not be used to pay intercompany payables to U.S. entities so long as they had common ownership.¹¹

35. Later, when Final Bell was considering whether to enter into the SEA, its board of directors reviewed a slide deck with an updated explanation of the rationale for the transaction. The rationale outlined in this deck cited similar reasons as the rationale summarized by Meyer in his November 1 email. When questioned about this deck at his cross-examination, Adams insisted there was no "need" or "strong desire" for Final Bell to sell FBC to BZAM, and it could have found another way to unlock the cash.¹²

D. Parties Engage in Due Diligence Prior to Signing Binding Agreement

36. Final Bell engaged in a due diligence process to assess BZAM's financial condition before it entered into the binding SEA. Adams led the due diligence process for Final Bell.¹³

37. Throughout November 2023, Adams worked closely with Milich and Bovingdon, BZAM's CEO and then CFO, respectively, who provided Adams with financial information about BZAM. Final Bell's board relied on the information provided by BZAM in deciding to enter into a share exchange agreement with BZAM for the sale of FBC.¹⁴

¹¹ Adams Affidavit #2, ¶23; Reply MR, Tab B, pp. 21-22.

¹² Final Bell Due Diligence Readout; Exhibit 2 to Jessel Affidavit #1, MR, Tab B-2, p. 44. Adams Cross, pp. 159-62, qq. 655-65.

¹³ Adams Affidavit #1, ¶5; MR, Tab C, p. 190.

¹⁴ Affidavit of Keith Adams sworn April 1, 2024 ("Adams Affidavit #2"), ¶7; Final Bell Reply Motion Record ("Reply MR"), Tab B, p. 16. Bovingdon Cross pp. 20-21, qq. 76-79.

38. In particular, Bovingdon participated in the disclosure of BZAM information to Final Bell as part of Final Bell's due diligence, sent Final Bell emails with BZAM information, and engaged in direct discussions with Adams via telephone and Zoom.¹⁵

i. Parties Exchange Historic and Forward-Looking Financial Information

39. The information provided to Final Bell by BZAM during the due diligence process included both historic and forward-looking financial information. The historic financial information provided to Final Bell included BZAM's unaudited financial statements for the three and nine months ending September 30, 2023 ("**BZAM Q3 2023 Financial Statements**"), the latest financial statements available from BZAM.¹⁶

40. The forward looking financial information provided to Final Bell by BZAM included a PowerPoint deck containing *pro forma* financials for BZAM through the end of 2024 following its integration of FBC after the closing of the transaction (the "**Project Tower PowerPoint**").¹⁷

41. These *pro forma* financials were based on a financial model for the integrated BZAM and FBC business (the "**BZAM/FB Spreadsheet**") that were prepared for BZAM by the investment bank, Clarus Securities Inc. ("**Clarus**"). The Project Tower PowerPoint containing BZAM's *pro forma* financials and BZAM/FB Spreadsheet containing the financial model for the integrated company were provided to Final Bell by BZAM.¹⁸ The combined model also included forward-looking *pro forma* information that Final Bell provided to BZAM and Clarus.

¹⁵ Bovingdon Cross, pp. 19-20, qq. 70-75.

¹⁶ Adams Affidavit #1, ¶17; MR, Tab C, p. 193.

¹⁷ Project Tower PowerPoint, MR Tab C-1, pp. 208-220.

¹⁸ Affidavit of Matthew Milich sworn March 25, 2024 ("**Milich Affidavit #3**"), ¶29. Adams Affidavit #1, ¶9-10; MR, Tab C, p. 191.

42. BZAM also sent Final Bell a standalone *pro forma* financial statement for its 2023 and 2024 fiscal years (the “**BZAM Standalone Model**”). The BZAM Standalone Model contained information that Adams sought from Final Bell by email sent November 13, 2023. By email sent November 14 in response to Adams’s request, Milich wrote,

[...] we are in the middle of our 2024 budget/forecast (normally would complete for final review/approval in 1st week of December). Having said that, we are working hard in parallel on a proforma model for the combination which will be incorporating the latest, in-progress 2024 budget/forecast. I’m assuming we will want to review the proforma together, so anticipating you will be able to see the 2024 numbers, debt schedule, etc. as part of that.¹⁹

43. As promised by Milich, the BZAM Standalone Model included a debt schedule, among other things, which represented that on its own, without merging with FBC, BZAM had access to debt throughout 2024 and would be able to maintain positive cash flow until September 2024.²⁰

E. BZAM Makes Material Representations Concerning its Future Performance

44. The representations BZAM made to Final Bell included material representations about its current and future finances and operations. Specifically, BZAM made material representations in four areas:

- (a) That there was no reason why the \$34 million Cortland credit facility would not be extended beyond its original maturity date in March 2024;
- (b) That BZAM was not default of its tax obligations and would not default on its obligations after closing;
- (c) That BZAM was not on the brink of insolvency at the time that the parties entered into and closed on the SEA; and

¹⁹ The BZAM Standalone Model is Exhibit “O” to Milich’s Affidavit #3. The emails between Adams and Milich are Exhibit “4” to Adams Affidavit #2, Reply MR, p. 41.

²⁰ BZAM Standalone Model, Exhibit “O” to Milich’s Affidavit #3.

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(d) That BZAM would not terminate its CFO without cause immediately after closing on the SEA.

i. *Representation #1: No Reason Cortland Facility Would not be Extended*

45. BZAM had a \$34 million credit facility with Cortland, comprised of base debt and a “revolver” facility. The funds available under the revolver depended on a complex formula that included calculating BZAM’s accounts receivable, sales, and other performance metrics. During the due diligence period, BZAM represented to Final Bell that it would have approximately \$7 million in financing available to it through the Cortland Credit Facility as of Q4 2023 and it expected to have between \$5-7 million under the Cortland Credit Facility available to it throughout 2024.²¹

46. The forward-looking information that BZAM provided to Final Bell represented that BZAM would continue to have access to approximately \$5-7 million under the Cortland Credit Facility throughout 2024. The BZAM/FB Spreadsheet provided to Final Bell also indicated that \$5-7 million in credit would be available to BZAM throughout 2024 and did not indicate that there was any uncertainty about its renewal.²²

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

²¹ Adams Affidavit #1, ¶23; MR, Tab C, p. 195.

²² Project Tower PowerPoint, MR, Tab C-1, p. 220. BZAM Standalone Model, Exhibit O to Milich Affidavit #3; RMR, Tab 1-O, p. 342. BZAM/FB Spreadsheet, MR Tab C2, p. 225.

47. In November 2023, Final Bell was aware that the Cortland Credit Facility was due to mature in late March 2024. However, Bovingdon informed Adams that he saw “no reason” why BZAM did not think it could not get an extension to the Cortland Credit Facility. This representation was recorded by Adams in a contemporaneous email and admitted by Bovingdon at his examination.²³

48. As explained further below, the facts supporting Bovingdon’s representation changed on December 13, when Cortland informed Bovingdon in writing that it would not extend the maturity date. It is undisputed that BZAM did not share that communication or its contents with Final Bell before closing on the SEA on January 5.

i. Representation #2: BZAM was Current with its Tax Obligations

1. Summary of Excise Tax Process in Cannabis Industry

49. The following explanation as to how excise tax is charged, collected, and payable in the cannabis industry is from Bovingdon’s testimony at his out-of-court examination:

- (a) The cannabis vendor charges the purchaser excise tax when it makes the sale, so that the amount of tax charged is included on the invoice to the purchaser;
- (b) The vendor receives payment of the excise tax when the purchaser pays the invoice;
- (c) At the end of the month after excise tax is charged, the vendor calculates the total excise tax from the month prior, files a “B300” form, and then has administrative leave to actually pay the excise tax for the month prior five days after the subsequent month end.²⁴

50. Bovingdon explained how this timing works for the month of November:

²³ Adams Affidavit #1, ¶24; MR, Tab C, p. 195. Exhibit 6 to Adams Affidavit #1; MR, Tab C-6, p. 309. Bovingdon Cross, pp. 33-34, qq. 131-33.

²⁴ Bovingdon Cross, pp. 73-74, qq. 274-279.

285 Q. Okay. So let's back up.

If you are charging in November of the calendar year -- just to make sure I transpose this correctly -- you calculate the excise tax payable at the end of December --

A. Ordinarily.

286 Q. Ordinarily. And you pay it in the first week of January, ordinarily?

A. Correct.²⁵

2. *BZAM Represented its Excise Taxes were Current and Under Control*

51. BZAM sent Final Bell information about its outstanding excise tax and GST liabilities during the due diligence process. This information showed it had \$6,356,000 in outstanding excise tax arrears payable as of December 5, 2023 (the date of the SEA) and \$1,472,000 in GST arrears. These arrears were disclosed to Final Bell as subject to payment plans with the CRA.²⁶

52. By email sent November 28, 2023, Adams specifically asked Bovingdon about the CRA payment plans and was seeking to verify that BZAM's cash flow included the paydown of the plans. Bovingdon responded that day and informed Adams that Final Bell's tax liabilities were reflected in its *pro forma* cash flow model as part of the decrease in accounts payable ("AP") in 2024.²⁷

53. Through Bovingdon and the *pro forma* model, BZAM represented to Final Bell that its tax liabilities were under control. Bovingdon admitted he understood that Adams wanted to

²⁵ Bovingdon Cross, pp. 75-76, qq. 285-86.

²⁶ Adams Affidavit #1, ¶33; MR, Tab C, p. 198. BZAM Disclosure Letter dated December 5, 2023, Exhibit "8" to Adams Affidavit #1, MR, Tab C-8, p. 340.

²⁷ Email from Bovingdon to Adams dated November 28, 2023; MR, Tab C-7, pp. 312-313. Adams Affidavit #1, ¶36; MR, Tab C, p. 198.

know where the CRA liabilities were in the balance sheet and that they were accounted for in the material being sent to Final Bell.²⁸

54. Moreover, in the SEA, BZAM represented to Final Bell that all Tax Returns (as defined in the SEA) have or will have been timely filed and that all material Taxes shown to be due on such Tax Returns have or will be timely paid on or before the Closing Date.²⁹

55. As explained below, this representation was recently discovered by Final Bell to be false, and that BZAM knew or was reckless as to their truth when the statements were made.

56. On April 12, 2024, BZAM answered a question taken under advisement at Bovington's April 8, 2024 examination and produced its excise tax filings (Form B300) for the period spanning August through November 2023. The documents revealed that BZAM's B300 forms for August and November 2023 were not filed until February 12, 2024, long after they were due. As a consequence, BZAM failed to properly account for almost \$3 million of excise taxes that were payable prior to the closing date of the SEA.³⁰

ii. Representation #3: BZAM was not on the Brink of Insolvency

57. During the due diligence period, BZAM sent Final Bell *pro forma* cash flow statements representing that BZAM would have positive cash flows throughout 2024 and had more than sufficient cash to fund its near-term operations and capital expenditure. BZAM's *pro forma* statements showed that the amount of cash available to BZAM following its acquisition of FBC would not fall below \$5.9 million at any point in 2024.³¹

²⁸ Bovington Cross, pp. 29-30, qq. 116-17.

²⁹ SEA, article 3.31; MR, Tab B-4, p. 90.

³⁰ BZAM Answers to Undertakings dated April 12, 2024, Tabs 3-A and 3-D.

³¹ Adams Affidavit #1, ¶14; MR, Tab C, p. 192. Project Tower PowerPoint, MR Tab C1, p. 218.

58. Although BZAM's Q3 2023 Financial Statements included a note stating that the BZAM had "insufficient cash on hand to fund its planned operations", the *pro forma* cash flow statements represented otherwise. They showed that BZAM would have sufficient cash available to fund its operations for the foreseeable future and was not on the brink of insolvency.³²

59. Milich has testified that Final Bell should have taken heed of BZAM's going concern note in its financial statements to understand that it was at risk of imminent failure. But its predecessor TGOB had included the same note in its financial statements for fiscal years 2019, 2020, 2021, and 2022.³³ With that track record, the inclusion of a going concern note in the financial statements is not indicative of an imminent risk of insolvency.

60. Moreover, the Q3 2023 Financial Statements were historical. As explained above, Milich represented to BZAM in November 2023 that its *pro forma* statements were based on its most up to date budgeting for its 2024 fiscal year beginning January 1, 2024. The *pro forma* statements, which were prepared while BZAM was undertaking its annual budget review, arguably represent what BZAM says it expected in terms of its financial performance in fiscal 2024.³⁴

61. It is also notable that, as set out below, the definition of "Purchaser Books and Records" in the SEA includes "plans and projections", and that BZAM represented in the SEA that its accounting and financial Purchaser Books and Records were properly and accurately kept and complete in all material respects. While it is understood that a *pro forma* model is not a guarantee that the results will mirror the projections, in these circumstances, BZAM cannot

³² Adams Affidavit #1, ¶18; MR, Tab C, p. 194.

³³ Bovingdon Cross, p. 48, qq. 189-90.

³⁴ Reply MR, Tab B-4, p. 41. Bovingdon Cross, p. 56, qq. 225-26.

reasonably suggest that the *pro forma* model it disclosed to Final Bell during the due diligence process does not make a representation concerning the overall health of its cash flow.

iii. Representation #4: BZAM would not Terminate its CFO Without Cause

62. In the context of this transaction, and having regard to the Transaction Documents (as defined in the SEA) and the terms of Cortland Credit Facility, both in place when the SEA was negotiated, signed and, amended as required under the SEA, there was an implied representation from BZAM to Final Bell that it would not terminate Bovingdon, its CFO, shortly after closing in circumstances where it did not have cause to do so and had no candidate lined up to replace him.

63. This representation is found, among other things, in the following documents:

- (a) The SEA, in which BZAM represented that there were no pending settlements under any applicable employment laws which place any financial obligation on BZAM;
- (b) The Fourth Amendment to the Cortland Credit Facility, dated as of November 3, 2022, which redefined “Change of Control” at BZAM to mean, among other things, if Bovingdon ceases to be the CFO of BZAM, and Cortland is not satisfied, in its reasonable discretion, with the arrangements made to replace him; and
- (c) Likewise, the Second Amended and Restated Credit Agreement, dated January 8, 2024, but which was circulated in draft form in December 2023, includes the same definition of “Change of Control”.³⁵

64. As explained below, in December 2023—unbeknownst to Final Bell—Milich formed an intention to terminate Bovingdon as BZAM’s CFO immediately after closing on the SEA. He never disclosed this intention to Final Bell. What’s worse, when BZAM announced Bovingdon’s

³⁵ SEA, article 3.23(e), MR, Tab B-4, p. 88. Fourth Amendment to the Amended and Restated Credit Agreement, dated as of November 3, 2022, article 2.9; Exhibit “2” to the Alappatt Cross. Second Amended and Restated Credit Agreement dated January 8, 2024 (“SARCA”), Schedule “C” – Defined Terms; Exhibit “1” to the Alappatt Cross.

departure, it misrepresented the circumstances of his departure so as to cover up the fact that it was initiated by Milich within days of closing on the SEA.

F. December 5, 2023: Parties Execute Binding Share Exchange Agreement

65. BZAM and Final Bell executed the binding SEA on December 5, 2023. At closing, BZAM would acquire FBC in exchange for ninety million (90,000,000) shares of BZAM at a deemed price per share of \$0.15, for a face value of \$13,500,000.00.³⁶ The SEA also provided that, as part of the closing of the transaction, FBC would issue promissory notes totalling \$8 million to Final Bell or its affiliates, to be guaranteed by BZAM.³⁷

66. The SEA authorized Final Bell to nominate a director to sit on BZAM's board.³⁸ Final Bell nominated Jessel.

67. Key defined terms of the SEA include:

- (a) "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.
- (b) "Ordinary Course" means, with respect to an action taken by a Person, that such action is (i) consistent with the past practices of the Person and is taken in the ordinary course of business of the normal operations of the Person or its business, and (ii) would be similar in nature to actions customarily taken in the ordinary course of the day to day operations of other Persons that are in the same line of business as such Person.
- (c) "Purchaser Books and Records" means all books of account, financial statements, tax records, personnel records of the Purchaser Employees, historic documents relating to the assets or business of the Purchaser Entities, sales and purchase records, cost and pricing information, business reports, plans and projections and

³⁶ SEA, article 2.2, MR, Tab B-4, p. 74.

³⁷ The notes were originally divided into a \$4 million secured note and a \$4 million unsecured note. Before closing, the parties replaced the two notes with a single, unsecured note for \$8 million with specified terms of repayment over time.

³⁸ SEA, Article 8.1(s), MR, Tab B-4, p. 116.

all other documents, files, correspondence and other information of a Purchaser Entity (whether in written, electronic or other form).

- (d) “Purchaser Employee” means any full-time or part-time employee of the Purchaser.
- (e) “Tax Return” means any return (including any information return), report, statement, schedule, notice, election, designation, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority, in connection with the determination, assessment, collection or payment of any Tax, or in connection with the administration, implementation or enforcement of, or compliance with, any Law relating to any Tax.
- (f) “Transaction Documents” means, among other things, the SEA and all other agreements, certificates and instruments or documents given pursuant to the SEA.³⁹

68. The SEA required the parties to exchange disclosure letters as of December 5, 2023, which are incorporated by reference into the SEA and form an integral part of the agreement.⁴⁰

69. Article 3 of the SEA sets out numerous representations by BZAM, including that:

- (a) Except as set out in the Purchaser Disclosure Letter, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since September 30, 2023, BZAM’s business has been carried out in the Ordinary Course;
- (b) BZAM is not in breach of any Purchaser Material Contracts, which term includes the Cortland Credit Facility;
- (c) All accounting and financial Purchaser Books and Records have been fully, properly and accurately kept and are complete in all material respects;
- (d) There are no pending settlements under any applicable employment Laws which place a financial obligation upon BZAM;
- (e) All Tax Returns of BZAM that are required to be filed prior to the Closing Date have or will have been timely filed;

³⁹ SEA, Article 1, MR, Tab B-4, pp. 69-72.

⁴⁰ SEA, Article 1.5, MR, Tab B-4, p. 73.

- (f) No written agreement or document extending the period of assessment or collection of any Tax payable which relates to the assets of BZAM is currently in effect; and
- (g) No Transaction Document contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in the document not misleading in light of the circumstances under which they were made.⁴¹

70. BZAM's disclosure letter dated December 5, 2023, was signed by Milich and states, among other things, that BZAM "is current with all its tax returns and filings, and current with all due payments", with the exception of the specific enumerated liabilities subject to payments plans with the CRA that BZAM disclosed to Final Bell as part of the due diligence process, as reviewed above.⁴²

71. In summary, both during the due diligence period and in the SEA, BZAM made numerous representations to Final Bell that relate to its ability to remain solvent in the months immediately following the merger of FBC with BZAM. These were material representations that Final Bell was relying upon, as its rationale for entering into a transaction whereby it would become BZAM's second largest shareholder and largest unsecured creditor and depended on the merged entity remaining solvent.

G. Changes to BZAM's Circumstances after December 5, 2023 and Before Closing

i. Cortland Informs BZAM on December 13 of No Intention to Extend Facility

72. On December 13, 2023, Cortland and BZAM exchanged emails concerning a draft of the Second Amended and Restated Credit Agreement ("SARCA"). Upon reviewing the draft, Bovington asked Cortland a question concerning the maturity date:

⁴¹ SEA, Article 3.8, 3.20, 3.23, 3.29(e), 3.31, and 3.37; MR, Tab B-4, pp. 78-92.

⁴² BZAM Disclosure Letter, MR, Tab C-9, p. 340.

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Please advise on how section 3 (c) (iii) monthly payments from March 24, 2024 are relevant if the facility matures on March 24, 2024 per 10 (a)? **Should the Maturity date be 2025?**⁴³

73. In response, Rachael Andrew, Cortland's in-house legal counsel, wrote:

Hi Sean,

I'll chime in on the business points and leave the remainder to the Cassels team:

1. Maturity Date: maturity date is March 24, 2024 – Cortland isn't granting TGOD an extension at that time. The amort payments have been pushed out to the same date as the Maturity Date as we'd look to implement that in the future if TGOD requests an extension to the Maturity Date.⁴⁴

74. It is undisputed that BZAM did not forward this email or share its information to Final Bell before closing on the SEA.

75. In the circumstances, even if Bovingdon's email to Andrew was not a formal request to extend the facility, BZAM could no longer credibly say that it saw **no reason** why it could not get an extension to the Cortland Credit Facility. Bovingdon suggested the maturity date should be 2025, and Cortland flat-out rejected that suggestion and told BZAM it is not granting an extension. This is a material change to BZAM's previous representation to Final Bell.

ii. BZAM Forms Intention Before Closing to Terminate Its CFO Without Cause

76. As established above, the SEA and the terms of the Cortland Credit Facility, both in effect during the due diligence period and upon closing of the SEA, represented to Final Bell that

⁴³ Exhibit "4" to the Bovingdon Cross [emphasis added]. The SARCA is exhibit "1" to the Alappatt Cross.

⁴⁴ *Ibid.* [emphasis added].

BZAM would not terminate Bovingdon as its CFO without cause immediately after the SEA closed.

77. Despite this representation, Milich admitted on cross-examination that he formed an intention to terminate Bovingdon's employment as BZAM's CFO prior to January 5, 2024—the closing date of the SEA.⁴⁵ But he only informed Bovingdon of his termination without cause on January 11, 2024 – **six days after the SEA closed.**⁴⁶

78. Milich and Bovingdon both testified that the termination was without cause and not related to Bovingdon's performance.

79. Final Bell submits that BZAM knew or ought to have known that Final Bell would assume Bovingdon would not be terminated during the sensitive period when FBC was being merged with BZAM. BZAM made a material misrepresentation by omission by failing to disclose to Final Bell the material information that BZAM intended to terminate Bovingdon's employment as CFO of the combined entity six days after closing on the SEA with no suitable candidate in place to replace him.

H. January 5 (or 8), 2024: SEA Closes with No Changes to BZAM's Representations

80. On January 8, 2024 BZAM acquisition of FBC closed. Jessel of Final Bell was appointed to the BZAM board on the same day.⁴⁷

⁴⁵ Milich Cross, pp. 16-17, qq. 61-63.

⁴⁶ Milich Cross, pp. 14-15, qq. 50-57. Bovingdon Cross, pp. 35-37, qq. 137-46.

⁴⁷ Jessel Affidavit #1, ¶17; MR, Tab B, p. 23.

81. As part of the closing, the parties were required to deliver an “Officer’s Bring-Down Certificate” to each other. These certificates, signed by an authorized officer, identified any material changes to the representations in the SEA.

82. The BZAM Bring-Down Certificate did not identify any changes to its representations.⁴⁸

I. Post-Closing Material Changes to BZAM’s Finances and Operations

83. After closing, BZAM experienced material changes to its finances and operations that it knew about before closing, and which revealed representations to Final Bell to be false or misleading. These changes concern the Cortland Credit Facility, Bovingdon’s status as CFO, a tax arrears repayment plan, and late-filing of excise tax forms.

i. BZAM Does not Attempt to Extend Cortland Credit Facility

84. It is undisputed that after January 5, 2024, BZAM made no attempt to extend the maturity date of the Cortland Credit Facility. No explanation has been given for this failure. Certainly between January 5 and February 6, when BZAM understood it may need to restructure due to an alleged “funding gap”, it had the opportunity to formally request an extension, but neglected to do so.

ii. January 11, 2024: BZAM Terminates Its CFO, Misleads Public

85. It has already been established that Milich formed an intention to terminate Bovingdon as BZAM’s CFO before closing. He acted on that less than a week after the SEA closed. It is undisputed that on January 11, 2024, Milich called Bovingdon and informed him that he was being terminated without cause, effective at some date in the near future.

⁴⁸ Reply MR, Tab B-1, p. 25.

86. After thirteen days of negotiations, on January 24, 2024, BZAM and Bovingdon finalized the terms of his separation from the company.⁴⁹

87. At the board meeting held that day, BZAM informed its directors, including Jessel, of Bovingdon's departure. The minutes of that meeting suggest the directors were not informed that the termination was instigated by Milich or that it was the result of a plan he formed in December 2023:

Departure of Chief Financial Officer ("CFO")

Mr. Milich noted that Mr. Bovingdon, CFO, would be departing from the Corporation with an effective date of April 30, 2024, to allow for a smooth transition of the role. A press release announcing his departure would be forth coming as soon as his separation agreement was finalized.⁵⁰

88. As promised, BZAM published a press release about Bovingdon's departure on January 25:

VANCOUVER, BC, Jan. 25, 2024 /CNW/ - BZAM Ltd. ("BZAM") (CSE: BZAM) (US-OTC: BZAMF) announced today that Sean Bovingdon, Chief Financial Officer, **will be leaving his position on April 30, 2024 to pursue other opportunities.** He will remain in his role to ensure a smooth transition, including through the announcement of the Company's results for the fiscal year ending December 31, 2023.⁵¹ [Emphasis added.]

89. At this cross-examination, Bovingdon admitted that the press release did not accurately represent the facts of this dismissal:

168 Q. As part of the discussions between January 11th and January 24th, at some point, there was an agreement reached between you

⁴⁹ Separation Agreement, Exhibit "2" to the Bovingdon Cross.

⁵⁰ Minutes of BZAM Directors' Meeting held January 24, 2024; Exhibit "JJ" to Milich Affidavit #3, RMR, Tab 1-JJ, p. 807.

⁵¹ BZAM Press Release dated January 25, 2024; Exhibit "KK" to Milich Affidavit #3, RMR, Tab 1-KK.

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and BZAM to portray your departure to the public as you leaving the position; correct?

A. I don't think that's accurate. More a wording that would suggest it is transition and leaving for other opportunities.

169 Q. Right. Which, at the time, was not, in fact, the case; correct?

A. No.

170 Q. As in I was correct? My proposition is correct?

A. Correct.⁵²

90. Final Bell only learned this true state of affairs in the course of this litigation, and only because it insisted that Bovingdon attend an examination in advance of the cross-examination of BZAM's and Cortland's affiants.

iii. February 2, 2024: BZAM Refinances on Excise Tax Arrears Repayment Plan

91. In his affidavit sworn in support of BZAM's application for CCAA protection, Milich disclosed that on February 2, 2024, BZAM entered into an excise tax arrears repayment plan with CRA. Final Bell's Redfern requests sought all relevant documentation concerning the negotiation of this repayment plan.⁵³

92. In response to Final Bell's Redfern request, BZAM disclosed a cover email from CRA and the enclosed letter from CRA concerning the repayment plan:

Subject: Excise Duty arrears for 08/09/10/11, 2023
Balance: \$3,234,494.93

Thank you for proposing an arrangement to pay the amount you owe on your account.

⁵² Bovingdon Cross, pp. 42-43, qq. 168-70.

⁵³ Affidavit of Matthew Milich sworn February 28, 2024 ("Milich Affidavit #1"), ¶62. BZAM's responses to Final Bell's Redfern Requests are found at Exhibit "1" to the Bovingdon Cross – see request #16..

We confirm that the terms of your arrangement are as follows:

Due date of first payment: February 15, 2024

Number of payments: 24

Payment interval (days): 30

Amount of each payment: \$164,474.00⁵⁴

93. Bovingdon testified that this plan was a renegotiation of one of the excise tax arrears repayment plans BZAM disclosed to Final Bell in the SEA. Final Bell asked for the documents concerning the planned refinancing, and received in answers to undertakings an email sent September 25, 2023, by Preet Parmar, BZAM's Senior manager, Finance, to Bovingdon, explaining that BZAM's intention at the time was to pay the amounts due under the July 2023 repayment plan until December 2023, at which point it would renegotiate a new payment plan with CRA.⁵⁵

94. In his February 28 affidavit, Milich did not disclose that the February 2 repayment plan was a refinancing of an older repayment plan. Nor is there any evidence in the record suggesting that BZAM's plan to only pay its July 2023 plan until December 2023 was disclosed to Final Bell.

95. Final Bell submits that this omission amounts to a fraudulent misrepresentation by omission, because BZAM knew in November and December 2023 that it did not intend to complete the payments set out in the July 2023 repayment plan, but it did not disclose this fact to Final Bell.

⁵⁴ Exhibit 6 to Bovingdon Cross.

⁵⁵ Email dated September 25, 2023, Bovingdon Answers to Undertakings, Tab 2-C.

iv. *February 12, 2024: BZAM Files B300 Forms Outside of Normal Course*

96. The CRA letter referred to excise tax arrears for August through November 2023. At the Bovingdon examination, Final Bell asked for production of BZAM Management Inc.'s B300 forms for the period August through November 2023. Those forms were delivered to Final Bell on April 12, 2023 in Bovingdon's answers to undertakings.

97. The B300 forms confirm what Final Bell alleges in this claim: BZAM was in default of its excise tax filings and payments. Recall that Bovingdon testified that in the ordinary course, a company is required to file its B300 form and pay its excise taxes within the first five days of the second month following the month in question. Thus, for August 2023, the B300 form and payment were due by October 5, 2023, and for November 2023, the B300 form and payment were due by January 5, 2023 (the closing date).

98. The Bovingdon answers to undertakings reveal that BZAM did not file its B300 forms for those months until February 12, 2024 – weeks or months after they were due.⁵⁶ In contrast, the form for September 2023 was filed on October 30, 2023, and the form for October 2023 was filed on November 28, 2023 – both within the range Bovingdon testified as “ordinary”. But the B300 forms for August and November 2023 were filed outside the ordinary range, contrary to representations BZAM made to Final Bell prior to closing on the SEA.

⁵⁶ Bovingdon Answers to Undertakings, Tabs 3-A and 3-D.

v. *BZAM Arranges to Seek CCAA Protection Shortly After Closing*

99. The minutes of BZAM’s board meeting held February 6, 2024, indicate that this is the first time BZAM management identified a \$5 million “funding gap”. The minutes record the following discussion:

As a result of such analysis, Management further advised that a potential restructuring of the Corporation 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 inquiries with potential restructuring advisors.⁵⁷

100. The minutes of BZAM’s board meeting held February 8 and 12, 2024, expand on this discussion. In attendance on February 12 were BZAM’s now-insolvency counsel and a representative of FTI, now the Monitor of BZAM. The minutes record the following discussion:

As a follow up to the board of directors (the “Board”) meeting held two days prior, Mr. Milich noted that a few preliminary steps had been taken, for example: management initiated the engagement of external advisors, and management prepared a revised cashflow forecast and a revised 2024 budget. Mr. Milich presented the revised cashflow forecast to the Board, informing the Board that the forecast was based on the initial consultation with the external advisors. The revised cashflow forecast contemplated a potential restructuring plan, which could include a filing under the *Companies’ Creditors Arrangement Act* (“CCAA”) as soon as February 21, 2024.

Mr. Bovingdon then went through the week-by-week cashflow details with the Board, and discussed the risks and assumptions related thereto. Mr. Bovingdon shared certain insights that were communicated by the advisors related to a potential CCAA filing. Mr. Schnarr then asked management for a memo prepared by the external advisors with advice related to a potential CCAA filing for the Board’s review.

[...]

⁵⁷ Minutes of BZAM Directors’ Meeting held February 6, 2024; RMR, Tab 1-LL, p. 812.

Mr. Milich added that he had preliminary discussions with Cortland Credit Lending Corporation (“Cortland”), who indicated its continued support for the Corporation in a potential restructuring.

Management was tasked with preparing an outline of steps and relevant dates associated with a potential CCAA filing for the Board’s review.⁵⁸

101. Final Bell submits that the fact that BZAM was considering CCAA protection within weeks of closing on the SEA is further evidence of its knowingly false representations or recklessness as to the truth of its representations to Final Bell during the due diligence period and during the “bring down” period up to January 5, 2024.

J. BZAM CCAA and Stalking Horse Bid Will Permit Stone Pine to “Scoop” FBC

102. It is undisputed that under the SISF, an entity affiliated with Bassam Alghanim, the principal of Stone Pine and the largest shareholder of BZAM, has made a stalking horse bid that, if successful, will fully repay the secured debt owed to Cortland and Stone Pine, but will not compensate Final Bell for its unsecured debt or equity. If the stalking horse bid is successful, Final Bell will receive no recovery for its losses, meaning it will have sold FBC to BZAM for a fraction of the agreed-upon sales price.

K. Additional Evidence to Come – Milich’s Cross, Possibly Others

103. As noted above, Final Bell will be cross-examining Milich at the trial. BZAM has not yet confirmed whether it will be cross-examining Adams and Jessel. At this stage, the evidence is mostly complete, but Milich, as BZAM’s only affiant, is a key witness and the Court will have to be mindful of the fact it has not seen or heard the challenge to many salient issues in his affidavit.

⁵⁸ Minutes of BZAM Directors’ Meeting held February 8 and 12, 2024; RMR, Tab 1-MM, p. 815.

L. BZAM Tries to Distract the Court from the Relevant Facts

104. In its Responding Motion Record and cross-examinations of Adams and Jessel, BZAM attempts to “put Final Bell on trial” by advertizing to, among other things, the price it paid for Final Bell Canada when it purchased the company in November 2022 for approximately \$7.4 million, Final Bell’s cease-trade order made by the British Columbia Securities Commission in August 2023, the resignation of its auditor in November 2023, and other publicly available information concerning Final Bell that BZAM pulled from SEDAR.

105. Final Bell initially objected to the relevance of these facts and documents, but later lifted those objections—not because the facts are relevant, but because they are red herrings not worth fighting over at a time-constrained trial.

106. Final Bell submits that BZAM’s efforts to distract from its many misrepresentations to Final Bell only serve to further support Final Bell’s claim.

PART III - STATEMENT OF ISSUES AND APPLICABLE LAW**A. A Comment on the Process Leading up to this Trial**

107. In an ordinary trial, an opening statement would not contain argument. It would be limited to an outline of the applicable legal principles and avoid arguing the party’s case. But this is not an ordinary trial.

108. This summary trial was scheduled on an extremely expedited basis due to concerns about the potential for undue interference with the SISP. The SISP, which was sought shortly after BZAM was granted CCAA protection, imposes tight timelines for bids under the sales process, which constrained the parties’ ability to pursue proper documentary and oral discoveries. Instead, the parties agreed to a hybrid trial procedure that involved:

- (a) An exchange of affidavits as their witnesses' primary evidence in chief, with brief "warm ups" at the hearing for any witness who was being cross-examined in Court;
- (b) A "Redfern" documentary request process whereby parties would request documents from the opposing party in lieu of an exchange of affidavits of documents;
- (c) Cross-examinations out of court on the witnesses' affidavits to address matters the examining party believes are suited to a paper record; and
- (d) Continued cross-examinations in court of any witness the adverse party seeks to examine in front of the Trial Judge.

109. The parties' opening statements are being delivered between steps "c" and "d." While much of the evidence is in the record, there is more evidence to come. For this reason, while this statement includes some argument on the issues, it intentionally avoids making a full argument, as there is more relevant evidence to come from Milich, and possibly Adams and Jessel, at the hearing.

B. The Issues

110. Final Bell submits that there is in essence only one issue for this Court to consider: has Final Bell established on a balance of probabilities that it is entitled to the remedy of rescission, and in addition or in the alternative, equitable compensation?

111. The bases for Final Bell's claim to rescission are the misrepresentations BZAM made during the negotiation, execution, and closing of the SEA, as described above. BZAM knew its representations were false, or else was reckless as to their truth. The misrepresentations were material to Final Bell's evaluation of the risk of the SEA transaction, and Final Bell relied on them, at least in part, in its decision to enter into the SEA.

112. Together, the misrepresentations painted a portrait of a corporation that was sufficiently stable to justify Final Bell's rationale for entering into the SEA in exchange for thirty percent of

the combined entity's equity and \$8 million in unsecured debt. It is not mere speculation to suggest that Final Bell would not have closed on the SEA on January 5, 2024, if BZAM had informed it that:

- (a) Cortland had informed BZAM on December 13, 2023, that Cortland was not granting TGOD an extension of the Second ARCA when it matured on March 24, 2024.
- (b) BZAM had failed to file its B300 excise tax returns for August and November 2023 within the time required and was therefore not current with its excise tax filings;
- (c) BZAM intended to ask CRA in January 2024 for permission to “refinance” its July 2023 excise tax repayment plan with CRA;
- (d) BZAM was so thinly capitalized that it did not have sufficient cash available to it to ensure it would be solvent for more than eight weeks after closing; and
- (e) BZAM intended to inform its CFO six days after closing that his employment was being terminated without cause, with no replacement candidate in sight.

113. If this Court finds that BZAM misled Final Bell on these facts, or any one of them, then it should not be difficult to find that the representations were material and that Final Bell relied on them, at least in part, when it decided to close on the SEA.

C. Principles of Rescission of Contracts

i. Fraud or Recklessness as to Truth of a Statement

114. Rescission is the traditional remedy when a contract is found to be unconscionable, and therefore unenforceable. The remedy of rescission in such circumstances extinguishes the agreement as from the beginning (“*void ab initio*”) so that it is as if it never existed. The objective of the remedy is to restore the parties to their original positions as far as possible.⁵⁹

⁵⁹ *Rick v. Brandsema*, 2009 SCC 295 at [para. 66](#); Dominic O'Sullivan, Steven Elliott and Rafal Zakrzewski, *The Law of Rescission*, 2nd ed. (Oxford: University Press, 2014) [*The Law of Rescission*], at paras. 13.01 — 13.02.

115. The general principles and requirements for rescission are set out by the Court of Appeal for Ontario in *Deschenes v. Lalonde*:

- (a) The equitable remedy of rescission is available for a false or misleading representation that induces a contract;
- (b) Rescission requires proof that the misrepresentation was material and was relied on by the party seeking to rescind the contract;
 - (i) A “material misrepresentation” is one that must relate to a matter that would be considered by a reasonable person to be relevant to the decision to enter the agreement, though it need not be the sole inducement for acting;
 - (ii) Whether a contracting party relied on the misrepresentation, at least in part, to enter into the agreement is a question of fact to be inferred from all the circumstances of the case and evidence at trial.⁶⁰

116. A misrepresentation may occur either by the active making of a statement that is not true or by failing, in certain circumstances, to disclose material information to the other party and then entering into the contract knowing that the other side is operating under a mistaken assumption.⁶¹

117. Put another way, a fraudulent misrepresentation is a statement either known to be false or made not caring whether it is true or false, which is also referred to as “recklessness”.⁶²

ii. Equitable Compensation in Addition to or in Lieu of Rescission

118. Rescission, as an equitable remedy, is meant to put the contracting parties back in the positions they were in before entering into the contract. Perfect restoration is not required – even where the parties cannot be restored precisely to the state they were in before the contract was

⁶⁰ *Deschenes v. Lalonde*, 2020 ONCA 304 at [para 29](#).

⁶¹ *1323257 Ontario Ltd. (Hyundai of Thornhill) v. Hyundai Auto Canada Corp.*, 2009 CanLII 494 (ON SC) at [para 72](#).

⁶² *Barclays Bank v. Metcalfe & Mansfield*, 2011 ONSC 5008 at [para 156](#); aff'd [2013 ONCA 494](#).

signed, courts may still grant and tailor the rescission remedy because it is an equitable remedy focussed on practical justice, not rigid technicalities.⁶³

119. If rescission is not available or appropriate, or if it will not make the claimant whole, then the Court can order equitable compensation as a remedy for unconscionable dealing as an alternative to, or in conjunction with, an order for rescission. Thus, a defendant may be required to not only to return the property subject to the contract to the claimant, or pay its market value, but also to account for the benefits the defendant received through possession of the property.⁶⁴

120. Rescission and equitable compensation operate together to relieve and prevent unconscionability and unfairness. They are flexible remedies, as explained by the Supreme Court of Canada in *Rick v Brandsema*:

[W]hen rescission is unavailable because restitution, as a practical matter, cannot be made, damages in the form of "equitable compensation" are imposed to provide relief to the wronged party. This is because, as the British Columbia Court of Appeal said in *Dusik v. Newton* (1985), [1985 CanLII 406 \(BC CA\)](#), 62 B.C.L.R. 1: "Where rescission is impossible or inappropriate, it would be inequitable for the defendant to retain the benefits of the unconscionable bargain" (p. 47)."⁶⁵

121. In a recent case where a plaintiff successfully demonstrated they were induced to purchase real property under false pretences and rescission was alleged by the defendant vendor to be inappropriate, Justice Centa ordered equitable compensation as an alternative award.

Justice Centa determined that equitable compensation would be best achieved by:

⁶³ *1000425140 Ontario Inc. v. 1000176653 Ontario Inc.*, 2023 ONSC 6688 at [para 157](#).

⁶⁴ *Rick v. Brandsema*, 2009 SCC 10 at [paras. 66–67](#); *The Law of Rescission* at paras. 17.01 — 17.09; GHL Fridman, *The Law of Contract in Canada*, 6th ed (Toronto: Thomson Reuters Canada Limited, 2011) at 762.

⁶⁵ *Rick v. Brandsema*, 2009 SCC 10 at [paras. 66](#).

- (a) The plaintiff would sell the property on the open market to an arm's-length purchaser for the highest market price available for a cash-only purchase; and
- (b) The defendant would pay damages to the plaintiff equal to the sum of the difference between the purchase price paid by the plaintiff to the defendant and the price obtained by the plaintiff on the sale to the third-party purchaser, plus taxes and other payments paid by the purchaser after the purchase.⁶⁶

122. Justice Centa's judgment demonstrates the creativity and flexibility to be applied by the Court to ensure that an innocent victim of a fraudulent misrepresentation is made whole and that non-arm's length parties who benefited from the impugned transaction contribute to the remedy, so that the plaintiff was put in the position it was in prior to entering into the contract.

iii. Rescission Available Even if Third Parties Affected

123. An order for rescission may be appropriate, despite intervening third party rights, if rescission can have some practical effect in restoring the parties' pre-contract positions. While equity will protect the property rights of innocent third-party purchasers, in many cases this can be achieved without barring the remedy of rescission. The courts may do what is practically just.⁶⁷

124. In circumstances where some of the property subject to the contract has ended up in the hands of a third party such that it cannot be returned to its original owner, the court may award the original owner alternate relief aimed at restoring its pre-contractual position. The Supreme Court noted in *Nesbitt v Redican*, "the practice has always been for a Court of Equity to give relief by way of rescission whenever by the exercise of its powers it can do what is practically just, though it cannot restore the parties precisely to the state they were in before the contract".⁶⁸

⁶⁶ *1000425140 Ontario Inc. v. 1000176653 Ontario Inc.*, 2023 ONSC 6688 at [para 168](#).

⁶⁷ *The Law of Rescission* at para. 20.24

⁶⁸ *Urban Mechanical Contracting Ltd. v. Zurich*, 2022 ONCA 589 at [para. 60](#); *Redican v. Nesbitt*, 1923 CanLII 10 (SCC) at [p. 153](#) [emphasis added].

125. More recently, the Court of Appeal for Ontario confirmed that it is an incorrect principle of law to hold that rescission may never be ordered where it would adversely affect third parties. Rather, rescission may be available even if a third party acquires an interest in the contract property which renders *restitutio in specie* impossible.⁶⁹

D. Principles of Contractual Interpretation

126. In addition to the principles of rescission, this Court will have to consider the principles of contractual interpretation in order to interpret the material terms of the SEA.

127. It is commonly understood that contractual interpretation requires a “practical, common sense approach not dominated by technical rules of construction”.⁷⁰

128. The Supreme Court of Canada confirmed in *Sattva* that contracts are to be read “as a whole, giving the words used their ordinary and grammatical meaning, consistent with the surrounding circumstances known to the parties at the time of formation of the contract”. This approach advances the object of contractual interpretation: to ascertain the parties’ objective intentions and give effect to their reasonable expectations.⁷¹

129. In carrying out the interpretive exercise, the court must consider principles of commercial reasonableness and business efficacy. Contracts must be construed in a “positive and purposive manner” in order to “understand the structure of the agreement reached by the parties, the purpose of the transaction and the business context in which the contract was intended to

⁶⁹ *Urban Mechanical Contracting Ltd. v. Zurich*, 2022 ONCA 589 at [para. 85](#); *Stewart v. Complex 329 Ltd.* (1990), 1990 CanLII 7839 (NB KB) at [p. 20](#); *Trans-Canada Trading Co. v. M. Loeb Ltd.*, [1947 CanLII 340 \(ON SC\)](#); *McCarthy v. Kenny*, 1939 CanLII 333 (ON SC) at [p. 563](#).

⁷⁰ *Sattva Capital Corp. v. Creston Moly Corp.*, 2014 SCC 53, [2014] 2 SCR 633 at [para 47](#).

⁷¹ [Sattva Capital Corp v Creston Moly Corp, 2014 SCC 53](#) at ¶ 47 [*Sattva*], Claimant’s Book of Authorities (“BOA”) Tab 1.

operate”. The words of the contract cannot be divorced from the factual matrix, including the business principles underlying the parties’ agreement. This is because the objective of commercial contractual interpretation is to give effect to the parties’ true intention, expressed as a whole, at the time the contract was made.⁷²

130. The Supreme Court in *Sattva* explained how and why it was doing away with previously understood rules to establish a modern approach to contractual interpretation in Canada:

- (a) “[T]he interpretation of contracts has evolved towards a practical, common-sense approach not dominated by technical rules of construction”;
- (b) “The overriding concern is to determine “the intent of the parties and the scope of their understanding” [...]. To do so, a decision-maker must read the contract as a whole, giving the words used their ordinary and grammatical meaning, consistent with the surrounding circumstances known to the parties at the time of formation of the contract”;
- (c) “The meaning of words is often derived from a number of contextual factors, including the purpose of the agreement and the nature of the relationship created by the agreement”;
- (d) The surrounding circumstances must never be allowed to overwhelm the words of that agreement; and
- (e) The relevant surrounding circumstances “consist only of objective evidence of the background facts at the time of the execution of the contract..., that is knowledge that was or reasonably ought to have been within the known of both parties at or before the date of contracting”.⁷³

⁷² [Resolute FP Canada Inc v Ontario \(Attorney General\), 2019 SCC 60](#) at ¶ 142, BOA Tab 2. [Sattva](#) at ¶ 47, BOA Tab 1. [Ventas, Inc v Sunrise Senior Living Real Estate Investment Trust](#), 2007 ONCA 205 at ¶ 24, BOA Tab 3.

⁷³ [Sattva](#) at ¶ 47-48, 57-58, BOA Tab 1 [citations omitted].

131. In this case, the Court will have to interpret several portions of the SEA to determine what BZAM represented, what Final Bell relied upon, and whether those representations were accurate when made.

E. Factual Matrix Includes Need to Rely on Counterparty's Representations

132. Final Bell submits that the SEA should be interpreted in the context in which it was made. It was a detailed, formal, robust agreement made approximately five weeks after the parties entered into a non-binding LOI that contemplated an exchange of financial information for the purpose of both parties conducting due diligence on the other. It was understood in this context that the information exchanged during this due diligence period would form the representations upon which each party would rely in agreeing to enter into and close on the SEA, which explains why the representations sections of the SEA are so detailed for both sides.

133. The factual matrix of the SEA also includes the fact that it was never intended to be a purchase for cash or similarly liquid and secure consideration, but rather in exchange for equity in the combined entity and (mostly) unsecured debt. The parties were to remain in business for the foreseeable future, which meant they both needed to be assured that the other was a worthy partner.

134. In particular, Final Bell was entrusting its Canadian subsidiary to BZAM, so it needed assurance that the combined entity would be sufficiently capitalized and operated to ensure that it survived past the one-year lock-up period agreed to in the LOI and confirmed in the SEA.

F. SEA Defined Terms Should be Given Plain Meaning for Ordinary Words

135. The SEA is a complicated document with dozens of defined terms. But its language is not complex or overly technical. For example, the definition of “Purchaser Books and Records” is long, but easy to decipher:

“Purchaser Books and Records” means all books of account, financial statements, tax records, personal records of the Purchaser Employees, historic documents relating to the assets or business of the Purchaser Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, **plans and projections and all other documents, files, correspondence and other information of a Purchaser Entity (whether in written, electronic, or other form).**⁷⁴ [Emphasis added].

136. This definition is relevant to the representation by BZAM in the SEA that its books and records are accurate and complete in all material respects:

3.23 Books and Records

(a) All accounting and financial Purchaser Books and Records have been fully, properly and accurately kept and are complete in all material respects. [...] ⁷⁵

137. This representation is found in Article 3 of the SEA (“Representations and Warranties of the Purchaser”), which includes the following introductory language before it sets out dozens of representations under thirty-seven headings:

The Purchaser makes the following representations to the FBC Shareholder, and **acknowledges and agrees that the FBC Shareholder is relying upon such representations and**

⁷⁴ SEA, Article 1, section 1.1; MR, Tab B-4, p. 70.

⁷⁵ SEA, Article 3, section 3.23; MR, Tab B-4, p. 84.

warranties in connection with the execution, delivery and performance of this Agreement.⁷⁶ [Emphasis added.]

138. Final Bell submits that this contractual representation, which incorporates the defined term by reference, is contractual confirmation of a common sense, plain-meaning proposition: that it was entitled to rely on BZAM's plans and projections as part of its due diligence of the transaction, and to the extent a plan or projection contained a material misrepresentation that BZAM knew was false or else was reckless as to its truth, it does not lie in BZAM's mouth to now say that Final Bell should not have relied on BZAM's projections.

139. Final Bell submits that the terms of the SEA should be interpreted as directed by the Supreme Court and the Court of Appeal for Ontario: as a whole, giving the words their ordinary and grammatical meaning, consistent with the surrounding circumstances known to the parties at the time of formation of the contract.

140. If this Court interprets the SEA as it should, it will not be difficult for it to conclude that, prior to January 5, 2024, BZAM knew that certain representations it made to Final Bell during the due diligence period or in Article 3 of the SEA were false, or else it was reckless as to their truth.

G. Rescission is Possible, Supplemented by Equitable Damages

141. In the context of a CCAA proceeding, where it is clear BZAM in its current form and structure will not continue to operate, it is fair and equitable for this Court to rescind the SEA and return Final Bell Canada to Final Bell. If this Court finds that BZAM knowingly or

⁷⁶ SEA, Article 3; MR, Tab B-4, p. 76.

recklessly made false statements to Final Bell to induce Final Bell to enter into the SEA, then BZAM has no interest in the remedy the Court awards to right this wrong.

142. The only interested party to intervene in this proceeding is Cortland, the senior secured lender and DIP lender. But Cortland will not be prejudiced by a rescission – *if the Court orders the stalking horse bidder to close on its bid for the BZAM’s assets*. If the stalking horse bid is approved by this Court and closes on schedule, then Cortland will be repaid in full, with no loss due to the removal of FBC from the BZAM group of companies.

143. The only party who can claim to suffer a “loss” will be the stalking horse bidder, which is the alter-ego of Stone Pine, BZAM’s largest shareholder and its second secured lender. But if rescission is granted, Stone Pine will be no worse off than it was before the SEA closed.

144. After January 5, 2024, Stone Pine expressly refused to lend additional funds to BZAM “in its current form” and was only willing to so do via a restructuring that would wipe Final Bell’s debt and equity off BZAM’s balance sheet. Having lent no additional funds to BZAM, the stalking horse bidder cannot claim to be prejudiced by the loss of an asset BZAM had no equitable right to possess. Returning the parties to the position they were in before January 5, 2024 will not prejudice Stone Pine or its alter-ego, because they were already on the path to suffering the loss of their equity and debt in BZAM as a result of its imminent insolvency, which was known to it, or should have been known, but hidden from Final Bell.

145. As the largest shareholder and second secured lender to BZAM, Stone Pine should not be permitted to retain the benefits of the unconscionable bargain BZAM induced Final Bell to enter into. It will be no worse off if the shares and assets of FBC are returned to Final Bell, together with sufficient funds to make Final Bell whole for any damage to FBC since January 5, 2024.

H. Court Can Direct a Reference as to Remedy if Necessary

146. Ultimately, the Court does not have to determine the precise remedy to award to Final Bell if rescission is warranted. If the Court concludes that rescission should be granted, but determines that it is impossible or inappropriate, or an incomplete remedy, then the Court can direct a reference whereby the parties can adduce additional evidence and make further submissions concerning how to fairly and equitably compensate Final Bell.

PART IV - ORDER REQUESTED

147. The record in this proceeding is not yet complete. More evidence is to come, after which Final Bell will make its closing submissions. At the completion of this summary trial, Final Bell will ask this Court to make an Order:

- (a) Rescinding the SEA;
- (b) In addition or in the alternative to rescission, awarding Final Bell equitable compensation;
- (c) If necessary, directing a further hearing or reference to determine the amount and form of equitable compensation;
- (d) Costs of this proceeding, on such terms as are just to ensure they are paid and not left unpaid due to this restructuring; and
- (e) Such further and other Relief as to this Honourable Court may seem just.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 16th day of April, 2024.



Andrew Winton & David Ionis

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SCHEDULE “A”
LIST OF AUTHORITIES

Cases

1. *Rick v. Brandsema*, [2009 SCC 295](#).
2. *Deschenes v. Lalonde*, [2020 ONCA 304](#).
3. *1323257 Ontario Ltd. (Hyundai of Thornhill) v. Hyundai Auto Canada Corp.*, [2009 CanLII 494 \(ON SC\)](#).
4. *Barclays Bank v. Metcalfe & Mansfield*, [2011 ONSC 5008](#); aff'd [2013 ONCA 494](#).
5. *1000425140 Ontario Inc. v. 1000176653 Ontario Inc.*, [2023 ONSC 6688](#).
6. *Urban Mechanical Contracting Ltd. v. Zurich*, [2022 ONCA 589](#).
7. *Redican v. Nesbitt*, [1923 CanLII 10 \(SCC\)](#).
8. *Stewart v. Complex 329 Ltd.* (1990), [1990 CanLII 7839 \(NB KB\)](#).
9. *Trans-Canada Trading Co. v. M. Loeb Ltd.*, [1947 CanLII 340 \(ON SC\)](#).
10. *McCarthy v. Kenny*, [1939 CanLII 333 \(ON SC\)](#).
11. *Sattva Capital Corp. v. Creston Moly Corp.*, [2014 SCC 53](#).
12. *Resolute FP Canada Inc v Ontario (Attorney General)*, [2019 SCC 60](#).
13. *Ventas, Inc v Sunrise Senior Living Real Estate Investment Trust*, [2007 ONCA 205](#).

Secondary Sources

14. Dominic O'Sullivan, Steven Elliott and Rafael Zakrzewski, *The Law of Rescission*, 2nd ed. (Oxford: University Press, 2014).
15. GHL Fridman, *The Law of Contract in Canada*, 6th ed (Toronto: Thomson Reuters Canada Limited, 2011).

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

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

Applicants

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**WRITTEN STATEMENT OF THE CLAIMANT,
FINAL BELL HOLDINGS INTERNATIONAL LTD.**

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This is Exhibit “F” referred to in the Affidavit of Ashley McKnight sworn by Ashley McKnight of the City of Oshawa, in the Regional Municipality of Durham, before me at the Town of Newmarket, in the Province of Ontario, on August 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

JOANNA VASILIOU

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

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

Applicants

**WRITTEN OPENING SUBMISSIONS OF THE CLAIMANT,
FINAL BELL HOLDINGS INTERNATIONAL LTD.
(SUMMARY TRIAL RETURNABLE APRIL 22 AND 23, 2024)**

April 17, 2024

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TO: **THE SERVICE LIST**

1. As the Monitor delivered its second report after the agreed-upon deadline for the timetable leading up to the trial on April 22, Final Bell is delivering this brief supplementary opening statement to respond to the Monitor's report.
2. In short, the Monitor's report serves as a useful example why the Ontario *Rules of Civil Procedure* do not provide for delivery of report to the Court from a third party that does not have an interest in the outcome containing to assess the merits of a claim that is proceeding to trial. The Monitor's analysis is flawed and incomplete. It does not reference the legal principles of rescission, equitable remedies, or interpretation of contracts, and it does not attempt to interpret key provisions of the SEA that are central to this dispute.
3. For this reason, Final Bell submits that the Monitor's report is not of assistance to this Court and its assessment of the issues is unreliable.
4. For example, the Monitor's comments on the financial disclosure in the FBC transaction reviews the publicly disclosed BZAM financial information, which as of the date of execution and closing of the SEA, was only current up to September 30, 2023. The Monitor notes that, based on those financials, it would have concerns about BZAM's ability to continue operating as a going concern.¹
5. The Monitor then attempts to scrutinize Final Bell's due diligence process via a "blame the victim" approach to the legal issues and criticizes Final Bell for relying on BZAM's representations. This assessment mistakenly assumes that Final Bell had a duty to attempt to discover whether BZAM was misrepresenting its future performance, when in fact the duty was

¹ Monitor's Second Report, ¶51-55.

on BZAM to avoid knowingly or recklessly misrepresenting its future performance to Final Bell. As a matter of principle, the Monitor's analysis adopts a flawed line of reasoning for a rescission claim.

6. In fact, the Monitor's analysis of BZAM's representations in its *pro forma* statements, in light of the proper legal principles, **supports** Final Bell's claim. The Monitor's critique of BZAM's standalone model suggests that, with hindsight, there is now good reason to believe BZAM intentionally or recklessly misrepresented its future assumptions to Final Bell in order to present a more positive outlook for its 2024 standalone operations than it knew was achievable.²

7. Moreover, the Monitor's report includes unnecessary and unhelpful speculation concerning the extent of Final Bell's due diligence review of Final Bell's records. The Monitor assumes, without evidence, that BZAM did not provide Final Bell with most of the information it requested from BZAM. **But that assumption is not supported by the evidentiary record.** While Keith Adams acknowledged he could not find a non-hard-coded version of the BZAM Standalone Model in his records, Adams was not cross-examined as to whether BZAM failed to respond to other due diligence requests, and Milich's comprehensive affidavit did not allege that BZAM failed to provide Final Bell with requested information.

8. Final Bell respectfully submits that the Monitor should not have speculated as to a state of affairs that is not supported by the evidence. BZAM's counsel cross-examined Adams and Jessel for several hours combined and did not suggest to either witness that BZAM failed to provide Final Bell with requested information or documents, other than a narrow line of question about the non-hard-coded BZAM Standalone Model. If BZAM intends to introduce this evidence

² See Monitor's Second Report, ¶56-64.

through cross-examination of Adams or Jessel at the trial, it will have an opportunity to do so. But failing that, it would be improper for BZAM, and by extension the Monitor, to submit to this Court that it can conclude as a matter of fact that BZAM failed to respond to “most” of Final Bell’s requests.

9. The Monitor’s views on other issues are similarly flawed. The real issue for the Court to determine is whether BZAM’s misrepresentations were made knowingly and/or recklessly, which requires a more thorough examination of what **BZAM** knew, and when it knew it, as compared to what **Final Bell** knew. The Monitor failed to assess this issue.

10. The Monitor’s assessment of rescission as a remedy is also flawed, as it speculates as to an outcome that is not supported by the evidentiary record. BZAM’s largest shareholder, second secured creditor, and stalking horse bidder are all controlled by the same person – Bassam Alghanim. In this summary trial, Cortland delivered a responding record without notice to Final Bell and is participating as an interested party. The stalking horse bidder is not participating in the trial and put in no evidence. That is an intentional move on its part. If the stalking horse bidder intended to adduce evidence stating that it would withdraw its bid if the SEA is rescinded, that evidence would be trial tested.

11. The Court cannot infer a crucial fact concerning the available remedy without any evidence in the record to support that assumption. Such an inference would be a reversible error. The Monitor’s report invites the Court to make such an error by going down the speculative road. The Court should not accept that invitation.

12. Viewed through the appropriate lens, Final Bell submits that the Monitor’s critique of BZAM’s *pro forma* model supports its claim, even if the Monitor’s analysis is flawed as a matter

-4-

of legal principle. Otherwise, the report is unhelpful and should not inform the Court's weighing of evidence or findings of fact and/or law in the upcoming trial.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 17h day of April, 2024.



Andrew Winton & David Ionis

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Lawyers for Final Bell Holdings International Ltd.

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

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

Applicants

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**SUPPLEMENTARY WRITTEN SUBMISSIONS
OF THE CLAIMANT,
FINAL BELL HOLDINGS INTERNATIONAL LTD.**

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This is Exhibit “G” referred to in the Affidavit of Ashley McKnight sworn by Ashley McKnight of the City of Oshawa, in the Regional Municipality of Durham, before me at the Town of Newmarket, in the Province of Ontario, on August 23, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

A handwritten signature in black ink, appearing to read 'Joanna Vasiliou', written in a cursive style.

Commissioner for Taking Affidavits (or as may be)

JOANNA VASILIOU

From: [Andrew Winton](#)
To: [Pendrieth, Colin](#)
Cc: [Levine, Natalie](#); [Bellissimo, Joseph](#); [Shepherd, Jonathan](#); [David Ionis](#); [Joseph Blinick](#); [Maria Konyukhova](#); [Nick Avis](#); zweigs@bennettjones.com; [Mike Shakra](#)
Subject: RE: Re BZAM Ltd. et al. (Court File No.: CV-24-00715773-00CL) [IWOV-LEGAL.FID4772116] [LOLG-DMS.FID160107]
Date: May-31-24 9:08:30 AM
Attachments: [image001.png](#)

Colin,

We do not agree with your proposal. You are seeking to schedule what is effectively a Rule 21 motion within a motion, on an issue concerning a discretionary remedy, where the case law is clear that the availability of the remedy is fact-specific and depends on the circumstances of the case. We don't agree your proposed motion is good use of limited court time.

Tuesday's discussion should be limited to scheduling our motion, as directed by Justice Osborne on May 6. You will recall at the last case conference Justice Osborne directed us to attend on Tuesday with our common availability in July and August on hand in case he is able to find earlier dates for us. I think the Monitor should take the lead in compiling that information from all counsel so we have a sense of what might be available as per the Court's direction.

To that end: I am unavailable the week of July 2, on July 8 and 22, and the week of July 29. In August I am unavailable August 6, 16, and the week of August 26. Every other date in July and August is open.

Our position on Tuesday will be that we should focus on getting our motion heard as soon as possible. If you want raise a new issue, the time to do so is after June 4.

Regards,

Andrew

Andrew Winton

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From: Pendrieth, Colin <cpendrieth@cassels.com>

Sent: Thursday, May 30, 2024 5:31 PM

To: Andrew Winton <awinton@lolg.ca>

Cc: Levine, Natalie <nlevine@cassels.com>; Bellissimo, Joseph <jbellissimo@cassels.com>; Shepherd, Jonathan <jshepherd@cassels.com>; David Ionis <dionis@lolg.ca>; Joseph Blinick

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Subject: Re BZAM Ltd. et al. (Court File No.: CV-24-00715773-00CL) [IWOV-LEGAL.FID4772116]

Counsel,

As you will have noted from our Reply Factum, Cortland believes that, even if Final Bell can establish its claims to fraudulent misrepresentation and equitable damages, there is a significant legal impediment to the constructive trust being sought by Final Bell to the extent that it would interfere with the court-ordered DIP charge in favour of Cortland and/or Cortland's existing senior security.

While we presume that Final Bell disagrees with Cortland's position in that regard, that issue is a purely legal issue and, if Cortland is correct, the claims of Final Bell are effectively moot given that there will be no assets/proceeds for Final Bell to recover from. It would therefore be a complete waste of the parties' and the Court's time to continue along with an adjudication of the merits of Final Bell's underlying claims without first determining this threshold issue. That is particularly the case given that the court does not have availability for the trial until September and, in Cortland's view, the uncertainty surrounding whether Final Bell may be granted a constructive trust creates significant doubt as to whether the stalking horse purchase agreement should be approved.

Accordingly, we intend to request that Justice Osborne schedule a motion to determine this threshold issue on an expedited basis. Given that His Honour indicated that scheduling should be revisited on June 4th, will be writing to His Honour in advance to advise the Court of our intended request at that hearing, which other parties can of course respond to as they may wish.

Regards,
Colin



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**RESPONDING MOTION RECORD
(CORTLAND MOTION FOR PARTIAL SUMMARY
JUDGMENT RETURNABLE SEPTEMBER 18, 2024)**

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