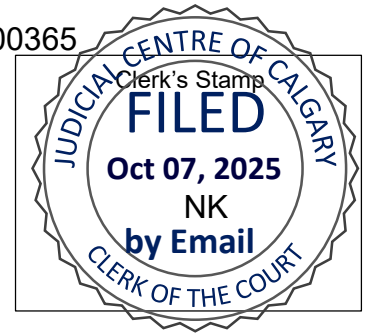


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COURT FILE NUMBER 2501-06120
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

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

JS
Oct. 15, 2025
J. Lema

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF SUNTERRA FOOD CORPORATION, TROCHU
MEAT PROCESSORS LTD., SUNTERRA QUALITY FOOD
MARKETS INC., SUNTERRA FARMS LTD., SUNWOLD FARMS
LIMITED, SUNTERRA BEEF LTD., LARIAGRA FARMS LTD.,
SUNTERRA FARM ENTERPRISES LTD., SUNTERRA
ENTERPRISES INC.

APPLICANT **NATIONAL BANK OF CANADA**

RESPONDENTS **SUNTERRA FOOD CORPORATION, TROCHU MEAT
PROCESSORS LTD., SUNTERRA QUALITY FOOD MARKETS INC.,
SUNTERRA FARMS LTD., SUNWOLD FARMS LIMITED,
SUNTERRA BEEF LTD., LARIAGRA FARMS LTD., SUNTERRA
FARM ENTERPRISES LTD., SUNTERRA ENTERPRISES INC., RAY
PRICE, DEBBIE UFFELMAN and CRAIG THOMPSON**

DOCUMENT **AFFIDAVIT #4 OF RAYMOND PAI
SWORN OCTOBER 6, 2025**

PARTY FILING THIS DOCUMENT **NATIONAL BANK OF CANADA**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT McCarthy Tétrault LLP
Suite 4000, 421-7th Avenue S.W.
Calgary, Alberta, Canada, T2P 4K9

Sean Collins, KC
scollins@mccarthy.ca
(403) 260-3531

Sean S. Smyth, KC
ssmyth@mccarthy.ca
403-260-3698

Pantelis Kyriakakis
pkiriakakis@mccarthy.ca
(403) 260-3536

Nathan Stewart
nstewart@mccarthy.ca
(403) 260-3534

Samantha Arbor
sarbor@mccarthy.ca
(403) 260-3506

AFFIDAVIT #4 OF RAYMOND PAI
Sworn on October 6, 2025

I, Raymond Pai, the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

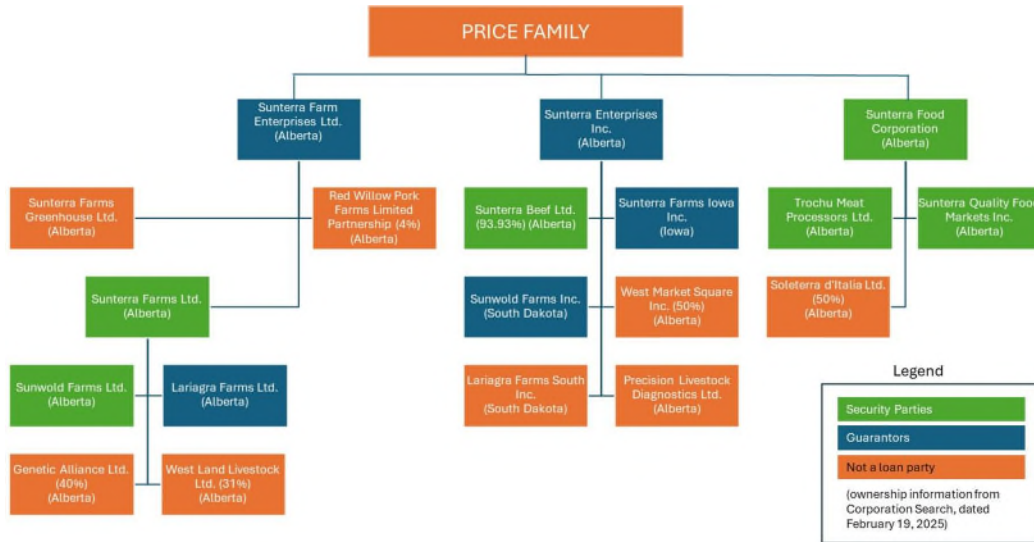
1. I am an Assistant Vice President, Special Asset Management Unit ("**SAMU**"), with National Bank of Canada ("**NBC**"), previously Canadian Western Bank ("**CWB**"). I commenced my employment with CWB on August 5, 2014. NBC is a Schedule I bank incorporated under the *Bank Act*, S.C. 1991, c. 46, as amended, with its head office in the City of Montreal, Quebec. Until March 1, 2025, CWB was also a Schedule I bank incorporated under the *Bank Act*. On March 1, 2025, CWB and NBC amalgamated and continued under the name "National Bank of Canada". Until March 1, 2025, the dealings between NBC and the Respondents were between the Respondents and NBC's predecessor, CWB, and thereafter have been between the Respondents and NBC. References in this Affidavit to NBC include, as and where applicable, matters including CWB prior to amalgamation.
2. This affidavit supplements the previous affidavits that I have sworn in this matter.
3. This affidavit is specifically directed toward the Application by NBC to compel the attendance of the lead audit partner at KPMG LLP ("**KPMG**") responsible for auditing the financial statements of the "**Sunterra Group of Companies**" (as defined below) referenced herein, or such other KPMG partner or employee who KPMG determines has detailed knowledge of the preparation of the financial statements and conduct of the audits, review engagements and compilation engagements referenced herein.
4. On November 15, 2022, NBC, as lender, and:
 - (a) Sunterra Farms Ltd. ("**Sunterra Canada**"), Sunwold Farms Limited ("**Sunwold Canada**"), Sunterra Food Corporation ("**Sunterra Food**"), Trochu Meat Processors Ltd. ("**Trochu Meat**"), Sunterra Quality Food Markets Inc. ("**Sunterra Markets**"), as borrowers (collectively, the "**Borrowers**"), and
 - (b) the Borrowers, Sunterra Beef Ltd. ("**Sunterra Beef**"), Sunterra Enterprises Inc. ("**Sunterra Enterprises**"), Sunterra Farm Enterprises Ltd. ("**Sunterra Farm Enterprises**"), and Lariagra Farms Ltd. ("**Lariagra Canada**") as guarantors, (collectively and alternatively the "**Guarantors**" or the "**Canadian Sunterra Entities**" as the context requires);

entered into an Amended & Restated Commitment Letter (the "**Commitment Letter**"). Attached hereto and marked as **Exhibit A**, to this, my Affidavit, is a true copy of the Commitment Letter.

5. Schedule "C" of the Commitment Letter required the Borrowers to deliver to NBC certain financial statements prepared to various assurance standards on a monthly and annual basis. Included among the financial statements required to be delivered to NBC annually were:

- (a) Audited, annual consolidated financial statements, prepared by a firm of qualified professional accountants, of the "**Sunterra Group of Companies**" [Exhibit A, Schedule C, paragraph 5] which was comprised of:
 - (i) Sunterra Farm Enterprises (a Guarantor) and its affiliates: Sunterra Canada (a Borrower), Sunwold Canada (a Borrower), and Sunterra Farms Greenhouse Ltd.;
 - (ii) Sunterra Food (a Borrower) and its affiliates: Sunterra Markets (a Borrower), Sunterra Wine Markets Inc., and Trochu Meat (a Borrower); and
 - (iii) Sunterra Enterprises (a Guarantor) and its affiliates: Sunwold Farms Inc. ("**Sunwold US**"), Sunterra Farms Iowa Ltd. ("**Sunterra Iowa**"), Lariagra Farms South Inc., and Sunterra Beef (a Guarantor);

Or, in other words, audited, annual financial statements consolidating the financial statements for the Borrowers and the Guarantors and also Sunterra Farms Greenhouse Ltd., Sunterra Wine Markets Inc., Sunwold US, Sunterra Iowa and Lariagra Farms South Inc. The following chart sets out the corporate structure of the Sunterra Group of Companies and certain related entities:



- (b) Review engagement, annual consolidated financial statements, prepared by a firm of qualified professional accountants, of Sunterra Food [Exhibit A, Schedule C, paragraph 7], Sunterra Farm Enterprises [Exhibit A, Schedule C, paragraph 8], and Sunterra Enterprises [Exhibit A, Schedule C, paragraph 9];
- (c) Annual financial statements consolidating all Borrowers: Sunterra Food, Trochu Meat, Sunterra Markets, Sunterra Canada, Sunwold Canada [Exhibit A, Schedule C, paragraph 10];
- (d) Notice to reader, annual unconsolidated financial statements for each of Sunwold Canada, Sunterra Canada, Sunterra Markets and Trochu Meat [Exhibit A, Schedule C, paragraph 11]; and
- (e) Any further information, data, financial reports and records, accounting or banking statements, certificates, evidence of insurance and other assurances which NBC may from time to time require in its sole discretion, acting reasonably [Exhibit A, Schedule C, paragraph 14].

6. KPMG was the external auditor of certain of the financial statements required to be delivered annually to NBC pursuant to the Commitment Letter and also prepared the other financial statements to other assurance standards that were required to be delivered to NBC pursuant to the Commitment Letter.

7. For the 2022 fiscal year, in connection with the Commitment Letter, NBC was provided with:

- (a) consolidated financial statements for the Sunterra Group of Companies audited by KPMG, which are attached hereto and marked as **Exhibit B**;
- (b) Annual consolidated financial statements that were the subject of a review engagement by KPMG, of:
 - (i) Sunterra Food which are attached hereto and marked as **Exhibit C**;
 - (ii) Sunterra Farm Enterprises which are attached hereto and marked as **Exhibit D**; and
 - (iii) Sunterra Enterprises which are attached hereto and marked as **Exhibit E**;
- (c) A financial statement subject to a compilation engagement by KPMG consolidating all Borrowers (Sunterra Canada, Sunwold Canada, Sunterra Food, Trochu Meat and Sunterra Markets) which are attached hereto and marked as **Exhibit F**. The title of this document refers to Sunwold US although the requirement under the Commitment Letter was that such financial statement be provided for the Borrowers (including Sunwold Canada, rather than Sunwold US). It is unclear whether the error is in referencing the wrong corporate name or in consolidating the wrong party; and
- (d) Unconsolidated financial statements subject to a compilation engagements by KPMG for each of:
 - (i) Sunterra Canada which are attached hereto and marked as **Exhibit G**;
 - (ii) Sunwold Canada which are attached hereto and marked as **Exhibit H**;
 - (iii) Trochu Meat which are attached hereto and marked as **Exhibit I**; and
 - (iv) Sunterra Markets which are attached hereto and marked as **Exhibit J**.

8. In addition, although not required specifically by the Commitment Letter, NBC was also provided with the following unconsolidated financial statements subject to compilation or review engagements by KPMG for the year ended December 31, 2022, for each of:

- (a) Sunwold US (subject to a compilation engagement) which are attached hereto and marked as **Exhibit K**;
- (b) Sunterra Iowa (subject to a compilation engagement) which are attached hereto and marked as **Exhibit L**;
- (c) Lariagra Farms South Inc. (subject to a compilation engagement) which are attached hereto and marked as **Exhibit M**; and
- (d) Sunterra Farms Greenhouse Ltd. (subject to a review engagement) which are attached hereto and marked as **Exhibit N**.

9. However, for the 2023 fiscal year audit cycle:

- (a) NBC was not provided with consolidated financial statements for the Sunterra Group of Companies, whether audited by KPMG or any other firm of qualified professional accountants;
- (b) NBC was provided with annual consolidated financial statements that were the subject of a review engagement by KPMG, of:
 - (i) Sunterra Farm Enterprises which are attached hereto and marked collectively as **Exhibit O**; and
 - (ii) Sunterra Food which are attached hereto and marked collectively as **Exhibit P**;

But, NBC was not provided with review engagement (or any other assurance standard), annual consolidated financial statements for Sunterra Enterprises;

- (c) NBC was provided with annual combined financial statements subject to a compilation engagement by KPMG of all Borrowers (Sunterra Canada, Sunwold Canada, Sunterra Food, Trochu Meat and Sunterra Markets) which are attached hereto and marked as **Exhibit Q**. The title of this document refers to Sunwold US

although the requirement under the Commitment Letter was that such financial statement be provided for the Borrowers (including Sunwold Canada, rather than Sunwold US). It is unclear whether the error is in referencing the wrong corporate name or in consolidating the wrong party; and

- (d) NBC was provided with annual unconsolidated financial statements subject to compilation engagements by KPMG for each of:
 - (i) Sunterra Canada which are attached hereto and marked as **Exhibit R**;
 - (ii) Sunwold Canada which are attached hereto and marked as **Exhibit S**;
 - (iii) Trochu Meat which are attached hereto and marked as **Exhibit T**; and
 - (iv) Sunterra Markets which are attached hereto and marked as **Exhibit U**.

10. In addition, although not required specifically by the Commitment Letter, NBC was also provided with unconsolidated financial statements subject to a compilation engagement by KPMG for the year ended December 31, 2023, for Sunterra Beef which are attached hereto and marked as **Exhibit V**.

11. NBC has not yet been provided with the applicable financial statements in respect of the fiscal year ended December 31, 2024, as required under the Commitment Letter.

12. From reviewing the foregoing, I believe that KPMG has first-hand knowledge of:

- (a) The financial statements appended hereto as:
 - (i) Exhibit B as the result of its audit thereof;
 - (ii) Exhibits C, D, E, H and I as the result of its review engagements in respect thereof; and
 - (iii) Exhibit F, G, J and K as the result of its compilation engagements in respect thereof;
- (b) the scope of the audit of the 2022 Audited Financial Statements [Exhibit B];

(c) the scope, planning, interim findings, communications with Sunterra's management and board, and the reasons for cessation of the audit of the consolidated financial statements for the Sunterra Group of Companies for the 2023 fiscal year and the timing of when this determination was made.

13. This evidence is relevant and material to NBC's claim and the efficient summary determination directed by the Court. In particular, the aforementioned financial statements provide point-in-time information regarding the financial circumstances of the Sunterra Group of Companies, and in particular the corporate Respondents, that is relevant and material to NBC's claims. It is expected that KPMG would be able to fill a material evidentiary gap that is not available without KPMG's evidence, as KPMG would have reviewed the relevant accounts and materials in the course of their work.

14. On August 29, 2025, NBC requested that the Respondents produce KPMG for questioning under Rules 5.17 and 5.18, pursuant to paragraph 12 of Schedule “A” to the Consent Order (Scheduling), granted on July 24, 2025 (the “**Consent Order**”). Attached hereto and marked as **Exhibit W** is NBC’s correspondence designating KPMG as an additional witness under Rule 5.17(1)(e).

15. The Respondents refused NBC's request to question KPMG. Attached hereto and marked as **Exhibit X** are copies of the correspondence evidencing the Respondents' refusal.

16. NBC seeks a limited confidentiality/use order to address any professional confidentiality concerns of KPMG while preserving any valid privilege claims.

17. NBC respectfully requests the relief set out in the Notice of Application.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this 6th)
day of October, 2025.)

A COMMISSIONER FOR OATHS
in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Raymond Pai

This is Exhibit "A" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor



November 15, 2022

Sunterra Food Corporation
117 Main Street
Box 266
Acme, Alberta, T0M 0A0

Attention: Mr. Ray Price

On the basis of the financial statements and other information provided by Sunterra Food Corporation, Trochu Meats Processors Ltd., Sunterra Quality Food Markets Inc., Sunterra Farms Ltd., and Sunwold Farms Limited (the "Borrowers"), and by all entities in the Sunterra Group of Companies (the "Guarantors") in connection with your request for financing, Canadian Western Bank (the "Bank") has authorized the following loans subject to the terms and conditions outlined in this Commitment Letter (the "Agreement").

The Agreement is an amendment to, and a restatement of, that certain Commitment Letter dated October 28, 2020, as amended by letters dated December 15, 2021, March 31, 2022 and May 9, 2022, and supersedes those letters in their entirety.

1. **LOAN AMOUNTS:**

- 1.1. Loan Segment (1): Demand Operating Loan in the amount of \$12,000,000.
- 1.2. Loan Segment (2): Demand Non Revolving Loan #1 (DNR #1) in the amount outstanding of \$982,272.
- 1.3. Loan Segment (3): Demand Collateral Mortgage #2 (DNR #2) in the amount of \$7,000,000.

Collectively referred to as "the Loans".

2. **PURPOSE OF LOANS:**

Amounts advanced by the Bank are to be used by the Borrower as follows:

- 2.1. Loan Segment (1): To finance the day-to-day operations of the Borrower's business.
- 2.2. Loan Segment (2): To previously assist in the re-financing of a credit facility including additional sums for working capital.
- 2.3. Loan Segment (3): To provide financing and repay amounts owing to Agriculture Financial Services Corporation ("AFSC"), supported by a mortgage over Trochu Meats Processor's building and lands located at 233 North Road, Trochu, Alberta and legally described as Plan 7711418, Block A (the "Project").

3. **INTEREST RATES:**

Loans shall bear interest while outstanding before and after maturity and default at the following rates:

- 3.1. Loan Segment (1): Interest to float at a rate of 1.25% per annum above the Bank's Prime Lending Rate ("Prime"). As of the date of this Agreement, Prime is 5.95% per annum.
- 3.2. Loan Segment (2): Interest to float at a rate of 1.25% per annum above Prime. As of the date of this Agreement, Prime is 5.95% per annum.

Canadian Western Bank Place | 606 – 4th Street SW, Calgary, AB T2P 1T1
t. 403.262.8700 | F. 403.262.4899
cwbank.com

Sunterra Food Corporation
Commitment Letter
November 15, 2022

3.3. Loan Segment (3): Interest to float at a rate of 1.25% per annum above Prime.

Or:

Loan Segment (3): Subject to availability of funds, the Bank shall exercise its best efforts to obtain funds on a fixed rate basis acceptable to the Borrower and the Bank. At the time of this writing our fixed rate structure is as follows, however, it is subject to fluctuation up to and including the date of draw down:

<u>TERM</u>	<u>INTEREST RATE</u>	<u>INITIAL CHOICE OF TERM</u>
1 Year	6.75%	
2 Years	6.80%	
3 Years	6.90%	
4 Years	6.80%	
5 Years	6.80%	

The above rates are provided for reference purposes only and are subject to fluctuations up to and including the date of drawdown.

Unless otherwise specified, all interest shall be payable without demand on the dates specified by the Bank and shall be calculated daily, compounded monthly. Overdue interest shall bear interest at the same rate.

4. **ADVANCES:**

- 4.1. Loan Segment (1) will be available following satisfaction of the Margin Conditions and Conditions Precedent as set forth in Schedules "B" and "D" herein attached.
- 4.2. Loan Segment (2) is a continuation of a Demand Non Revolving Loan originally advanced on January 26, 2017.
- 4.3. Loan Segment (3) shall be advanced on a lump sum basis following satisfaction of the Conditions Precedent as set forth in Schedule "D" herein attached.

5. **REPAYMENT:**

All amounts outstanding under all segments shall be repaid on demand. Unless demanded, the Bank will accept payment as follows:

- 5.1. Loan Segment (1): Interest only, payable monthly.
- 5.2. Loan Segment (2): To reduce by principal plus interest monthly payments for the remaining amortization term of 50 months (original amortization 10 years).
- 5.3. Loan Segment (3): On demand and to reduce by monthly principal plus interest or in the case of a fixed rate loan in equal blended monthly payments. Payments are based on an amortization of 15 years (subject to a remaining economic life of 20 years on the Project).

For any DNR loan advanced on a floating rate basis with blended monthly payments, the Bank will have the discretion to vary the amount of the required monthly instalments each calendar quarter to reflect changes in Prime.

6. **FEES:**

- 6.1. The Borrowers shall pay to the Bank an application/commitment fee of \$25,000, which is now considered fully earned and non-refundable.
- 6.2. The Borrowers shall pay a monthly administration fee of \$100 to cover the cost of administration in monitoring the Line of Credit and review of all reporting information as outlined in the attached Schedule "C". This fee is in addition to the account's standard service charges.

6.3. The Borrowers shall pay an annual review fee of \$15,000 each year going forward in conjunction with the annual review (based on the Borrower's fiscal year end financial statements) to renew outstanding loans.

6.4. The Borrowers shall pay a late reporting fee of \$100 for each monthly report. In addition, a fee of \$100 per month, or portion thereof, shall apply for late provision of annual Financial Statements/Reporting after expiry of 120 day period.

6.5. The Borrowers shall pay CWBdirect service fees as applicable.

7. **SECURITY:**

The attached Schedule "A" forms part of this Agreement.

8. **KEY COVENANTS/ CONDITIONS:**

The attached Schedule "B" forms part of this Agreement.

9. **REPORTING REQUIREMENTS:**

The attached Schedule "C" forms part of this Agreement.

10. **CONDITIONS PRECEDENT TO DRAWDOWN:**

The attached Schedule "D" forms part of this Agreement.

11. **GENERAL CONDITIONS:**

The attached Schedule "E" forms part of this Agreement.

12. **STANDARD LOAN TERMS AND DEFINITIONS:**

The attached Schedule "F" forms part of this Agreement.

13. **REVIEW:**

All loans are subject to review at any time by the Bank, and in any event will be reviewed annually, based on the year-end financial statements of the Borrowers and Guarantors.

14. **PREPAYMENT OF DEMAND NON REVOLVING LOAN:**

14.1. Prepayment of individual loan drawdowns are permitted without charges with the exception of loans drawn under the fixed rate option.

14.2. Loans drawn under the fixed rate option are subject to prepayment charges equal to the greater of the following:

- (a) three (3) months interest calculated on the unpaid principal balance at the rate provided herein; or
- (b) a prepayment charge equal to the Bank's Unwinding Costs.

15. **COSTS:**

All costs, including, but not limited to, legal counsel expense, appraisal fees, cost consultant fees and reasonable out-of-pocket expenses incurred by the Bank in connection with the preparation and registration of this Agreement and the Bank's security and the enforcement of the Bank's rights under this Agreement or the Bank's security are for the account of the Borrowers and this Agreement will serve as the Bank's authority to charge this amount to the Borrowers' deposit account under advice to the Borrower.

16. **ASSIGNMENT BY BORROWER:**

The Borrowers shall not assign or encumber its rights and obligations under the Loan, this Agreement or the whole or any part of any advance to be made hereunder, without the prior written consent of the Bank.

17. **BANK'S COUNSEL:**

Legal work and documentation to be performed at the Borrower's expense through the Bank's counsel:

Gary Cochrane

Fasken Martineau DuMoulin LLP
First Canadian Centre
350 7th Avenue SW, Suite 3400
Calgary, Alberta, T2P 3N9

Telephone: (403) 261-5370
Email: gcochrane@fasken.com

18. **MATERIAL CHANGE:**

Acceptance of this Agreement by the Borrowers provides full and sufficient acknowledgement that, if in the opinion of the Bank any material adverse change in risk occurs, including without limiting the generality of the foregoing, any material adverse change in the financial condition of the Borrowers or any Guarantor, any obligation by the Bank to advance all or any portion of the loan may be withdrawn or cancelled at the sole discretion of the Bank, acting in a commercially reasonable manner.

19. **NON-MERGER:**

The terms and conditions set out herein shall not be superseded by nor merge in and shall survive the execution, delivery and/or registration of any instruments of security or evidences of indebtedness granted by the Borrowers and/or any Guarantors hereafter, and the advance of any funds by the Bank. In the event of a conflict between the security documents and the terms of this letter, the terms of the security documents shall govern.

20. **ACCOUNTING CHANGES:**

In the event that any Accounting Change (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in the Commitment Letter, then the Borrower and the Bank agree to enter into negotiations in order to amend such provisions of the Commitment Letter so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be substantially the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as an amendment shall have been executed and delivered by the Borrowers to the Bank all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred.

Accounting Changes refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Canadian Institute of Chartered Accountants, and all events including changes resulting from implementation of the International Financial Reporting Standards to the extent required by the Canadian Accounting Standards Board.

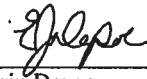
ACCEPTANCE:

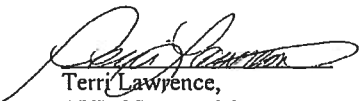
To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantors.

If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter. Your account will be debited for \$15,000, representing the annual review fee, and \$25,000, representing the application/commitment fee. This Agreement will expire if not accepted by November 25, 2022.

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Yours truly,
CANADIAN WESTERN BANK


Erin Depoe
AVP, Business Development


Terri Lawrence,
AVP & Deputy Manager

ACKNOWLEDGEMENT:

The Borrowers certify that all information provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

Agreed to and accepted this 15 day of NOV, 2022

BORROWERS:

Sunterra Food Corporation

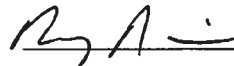
Signed



Signed

Trochu Meat Processors Ltd.

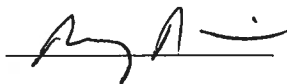
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Signed

Sunterra Quality Food Markets Inc.

Signed



Signed

Sunwold Farms Limited

Signed



Signed

Sunterra Farms Ltd.

Signed



Signed

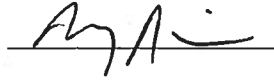
GUARANTORS:

We acknowledge receiving advice of the Agreement described above and agree our/my guarantee is binding even if the Bank changes or waives compliance with the terms of this Agreement.

Agreed to and accepted this _____ day of _____, 2022.

Lariagra Farms Ltd.

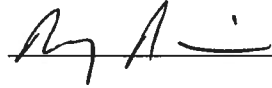
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Signed

Sunterra Farms Enterprises Ltd.

Signed



Signed

Sunterra Enterprises Inc.

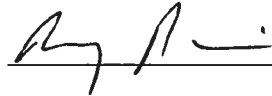
Signed



Signed

Sunterra Beef Ltd.

Signed



Signed

SCHEDULE "A" - DEMAND

SECURITY

All security documentation described herein must be prepared, executed and registered, as required by the Bank, prior to drawdown of any funds. The types of security, supporting resolutions and agreements to be provided by the Borrower to the Bank will be in form and content satisfactory to the Bank and/or its solicitors, and without restricting the generality of the foregoing, will include:

HELD:

1. General Security Agreement of Sunterra Food Corporation providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions;
2. General Security Agreement of Trochu Meat Processors Ltd. providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions;
3. General Security Agreement of Sunterra Quality Food Markets Inc. providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions;
4. Promissory Note in the amount of \$2,000,000;
5. Revolving Credit Agreement in the amount of \$10,000,000 (to be replaced).
6. Full Liability Guarantee from Sunterra Beef Ltd. in favour of the Bank guaranteeing all indebtedness of the Borrower to the Bank;

Additionally supported by:

- 6.1. General Security Agreement of Sunterra Beef Ltd. providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions;
7. Full Liability Guarantee from Sunterra Farm Enterprises Ltd. and its subsidiaries in favour of the Bank guaranteeing all indebtedness of the Borrower to the Bank;
8. Full Liability Guarantee from Sunterra Enterprises Inc. and its subsidiaries in favour of the Bank guaranteeing all indebtedness of the Borrower to the Bank;
9. Assignment and Postponement of Creditors Claim executed by Sunterra Beef Ltd., Sunwold Farms Inc., Sunwold Farms Limited., Sunterra Farms Ltd., Sunterra Farms Iowa Inc., Sunterra Enterprises Inc., and Sunterra Farm Enterprises Ltd.;
10. Acknowledged Assignment of Insurance coverage for full insurable values of all assets of the Borrower taken as security by the Bank with first loss payable to the Bank by way of standard mortgage clause;
11. Subordination and Priority Agreement between the Bank and each of Farm Credit Canada ("FCC"), Agriculture Financial Services Corporation ("AFSC"), and Keynote Development Corp.; and
12. Waiver of Creditor Life Insurance for Loan Segments (1) and (2) covering the life of principals/guarantors of the Borrower.

TO BE OBTAINED:

1. Loan Agreement executed by the Borrowers and Guarantors;
2. Revolving Credit Agreement in the amount of \$12,000,000;
3. Demand Collateral Mortgage First Charge in the amount of \$13,000,000 conveying a first fixed charge over real property located at 233 North Road, Trochu, Alberta and legally described as Plan 7711418, Block A, owned by the Borrower. The mortgage document contains a "Due on Sale" clause, a re-advancement clause, as well as a clause addressing the appointment of a Receiver Manager of the property in the event of default;
4. Assignment and Postponement of Creditors Claims as applicable;
5. General Security Agreement of Sunterra Farms Ltd. providing a perfected first security interest in all present and after acquired property (subject to the Priority Agreement) to be registered in all appropriate jurisdictions.
6. General Security Agreement of Sunwold Farms Limited. providing a first security interest in all present and after acquired property (subject to the Priority Agreement) to be registered in all appropriate jurisdictions;
7. Full Liability Guarantee from Lariagra Farms Ltd in favour of the Bank guaranteeing all indebtedness of the Borrowers to the Bank;
8. Full Liability cross-guarantees provided by and in favor of each co-Borrower;
9. Updated Subordination and Priority Agreement with applicable creditors, providing for the Bank's priority position over Sunterra Farms Ltd., and Sunwold Farms Limited's current assets, in a form satisfactory to the Bank;
10. Acceptance or Waiver of Creditor Life Insurance in the amount covering the life of principals(s) in the Borrower – required under all new loan offerings;
11. Assignment of all risk Casualty and Liability insurance as set out under "Insurance", of the Agreement;
12. such of the following supporting documents as may be required by the Bank's solicitors:
 - 12.1. satisfactory Real Property Report/Surveyor's Certificate with respect to the mortgaged property previously described in Section 2;
 - 12.2. satisfactory Zoning or Building Memorandum, or Letter from applicable Zoning official (Compliance Certificate), from the applicable municipal authority;
 - 12.3. Tax Certificate showing all property taxes and charges paid or a holdback sufficient to pay taxes when due;
 - 12.4. standard form documents relating to authorization of the borrowing and operation of the loan account;
 - 12.5. Statutory Declaration from the Borrower(s) or the Officer or an officer of the Borrower as to residency, title, use of premises, actions or claims and such other matters as Canadian Western Bank's counsel may advise;
 - 12.6. Opinion of the Borrower's counsel on the security and supporting documents and title to the Property; and
13. Such additional securities as the Bank may deem necessary or advisable for the purpose of obtaining and perfecting the foregoing security.

The Borrowers and Guarantors acknowledge and agree that the securities above described provided by the Borrowers, support all loans and secure all indebtedness of the Borrower to the Bank.

SCHEDULE "B" - DEMAND

KEY COVENANTS/CONDITIONS

KEY COVENANTS:

The Borrower agrees:

1. to pay all sums of money when due under this Agreement;
2. to give the Bank prompt notice of any Event of Default or any event which, with notice or lapse of time or both, would constitute an Event of Default;
3. to maintain on a consolidated basis of Sunterra Food Corporation, Sunterra Quality Food Markets Inc., Trochu Meat Processors Ltd., Sunterra Farms Ltd., and Sunwold Farms Limited, a "*Cash Flow Coverage Ratio*" of not less than 1.25:1, tested annually;
4. to maintain on an consolidated basis of Sunterra Food Corporation, Sunterra Quality Food Markets Inc., Trochu Meat Processors Ltd., Sunterra Farms Ltd., and Sunwold Farms Limited, a "*Current Ratio*" (to be calculated including production hogs as current assets) of not less than 1.05, tested quarterly;
5. to maintain on an consolidated basis of Sunterra Food Corporation, Sunterra Quality Food Markets Inc., Trochu Meat Processors Ltd., Sunterra Farms Ltd., and Sunwold Farms Limited, a "*Debt to Tangible Net Worth Ratio*" of not more than 3.50:1, tested quarterly;
 - 5.1. Notwithstanding the definition of Tangible Net Worth provided in Schedule "F", Tangible Net Worth for the purpose of covenant calculation shall be amended to add \$6,000,000 of off balance sheet equity related to the Project owned by Trochu Meat Processors Ltd.
6. not to pay shareholders, officers or directors of the Borrower in any fiscal year, whether by way of salary, dividend, bonus, management or directors fees, loan, repayment of loan or other form of payment or withdrawal, which would result in the breach of any covenants, unless previously approved by the Bank;
7. **not to flow Bank approved working capital injections outside of the co-Borrower group, inclusive of Preferred Share redemptions, which would result in the breach of any covenants;**
8. to give the Bank 30 days prior notice in writing of any intended change in the ownership of its shares or any of its subsidiaries;
9. not to sell, transfer, convey, lease or otherwise dispose of any part of its property or assets, without the prior written consent of the Bank, except in the ordinary course of business;
10. not to change its name or merge, amalgamate or consolidate with any other corporation;
11. to insure and to keep fully insured all properties customarily insured by companies carrying on a similar business to that of the Borrower [including accidental pollution liability], business/rental interruption, general liability of \$2,000,000, etc.;
12. not to invest in, lend to, guarantee or otherwise provide for, on a direct or indirect or contingent basis, the payment of any monies or performance of any obligations by any third party except as provided herein;
13. to file on a timely basis, all material tax returns which are or will be required to be filed, to pay or make provision for payment of all material taxes (including interest and penalties) and other potential Priority Claims which are or will become due and payable and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
14. to comply with all applicable environmental laws and regulations; to advise the Bank promptly of any breach of any environmental regulations or licenses or any control orders, work orders, stop orders, action requests or violation notices received concerning any of the Borrower's property; to comply with any such requests or notices, to diligently clean up any spills; and to hold the Bank harmless for any costs or

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expenses which the Bank incurs for any environment related liabilities existent now or in the future with respect to the Borrower's property;

15. to provide the Bank and its agents, nominees, and consultants with the right to enter the premises of the Borrower from time to time, and to carry out such environmental reviews as the Bank in its sole discretion deems advisable and in that connection to make good faith enquiries with government agencies and to examine the records, books, assets, affairs and business operations of the Borrower;
16. not to grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest, including a Purchase Money Security Interest (PMSI), or other encumbrance affecting any of its properties, assets or other rights other than a Normal Course Lien.

CONDITIONS:

LOAN SEGMENT (1)

MARGIN REQUIREMENTS

Total outstanding operating loans plus Priority Claims* outstanding will not at any time exceed 75% of good earned third party domestic trade accounts receivable to Sunterra Quality Food Market Inc., Trochu Meat Processors Ltd., Sunterra Farms Ltd. and Sunwold Farms Limited, excluding Lienable payables**, inter-company accounts (*Soleterra d'Italia Ltd. receivables and inventory are excluded [inter-company to Trochu]*), and holdbacks receivables, accounts payable contra as well as the entire outstanding balance of accounts where any portion exceeds 90 days.

Plus 50% of the lesser of cost or current market value of saleable unencumbered finished non-perishable goods inventory (including frozen inventory) from Sunterra Quality Food Market Inc. and Trochu Meat Processors Ltd., (after deducting under 30 day trade accounts payable);

plus 75% of market livestock inventory from Sunterra Farms Ltd., and Sunwold Farms Limited.

At no time is the margin provided by the market livestock inventory and finished good inventory of Sunterra Farms Ltd. and Sunwold Farms Limited to exceed \$3,000,000, and at no time is the margin provided by the inventory of Sunterra Quality Food Market Inc., Trochu Meat Processors Ltd., Sunterra Farms Ltd., and Sunwold Farms Limited, to exceed \$6,000,000.

Plus 15% of the net book value of unencumbered equipment (net of the value of equipment financed by other third parties) held by Sunterra Quality Food Markets Inc. confirmed annually, to a maximum of \$2,000,000;

Credit reports for accounts receivable exceeding \$100,000 will be obtained by the Bank no less frequently than annually, with the cost of obtaining such credit or such report to the account of the Borrower.

Sunterra Farms Ltd. and Sunwold Farms Limited margining contribution shall be evidenced by a monthly Agriculture Statement of Borrowing Limit including a declaration of current assets and liabilities.

* *Priority Claims include deductions at source for Income Tax, Worker's Compensation, CPP and EI, GST, PST, wage claims including unpaid holiday entitlement, unpaid utility bills and arrears of rent for business premises.*

** *"Lienable payables" are all accounts payable that are subject to lien under the Builder's Lien Act.*

INSURANCE:

1. All policies must show every Borrower as a named insured.
2. All policies covering physical loss or damage (that is, property, builders risk and boiler and machinery insurance) must be on a full replacement cost basis and:
 - (a) provide coverage for all risks of physical loss or damage, including earthquake, flood, sewer back-up and collapse;
 - (b) include insurance on the foundation and all parts below ground level;
 - (c) provide in case of destruction:
 - (i) that reconstruction will not be limited to "on the same or an adjacent site";
 - (ii) coverage for increased costs of reconstruction through by-law and code changes and demolition and debris removal for damaged and undamaged property and resultant loss of income;
 - (d) either contain a stated amount co-insurance clause or not be subject to co-insurance.
3. The Bank is to be shown both as mortgagee and loss payee under all policies covering physical loss or damage. Loss is to be payable using this wording:

"CANADIAN WESTERN BANK, 606 4th Street SW, Calgary, Alberta, T2P 1T1 as first mortgagee and loss payee."

SCHEDULE "C" - DEMAND

REPORTING REQUIREMENTS

The Borrowers agree to provide the following to the Bank:

Monthly (by the 30th day of the following month):

1. Combined internally prepared financial statements (balance sheet and profit and loss) of Sunterra Food Corporation, Sunterra Quality Food Markets Inc., Trochu Meat Processors Ltd., Sunterra Farms Ltd., and Sunwold Farms Limited, including current month and year to date results;
2. Combined aged listings of accounts receivable, accounts payable and inventory declaration for the Borrowers as at the end of each month, together with form 1634 Monthly Statement of Borrowing Limit signed by an officer of the Borrowers as correct;
3. combined Agriculture Statement of Borrowing Limit as at the end of each month with respect to Sunterra Farms Ltd. and Sunwold Farms Limited operations, signed by an officer of the Borrowers as correct.

Quarterly (by 45th day of the following month):

4. an Officers Compliance Certificate form 1636, certifying that all lending conditions and requirements are being complied with, including the calculation of applicable financial covenants and supporting documents;

Annually (within 120 days of the Borrowers' fiscal year-end):

5. Audited, annual consolidated financial statements of the Sunterra Group of Companies prepared by a firm of qualified professional accountants, together with annual business plan including projected balance sheets with profit and loss and cash flow statements as well as capital expenditure forecasts for the upcoming fiscal year, showing purpose and source of financing;
6. an Officers Compliance Certificate, certifying that all lending conditions and requirements are being complied with, including calculation of applicable financial covenants;
7. Review Engagement, annual consolidated financial statements of Sunterra Food Corporation prepared by a firm of qualified professional accountants;
8. Review Engagement, annual consolidated financial statements of Sunterra Farm Enterprises Ltd. prepared by a firm of qualified professional accountants;
9. Review Engagement, annual consolidated financial statements of Sunterra Enterprises Inc. prepared by a firm of qualified professional accountants;
10. annual financial statements consolidating all Borrowers: Sunterra Food Corporation, Trochu Meat Processors Ltd., Sunterra Quality Food Market Inc., Sunterra Farms Ltd. and Sunwold Farms Limited, prepared by a firm of qualified professional accountants;
11. Notice to Reader, annual unconsolidated financial statements for each Sunwold Farms Limited, Sunterra Farms Ltd., Sunterra Quality Food Market Inc., and Trochu Meat Processors Ltd.;
12. updated 3 to 5 year business plan combined projections for Sunterra Food Corporation, Sunterra Quality Food Markets Inc., Trochu Meat Processors Ltd., Sunterra Farms Ltd. and Sunwold Farms Limited, including balance sheet, profit and loss and cash flow statement, and applicable assumptions;
13. a Confirmation of Payable Status form 1054 on an annual basis; and
14. any further information, data, financial reports and records, accounting or banking statements, certificates, evidence of insurance and other assurances which the Bank may from time to time require in its sole discretion, acting reasonably.

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SCHEDULE "D" - DEMAND

CONDITIONS PRECEDENT TO DRAWDOWN

The following conditions precedent must be fulfilled prior to the Bank having any obligation to advance:

1. the Bank shall be satisfied with the business, assets and financial condition of the Borrower and Guarantors and all security documentation and supporting agreements and documents must be completed in a form satisfactory to the Bank and its solicitors, and must be executed and registered, as appropriate, and the Bank shall have received a solicitor's letter of opinion with respect to the same;
2. the Bank shall be provided with a transmittal letter from Price Aspinall Appraisals certifying that the Bank may rely on the recent appraisal of the subject lands confirming a market value of not less than \$13,000,000 (as at June 2022 using the Cost, Income Approach and Direct Comparison methods of valuation) for lending purposes;
3. the Borrowers shall cause to be conducted environmental assessments, audit and other inspections with respect to the mortgaged property and the business of the Borrowers and the obligation of the Bank to advance funds hereunder shall be subject to the Bank receiving reports prepared by a Bank approved Environmental Consultant, satisfactory to the Bank in its sole discretion and subject to the Bank being satisfied in its sole discretion that there are no environmental matters that are adverse to the value of the mortgage property or the business of the Borrowers;
4. the Borrower shall provide a property tax receipt confirming payment of all taxes including the current year; and
5. the Bank will require two (2) full business days prior written notice of disbursement.

SCHEDULE "E" - DEMAND

GENERAL CONDITIONS

EVENTS OF DEFAULT

1. Notwithstanding anything expressed or implied to the contrary, all indebtedness and liability of the Borrower's to the Bank under this Agreement is deemed to be repayable **ON DEMAND** and such indebtedness and liability may be demanded by the Bank at any time in the Bank's sole and exclusive discretion. In addition to being of a demand nature, the full amount of the indebtedness and liability of the Borrower then outstanding, together with accrued interest and any other charges then owing by the Borrower to the Bank shall, at the option of the Bank, forthwith be accelerated and be due and payable, and upon being declared to be due and payable, the securities shall immediately become enforceable and the Bank may proceed to realize and enforce the same upon the occurrence and during the continuance of any of the following events or circumstances (which events or circumstances are herein referred to as the "Events of Default"):
 - (a) the Borrower or any Guarantor fails to make when due, whether on demand or at a fixed payment date, by acceleration or otherwise any payment of interest, principal, fees, or other amounts payable to the Bank;
 - (b) there is a breach by the Borrower of any other term or condition contained in this Agreement or in any other agreement to which the Borrower and the Bank are parties and the Borrower has not corrected such breach within 15 days of notice having been provided to the Borrower;
 - (c) any default occurs under the terms of any security to be provided in accordance with this Agreement or under any other credit, loan or security agreement to which the Borrower is a party and the Borrower has not corrected such breach within 15 days of notice having been provided to the Borrower;
 - (d) any bankruptcy, re-organization, compromise, arrangement, insolvency or liquidation proceedings or other analogous proceedings are instituted by or against the Borrower and, if instituted against the Borrower are allowed against or consented to by the Borrower or are not dismissed or stayed within 60 days after such institution;
 - (e) a Receiver is appointed over any property of the Borrower or any judgement or order or any process of any court becomes enforceable against the Borrower or any property of the Borrower or any creditor takes possession of any property of the Borrower;
 - (f) any adverse change occurs in the financial condition of the Borrower or any Guarantor;
 - (g) any adverse change occurs in the environmental condition of:
 - (i) the Borrowers, or either of them, or any Guarantor of the Borrower; or
 - (ii) any property, equipment, or business activities of the Borrower or any Guarantor of the Borrower.
 - (h) the Borrower acknowledges that failure by any Guarantors of this Agreement to comply with the disclosure requirements set out in Section 45 of the Business Corporations Act (BCA) of Alberta shall constitute a default of the Borrower pursuant to this Agreement.

MISCELLANEOUS CONDITIONS

1. The rights and remedies of the Bank pursuant to this Agreement and the securities taken pursuant hereto are cumulative and not alternative, and not in substitution for any other rights, remedies, or powers of the Bank.
2. Any failure or delay by the Bank to exercise, or exercise fully, its rights and remedies pursuant to this Agreement and the securities taken pursuant hereto shall not be construed as a waiver of such rights and remedies.
3. In the absence of a formal Loan Agreement being entered into, this Agreement shall continue in full force and effect and shall not merge in any securities provided by the Borrower to the Bank.
4. the Bank reserves the sole and absolute right to syndicate part or all of the loan facility contemplated herein, with various syndication partners with whom the Bank syndicates loans from time to time, on terms and conditions satisfactory to the Bank;
5. This Agreement and the security documentation to be provided by the Borrower pursuant hereto shall be construed in accordance with and governed by the laws of the Province of Alberta.



SCHEDULE "F" – DEMAND

SCHEDULE – STANDARD LOAN TERMS

ARTICLE 1 – GENERAL

- 1.1. **Interest Rate.** You will pay interest on each Loan at nominal rates per year at the rate specified in this Agreement.
- 1.2. **Floating rate of interest.** Each floating rate of interest provided for under this Agreement will change automatically, without notice, whenever the Bank's Prime Rate or the U.S. Base Rate, as the case may be, changes.
- 1.3. **Payment of interest.** Interest is calculated on the daily balance of the Loan at the end of each day. Interest is due once a month, unless the Agreement states otherwise. Unless you have made other arrangements with us, we will automatically debit your Operating Account for interest amounts owing. If your Operating Account is in overdraft and you do not deposit to the account an amount equal to the monthly interest payment, the effect is that we will be charging interest on overdue interest (which is known as compounding). Unpaid interest continues to compound whether or not we have demanded payment from you or started a legal action, or get judgment, against you.
- 1.4. **Fees.** You will pay the Bank's fees for the Loans as outlined in the Agreement. You will also reimburse us for all reasonable fees (including legal fees on a solicitor and his own client basis) and out-of-pocket expenses incurred in registering any security, and in enforcing our rights under this Agreement or any security. We will automatically debit your Operating Account for fee amounts owing.
- 1.5. **Our rights re demand Loans.** We believe that the banker-customer relationship is based on mutual trust and respect. It is important for us to know all the relevant information (whether good or bad) about your business. Canadian Western Bank is itself a business. Managing risks and monitoring our customers' ability to repay is critical to us. We can only continue to lend when we feel that we are likely to be repaid. As a result, if you do something that jeopardizes that relationship, or if we no longer feel that you are likely to repay all amounts borrowed, we may have to act. We may decide to act, for example, because of something you have done, information we receive about your business, or changes to the economy that affect your business. Some of the actions that we may decide to take include requiring you to give us more financial information, negotiating a change in the interest rate or fees, or asking you to get further accounting assistance, put more cash into the business, provide more security, or produce a satisfactory business plan. It is important to us that your business succeeds. We may demand immediate repayment of any outstanding amounts under any demand Loan. We may also, at any time and for any cause, cancel the unused portion of any demand Loan.
- 1.6. **Payments.** If any payment is due on a day other than a Business Day, then the payment is due on the next Business Day.
- 1.7. **Applying money received.** If you have not made payments as required by this Agreement, or if you have failed to satisfy any term of this Agreement (or any other agreement you have that relates to this Agreement), or at any time before default but after we have given you appropriate notice, we may decide how to apply any money that we receive. This means that we may choose which Loan to apply the money against, or what mix of principal, interest, fees and overdue amounts within any Loan will be paid.
- 1.8. **Information requirements.** We may from time to time reasonably require you to provide further information about your business. We may require information from you to be in a form acceptable to us.
- 1.9. **Insurance.** You will keep all your business assets and property insured (to the full insurable value) against loss or damage by fire and all other risks usual for property such as yours (plus for any other risks we may reasonably require). If we request, these policies will include a loss payee clause (and if you are giving us mortgage security, a Standard Mortgagee Clause). As further security, you assign all insurance proceeds to us. If we ask, you will give us either the policies themselves or adequate evidence of their existence. If your insurance coverage for any reason stops, we may (but do not have to) insure the property. We will automatically debit your Operating Account for this amount. In the event there are no funds on deposit, we may add the insurance cost to your Loan. Finally, you will notify us immediately of any loss or damage to the property.
- 1.10. **Environmental Matters.** You will carry on your business, and maintain your assets and property, in accordance with all applicable environmental laws and regulations. If (a) there is any release, deposit, discharge or disposal of pollutants of any sort (collectively, a "Discharge") in connection with either your business or your property, and we pay any fines or for any clean-up, or (b) we suffer any loss or damage as a result of any Discharge, you will reimburse the Bank, its directors, officers, employees and agents for any and all losses, damages, fines, costs and other amounts (including amounts spent preparing any necessary environmental assessment or other reports, or defending any lawsuits) that result. If we ask, you will defend any lawsuits, investigations or prosecutions brought against the Bank or any of its directors, officers, employees and agents in connection with any Discharge. Your obligation to us under this section continues even after all Loans have been repaid and this Agreement has terminated.
- 1.11. **Consent to release information.** We may from time to time give any loan or other information about you to, or receive such information from, (a) any financial institution, credit reporting agency, rating agency or credit bureau, (b) any person, firm or corporation with whom you may have or propose to have financial dealings, and (c) any person, firm or corporation in connection with any dealings you have or propose to have with us. You agree that we may use that information to establish and maintain your relationship with us and offer any services as permitted by law, including services and products offered by our subsidiaries when it is considered that this may be suitable to you.
- 1.12. **Proof of debt.** This Agreement provides the proof, between the Bank and you, of the loans made available to you. There may be times when the type of loan you have requires you to sign additional documents. Throughout the time that we provide you loans under this Agreement, our loan accounting records will provide complete proof of all terms and conditions of your loan (such as principal loan balances, interest calculations, and payment dates).
- 1.13. **Renewals of this Agreement.** This Agreement will remain in effect for your Loans for as long as they remain unchanged. If there are no changes to the Loans this Agreement will continue to apply, and you will not need to sign anything further. If there are any changes, we will provide you with either an amending agreement, or a new replacement Letter, for you to sign.
- 1.14. **Confidentiality.** The terms of this Agreement are confidential between you and the Bank. You therefore agree not to disclose the contents of this Agreement to anyone except your professional

advisors and where required by law.

1.15. Pre-conditions. You may use the Loans granted to you under this Agreement only if:

- (a) we have received properly signed copies of all documentation that we may require in connection with the operation of your accounts and your ability to borrow and give security;
- (b) all the required security has been received and registered to our satisfaction;
- (c) any special provisions or conditions set forth in the Agreement have been complied with; and
- (d) if applicable, you have given us the required number of days notice for a drawing under a Loan.

1.16. Notices. We may give you any notice in person or by telephone, or by letter that is sent either by fax or by mail.

1.17. Use of the Operating Loan. You will use your Operating Loan only for your business operating cash needs. You are responsible for all debits from the Operating Account that you have either initiated (such as cheques, loan payments, pre-authorized debits, etc.) or authorized us to make. Payments are made by making deposits to the Operating Account. You may not at any time exceed the lesser of the Loan Amount and the maximum available under the Margin Requirements. We may, without notice to you, return any debit from the Operating Account that, if paid, would result in the Loan Amount being exceeded, unless you have made prior arrangements with us. If we pay any of these debits, you must repay us immediately the amount by which the Loan Amount is exceeded.

1.18. Non-Revolving Loans. The following terms apply to each Non-Revolving Loan:

- (a) **Non-revolving Loans.** Unless otherwise stated in the Agreement, any principal payment made permanently reduces the available Loan Amount. Any payment we receive is applied first to overdue interest, then to current interest owing, then to overdue principal, then to any fees and charges owing, and finally to current principal.
- (b) **Floating Rate Non-Revolving Loans.** Floating Rate Loans may have either (i) blended payments or (ii) payments of fixed principal amounts, plus interest as described below:

- (i) **Blended payments.** If you have a Floating Rate Loan that has blended payments, the amount of your monthly payment is fixed for the term of the loan, but the interest rate varies with changes in the Prime Rate or U.S. Base Rate (as the case may be). If the Prime Rate or U.S. Base Rate during any month is lower than what the rate was at the outset, you may end up paying off the loan before the scheduled end date. If, however, the Prime Rate or U.S. Base Rate is higher than what it was at the outset, the amount of principal that is paid off is reduced. As a result, you may end up still owing principal at the end of the term because of these changes in the Prime Rate or U.S. Base Rate. We will advise you from time to time of any changes in the blended payment necessary to maintain the original amortization period, should we chose to do so.

- (ii) **Payments of fixed principal plus interest.** If you have a Floating Rate Loan that has regular principal payments, plus interest, the principal payment amount of your Loan is due on the payment date specified in the Agreement. Although the principal payment amount is fixed, your interest payment will usually be different each month, for at least one and possibly more reasons, namely: the reducing principal balance of your loan, the number of days in the month, and changes to the Prime Rate or U.S. Base Rate (as the case may be).

- (c) **Demand of Fixed Rate Demand Non-Revolving Loans.** If you have a Fixed Rate Demand Non-Revolving Loan and we make demand for payment, you will owe us (i) all outstanding principal, (ii) interest, (iii) any other amount due under this Agreement, and (iv) a prepayment charge. The prepayment charge is equal to the greater of three (3) months interest calculated on the unpaid balance at the rate authorized or the Bank's Unwinding Costs.

ARTICLE 2 – DEFINITIONS

2.1. **Definitions.** In this Agreement, the following terms have the following meanings:

"Agreement" means the letter agreement between you and Canadian Western Bank to which this Schedule and any other Schedules are attached.

"Business Day" means any day (other than a Saturday or a Sunday) that the CWB Branch/Centre is open for business.

"Cash Flow Coverage Ratio" means for any fiscal year the ratio of X to Y where:

X =
Net profit after tax
+ amortization/depreciation
+ all interest expenses
+ all taxes
= EBITDA

Y =
All interest paid or accrued during the trailing fiscal year + the Borrower's actual principal payment obligations for the trailing fiscal year under the CWB credit facility and any other document or agreement including without limitation:

- o in respect of any indebtedness for borrowed money as classified in the balance sheet of the Borrower and in accordance with generally accepted accounting principals; and
- o in respect of any capital lease in accordance with generally accepted accounting principles entered into by the Borrower.

"Current Assets" are cash, accounts receivable, inventory and other assets that are likely to be converted into cash, sold, exchanged or expended in the normal course of business within one year or less, excluding amounts due from related parties.

"Current Liabilities" means debts that are or will become payable within one year or one operating cycle, whichever is longer, excluding amounts due to related parties, and which will require Current Assets to pay. They usually include accounts payable, accrued expenses, deferred revenue and the current portion of long-term debt.

"Current Ratio" means the ratio of Current Assets to Current Liabilities.

"Customer Automated Funds Transfer (CAFT)" is a WEB based service that provides non-personal customers the ability to make multiple electronic transactions for purposes of direct deposit for payroll or direct payment of accounts payable.

"CWB Branch/Centre" means the Canadian Western Bank branch or banking centre noted on the first page of this Agreement, as changed from time to time by agreement between the parties.

"CWBdirect" is a service available to allow customers the capability to access their bank accounts and general banking information using a personal computer with via the internet.

"Debt to Tangible Net Worth Ratio" means the ratio of Debt to Tangible Net Worth, where:

- (a) Debt is defined as: all liabilities listed on the balance sheet less loans from shareholders or affiliates where the bank has a registered postponement of claim. The after tax portion of management bonuses not yet re-invested as shareholders' loans may be excluded from debt where written confirmation has been obtained from the borrower regarding the re-investment.
- (b) Tangible Net Worth is defined as: the aggregate of share capital, retained earnings, shareholder and affiliated company loans specifically postponed to the Bank, less intangible assets such as goodwill, investments in and advances to affiliated companies and any other asset determined by the Bank to be intangible. The after tax portion of management bonuses not yet re-invested as shareholders' loans may be included in tangible net

worth where written confirmation has been obtained from the borrower regarding the re-investment and providing these loans are specifically postponed to the Bank.

"Demand Non-Revolving Loan" means an instalment loan that is payable upon demand. Such a Loan may be either at a fixed or a floating rate of interest.

"Fixed Rate Loan" means any loan drawn down, converted or extended under a Loan at an interest rate which was fixed for a term, instead of referenced to a floating rate such as the Prime Rate or U.S. Base Rate, at the time of such drawdown, conversion or extension.

"Intangibles" means assets of the business that have no value in themselves but represent value. They include such things as copyright, goodwill, patents and trademarks; franchises, licenses, leases, research and development costs, and deferred development costs.

"Letter of Credit" or "L/C" means a documentary or stand-by Letter of Credit, a Letter of Guarantee, or a similar instrument in form and substance satisfactory to us.

"Lien" includes a mortgage, charge, lien, security interest or encumbrance of any sort on an asset, and includes conditional sales contracts, title retention agreements, capital trusts and capital leases.

"Loan" means any loan segment referred to in the Agreement and if there are two or more segments, "Loan" includes reference to each segment.

"Loan Amount" of any Loan means the amount specified in the Agreement and if there are two or more segments, "Loan Amount" includes reference to each segment.

"Mandatory Capital Expenditures" means net capital expenditures incurred by you not financed by long term debt. Net capital expenditures means all capitalized fixed asset purchases less fixed asset sales.

"Monthly Statement of Borrowing Limit" means the CWB form 1099 by that name, as it may from time to time be changed.

"Normal Course Lien" means a Lien that (a) arises by operation of law or in the ordinary course of business as a result of owning any such asset (but does not include a Lien given to another creditor or to secure debts owed to that Loan) and (b) taken together with all other Normal Course Liens, does not materially affect the value of the asset or its use in the business.

"Operating Account" means the account that you normally use for the day-to-day cash needs of your business, and may be either or both of a Canadian dollar and a U.S. dollar account.

"Postponed Debt" means any debt owed by you that has been formally postponed to the Bank.

"Principal Sum" means the loan balance outstanding.

"Priority Claims" means priorities that are created when a borrower does not remit monies due for Income Tax, Workers Compensation, Canada Pension Plan, Employment Insurance, GST, Provincial Sales Tax, wage claims including unpaid holiday entitlement, unpaid utility bills and arrears of rent for business premises. These are considered to be deemed trust and rank in priority to all security interests.

"Prime Rate" means the variable reference rate of interest per year declared by the Bank from time to time to be its Prime rate for Canadian dollar loans made by the Bank in Canada.

"Purchase Money Lien" means a Lien incurred in the ordinary course of business only to secure the purchase price of an asset, or to secure debt used only to finance the purchase of the asset.

"Shareholders' Equity" means paid-in capital, retained earnings and attributed or contributed surplus.

"Standard Overdraft Rate" means the variable reference interest rate per year declared by the Bank from time to time to be its standard overdraft rate on overdrafts in Canadian or U.S. dollar accounts maintained with the Bank in Canada.

Sunterra Food Corporation
Commitment Letter
November 15, 2022

"Unwinding Costs" means the costs the Bank incurs when a fixed rate loan is paid out early. The unwinding costs are based on an interest rate differential between the loan rate and the bid side yield for Government of Canada securities with the same maturity as the loan, for the remaining term of the loan at the time of repayment.

"U.S. Base Rate" means the variable reference rate of interest per year as declared by the Bank from time to time to be its base rate for U.S. dollar loans made by the Bank in Canada.

This is Exhibit "B" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta
Nathan A. Stewart
Barrister & Solicitor

Combined Consolidated Financial Statements of

SUNTERRA GROUP OF COMPANIES

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Sunterra Farm Enterprises Ltd., Sunterra Enterprises Inc., and Sunterra Food Corporation

Opinion

We have audited the combined consolidated financial statements of the Sunterra Group of Companies (the Entity), which comprise:

- the combined consolidated balance sheets as at December 31, 2022 and 2021
- the combined consolidated statements of operations and retained earnings for the years then ended
- the combined consolidated statements of cash flows for the years then ended
- and notes to the combined consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the combined consolidated financial position of the Entity as at December 31, 2022 and 2021, and its combined consolidated results of operations and its combined consolidated cash flows for the years then ended in accordance with Canadian accounting standards for private enterprises.

Basis for Opinion

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

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



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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

October 26, 2023

SUNTERRA GROUP OF COMPANIES

Combined Consolidated Balance Sheet

December 31, 2022, with comparative information for 2021
(stated in thousands of dollars)

	2022	2021
Assets		
Current assets:		
Accounts receivable (<i>notes 4, 20 and 21</i>)	11,944	11,946
Agricultural and other inventories (<i>note 5</i>)	36,407	33,411
Prepaid expenses and deposits	639	530
	48,990	45,887
Biological assets, production hogs (<i>note 5</i>)	7,638	7,379
Property, plant and equipment (<i>note 7</i>)	91,577	86,955
Investments and advances (<i>note 8</i>)	23,734	20,272
Investment in jointly controlled enterprises (<i>note 10</i>)	345	321
	\$ 172,284	\$ 160,814
Liabilities and Shareholders' Equity		
Current liabilities:		
Cheques issued in excess of funds on deposit	\$ 29,249	\$ 11,143
Accounts payable and accrued liabilities (<i>notes 6 and 20</i>)	24,729	16,681
Operating loans (<i>note 11</i>)	23,241	22,165
Current portion of debt (<i>note 11</i>)	3,859	2,987
Current portion of government loan (<i>note 11</i>)	40	—
Scheduled payments on callable debt (<i>note 11</i>)	869	885
Liability Class A,B,D & G preferred shares (<i>note 16</i>)	12,656	12,657
Current portion of Class G/H preferred shares (<i>note 16</i>)	2,298	2,288
	96,941	68,806
Callable debt (<i>note 11</i>)	13,221	12,848
Notes payable (<i>note 12</i>)	410	410
	110,572	82,064
Advances from jointly controlled enterprise (<i>note 20</i>)	2,188	2,740
Long-term debt (<i>note 11</i>)	39,691	36,950
Promissory note (<i>note 14</i>)	3,000	3,000
Other long-term liabilities	528	507
Government loan (<i>note 11</i>)	80	180
Shareholders' loans (<i>note 13</i>)	851	787
Deferred lease inducements and straight-line rent adjustment	2,360	2,391
Liability classified Class G/H preferred shares (<i>note 16</i>)	6,019	6,864
Shareholders' equity:		
Non-controlling interest (<i>note 15</i>)	672	672
Share capital (<i>note 16</i>):		
Common shares	5,789	5,789
Retained earnings	534	18,870
	6,995	25,331
Commitments (<i>note 18</i>)		
Subsequent events (<i>note 23</i>)		
	\$ 172,284	\$ 160,814

See accompanying notes to combined consolidated financial statements.

SUNTERRA GROUP OF COMPANIES

Combined Consolidated Statement of Operations and Retained Earnings

Year ended December 31, 2022, with comparative information for 2021
(stated in thousands of dollars)

	2022	2021
Sales (<i>notes 4 and 20</i>)	\$ 197,332	\$ 204,199
Cost of sales (<i>notes 5 and 20</i>)	187,820	179,183
	9,512	25,016
Selling, general and administrative expenses (<i>note 20</i>)	18,930	17,675
	(9,418)	7,341
Other expenses (income):		
Amortization	3,783	2,947
Interest on debt:		
Bank debt	3,896	2,131
Shareholders' loans (<i>note 13</i>)	58	40
Promissory note	250	107
Other interest	512	99
Dividend income	(3)	(56)
Financing expense on mortgage receivable (<i>note 9</i>)	—	700
Other income	(442)	(502)
Fees from related parties (<i>note 20</i>)	(689)	(772)
Foreign exchange loss	488	439
Realized loss on commodity contracts	724	2,339
Unrealized (gain) loss on commodity contracts	(28)	75
Write down of investment in AG1 Services	—	167
Gain on sale of property, plant and equipment (<i>note 7</i>)	(4)	(11,567)
Income from joint controlled enterprises (<i>note 10</i>)	(24)	(602)
Interest income	(53)	(36)
	8,468	(4,491)
(Loss) income before income taxes	(17,886)	11,832
Income tax expense (recovery) (<i>note 17</i>)	407	(133)
(Loss) income for the year	(18,293)	11,965
Retained earnings, beginning of year	18,870	6,966
Adoption of Agriculture Standard (<i>note 2</i>)	—	—
Dividends	(43)	(61)
Retained earnings, end of year	\$ 534	\$ 18,870

See accompanying notes to combined consolidated financial statements.

SUNTERRA GROUP OF COMPANIES

Combined Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021
(stated in thousands of dollars)

	2022	2021
Cash provided by (used in):		
Operations:		
Net (loss) income for the year	\$ (18,293)	\$ 11,965
Non-cash items:		
Amortization	3,783	2,947
Amortization of deferred leasehold inducements	(231)	(198)
Gain on sale of property, plant and equipment	(4)	(11,567)
Write down of investment in AG1 Services	—	167
Financing expense on mortgage receivable	—	700
Interest incurred not paid	—	—
Unrealized foreign exchange gain	(70)	(106)
Unrealized (gain) loss on commodity contracts	(28)	75
Income from jointly controlled enterprises	(24)	(602)
Government loan forgiveness	(20)	—
Changes in non-cash working capital items (note 19)	22,813	7,293
	7,926	10,674
Financing:		
Debt borrowings	6,562	22,680
Debt repayments	(2,949)	(11,172)
Government loan	(40)	80
Dividends paid	(43)	(61)
Operating loans, net	1,433	5,559
Promissory note	—	3,000
Mortgage receivable (note 10)	—	9,300
Redemption of Class G/H preferred shares	(836)	(2,288)
Shareholders' loans, net	64	(125)
Repayments to jointly controlled enterprise	(552)	(367)
	3,639	26,606
Investing:		
Purchase of property, plant and equipment	(8,421)	(43,680)
Cash received for leasehold inducement	200	1,000
Corporate acquisition (note 4)	—	(1,967)
Proceeds on disposal of property, plant and equipment	118	14,633
Investments and advances	(3,462)	(6,760)
Proceeds from government assistance	—	500
Payment of shareholder loan	—	(1,967)
Changes in non-cash working capital items	—	961
	(11,565)	(37,280)
Change in cash	—	—
Cash, beginning of year	—	—
Cash, end of year	\$ —	\$ —

See accompanying notes to combined consolidated financial statements.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

Nature of business:

Sunterra Farm Enterprises Ltd. ("SFEL"), Sunterra Food Corporation ("SFC"), and Sunterra Enterprises Inc. ("SEI") are companies under common ownership (the "Sunterra Group" or the "Group" or the "Companies").

SEI is a private company incorporated under the Canada Corporations Act which owns 50% of West Market Square Inc., an entity that owns a shopping center, and various hog operations in the U.S., Sunterra Beef Ltd. and other investments.

SFC is a private company incorporated under the Canada Corporations Act. SFC operates grocery stores, food processing plants and provides food services in the province of Alberta.

SFEL is a private company incorporated under the Canada Corporations Act. SFEL operations involve hog and grain farming in the provinces of Alberta and Ontario and ownership and operation of a greenhouse facility in Acme, Alberta.

1. Significant accounting policies:

These combined consolidated financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The Sunterra Group's significant accounting policies are as follows:

(a) Combined consolidated financial statements:

These combined consolidated financial statements are prepared in accordance with Canadian accounting standards for private entities ("ASPE"). All of the entities consolidated and combined into these financial statements apply ASPE and the accounting policies between all the entities are consistent.

These combined consolidated financial statements include the accounts of the following entities, all of which are under common control:

- (i) SFEL and its wholly owned subsidiaries, Sunterra Farms Ltd., Sunwold Farms Limited, Sunterra Farms Greenhouse Ltd. ("SFGL") and Lariagra Farms Ltd.;
- (ii) SFC and its wholly owned subsidiaries, Sunterra Quality Food Markets Inc., Sunterra Wine Markets Inc., Trochu Meat Processors Ltd., and;
- (iii) SEI and its wholly owned subsidiaries, being Sunwold Farms Inc., Sunterra Farms Iowa Ltd. and Lariagra Farms South Inc.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 2

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(a) Combined consolidated financial statements (continued):

The consolidated financial statements of SEI also include the accounts of Sunterra Beef Ltd. (entity is approximately 90% owned by SEI with the residual representing a non-controlling interest). The non-controlling shareholders of Sunterra Beef Ltd. are not entitled to a residual interest in the entity. The entitlements of the non-controlling shareholders are limited to certain contractual payments that are included in interest expense in the consolidated statement of operations. Payments to the non-controlling interest holders occur only under certain conditions.

All significant intercompany balances and transactions are first eliminated upon consolidation of SFEL, SFC and SEI and then upon combination of these consolidated entities.

The determination of which subsidiaries to consolidate is based on the ability to control an entity. Control of an entity is determined by the ability to control the ongoing strategic, operating, investing and financing policies without the cooperative of others in a manner that would earn the right and ability to obtain future economic benefits from these entities and expose the Sunterra Group to the related risks.

Entities where control is shared equally with another entity or entities are accounted for using the equity method, whereby the investments are initially recognized at cost. Thereafter, the carrying value of their interest in the jointly controlled enterprise is adjusted for their share of income or loss and distributions to and from the jointly controlled enterprise.

SFC's investment in Soleterra D'Italia Ltd. and SEI's investment in West Market Square Inc., each of which is owned 50%, are accounted for using the equity method.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 3

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(b) Income taxes:

The Sunterra Group uses the taxes payable method to account for income taxes whereby the expense (income) of the period consists only of the cost (benefit) of current income taxes for that period, determined in accordance with the rules established by taxation authorities.

(c) Cash:

Cash includes cash and short-term deposits which are highly liquid with original maturities of less than three months.

(d) Investments:

When an investee's equity securities are quoted in an active market, the investment is accounted for at fair value. Otherwise, investments are accounted for at cost including those where the Sunterra Group has significant influence.

(e) Biological assets:

Production hogs are valued at only input cost. Costs include all costs related to the acquisition, development and betterment of the productive biological asset. Production hogs are part of a group that is managed on a collective basis to maintain its collective productive capacity indefinitely and is not subject to amortization.

Production hogs are assessed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

(f) Agricultural and other inventories:

Growing hogs and strawberry and tomato plants are valued at only input costs. Costs include costs that are directly attributable to acquisition of materials and services used in agricultural production, and direct labour to the extent readily determinable and directly related to the items of agricultural inventories produced.

When the cost exceeds their net realizable value, agricultural inventories are written down to net realizable value.

Inventories of processed products and retail products are valued at the lower of cost and net realizable value. Cost is determined using the retail method by discounting the retail value by normal profit margins. Net realizable value is the estimated selling price less selling costs.

Inventories of feed, supplies, packaging and other are valued at the lower of cost and net realizable value. Cost is determined using actual purchase cost.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 4

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(g) Property, plant and equipment:

Property, plant and equipment are stated at cost. Amortization is provided for using the following methods and annual rates:

Asset	Basis	Rate
Buildings, greenhouse and natural gas pipeline	Declining balance	2.5-5%
Computers	Declining balance	30%
Machinery and Equipment	Declining balance	10%
Power equipment and vehicles	Declining balance	30%

Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimate undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(h) Foreign currency transactions:

Transactions completed in foreign currencies are reflected in Canadian dollars at the rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are reflected in the financial statements at the Canadian dollar equivalent at the rate of exchange prevailing at the balance sheet date. Translation gains and losses are included in operations.

(i) Translation of financial statements of subsidiaries:

The Sunterra Group classifies its foreign subsidiaries as integrated foreign operations and therefore uses the temporal method for conversion. Under this method, monetary items are translated into Canadian dollars at the rate of exchange in effect at the consolidated balance sheet date and non-monetary items are translated at applicable historical rates. Revenue and expenses are translated at the average exchange rates for the year. This method requires the impact of foreign exchange to be reported in the consolidated statement of operations and deficit for the year.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 5

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(j) Capitalization of interest:

Interest is capitalized on expenditures related to construction and development projects. Capitalization is discontinued when the asset is ready for its intended use. Interest is not capitalized on growing livestock.

(k) Revenue recognition:

Revenue is recognized when title passes to customers, which is generally at the time goods are delivered or shipped or services are performed and collection is reasonably assured. Retail revenue is recognized at the time of the sale.

(l) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include provisions for impairment of trade accounts receivable, property, plant and equipment and inventories. Actual results could differ from those estimates.

(m) Financial derivatives:

The Sunterra Group may use derivative financial contracts (principally forward purchase and sale contracts) in order to reduce its exposure to market risks from fluctuations in hog and feed grain prices and exchange rates. While these instruments are not used for trading or speculative purposes, Sunterra has not designated these contracts as accounting hedges even though the contracts may be expected to be effective economic hedges. Changes in the fair value of these contracts are recognized in income for the period. The fair value of these contracts is based on the estimated amounts that would be received or paid to settle these contracts at the end of the period. The carrying amounts of these contracts, which comprise accrued gains and losses not yet realized, are included in accounts receivable for those contracts in a gain position and in accounts payable and accrued liabilities in the case of contracts in a loss position. Proceeds and costs realized from holding the contracts are recognized in income at the time each transaction under a contract is settled.

(n) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, except for financial instruments that arise on certain related party transactions. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Sunterra Group has not elected to carry any such financial instruments at fair value.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 6

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(n) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Sunterra Group determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Sunterra Group expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(o) Preferred shares:

The preferred shares issued by the Sunterra Group generally allow the holder to redeem the preferred shares in cash at a fixed amount. Preferred shares with cash redemption amounts are required to be classified as liabilities and recorded at their redemption amount. Redeemable preferred shares with no fixed redemption schedule are recorded in current liabilities whilst those with a fixed redemption schedule are recorded as current or long term in accordance with the terms of the redemption provisions. Dividends on liability classified preferred shares are recorded in the statement of operations.

Preferred shares, if any, that do not have redemption amounts and meet various other criteria are classified in equity. Dividends thereon are also recorded in equity.

(p) Government grants:

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be met. If a grant is received but compliance with any attached condition is not achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the grant relates to an income or expense item, it is recognized as a reduction to the related expense in the period in which the costs are incurred. When the grant relates to an asset, it is recognized as a reduction to the net book value of the related asset and then subsequently in net income over the expected useful life of the related assets through lower charges to depreciation and amortization.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 7

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(q) Business combinations:

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill.

If the cost of an acquisition is less than the fair value of the net assets of the business acquired the Sunterra Group reconsiders the amounts allocated to the identifiable assets and liabilities. If after careful reconsideration, the excess continues to be present, the Sunterra Group recognizes a bargain purchase gain in net income. Transaction costs associated with the business combination are expensed as incurred.

(r) Rent relief:

Rent concessions occurring as a direct consequence of the COVID-19 pandemic that results in the total payments required to be less than the total payments required by the original lease contract, are recognized in net income for the period to which the lease payments relate.

(s) Leases:

The Sunterra Group recognizes a capital lease if the lease transfer substantially all of the benefits and risks of ownership to the Sunterra Group when, at the inception of the lease, one or more of the following conditions are present:

- (i) There is reasonable assurance that the Sunterra Group will obtain ownership of the leased property by the end of the lease term;
- (ii) The lease term is equal to or greater than 75% of the estimated useful life of the property, or;
- (iii) If the present value, at the beginning of the lease term, of the minimum lease payments, is equal to or greater than 90% of the fair value of the property.

The Sunterra Group accounts for capital leases by recognizing a capital asset and obligation at the present value of the minimum lease payments. The capital lease asset is amortized over the period of expected use for similar property and equipment assets. The capital lease obligation decreases with payments and increases with interest expense which is based on the interest rate implicit in the lease.

Rents for operating leases, where leases provide for increase in rent during their term, are recognized on a straight-line basis over the terms of the respective leases.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 8

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

2. Change in accounting policy:

During the year ended December 31, 2022, the Company was required to adopt Section 3041, Agriculture, under the Canadian Accounting Standards for Private Enterprises. Section 3041 provides specific authoritative guidance on the accounting for biological assets and the harvested products of biological assets for private enterprises that undertake agricultural production. The Company is required to apply Section 3041 retrospectively, with restatement of its prior period financial statements, where applicable.

Under Section 3041, biological assets are segregated into agricultural inventories and productive biological assets. Agricultural inventories are measured using either the cost model with cost determined using only input costs or the net realizable value model, when specific conditions are met. Productive biological assets are measured at cost less accumulated amortization and impairment losses, if any, unless such productive biological assets are managed on a collective basis to maintain their collective productive capacity indefinitely. Productive biological assets of this type are considered to have an indefinite useful life and are not subject to amortization.

In accordance with the transitional provisions of Section 3041, the Company has elected to measure its production hogs at only input costs as at January 1, 2021. The Company's production hogs are included in the "biological assets, productive hogs" balance sheet caption. As the production hogs were previously measured at net realizable value, the adoption of Section 3041 had no impact on the carrying value of the Company's productive biological assets as at December 31, 2021 and January 1, 2021.

Prior to the adoption of Section 3041, the Company measured all of its agricultural inventories at the lower of cost and net realizable value. The cost for growing hogs included costs of selection, feed, housing and overhead from birth until productive maturity. The costs of strawberry and tomato plants comprised the purchase price and other costs directly attributable to the acquisition of materials and services used in the development and harvest of the strawberry and tomato plants. Upon the adoption of Section 3041, the Company has made an accounting policy choice to measure its agricultural inventories at cost with cost determined using only input costs. As such, the adoption of Section 3041 had no impact on the carrying value of the Company's agricultural inventories as at December 31, 2021 and January 1, 2021.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 9

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

3. Acquisitions:

On July 2, 2021, SFEL obtained control of Lariagra Farms Ltd. by acquiring the remaining 50 percent of the shares for cash proceeds of \$2.2 million. The assets and liabilities assumed as part of this acquisition were recognized at their fair values. SFEL's existing 50% ownership was also revalued to estimated fair value as at the acquisition date. The operating results and corresponding cash flows and earnings related to the acquisition were included in the Sunterra Group's combined consolidated financial statements from the closing date. SFEL also paid \$1.3 million to settle the 50% of the shareholder loan owed to the counterparty.

On July 2, 2021, SEI obtained control of Lariagra Farms South Inc. by acquiring the remaining 50 percent of the issued and outstanding shares for minimal proceeds. The assets and liabilities assumed as part of the acquisition were recognized at their fair values. The operating results and corresponding cash flow and earnings related to the acquisition were included in the Sunterra Group's combined consolidated financial statements from the closing date. SEI also paid \$667,000 to settle the 50% of the shareholder loan owed to the counterparty.

4. Accounts receivable and sales:

	2022	2021
Trade receivables		
Farming	\$ 8,568	\$ 6,801
Processing	1,655	1,492
Retail	1,257	772
Financial derivative asset and amounts receivable	34	91
GST,HST and Ontario tax credits receivable	238	928
Income taxes receivable	192	54
Due from shareholders, employees and other	—	58
Government grants (<i>note 22</i>)	—	1,750
	\$ 11,944	\$ 11,946
Sales	2022	2021
Farming	\$ 108,164	\$ 104,740
Processing	27,156	38,233
Retail	62,012	61,226
	\$ 197,332	\$ 204,199

SUNTERRA GROUP OF COMPANIES

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Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

5. Biological assets, agricultural inventories and cost of sales:

Biological assets and agricultural inventories	2022	2021
Growing hogs	\$ 20,213	\$ 17,342
Production hogs	7,638	7,379
Strawberry and tomato plants	5,922	2,789
Cropping inventory	1,836	493
	35,609	28,003
Feed and related supplies	1,954	1,215
Finished products – processed	1,514	7,521
Finished products – retail	4,072	3,635
Supplies, packaging and other	896	416
Closing inventories	44,045	40,790
Less: Production hogs	(7,638)	(7,379)
Current inventories: Agricultural and other	\$ 36,407	\$ 33,411

As at December 31, 2022 the Sunterra Group held production hogs of 13,316 (2021 – 13,331) and growing hogs of 155,542 (2021 – 156,711).

Cost of sales	2022	2021
Purchases and growing costs	\$ 191,075	\$ 190,398
Add: opening inventories	40,790	32,452
Less: hogs sold with asset disposition (note 7)	–	(2,877)
Less: closing inventories	(44,045)	(40,790)
	\$ 187,820	\$ 179,183

6. Accounts payable and accrued liabilities:

	2022	2021
Trade payables and accruals	\$ 24,323	\$ 16,518
Income taxes payable	162	–
Government remittances payable	244	163
	\$ 24,729	\$ 16,681

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 11

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

6. Accounts payable and accrued liabilities (continued):

Included in government remittances payable are amounts relating to payroll withholdings and property taxes.

7. Property, plant and equipment:

December 31, 2022	Cost	Accumulated amortization	Net book value
Land	\$ 9,730	\$ —	\$ 9,730
Buildings and greenhouse	47,062	18,176	28,886
Computers	2,918	2,434	484
Machinery and equipment:			
Farming	28,348	2,983	25,365
Processing	8,318	5,588	2,730
Retail	15,686	8,041	7,645
Power equipment and vehicles	5,508	3,435	2,073
Leasehold improvements	25,624	13,015	12,609
Natural gas pipeline for the greenhouse	2,141	86	2,055
	\$ 145,335	\$ 53,758	\$ 91,577

December 31, 2021	Cost	Accumulated amortization	Net book value
Land	\$ 9,580	\$ —	\$ 9,580
Buildings and greenhouse	43,982	17,524	26,458
Computer	2,773	2,393	380
Machinery and equipment:			
Farming	25,600	2,472	23,128
Processing	8,160	5,366	2,794
Retail	14,950	7,844	7,106
Power equipment and vehicles	5,459	2,931	2,528
Leasehold improvements	24,994	12,107	12,887
Natural gas pipeline for greenhouse	2,094	—	2,094
	\$ 137,592	\$ 50,637	\$ 86,955

For the year ended December 31, 2021, the Company sold various hog facilities and related inventory for proceeds of approximately \$17 million (\$14 million related to property, plant and equipment and \$3 million for hogs). The sale resulted in a gain on disposal of property, plant and equipment of \$11.6 million.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 12

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

8. Investments and advances:

	2022	2021
1,500 Class A common shares of Westland Livestock Inc., representing a 25% equity interest	\$ 258	\$ 200
10 limited partnership units of Red Willow Park Farm Limited, representing a 3.9% equity interest	100	100
400 Class A common shares of Genetic Alliance Ltd., representing a 40% equity interest	1	1
Advances to jointly controlled enterprises	23,217	19,790
Note receivable from 913606 Alberta Ltd. secured, interest at bank's prime plus 3% per annum	158	181
	\$ 23,734	\$ 20,272

Included in advances to jointly controlled enterprises is \$23.2 million (2021 – \$19.4 million) with entities for which the Sunterra Group has joint control and \$nil (2021 – \$357,000) with entities for which the Sunterra Group has significant influence.

The transactions between related parties are in the normal course of business and have been recorded at the exchange amount. Which is the amount of consideration established and agreed to by the related parties.

9. Mortgage receivable:

In 2013, SEI sold certain assets and land to an unrelated company for proceeds of \$21,250,000. Proceeds from the sale included cash of \$11,250,000 and a mortgage receivable of \$10,000,000.

The mortgage was non-interest bearing and due to mature in 2023 prior to being settled for \$9,300,000 during the year ended December 31, 2021 with the difference of \$700,000 being recognized as a finance expense.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 13

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

10. Investment in jointly controlled enterprise:

	2022	2021
Opening balance	\$ 321	\$ 1,519
Income from jointly controlled enterprises	24	602
Derecognized on acquisition of remaining shares (note 4)	—	(1,800)
	\$ 345	\$ 321

- (a) Soleterra d'Italia Ltd. ("Soleterra"), which is 50% owned by the SFC was formed in 2015. At December 31, 2022, the deficiency in net assets of Soleterra, net to SFC, was approximately \$6.3 million (2021 – \$5.3 million). As the investment in the equity accounted entity is negative, no amount is reflected in the consolidated balance sheet.

A summary of Soleterra's financial results is as follows (balances are 100%, of which the SFC owns 50%):

Balance sheet	2022	2021
Current assets	\$ 4,393	\$ 3,741
Property, plant, and equipment	17,805	17,754
Current liabilities	(1,858)	(5,194)
Due to shareholders	(26,765)	(23,230)
Long term liabilities	(6,343)	(3,751)
Net deficiency in assets	\$ (12,768)	\$ (10,680)

Statement of operations	2022	2021
Sales	\$ 9,396	\$ 5,339
Cost of sales	(5,056)	(3,358)
Selling, general, and administrative	(5,876)	(4,900)
Amortization	(432)	(424)
Interest and bank charges	(366)	(306)
Other income	246	354
Net loss for the year	\$ (2,088)	\$ (3,295)

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 14

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

10. Investment in jointly controlled enterprise (continued):

(b) West Market Square Inc. ("WMSI"):

A summary of WMSI's financial results is as follows (balances are 100%, of which SEI owns 50%):

Balance sheet	2022	2021
Current assets	\$ 529	\$ 422
Long term assets	9,229	10,503
Current liabilities	(625)	(1,012)
Long term liabilities	(8,454)	(9,281)
Shareholders' equity	\$ 679	\$ 632
Statement of operations	2022	2021
Income	\$ 3,159	\$ 2,826
Expenses	(1,357)	(1,289)
Non-recoverable expenses	(1,729)	(1,494)
Income taxes	(26)	(7)
Net income for the year	\$ 47	\$ 36

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Notes to Combined Consolidated Financial Statements, page 15

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

10. Investment in jointly controlled enterprise (continued):

- (c) Lariagra Farms Ltd. which was 50% owned by SFEL up to July 2, 2021, at which time the SFEL acquired the remaining 50% and since has consolidated the accounts of Lariagra Farms Ltd., was formed in 2017.

A summary of Lariagra Farms Ltd.'s financial results for the year ended December 31, 2021 is as follows (balances are 100%, of which SFEL owned 50% up to July 2, 2021):

Balance of operations (<i>equity accounting up to July 2, 2021</i>)	2021
Sales	\$ 4,365
Cost of sales	(1,756)
Selling, general and administrative costs	(1,108)
Other income	—
Amortization	(68)
Interest and bank charges	(59)
Net income for the year	\$ 1,374

- (d) Lariagra Farms South Inc. ("Lariagra US"):

Lariagra US was 50% owned by SEI up to July 2, 2021 at which time the SFEL acquired the remaining 50% and since has consolidated the accounts of Lariagra US.

A summary of Lariagra US's financial results for the year ended December 31, 2021 is as follows (balances are 100%, of which the Company owns 50% up to July 2, 2021):

Statement of operations (<i>equity accounting up to July 2, 2021</i>)	2021
Sales	\$ 16,027
Cost of sales	(14,395)
General and administrative costs	(424)
Other income (expenses)	(2,016)
Net (loss) income for the period	\$ (808)

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 16

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

11. Loans and long-term debt:

	2022	2021
Sunterra Farm Enterprises Limited		
Farm Credit Canada:		
Advancer facility (a)	\$ 13,123	\$ 12,566
Long-term debt (b)	7,983	8,417
Long-term debt (c)	2,175	2,490
Long-term debt (e)	22	28
Finance contracts (d)	238	328
Sunterra Farm Greenhouse Ltd:		
Demand operating facility (i)	2,765	647
Non-revolving term facility (j)	28,197	21,636
Sunterra Food Corporation		
Canadian Western Bank – segment 1	5,908	7,436
Canadian Western Bank – segment 2	967	1,167
Canadian Western Bank – segment 3	–	–
Agriculture Financial Services Corporation (i)	558	830
Agriculture Financial Services Corporation (ii)	1,016	1,202
Bower Place Landlord loan	2,632	2,900
Sunterra Enterprises Inc.		
Compeer Financial – interest at LIBOR plus 0.50% (l)	5,987	8,925
Compeer Financial – interest at LIBOR plus 0.50% (m)	4,384	1,679
Compeer Financial – interest at LIBOR plus 0.50% (n)	4,197	3,478
Various Lenders:		
Finance contracts (f)	125	312
Finance contracts (g)	239	325
Finance contracts (h)	365	425
Finance contracts (k)	–	1,044
Government loans	120	180
Total Debt	\$ 81,001	\$ 76,015

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 17

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

11. Loans and long-term debt (continued):

	2022	2021
Current portion:		
Current portion of long-term debt	\$ 3,859	\$ 2,987
Current portion of callable debt	869	885
Current portion of government debt	40	—
Operating loans	23,241	22,165
Callable debt	13,221	12,848
Long-term debt	39,691	36,950
Government loan	80	180
Total Debt	\$ 81,001	\$ 76,015

Sunterra Farm Enterprises Ltd and its subsidiaries:

- (a) The Farm Credit Canada ("FCC") advancer facility is repayable in monthly principal plus interest payments of approximately \$56,000 (2021 – \$55,000) bearing interest at the FCC variable mortgage rate plus 0.25% per annum, maturing on December 2, 2024, with a borrowing limit of \$15 million. No amount has been included in the current portion of callable debt related to this loan as payments made under the loan can be redrawn by Sunterra.
- (b) The long-term debt with FCC comprises two facilities. Facility #1 is repayable in monthly principal plus interest amounts of approximately \$23,000 (2021 – \$26,000) bearing interest at 4.60% per annum, maturing on December 2, 2024, of which \$2.7 million is outstanding as at December 31, 2022 (2021 – \$2.9 million). Facility #2 is repayable in monthly principal plus interest amounts of approximately \$50,000 bearing interest at 4.90% per annum, maturing on December 2, 2024, of which \$5.2 million is outstanding as at December 31, 2022 (2021 – \$5.5 million).
- (c) The loan with FCC is repayable in blended monthly principal and interest instalments of \$25,522 (2021 – \$26,838), bearing interest at 4.90% (2021 – 4.20%) per annum and matures on December 2, 2024.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 18

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

11. Loans and long-term debt (continued):

Sunterra Farm Enterprises Ltd and its subsidiaries (continued):

- (d) SFEL financed certain equipment with FCC by entering into loan agreements. Finance Contract #1 is repayable monthly principal plus interest of approximately \$2,900 per month bearing interest at 4.60% per annum, maturing on January 2, 2025, with a borrowing limit of \$160,000 of which \$103,334 was drawn as at December 31, 2022 (2021 – \$133,344). Finance Contract #2 is repayable monthly principal plus interest of approximately \$5,700 per month bearing interest at 5.40% per annum, maturing on January 2, 2024, with a borrowing limit of \$299,595 of which \$135,806 was drawn as at December 31, 2022 (2021 – \$194,908).

The loans are secured by a first charge to the equipment purchased as well as limited guarantees up to \$160,000 provided by Sunterra Farms Enterprise Ltd., Sunterra Food Corporation, Sunterra Quality Food Markets Inc., Sunterra Beef Ltd., Sunterra Enterprises Inc., Sunterra Farms Iowa Inc., Sunwold Farms Inc. Lariagra Farms Ltd., and Trochu Meat Processors Ltd. The net book value of the assets financed under these agreements at December 31, 2022 was \$239,149 (2021 – \$352,033).

- (e) The loan with FCC is repayable in blended annual principal and interest instalments of \$7,659 bearing interest at 3.30% per annum and matures on May 1, 2025 with a borrowing limit of \$34,775.

The above loans with FCC are secured by real property including lands held by Sunwold Farms Ltd. and Sunterra Farms Ltd., personal property including a limited amount of hog livestock in Ontario and Alberta, a first security interest in all the present and after acquired personal property of Sunterra Enterprises Inc., Sunterra Beef Ltd., Sunterra Food Corporation, Sunterra Quality Food Markets Inc., Trochu Meat Processors Ltd., Sunterra Farm Enterprises Ltd., Sunterra Farms Ltd. ("SFL"), and Sunwold Farms Ltd. The loans are also guaranteed by the aforementioned companies (excluding SFL and Sunwold Farms Ltd.), Sunterra Farms Iowa Inc., and Sunwold Farms Inc., with each of these entities being under ultimate common controlling shareholders. These security documents secure the payment and performance of all indebtedness, liabilities and obligations of each of the aforementioned companies under all other existing or future credit facilities or loans that such party has with FCC.

- (f) SFEL has financed certain equipment by entering into capital lease arrangements. These arrangements bear interest at rates ranging from 0.00% to 4.99%. The net book value of assets under capital lease at December 31, 2022 was \$794,634 (2021 – \$701,533).

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 19

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

11. Loans and long-term debt (continued):

Sunterra Farm Enterprises Ltd and its subsidiaries (continued):

- (g) SFEL has financed certain equipment by entering into capital lease arrangements. This arrangement bears interest at 2.87%. The net book value of assets under capital lease at December 31, 2022 was \$356,361 (2021 – \$619,875).
- (h) SFEL has financed certain equipment by entering into capital lease arrangements. These arrangements bear interest at rates ranging from 0.00% to 4.99%. The net book value of assets under capital lease at December 31, 2022 was \$285,089 (2021 – \$345,100).
- (i) The demand operating facility in SFGL has a borrowing limit of \$5 million. This facility bears interest at the lender's prime rate plus 0.50% and includes available letters of credit as security to a maximum of \$1 million of which \$302,200 was drawn as at December 31, 2022.
- (j) The non-revolving term facility in SFGL has a borrowing limit of \$28.5 million. This facility is repayable on the last banking day of each fiscal quarter after the earlier of the date of completion of the greenhouse and the second anniversary of the date of the first drawdown as defined in the agreement determined on the basis of an amortization period of 15 years with accrued and unpaid interest which accrues at the lender's prime rate plus 0.50%.

These SFGL credit agreements require SFGL to maintain specified covenants such as current ratio, minimum earnings before interest, tax depreciation and amortization ("EBITDA"), debt service coverage and total liabilities to tangible net worth ratios as defined in the agreement. SFGL is in compliance with all such covenants as at and for the year ended December 31, 2022.

These loans are secured by a general security agreement from SFGL creating a first fixed charge over all of its present and after acquired personal property, mortgage and assignments of rents of \$50 million and interests in certain lands, assignments and postponements from each of its shareholders and a subordination agreement from subordinated note holders as defined in the agreement.

- (k) SFGL has financed certain equipment by entering into capital lease arrangements. The net book value of assets under capital lease at December 31, 2022 was \$2,055,486 (2021 – \$2,094,000).

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 20

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

11. Loans and long-term debt (continued):

Sunterra Farm Enterprises Ltd and its subsidiaries (continued):

Certain credit agreements require the combined results of Sunterra Farm Enterprises Ltd., Sunterra Food Corporation and Sunterra Enterprises Inc., (the "Sunterra Group of Companies") to maintain specified financial covenants such as current ratio, debt service coverage ratio and debt to equity ratio. In addition, lender approval is required for capital expenditures, asset sales and payments to shareholders in excess of specified limits. For the year ended December 31, 2022 the Sunterra Group of Companies was not in compliance with these covenants and obtained waivers from the lenders.

Sunterra Food Corporation and its subsidiaries:

Canadian Western Bank loans:

Loan segment 1 with the Canadian Western Bank is a demand operating loan, bearing interest at a rate of 1.25% above the bank's prime lending ("prime") rate per annum (2021 – 1.50% above prime) with a borrowing limit of \$12 million. During the year ended December 31, 2021, security of \$4 million by Sunterra Beef Ltd. ("SBL") was removed.

Loan segment 2 is a demand non-revolving facility repayable in monthly principal plus interest payments of approximately \$43,000, bearing interest at 1.25% above the prime rate (2021 – 1.50% above prime) with an initial principle of \$1,404,361 of which \$967,000 (2021 – \$1,167,000) is outstanding at December 31, 2022. The amount outstanding is classified as callable debt.

Loan segment 3 is a demand collateral mortgage, bearing interest at a rate of 1.25% above the prime rate in the amount of \$7 million. The loan is secured by a mortgage on the buildings and lands for Trochu Meats Processors Ltd. On February 24, 2023 amounts owed to Agriculture Financial Services Corporation (i) and (ii) were paid out and replaced with this loan (note 23).

The loans are secured by the assets of SBL, SFC and its subsidiaries, guarantees from SBL, Sunterra Farm Enterprises Ltd. and Sunterra Enterprises Inc. of any outstanding balances under segment 1.

Agriculture Financial Services Corporation:

- (i) This loan is repayable in blended monthly principal and interest installments of approximately \$25,000, bearing interest at a fixed rate of 4.29%, maturing on November 1, 2024. This loan is secured by a mortgage on the buildings and is guaranteed by Sunterra Enterprises Inc., Sunterra Farm Enterprises Ltd and Sunterra Food Corporation.

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Year ended December 31, 2022, with comparative information for 2021
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11. Loans and long-term debt (continued):

Sunterra Food Corporation and its subsidiaries (continued):

- (ii) This loan is repayable in blended monthly principal and interest installments of approximately \$18,000 bearing interest at a fixed rate of 3.36%. This loan matures in 2022 and automatically renews. The payment terms and rate of interest may change upon renewal. This loan is secured by a mortgage on certain buildings, a promissory note signed by Trochu Meat Processors Ltd., a registered security agreement against all present and after acquired personal property, and an unlimited guarantee from Sunterra Enterprises Inc., Sunterra Farm Enterprises Ltd., and Sunterra Food Corporation.

Bower Place Landlord Loan:

This loan is repayable in blended monthly and principal installments, bearing interest at 5.75% per annum over 10 years.

Covenants

Certain credit agreements require SFC to maintain specified financial covenants such as working capital, net worth and debt service ratios. In addition, lender approval is required for capital expenditures, asset sales and payments to shareholders in excess of specified limits. For the year ended December 31, 2022, SFC was not in compliance with these covenants and obtained waivers from the lender.

Sunterra Enterprises Inc. and its subsidiaries:

- (i) Borrowings from Compeer Financial consist of a U.S. revolving demand line of credit with borrowings limited to the borrowing base as set out by Compeer Financial. The facility matures on July 1, 2023 (note 23) and bears interest at 0.50% above the one-month LIBOR rate (0.50% on December 31, 2021). The facility is secured by all existing and future security agreements from Sunwold Farms Inc. The outstanding balance on this line of credit as at December 31, 2022 was \$6.0 million (2021 – \$8.9 million).

Borrowings are restricted to a borrowing base that is defined in the agreement which incorporates assets such as inventory, prepaid expenses, accounts receivable, under 60 days and hedge accounts receivable less outstanding cheques and accounts payable. At December 31, 2022, the total amount available credit under these facilities is \$9.5 million.

As at December 31, 2022, borrowings on the facility were in compliance with the terms of the borrowing base restriction.

Borrowings require Sunwold Farms Inc. to maintain an equity ownership percentage exceeding 50% as defined in the agreement. As at December 31, 2022, Sunwold Farms Inc. was in compliance with the covenants of the lending agreement.

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Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

11. Loans and long-term debt (continued):

Sunterra Enterprises Inc. and its subsidiaries (continued):

- (m) Borrowings from Compeer Financial consist of a U.S. revolving demand line of credit. The facility matures on October 1, 2023 (note 23) and bears interest at 0.50% above the one-month LIBOR rate (2021 – 0.50%). The facility is secured by all existing and future security agreements from Sunterra Farms Iowa Ltd. The outstanding balance on this line of credit as at December 31, 2022 was \$ 4.4 million (2021 – \$1.7 million).
- (n) Borrowings from Compeer Financial consist of a U.S. revolving demand line of credit with borrowings limited to the borrowing base as set out by Compeer Financial as defined in the agreement. The facility matures on July 1, 2023 (note 23) and bear's interest at 0.50% above the one-month LIBOR rate (2021 – 0.50%) payable monthly not in advance and secured by the Company's inventory. The outstanding balance on this line of credit as at December 31, 2022 was \$4.2 million (2021 – \$3.5 million).

The line of credit requires the Company to maintain an owner's equity covenant. As at December 31, 2022, the Company is in compliance with all covenant requirements.

Debt Guarantee and Other

SEI has guaranteed the borrowings of Sunterra Farm Enterprises Ltd. that are drawn from Farm Credit Corporation.

Certain credit agreements require the combined results of Sunterra Farm Enterprises Ltd., Sunterra Food Corporation and Sunterra Enterprises Inc., (the "Sunterra Group of Companies") to maintain specified financial covenants such as current ratio, debt service coverage ratio and debt to equity ratio. In addition, lender approval is required for capital expenditures, asset sales and payments to shareholders in excess of specified limits. For the year ended December 31, 2022 the Sunterra Group of Companies was not in compliance with these covenants and obtained waivers from the lenders.

Government Loans:

The Canadian Emergency Business Account ("CEBA") provides interest free loans up to \$60,000 to each small business to help cover their operating costs (payroll, rent, utilities, insurance and property tax) during a period where their revenues have been temporarily reduced. The loan is interest free until December 31, 2023. Repaying the balance of the loan on or before December 31, 2023 will result in a forgiveness of 33 percent or \$20,000 per loan. Any unpaid amount after December 31, 2023 is converted to a three-year term loan at an interest rate of five percent per annum. During the year, the Company repaid one of these loan balances in full and recognized the forgiveness portion of 33 percent or \$20,000 in other income on the consolidated statements of operations and deficit.

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Notes to Combined Consolidated Financial Statements, page 23

Year ended December 31, 2022, with comparative information for 2021
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11. Loans and long-term debt (continued):

Repayment schedule:

Management does not believe that repayment of the callable debt will be required to be repaid in the current year. Assuming payment of the callable debt is not demanded, contractual principal payments required on all long-term debt for the next five years are due as follows:

	Operating loan	Callable debt	Other debt	Total
2023	\$ 23,241	\$ 869	\$ 3,899	\$ 28,009
2024	—	12,667	11,057	23,724
2025	—	230	2,373	2,603
2026	—	247	1,789	2,036
2027	—	76	1,883	1,959
Thereafter	—	—	22,670	22,670
	\$ 23,241	\$ 14,089	\$ 43,671	\$ 81,001

Covenants:

Certain credit agreements require the Sunterra Group to maintain specified financial covenants such as maintaining equity ownership, current ratio, tangible net worth, working capital, debt service coverage ratio, and debt to equity ratios. In addition, lender approval is required for capital expenditures, asset sales and payments to shareholders in excess of specified limits. Sunterra Sunterra Group was not in compliance with the financial covenants in the various lending agreements as at December 31, 2022 and obtained waivers from the lenders.

12. Notes payable:

	2022	2021
Unsecured notes, interest at 6%	\$ 410	\$ 410
	\$ 410	\$ 410

Notes payable have no fixed repayment terms and are due on demand. Management does not believe that repayment of the notes payable will be required to be repaid in the current year.

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Year ended December 31, 2022, with comparative information for 2021
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13. Shareholders' loans:

The shareholders' loans are unsecured, bear interest at the bank's prime rate plus 1.5% and have no fixed terms of repayment. In 2022, interest in the amount of \$58,226 (2021 – \$40,086) was charged on the loans.

The shareholders have agreed to not demand repayment prior to January 1, 2024.

14. Promissory note:

The promissory note has a maturity date of July 31, 2026, is unsecured, interest bearing at eight percent compounded quarterly. No payments made of principal or interest until the third month following the final draw of SFGL's debt (note 11). Following the non-payment period, SFGL is required to pay all accrued but unpaid interest on a quarterly basis. SFGL has the option of prepaying the principal but is subject to a penalty of ten percent of the principal if paid before July 31, 2022, eight percent of the principal if paid between August 1, 2022 and July 31, 2023, six percent of the principal if paid between August 1, 2023 and July 31, 2024, four percent of the principal if paid between August 1, 2024 and July 31, 2025, two percent of the principal if paid between August 1, 2025 and July 31, 2026.

During the year ended December 31, 2022, the Company recognized \$250,244 (2021 – \$107,000) of interest on the promissory note.

The promissory note is owed to a company that is owned by a shareholder of the Sunterra Group.

15. Non-controlling interest:

Balance, December 31, 2020	\$	672
Increase in non-controlling interest		—
Balance, December 31, 2021		672
Increase in non-controlling interest		—
Balance, December 31, 2022	\$	672

There has been no change in non-controlling interest in 2022.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 25

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

16. Share capital and preferred shares (liability classified):

The shareholders' equity consists of the equity of Sunterra Farm Enterprises Ltd., Sunterra Food Corporation and Sunterra Enterprises Inc. Details of shareholders' equity are as follows:

Suntterra Farm Enterprises Ltd:

(a) Equity classified common shares:

(i) Authorized share capital:

Unlimited number of Class A, B, C, D, E and F common shares without par value (all classes vote other than Class C common shares);

Unlimited number of non-voting, non-cumulative, redeemable Class A through G preferred shares without par value.

(ii) Issued and outstanding common shares:

	Number of shares		Amount
Outstanding at December 31, 2022 and 2021:			
Class "A"	2,390,569	\$	5,666
Class "C"	10,564		106
	2,401,133	\$	5,772

(b) Liability classified preferred shares:

(i) Class A and B preferred shares:

	Number of shares		Amount
Issued and Outstanding at December 31, 2022 and 2021:			
Class "A"	4,697,169	\$	4,697
Class "B"	5,399,984		5,400
	10,097,153	\$	10,097

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 26

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

16. Share capital (continued):

(b) Liability classified preferred shares (continued):

(i) Class A and B preferred shares (continued):

The preferred shares are redeemable at the option of the issuer or the holder at a redemption price of \$1.00 per share. Redemption is restricted by the terms of the loan agreements.

(ii) Class G preferred shares:

During 2016, the Company redeemed various common and preferred shares in exchange for issuing 9,108,405 class G preferred shares. These preferred shares are redeemable at the Company's option at \$1.00 per share. On the 5th anniversary of the redemption date (July 1, 2021) the holder can retract 20% of the original number of preferred shares issued per annum for \$1.00 per share.

Each year the preferred shareholders are entitled to receive a cumulative dividend on the preferred shares equal to the Canadian one year T-bill rate multiplied by an amount equal to the percent determined by taking 100% less the Alberta corporate rate.

The redemption value of these preferred shares of \$6.6 million (2021 – \$7.3 million) is presented as a \$1.8 million current liability (2021 – \$1.8 million) and a \$4.8 million long-term financial liability (2021 – \$5.5 million). Dividends on these preferred shares of \$30,320 (2021 – \$48,739) have been accrued and included in other interest expense.

Sunterra Food Corporation:

(a) Equity classified common shares:

(i) Authorized share capital:

Unlimited number of Class A, B, C, D, E and F common shares without par value (Class B and C are non-voting, and all others are voting).

Unlimited number of Class A through H preferred shares without par value (Class G shares are voting and all others are non-voting).

(ii) Class C common shares:

	Number of shares	Amount
Issued and outstanding at December 31, 2022 and 2021	2,401,133	\$ 3

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 27

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

16. Share capital (continued):

(b) Liability classified preferred shares:

(i) Class A and G preferred shares:

The following preferred shares were outstanding at December 31, 2022 and 2021.

	Number of Shares	Amount
Class A	2,400	\$ -
Class G	77,256	3

(ii) Share redemptions:

During 2016, SFC redeemed various common and preferred shares in exchange for issuing 2,331,572 class H preferred shares. These preferred shares are redeemable at SFC's option at \$1.00 per share. On the 5th anniversary of the redemption date (July 1, 2021) the holder can retract 20% of the original number of preferred shares issued per annum for \$1.00 per share.

(ii) Share redemptions (continued):

Each year the preferred shareholders are entitled to receive a cumulative dividend on the \$2.3 million of preferred shares equal to the Canadian one-year T-bill rate multiplied by an amount equal to the percent determined by taking 100% less the Alberta corporate rate.

The redemption value of these preferred shares of \$1.7 million (2021 – \$1.9 million) is presented as a current liability of \$466,000 (2021 – \$466,000) and a long-term financial liability of \$1.2 million (2021 – \$1.4 million). Dividends on these preferred shares of \$12,652 (2021 – \$12,474) are included in other interest expense and accounts payable.

Suntterra Enterprises Inc:

(a) Equity classified common shares:

(i) Authorized share capital:

Unlimited number of Class A, D, E and F common shares without par value.

Unlimited number of non-voting Class B and C common shares without par value.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 28

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

16. Share capital (continued):

(i) Authorized share capital (continued):

Unlimited number of non-voting, non-cumulative, Class A through H preferred shares without par value.

Unlimited number of voting, non-cumulative, Class G preferred shares without par value.

(ii) Class C common shares:

	Number of Shares	Amount
Issued and outstanding at December 31, 2022 and 2021: Class "C"	2,412,133	\$ 14

(b) Liability classified preferred shares:

	Number of Shares	Amount
Issued and outstanding at December 31, 2022 and 2021:		
Class A	2,555,521	\$ 2,556
Class G	77,256	1
	2,632,777	\$ 2,557

The Class A preferred shares are redeemable at the option of the issuer or the holder at a redemption price of \$1.00 per share. The Class G preferred shares are redeemable under the same terms; however, the redemption price is \$0.01 per share. The redemption is restricted by the terms of loan agreements.

(c) Retained earnings:

The ability to declare dividends is restricted by the terms of loan agreements.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 29

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

17. Income taxes:

The provision for income taxes differs from the amount which would be obtained by applying the combined federal and provincial income tax rate to the respective years' income before income taxes. A reconciliation of the expected tax and the actual provision for income taxes is as follows:

	2022	2021
Expected tax (recovery) expense – 23% (2021 – 23%)	\$ (4,114)	\$ 2,720
Tax effect related to other	3,707	(2,853)
Income tax expense (recovery)	\$ 407	\$ (133)

18. Commitments:

Future minimum operating lease payments for equipment and retail space over the next five years are as follows:

2023	\$ 2,927
2024	2,943
2025	2,987
2026	1,731
2027	1,261
2027 and thereafter	3,603

The Sunterra Group leases retail space under agreements that expire from time to time through 2036. Certain leases require the payment of contingent rentals based on sales in excess of stipulated amounts.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 30

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

19. Supplemental cash flow information:

	2022	2021
Changes in non-cash working capital:		
Accounts receivable ⁽²⁾	\$ 2	\$ 6,610
Inventories	(3,255)	363
Prepaid expenses	(109)	2,315
Cheques issued in excess of funds on deposit	18,106	1,003
Accounts payable and accrued liabilities ⁽¹⁾	8,048	(4,020)
Other long term liabilities	21	16
Acquired on acquisition	—	1,967
	\$ 22,813	\$ 8,254

(1) For the year ended December 31, 2021, changes in accounts payable and accrued liabilities of \$2,711,000 relate to construction of property, plant and equipment and have been included in investing working capital.

(2) For the year ended December 31, 2021, changes in accounts receivable of \$1,750,000 are included in investing working capital.

20. Related party transactions:

Included in accounts receivable are amounts due from shareholders, employees, companies which the shareholders control, and other related parties of \$4.4 million (2021 – \$5.1 million).

Included in accounts payable are amounts due to shareholders, employees, companies which the shareholders control and other related parties of \$3.2 million (2021 – \$3.8 million) that are unsecured and non-interest bearing.

Advances from jointly controlled enterprises of \$2.2 million (2021 – \$2.7 million) are due to an entity related to the Sunterra Group through joint control. The amounts are unsecured and non-interest bearing. The party has agreed not to demand repayment prior to January 1, 2024.

The following are transactions with affiliated entities, all of which are recorded at the amounts agreed to by the related parties:

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 31

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

20. Related party transactions (continued):

Fees charged to affiliated entities:

	2022	2021
Fees from (to) affiliates:		
West Market Square Inc.	\$ 525	\$ 350
Genetic Alliance Ltd.	65	65
Lariagra Farms Ltd.	-	249
Soleterra d' Italia Ltd.	60	60
1731531 Alberta Inc. and 1729237 Alberta Inc.	39	48
	\$ 689	\$ 772

SFEL and its subsidiaries:

In 2022 and 2021 various Price family members finished hogs on behalf of SFEL. During the year ended December 31, 2022 hogs were sold to SFEL in the amount of \$947,334 (2021 – \$1,115,699).

In 2022, SFEL paid \$nil (2021 – \$71,264) in rent to certain Sunterra shareholders.

SFC and its subsidiaries:

In 2022, SFC leased retail space from a common control enterprise, West Market Square Inc., for \$605,517 (2021 – \$580,763).

In 2022, SFC purchased \$2,360,740 (2021 – \$2,794,194) of hogs from two numbered companies that are controlled by shareholders.

In 2022, SFC purchased \$690,853 (2021 – \$494,445) of food products from a related party of which it has joint control.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 32

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

21. Government grants:

SFEL and its subsidiaries:

During the year ended December 31, 2022, SFEL recognized Canada Emergency Wage Subsidy ("CEWS") in the amount of \$nil (2021 – \$2,019,220) in selling, general and administrative expenses and recognized Agri-Stability payments in the amount of \$nil (2021 – \$1,811,463) in sales of which \$nil (2021 – \$nil) is included in accounts receivable as at December 31, 2022.

During the year ended December 31, 2021, SFEL applied for and received approval for funding through the Canadian Agricultural Partnership's Emerging Opportunities program. This program invests in new and emerging opportunities in Alberta's value-added sector, enabling growth, pursuit of new markets and diversification of Alberta's value-added industries. The Company's activities to install state-of-the art climate control systems, grow systems, hybrid lighting and high-tech irrigation among other technologies aligned closely with the program's goals. This program provided 50% funding for eligible capital and non capital expenses. The Company qualified for funding of \$1,250,000 in 2021 of which \$1,250,000 was received as at December 31, 2022. As at December 31, 2022, \$nil (2021 – \$750,000) was included in accounts receivable. The funding has been offset against property, plant and equipment.

During the year ended December 31, 2021, the Company applied for and received approval for funding through the Energy Savings for Business ("ESB") – Emissions Reduction Alberta program. The Company's activities to install state-of-the art lighting aligned closely with the program's goals. The Company received a payment of \$1,000,000 in 2022. The \$1,000,000 received to date has been offset against property, plant and equipment. As at December 31, 2022 \$nil (2021 – \$1,000,000) was included in accounts receivable.

SFC and its subsidiaries:

During the year ended December 31, 2022, the Company recognized Canada Emergency Wage Subsidy ("CEWS") in the amount of \$1,322 (2021 – \$662,181) in cost of sales of which \$nil (2021 – \$nil) is included in accounts receivable as at December 31, 2022.

22. Financial instruments:

The Sunterra Group is exposed to fluctuations in commodity prices, interest and exchange rates.

(a) Credit risk:

The Sunterra Group's principal credit risk is through trade receivables. The most significant trade receivables are from slaughter plants. The processing and retail debtors' ability to pay is dependent upon the economic conditions in the wholesale and retail food sector.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 33

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

22. Financial instruments (continued):

(b) Foreign currency risk:

The Sunterra Group is exposed to foreign currency fluctuations on certain processed product sales and its US hog operations that are denominated in United States dollars and with respect to debt that is denominated in US dollars (SEI holds debt with respect to its US hog operations in US dollars).

(c) Interest rate risk:

The Sunterra Group is exposed to interest rate risk as certain loans bear interest at variable rates.

(g) Liquidity risk:

Liquidity risk is the risk that the Sunterra Group will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Sunterra Group manages its liquidity risk by monitoring its operating requirements.

The current challenging economic climate may lead to further adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Sunterra Group's operating results and financial position. These and other factors may adversely affect the Sunterra Group's liquidity and the Sunterra Group's ability to generate income and cash flows in the future.

(h) Market risk:

Market risk is the risk that changes in market prices, such as commodity prices will affect net income or value of the financial instrument. The Sunterra Group may use financial derivative contracts to manage the risk.

The Sunterra Group has various derivative contracts related to commodities for livestock and feed that have maturity dates ranging from July 2022 to September 2023. The fair market value of these contracts as at December 31, 2022 is an asset of \$34 (2021 – \$91).

There has been no change to the risk exposures from 2021.

SUNTERRA GROUP OF COMPANIES

Notes to Combined Consolidated Financial Statements, page 34

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

23. Subsequent event:

On February 24, 2023 amounts owed to Agriculture Financial Services Corporation (i) and (ii) loans were paid out and replaced with the CWB segment 3 demand collateral mortgage loan (note 11).

On March 28, 2023, the Company extended the repayment date on the demand operating loan facilitated by CWB to March 31, 2024 (note 11).

The Company obtained approval from the lender of its US. revolving demand credit lines (note 11, item (a) and (c)) to extend the maturity dates to July 1, 2024. As part of this extension the loan amount was increased by \$1,000,000.

The Company obtained approval from the lender of its US revolving line of credit (note 11 item (b)) to extend the maturity date to October 1, 2024.

Combined Financial Statements of

**SUNTERRA FOOD CORPORATION,
TROCHU MEAT PROCESSORS LTD.,
SUNTERRA QUALITY FOOD MARKETS
INC., SUNTERRA FARMS LTD. AND
SUNWOLD FARMS INC.**

And Compilation Engagement Report thereon

Year ended December 31, 2023



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Sunterra Food Corporation, Trochu Meat Processors Ltd., Sunterra Quality Food Markets Inc., Sunterra Farms Ltd. and Sunwold Farms Inc.

On the basis of information provided by management, we have compiled the combined balance sheet of Sunterra Food Corporation, Trochu Meat Processors Ltd., Sunterra Quality Food Markets Inc., Sunterra Farms Ltd. and Sunwold Farms Inc. as at December 31, 2023, the statement of operations for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 9, 2024

SUNTERRA FOOD CORPORATION, TROCHU MEAT PROCESSORS LTD., SUNTERRA QUALITY FOOD MARKETS INC., SUNTERRA FARMS LTD. AND SUNWOLD FARMS INC.

Combined Balance Sheet

December 31, 2023, with comparative information 2022

	2023	2022
Assets		
Current assets:		
Accounts receivable	\$ 9,661,287	\$ 8,062,373
Income taxes receivable	41,640	50,902
Agricultural and other inventories	8,072,847	9,951,788
Prepaid expenses and deposits	650,118	475,187
Intercompany receivables and investments	53,272,093	76,367,960
	71,697,985	94,908,210
Biological assets, production hogs	7,210,988	7,637,743
Property, plant and equipment	47,522,671	48,810,922
Advances to related party	27,303,069	23,882,913
	\$ 153,734,713	\$ 175,239,788
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 47,206,424	\$ 32,881,613
Operating loan	11,094,508	5,908,045
Current portion of long-term debt	1,974,813	2,968,411
Current portion of callable debt	752,926	869,395
Debt subject to renewal	7,193,888	—
Current portion of government loan	60,000	—
Intercompany payable	31,259,271	59,109,812
	99,541,830	101,737,276
Callable debt	14,802,396	13,220,575
	114,344,226	114,957,851
Long-term debt	9,777,853	12,385,029
Government loan	—	60,000
Deferred lease inducements	1,929,135	2,160,279
Shareholders' equity:		
Share capital	7,564,130	7,564,130
Contributed surplus	(2,396,788)	(2,396,788)
Retained earnings	22,516,157	40,509,287
	27,683,499	45,676,629
	\$ 153,734,713	\$ 175,239,788

See accompanying note to the combined financial statements.

SUNTERRA FOOD CORPORATION, TROCHU MEAT PROCESSORS LTD., SUNTERRA QUALITY FOOD MARKETS INC., SUNTERRA FARMS LTD. AND SUNWOLD FARMS INC.

Combined Statements of Operations

Year ended December 31, 2023, with comparative information 2022

	2023	2022
Sales	\$ 119,462,006	\$ 128,933,737
Cost of sales	117,475,671	120,414,676
	1,986,335	8,519,061
Selling, general and administrative expenses	16,314,181	15,534,398
	(14,327,846)	(7,015,337)
Other expenses (income):		
Amortization	2,849,981	2,475,922
Interest on loans	2,970,147	2,482,929
Fees from affiliates	(1,720,805)	(3,323,548)
Other interest	15,101	13,167
Intercompany interest income	(791,432)	(737,074)
Gain on sale of property, plant and equipment	2,745	(12,178)
Foreign exchange loss	342,637	3,496,450
Other income	(41,242)	(199,795)
	3,627,132	4,195,873
Loss before income taxes	(17,954,978)	(11,211,210)
Income tax (expense) recovery	(38,152)	27,453
Net loss for the year	\$ (17,993,130)	\$ (11,183,757)

See accompanying notes to the combined financial statements.

SUNTERRA FOOD CORPORATION, TROCHU MEAT PROCESSORS LTD., SUNTERRA QUALITY FOOD MARKETS INC., SUNTERRA FARMS LTD. AND SUNWOLD FARMS INC.

Note to Combined Financial Information

Year ended December 31, 2023

1. Basis of accounting:

The basis of accounting applied in the preparation of the combined balance sheet of Sunterra Food Corporation, Trochu Meat Processors Ltd., Sunterra Quality Food Markets Inc., Sunterra Farms Ltd. and Sunwold Farms Inc. as at December 31, 2023, and the statement of operations and retained earnings for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Current income taxes receivable as at the reporting date.
- Agricultural and other inventories valued at the lower of input only costs and net realizable value.
- Prepaid expenses recognized over the period of time the expense relates to.
- Related party transactions measured at the exchange amount.
- Biological assets valued at only input costs and assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.
- Property, plant and equipment is depreciated over their useful life.

This is Exhibit "C" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta
Nathan A. Stewart
Barrister & Solicitor

Consolidated Financial Statements of

**SUNTERRA FOOD
CORPORATION**

And Independent Practitioner's Review Engagement
Report thereon

Year ended December 31, 2022



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Shareholders of Sunterra Food Corporation

We have reviewed the accompanying consolidated financial statements of Sunterra Food Corporation, which comprise the consolidated balance sheet as at December 31, 2022, the consolidated statement of operations and deficit and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these consolidated financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Sunterra Farm Corporation as at December 31, 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

KMG LLP

Chartered Professional Accountants

Calgary, Canada

October 26, 2023

SUNTERRA FOOD CORPORATION

Consolidated Balance Sheet

December 31, 2022, with comparative information for 2021
(stated in thousands of dollars)

	2022	2021
Assets		
Current assets:		
Accounts receivable (<i>notes 2, 8 and 13</i>)	\$ 2,965	\$ 2,329
Inventories (<i>note 3</i>)	6,283	11,714
Prepaid expenses and deposits	192	242
Intercompany receivables (<i>note 6</i>)	1,713	—
	11,153	14,285
Property, plant and equipment (<i>note 4</i>)	27,388	26,173
Intercompany receivables (<i>note 6</i>)	—	190
Advances to related party (<i>note 8</i>)	23,081	19,242
	\$ 61,622	\$ 59,890
Liabilities and Deficiency in Assets		
Current liabilities:		
Cheques issued in excess of funds on deposit	\$ 197	\$ 2,148
Accounts payable and accrued liabilities (<i>note 8</i>)	11,338	8,829
Operating loan (<i>note 5</i>)	5,908	7,436
Current portion of debt (<i>note 5</i>)	741	726
Current portion of callable debt (<i>note 5</i>)	199	215
Current portion of Class H preferred shares (<i>note 9</i>)	466	466
Class A & G preferred shares	3	3
Intercompany payables (<i>note 6</i>)	65,402	49,659
	84,254	69,482
Callable debt (<i>note 5</i>)	768	952
	85,022	70,434
Long-term debt (<i>note 5</i>)	3,465	4,206
Government loan (<i>note 5</i>)	—	60
Other long-term liabilities	527	507
Deferred lease inducements	2,360	2,391
Class H preferred shares (<i>note 9</i>)	1,227	1,400
Deficiency in assets:		
Common shares (<i>note 9</i>)	3	3
Contributed surplus	107	107
Deficit	(31,089)	(19,218)
	(30,979)	(19,108)
Commitments (<i>note 11</i>)		
Subsequent events (<i>note 15</i>)		
	\$ 61,622	\$ 59,890

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

Director

SUNTERRA FOOD CORPORATION

Consolidated Statements of Operations and Deficit

Year ended December 31, 2022, with comparative information for 2021
(stated in thousands of dollars)

	2022	2021
Sales (<i>note 2</i>)	\$ 89,168	\$ 99,459
Cost of sales (<i>notes 3, 13 and 14</i>)	93,753	100,366
	(4,585)	(907)
Selling, general and administrative expenses	7,213	7,563
	(11,798)	(8,470)
Other expenses (income):		
Amortization	1,593	1,554
Interest on loans	818	617
Fees from affiliates (<i>note 8</i>)	(2,102)	(1,482)
Other interest	5	5
Loss on sale of property, plant and equipment	—	30
Other income	(197)	(44)
	117	680
Loss before income taxes	(11,915)	(9,150)
Income tax recovery (expense) (<i>note 10</i>)	57	(17)
Net loss for the year	(11,858)	(9,167)
Deficit, beginning of year	(19,218)	(10,038)
Dividends	(13)	(13)
Deficit, end of year	\$ (31,089)	\$ (19,218)

See accompanying notes to consolidated financial statements.

SUNTERRA FOOD CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021
(stated in thousands of dollars)

	2022	2021
Cash provided by (used in):		
Operations		
Net (loss) income for the year	\$ (11,858)	\$ (9,167)
Non-cash items:		
Amortization	1,593	1,554
Amortization of deferred leasehold inducements	(231)	(198)
Loss on sale of property, plant and equipment	—	30
Canada emergency business account loan forgiveness	(20)	—
Change in non-cash working capital items (note 12)	19,637	15,757
	9,121	7,976
Financing:		
Debt repayments, net	(926)	(2,546)
Operating loan	(1,528)	5,297
Government loan	(40)	60
Advances to related parties, net	(3,839)	(5,108)
Class H preferred share redemption	(167)	(466)
Dividends paid	(13)	(13)
	(6,513)	(2,776)
Investing:		
Purchase of property, plant and equipment	(2,808)	(6,255)
Proceeds on sale of property, plant and equipment	—	55
Cash received for leasehold inducement	200	1,000
	(2,608)	(5,200)
Change in cash	—	—
Cash, beginning of year	—	—
Cash, end of year	\$ —	\$ —

See accompanying notes to consolidated financial statements.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

Nature of business:

Sunterra Food Corporation ("SFC" or "the Company") is a private company incorporated under the Canadian Corporations Act. The Company operates grocery stores, food processing plants and provides food services in the province of Alberta.

1. Significant accounting policies:

These consolidated financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The Company's significant accounting policies are as follows:

(a) Consolidated financial statements:

The consolidated financial statements of SFC consolidate the accounts of SFC and its wholly-owned subsidiaries which are: Trochu Meat Processors Ltd. ("TMP"), Sunterra Wine Markets Inc. ("SWMI") and Sunterra Quality Food Markets Inc. ("Markets"). All significant intercompany balances and transactions have been eliminated.

The Company's determination of its subsidiaries is based on its control of entities that are subject to consolidation and reflects its continuing power to determine their strategic operating, investing and financing policies without the co-operation of others, in a manner that would earn the Company the right and ability to obtain future economic benefits from these entities and exposes the Company to the related risks.

The investments in a jointly controlled enterprise, being Soleterra D'Italia Ltd. (50% owned by SFC) is accounted for using the equity method whereby the investment is initially recognized at cost. Thereafter the carrying value of SFC's interest in the jointly controlled enterprise is adjusted for SFC's share of income or loss and distributions to and from the jointly controlled enterprise.

(b) Income taxes:

SFC uses the taxes payable method to account for income taxes whereby the expense (income) of the period consists only of the cost (benefit) of current income taxes for that period, determined in accordance with the rules established by taxation authorities.

(c) Cash:

Cash includes cash and short-term deposits which are highly liquid with original maturities of less than three months.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 2

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(d) Inventories:

Inventories of processed and retail products are valued at the lower of cost and net realizable value. Cost of retail products is determined using the retail method whereby the cost is determined by discounting the retail value by normal profit margins. Net realizable value is the estimated selling price less selling costs.

(e) Property, plant and equipment:

Property, plant and equipment are stated at cost. Amortization is provided for using the following methods and annual rates:

Asset	Basis	Rate
Buildings	Declining balance	5%
Computers	Declining balance	30%
Machinery and equipment	Declining balance	10%
Power equipment and vehicles	Declining balance	30%

Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(f) Foreign currency transactions:

Transactions completed in foreign currencies are reflected in Canadian dollars at the rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are reflected in the financial statements at the Canadian dollar equivalent at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses are included in earnings.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 3

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(g) Capitalization of interest:

Interest is capitalized on expenditures related to construction and development projects. Capitalization is discontinued when the asset is ready for its intended use.

(h) Revenue recognition:

Processing revenue is recognized when title passes to customers, which is generally at the time goods are delivered or shipped and collection is reasonably assured. Retail revenue is recognized at the time of the sale.

(i) Measurement uncertainty:

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include provisions for impairment of trade accounts receivable, inventories and property, plant and equipment. Actual results could differ from those estimates.

(j) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, except for financial instruments that arise on certain related party transactions. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 4

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(k) Preferred shares:

The preferred shares issued by the Company generally allow the holder to redeem the preferred shares in cash at a fixed amount. Preferred shares with cash redemption amounts are required to be classified as liabilities and recorded at their redemption amount. Redeemable preferred shares with no fixed redemption schedule are recorded in current liabilities whilst those with a fixed redemption schedule are recorded as current or long term in accordance with the terms of the redemption provisions. Dividends on liability classified preferred shares are recorded in the statement of operations.

Preferred shares, if any, that do not have redemption amounts and meet various other criteria are classified in equity. Dividends thereon are also recorded in equity.

(l) Business combinations:

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill.

If the cost of an acquisition is less than the fair value of the net assets of the business acquired the Company reconsiders the amounts allocated to the identifiable assets and liabilities. If after careful reconsideration, the excess continues to be present, the Company recognizes a bargain purchase gain in net income. Transaction costs associated with the business combination are expensed as incurred.

(m) Government grants:

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be met. If a grant is received but compliance with any attached condition is not achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the grant relates to an income or expense item, it is recognized as a reduction to the related expense in the period in which the costs are incurred. When the grant relates to an asset, it is recognized as a reduction to the net book value of the related asset and then subsequently in net income (loss) over the expected useful life of the related assets through lower charges to depreciation and amortization.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 5

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(n) Rent relief:

Rent concessions occurring as a direct consequence of the COVID-19 pandemic that results in the total payments required to be less than the total payments required by the original lease contract, are recognized in net income of the period which the lease payments relate.

2. Accounts receivable and sales:

Accounts receivable	2022	2021
Trade receivables:		
Processing	\$ 1,655	\$ 1,492
Retail	1,257	772
GST receivable	53	65
	\$ 2,965	\$ 2,329

Sales	2022	2021
Processing	\$ 27,156	\$ 38,233
Retail	62,012	61,226
	\$ 89,168	\$ 99,459

3. Inventories and cost of sales:

Inventories	2022	2021
Finished products - processed	\$ 1,514	\$ 7,521
Finished products - retail	4,072	3,635
Supplies	697	558
	\$ 6,283	\$ 11,714

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 6

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

3. Inventories and cost of sales (continued):

Cost of sales	2022	2021
Purchases and processing costs	\$ 88,322	\$ 104,645
Add opening inventories	11,714	7,435
Less closing inventories	(6,283)	(11,714)
	\$ 93,753	\$ 100,366

4. Property, plant and equipment:

December 31, 2022	Cost	Accumulated amortization	Net book value
Land	\$ 12	\$ —	\$ 12
Buildings	7,535	3,750	3,785
Computers	2,918	2,434	484
Machinery and equipment:			
Processing	8,318	5,588	2,730
Retail	15,686	8,041	7,645
Power equipment and vehicles	408	285	123
Leasehold improvements	25,624	13,015	12,609
	\$ 60,501	\$ 33,113	\$ 27,388

December 31, 2021	Cost	Accumulated amortization	Net book value
Land	\$ 12	\$ —	\$ 12
Buildings	6,434	3,531	2,903
Computers	2,773	2,393	380
Machinery and equipment:			
Processing	8,160	5,366	2,794
Retail	14,950	7,844	7,106
Power equipment and vehicles	372	281	91
Leasehold improvements	24,994	12,107	12,887
	\$ 57,695	\$ 31,522	\$ 26,173

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 7

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

5. Loans and long-term debt:

	2022	2021
Sunterra Food Corporation		
Canadian Western Bank - segment 1	\$ 5,908	\$ 7,436
Canadian Western Bank - segment 2	967	1,167
Canadian Western Bank - segment 3	—	—
Government loan	—	60
Trochu Meat Processors Ltd. (a subsidiary)		
Agriculture Financial Services Corporation (i)	558	830
Agriculture Financial Services Corporation (ii)	1,016	1,202
Sunterra Quality Food Markets Inc.		
Bower Place Landlord Loan	2,632	2,900
Total debt	11,081	13,595
Less:		
Operating loan	(5,908)	(7,436)
Current portion of callable debt	(199)	(215)
CEBA loan	—	(60)
Current portion of long-term debt	(741)	(726)
Callable debt	(768)	(952)
Total long-term debt	\$ 3,465	\$ 4,206

Canadian Western Bank loans:

Loan segment 1 with the Canadian Western Bank ("CWB") is a demand operating loan, bearing interest at a rate of 1.25% above the bank's prime lending ("prime") rate per annum (2021 – 1.50% above prime) with a borrowing limit of \$12 million. During the year ended December 31, 2021, security of \$4 million by Sunterra Beef Ltd. ("SBL") was removed.

Loan segment 2 is a demand non-revolving facility repayable in monthly principal plus interest payments of approximately \$43,000, bearing interest at 1.25% above the prime rate (2021 – 1.50% above prime) with an initial principle of \$1,404,361 of which \$967,000 (2021 – \$1,167,000) is outstanding at December 31, 2022. The amount outstanding is classified as callable debt.

Loan segment 3 is a demand collateral mortgage, bearing interest at a rate of 1.25% above the prime rate in the amount of \$7 million of which nil was outstanding as at December 31, 2022. The loan is secured by a mortgage on the buildings and lands for Trochu Meats Processors Ltd. On February 24, 2023 amounts owed to Agriculture Financial Services Corporation (i) and (ii) were paid out and replaced with this loan (note 15).

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 8

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

5. Loans and long-term debt (continued):

Canadian Western Bank loans (continued):

The loans are secured by the assets of SBL, SFC and its subsidiaries, guarantees from SBL, Sunterra Farm Enterprises Ltd. and Sunterra Enterprises Inc. of any outstanding balances under segment 1.

Agriculture Financial Services Corporation:

- (i) This loan is repayable in blended monthly principal and interest installments of approximately \$25,000, bearing interest at a fixed rate of 4.29%, maturing on November 1, 2024. This loan is secured by a mortgage on the buildings and is guaranteed by Sunterra Enterprises Inc., Sunterra Farm Enterprises Ltd and Sunterra Food Corporation.
- (ii) This loan is repayable in blended monthly principal and interest installments of approximately \$18,000 bearing interest at a fixed rate of 3.36%. This loan automatically renewed in 2022 with the same terms and the loan matures on December 1, 2027. The payment terms and rate of interest may change upon renewal. This loan is secured by a mortgage on certain buildings, a promissory note signed by Trochu Meat Processors Ltd., a registered security agreement against all present and after acquired personal property, and an unlimited guarantee from Sunterra Enterprises Inc., Sunterra Farm Enterprises Ltd., and Sunterra Food Corporation.

SFC and its subsidiaries have guaranteed the borrowings of Sunterra Farm Enterprises Ltd. that are drawn from Farm Credit Corporation.

Bower Place Landlord Loan:

This loan is repayable in blended monthly and principal installments, bearing interest at 5.75% per annum over 10 years.

Government Loan:

The Canadian Emergency Business Account ("CEBA") provides interest free loans up to \$60,000 to small businesses to help cover their operating costs (payroll, rent, utilities, insurance and property tax) during a period where their revenues have been temporarily reduced. The loan is interest free until December 31, 2023. During the year, the Company repaid the loan balance in full and recognized the forgiveness portion of 33 percent or \$20,000 in other income on the consolidated statements of operations and deficit.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 9

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

5. Loans and long-term debt (continued):

Management does not believe that repayment of the callable debt will be required to be repaid in the current year. Assuming payment of the callable debt is not demanded, contractual principal payments required on all long-term debt for the next five years are due as follows:

	Operating loan	Callable debt	Other debt	Total
2023	\$ 5,908	\$ 199	\$ 741	\$ 6,848
2024	—	214	1,417	1,631
2025	—	230	318	548
2026	—	247	337	584
2027	—	77	357	434
Thereafter	—	—	1,036	1,036
	\$ 5,908	\$ 967	\$ 4,206	\$ 11,081

Covenants

Certain credit agreements require SFC to maintain specified financial covenants such as working capital, net worth and debt service ratios. In addition, lender approval is required for capital expenditures, asset sales and payments to shareholders in excess of specified limits. For the year ended December 31, 2022, SFC was not in compliance with these covenants and obtained waivers from the lender.

6. Intercompany receivables/payables:

Intercompany receivables ⁽¹⁾	2022	2021
Sunterra Farm Enterprises Ltd.	\$ 606	\$ —
Sunterra Enterprises Inc.	600	—
Sunwold Farms Ltd.	298	—
Sunwold Farms Inc.	203	—
Sunterra Beef Ltd.	4	—
Sunterra Farms Greenhouse Ltd.	2	—
	\$ 1,713	\$ —

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 10

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

6. Intercompany receivables/payables (continued):

Intercompany payables ⁽¹⁾	2022	2021
Sunterra Farms Ltd.	\$ 45,369	\$ 28,995
Sunterra Enterprises Inc.	17,789	17,990
Sunterra Farm Enterprises Ltd.	1,467	1,468
Sunwold Farms Iowa Inc.	400	881
Sunterra Beef Ltd.	343	325
Sunterra Farms Greenhouse Ltd.	34	—
	\$ 65,402	\$ 49,659

⁽¹⁾ Amounts due from/to inter-companies are unsecured and bear no interest.

Inter-companies are related through ultimate common controlling shareholders.

7. Investment in jointly controlled enterprise:

Soleterra d'Italia Ltd. ("Soleterra"), which is 50% owned by the Company was formed in 2015. At December 31, 2022, the deficiency in net assets of Soleterra, net to the Company, was approximately \$6.4 million (2021 – \$5.3 million). As the investment in the equity accounted entity is negative, no amount is reflected in the consolidated balance sheet.

A summary of Soleterra's financial results is as follows (balances are 100%, of which the Company owns 50%):

Balance sheet	2022	2021
Current assets	\$ 4,393	\$ 3,741
Property, plant, and equipment	17,805	17,754
Current liabilities	(1,858)	(2,769)
Due to shareholders	(26,765)	(23,230)
Long term liabilities	(6,343)	(6,176)
Net deficiency in assets	\$ (12,768)	\$ (10,680)

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 11

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

7. Investment in jointly controlled enterprise (continued):

Statement of operations	2022	2021
Sales	\$ 9,396	\$ 5,339
Cost of sales	(5,056)	(3,358)
Selling, general, and administrative costs	(5,876)	(4,900)
Amortization	(432)	(424)
Interest and bank charges	(366)	(306)
Other income	246	354
Net loss for the year	\$ (2,088)	\$ (3,295)

8. Related party transactions:

	2022	2021
Fees from affiliates:		
Sunterra Farms Ltd.	\$ (1,502)	\$ (975)
Sunterra Farms Iowa Inc.	—	(507)
Sunterra Enterprises Inc.	(600)	—
	\$ (2,102)	\$ (1,482)

Included in accounts receivable are amounts due from employees and shareholders of \$nil (2021 – \$15,625) that are unsecured and non-interest bearing.

Included in accounts payable and accrued liabilities are amounts due to employees, companies which the shareholders control, and other related parties within the Sunterra Group of Companies of \$3,597,659 (2021 – \$3,591,918) that are unsecured and non-interest bearing.

Advances to related parties of \$23,081,000 (2021 – \$19,242,000) relates to advances to a related party within the Sunterra Group of Companies that is unsecured. During 2022, SFC charged \$435,000 (2021 – \$458,000) of interest on the loan which is included in fees from affiliates.

In 2022, SFC leased retail space from a common control enterprise, West Market Square Inc., for \$605,517 (2021 – \$580,763).

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 12

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

8. Related party transactions (continued):

In 2022, TMP bought \$265,793 of hogs (2021 – \$631,249) from a common control enterprise, Sunterra Farms Ltd. TMP provided \$541,760 (2021 – \$517,000) of management fees and hedging to Sunterra Farms Ltd.

In 2022, TMP bought \$2,360,740 of hogs (2021 – \$2,794,194) from two numbered companies that are controlled by shareholders.

In 2022, Markets purchased \$690,853 (2021 – \$494,445) and TMP purchased \$20,498 (2021 – \$nil) of food products from Soleterra.

The transactions are in the normal course of business and have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Share capital and preferred shares (liability classified):

(a) Authorized share capital:

Unlimited number of Class A, B, C, D, E and F common shares without par value (Class B and C are non-voting, and all others are voting).

Unlimited number of Class A through H preferred shares without par value (Class G shares are voting and all others are non-voting).

(b) Class C common shares:

	Number of Shares	Amount
Issued and outstanding at December 31, 2022 and 2021	2,401,133	\$ 3

(c) During 2016, the Company redeemed various common and preferred shares in exchange for issuing 2,331,572 class H preferred shares. These preferred shares are redeemable at the Company's option at \$1.00 per share. On the 5th anniversary of the redemption date (July 1, 2021) the holder can retract 20% of the original number of preferred shares issued per annum for \$1.00 per share.

Each year the preferred shareholders are entitled to receive a cumulative dividend on the \$2.3 million of preferred shares equal to the Canadian one-year T-bill rate multiplied by an amount equal to the percent determined by taking 100% less the Alberta corporate rate.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 13

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

9. Share capital and preferred shares (liability classified):

The redemption value of these preferred shares of \$1,693,000 (2021 – \$1,866,000) is presented as a financial liability with \$466,000 (2021 - \$466,000) classified as current and a long-term financial liability of \$1,227,000 (2021 – \$1,400,000). Dividends on these preferred shares of \$12,652 (2021 – \$12,474) have been accrued and included in other interest expense and accounts payable.

(d) Class A and G preferred shares:

The following preferred shares were outstanding at December 31, 2022 and 2021.

	Number of Shares	Amount
Class A	2,400	\$ –
Class G	77,256	3

(e) The ability to declare dividends is restricted by the terms of the loan agreement.

10. Income taxes:

The provision for taxes differs from the amount which would be obtained by applying the combined federal and provincial income tax rate to the respective years' earnings (loss) before taxes. A reconciliation of the expected tax and the actual provision for income taxes is as follows:

	2022	2021
Expected tax(recovery) expense – 23% (2021 – 23%)	\$ (2,740)	\$ (2,104)
Tax effect related to loss carryforwards and other	2,683	2,121
	\$ (57)	\$ 17

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 14

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

11. Commitments:

Future minimum operating lease payments for equipment and retail space over the next five years are as follows:

2023	\$	2,927
2024		2,943
2025		2,987
2026		1,731
2027		1,261
2028 and thereafter		3,603

Certain subsidiaries lease retail space under agreements which expire from time to time through 2036. The leases require the payment of contingent rentals based on sales in excess of stipulated amounts.

12. Supplemental cash flow information:

	2022	2021
Changes in non-cash working capital:		
Accounts receivable	\$ (636)	\$ 3,211
Inventories	5,431	(4,279)
Prepaid expenses and deposits	50	1,113
Intercompany receivables	(1,523)	1,281
Cheques issued in excess of funds on deposit	(1,951)	469
Accounts payable and accrued liabilities	2,503	(1,114)
Income taxes payable	—	(38)
Intercompany payables	15,743	15,098
Other long-term liabilities	20	16
	\$ 19,637	\$ 15,757

13. Government grants:

During the year ended December 31, 2022, the Company recognized Canada Emergency Wage Subsidy ("CEWS") in the amount of \$1,322 (2021 – \$662,181) in cost of sales.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 15

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

14. Financial instruments:

(a) Credit risk:

SFC is exposed to credit risk through trade receivables. The processing and retail debtors' ability to pay is dependent upon the economic conditions in the wholesale and retail food sector. There is a significant concentration of credit within the processing accounts receivable.

(b) Foreign currency risk:

SFC is exposed to foreign currency fluctuations on certain processed product sales denominated in United States dollars. In 2022, exchange losses of \$19,327 are included in cost of sales in the statement of operations (2021 – \$51,954).

(c) Interest rate risk:

SFC is exposed to interest rate risk as certain loans and the Class H preferred shares bear interest at variable rates.

(d) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements.

The current challenging economic climate may lead to further adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate income and cash flows in the future.

15. Subsequent events:

On February 24, 2023 amounts owed to Agriculture Financial Services Corporation (i) and (ii) loans were paid out and replaced with the CWB Loan segment 3 of the demand collateral mortgage loan.

On March 28, 2023, the Company extended the repayment date of the demand operating loan facilitated by CWB to March 31, 2024.

This is Exhibit "D" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Consolidated Financial Statements of

**SUNTERRA FARM
ENTERPRISES LTD.**

And Independent Practitioner's Review Engagement
Report thereon

Year ended December 31, 2022



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
www.kpmg.ca

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Shareholders of Sunterra Farm Enterprises Ltd.

We have reviewed the accompanying consolidated financial statements of Sunterra Farm Enterprises Ltd., which comprise the consolidated balance sheet as at December 31, 2022, the consolidated statement of operations and retained earnings and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these consolidated financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Sunterra Farm Enterprises Ltd. as at December 31, 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

KMG LLP

Chartered Professional Accountants

Calgary, Canada

October 26, 2023

SUNTERRA FARM ENTERPRISES LTD.

Consolidated Balance Sheet

December 31, 2022, with comparative information for 2021
(stated in thousands of dollars)

	2022	2021
Assets		
Current assets:		
Accounts receivable (<i>notes 4, 13 and 16</i>)	\$ 6,573	\$ 8,067
Agricultural and other inventories (<i>note 5</i>)	10,747	5,531
Prepaid expenses and deposits	407	288
Intercompany receivables (<i>note 6</i>)	96,126	79,770
	113,853	93,656
Biological assets, production hogs (<i>note 5</i>)	7,638	7,379
Property, plant and equipment (<i>note 7</i>)	62,245	58,737
Investments and advances (<i>note 8</i>)	7,863	7,828
Long term intercompany receivables (<i>note 6</i>)	3,218	4,736
	\$ 194,817	\$ 172,336
Liabilities and Shareholders' Equity		
Current liabilities:		
Cheques issued in excess of funds on deposit	\$ 18,303	\$ 7,275
Accounts payable and accrued liabilities (<i>notes 9 and 13</i>)	3,781	5,597
Current intercompany payables (<i>note 6</i>)	40,735	27,388
Current portion of Class G preferred shares (<i>note 12</i>)	1,832	1,822
Liability Class A & B preferred shares (<i>note 12</i>)	10,097	10,097
Demand operating facility (<i>note 10</i>)	2,766	647
Current portion of debt (<i>note 10</i>)	3,118	2,261
Current portion of government loan (<i>note 10</i>)	40	—
Scheduled payments on callable debt (<i>note 10</i>)	670	670
Current liabilities before callable debt	81,342	55,757
Callable debt (<i>note 10</i>)	12,453	11,896
Total current liabilities	93,795	67,653
Long-term debt (<i>note 10</i>)	36,226	32,744
Government loan (<i>note 10</i>)	80	120
Promissory note (<i>note 11</i>)	3,000	3,000
Liability classified Class G preferred shares (<i>note 12</i>)	4,792	5,464
Shareholders' equity:		
Share capital:		
Common shares (<i>note 12</i>)	5,772	5,772
Contributed capital	5,579	5,579
Retained earnings	45,573	52,004
	56,924	63,355
	\$ 194,817	\$ 172,336

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

Director

SUNTERRA FARM ENTERPRISES LTD.

Consolidated Statement of Operations and Retained Earnings

Year ended December 31, 2022, with comparative information for 2021
(stated in thousands of dollars)

	2022	2021
Sales (<i>note 13</i>)	\$ 43,675	\$ 39,509
Cost of sales (<i>notes 5 and 13</i>)	32,309	18,977
	11,366	20,532
Selling, general and administrative expenses (<i>note 16</i>)	10,352	9,328
	1,014	11,204
Other expenses (income):		
Amortization	2,092	1,037
Interest on long-term debt	3,025	1,208
Interest from affiliates (<i>note 6</i>)	(50)	458
Interest on promissory note (<i>note 11</i>)	250	107
Other interest expense (<i>note 13</i>)	49	39
Intercompany interest income (<i>note 6</i>)	(737)	(700)
Fees from affiliates (<i>note 13</i>)	(1,122)	(1,542)
Dividend income	(3)	(56)
Other income	(64)	(184)
Foreign exchange loss	3,496	739
(Gain) loss on sale of property, plant and equipment (<i>note 7</i>)	(12)	(11,604)
Income from joint controlled enterprise (<i>note 13</i>)	—	(687)
	6,924	(11,185)
(Loss) / Income before income taxes	(5,910)	22,389
Income taxes (expense) recovery (<i>note 14</i>)	(491)	37
Net (loss) income for the year	(6,401)	22,426
Retained earnings, beginning of year	52,004	29,578
Adoption of Agriculture Standard (<i>note 2</i>)	—	—
Dividends	(30)	—
Retained earnings, end of year	\$ 45,573	\$ 52,004

See accompanying notes to consolidated financial statements.

SUNTERRA FARM ENTERPRISES LTD.

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021
(stated in thousands of dollars)

	2022	2021
Cash provided by (used in):		
Operations:		
Net (loss) income for the year	\$ (6,401)	\$ 22,426
Non-cash items:		
Amortization	2,092	1,037
(Gain) loss on sale of property, plant and equipment	(12)	(11,604)
Income from jointly controlled enterprise	—	(687)
Unrealized foreign exchange loss	1	124
Changes in non-cash working capital items (note 15)	2,103	2,484
	(2,217)	13,780
Financing:		
Debt borrowings	6,562	22,680
Government loan	—	20
Debt repayments	(2,223)	(6,844)
Callable debt borrowing (repayments)	557	(1,782)
Promissory note	—	3,000
Demand operating facility	2,119	647
Dividends paid	(30)	—
Class G preferred share redemption	(662)	(1,822)
Long-term intercompany payables	1,518	(2,040)
Long-term intercompany receivables	—	(1,472)
	7,841	12,387
Investing:		
Purchase of property, plant and equipment	(5,613)	(37,425)
Proceeds on disposal of property, plant and equipment	24	14,340
Investments and advances	(35)	(1,276)
Corporate acquisition (note 3)	—	(1,967)
Payment of shareholder loan (note 3)	—	(1,300)
Proceeds from government assistance for purchase of		
Property, plant and equipment	—	500
Changes in non-cash working capital items (note 15)	—	961
	(5,624)	(26,167)
Change in cash	—	—
Cash, beginning of year	—	—
Cash, end of year	\$ —	\$ —

See accompanying notes to consolidated financial statements.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

Nature of business:

Sunterra Farm Enterprises Ltd. ("SFEL" or "the Company") is a private company incorporated under the Canada Corporations Act. The Company's operations involve hog and grain farming in the provinces of Alberta and Ontario and ownership and operation of a greenhouse facility in Acme, Alberta.

1. Significant accounting policies:

These consolidated financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The Company's significant accounting policies are as follows:

(a) Consolidated financial statements:

The consolidated financial statements of SFEL consolidate the accounts of SFEL, and its wholly owned subsidiaries, Sunterra Farms Ltd. ("SFL"), Sunwold Farms Limited, Sunterra Farms Greenhouse Ltd. ("SFGL"), and Lariagra Farms Ltd ("Lariagra"). All significant intercompany balances and transactions have been eliminated.

The Company's determination of its subsidiaries is based on its control of entities that are subject to consolidation and reflects its continuing power to determine their strategic operating, investing and financing policies without the co-operation of others, in a manner that would earn the Company the right and ability to obtain future economic benefits from these entities and exposes the Company to the related risks.

For the year ended December 31, 2021, SFEL accounted for its investment in jointly controlled enterprise, being Lariagra of which it owned 50% up to July 2, 2021, using the equity method whereby the investment was initially recognized at cost. Thereafter, the carrying value of SFEL's interest in the jointly controlled enterprise was adjusted for SFEL's share of income or loss and distributions to and from the jointly controlled enterprise. Subsequent to July 2, 2021 SFEL consolidated Lariagra after acquiring the remaining 50% interest (note 3).

(b) Income taxes:

The Company uses the taxes payable method to account for income taxes whereby the expense (income) of the period consists only of the cost (benefit) of current income taxes for that period, determined in accordance with the rules established by taxation authorities.

(c) Investments:

When an investee's equity securities are quoted in an active market, the investment is accounted for at fair value. Otherwise the Company accounts for its investments using the cost method, including these where SFEL has significant influence.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 2

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(d) Cash:

Cash includes cash and short-term deposits which are highly liquid with original maturities of less than three months.

(e) Biological assets:

Production hogs are valued at only input cost. Costs include all costs related to the acquisition, development and betterment of the productive biological asset. Production hogs are part of a group that is managed on a collective basis to maintain its collective productive capacity indefinitely and is not subject to amortization.

Production hogs are assessed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

(f) Agricultural and other inventories:

Growing hogs and strawberry and tomato plants are valued at only input costs. Costs include costs that are directly attributable to acquisition of materials and services used in agricultural production, and direct labour to the extent readily determinable and directly related to the items of agricultural inventories produced.

When the cost exceeds their net realizable value, agricultural inventories are written down to net realizable value.

Inventories of feed, supplies, packaging and other are valued at the lower of cost and net realizable value. Cost is determined using actual purchase cost.

(g) Property, plant and equipment:

Property, plant and equipment are stated at cost. Amortization is provided for using the following methods and annual rates:

Asset	Basis	Rate
Buildings, greenhouse and natural gas pipeline	Declining balance	2.5 - 5%
Machinery and equipment	Declining balance	10%
Power equipment and vehicles	Declining balance	10 - 30%

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 3

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(g) Property, plant and equipment (continued):

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimate undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(h) Foreign currency transactions:

Transactions completed in foreign currencies are reflected in Canadian dollars at the rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are reflected in the financial statements at the Canadian dollar equivalent at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses are included in earnings.

(i) Capitalization of interest:

Interest is capitalized on expenditures related to construction and development projects. Capitalization is discontinued when the asset is ready for its intended use. Interest is not capitalized on growing livestock.

(j) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of the contingent assets and liabilities at the date of the financial statements and revenue and expenses for the period reported. Significant estimates include the valuation of accounts receivable, inventories, and investments. Actual results could differ from those estimates.

(k) Revenue recognition:

Revenue is recognized when title passes to customers, which is generally at the time goods are shipped and collection is reasonably assured.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 4

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(l) Financial derivatives:

The Company may use derivative financial contracts (principally forward purchase and sale contracts) in order to reduce its exposure to market risks from fluctuations in hog and feed grain prices and exchange rates. While these instruments are not used for trading or speculative purposes, the Company has not designated these contracts as accounting hedges even though the contracts may be expected to be effective economic hedges. Changes in the fair value of these contracts are recognized in income for the period. The fair value of these contracts is based on an approximation of the amounts that would be received or paid to settle these contracts at the end of the period, with reference to forward prices. The carrying amounts of these contracts, which comprise accrued gains and losses not yet realized, are included in accounts receivable for those contracts in a gain position and in accounts payable and accrued liabilities in the case of contracts in a loss position. Proceeds and costs realized from holding the contracts are recognized in income at the time each transaction under a contract is settled.

(m) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, except for financial instruments that arise on certain related party transactions. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 5

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(n) Preferred shares:

The preferred shares issued by the Company generally allow the holder to redeem the preferred shares in cash at a fixed amount. Preferred shares with cash redemption amounts are required to be classified as liabilities and recorded at their redemption amount. Redeemable preferred shares with no fixed redemption schedule are recorded in current liabilities whilst those with a fixed redemption schedule are recorded as current or long term in accordance with the terms of the redemption provisions. Dividends on liability classified preferred shares are recorded in the statement of operations.

Preferred shares, if any, that do not have redemption amounts and meet various other criteria are classified in equity. Dividends thereon are also recorded in equity.

(o) Business combinations:

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill.

If the cost of an acquisition is less than the fair value of the net assets of the business acquired the Company reconsiders the amounts allocated to the identifiable assets and liabilities. If after careful reconsideration, the excess continues to be present, the Company recognizes a bargain purchase gain in net income. Transaction costs associated with the business combination are expensed as incurred.

(p) Government grants:

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be met. If a grant is received but compliance with any attached condition is not achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the grant relates to an income or expense item, it is recognized as a reduction to the related expense in the period in which the costs are incurred. When the grant relates to an asset, it is recognized as a reduction to the net book value of the related asset and then subsequently in net income (loss) over the expected useful life of the related assets through lower charges to depreciation and amortization.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 6

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(q) Leases:

The Company recognizes a capital lease if the lease transfer substantially all of the benefits and risks of ownership to the Company when, at the inception of the lease, one or more of the following conditions are present:

- (i) There is reasonable assurance that the Company will obtain ownership of the leased property by the end of the lease term;
- (ii) The lease term is equal to or greater than 75% of the estimated useful life of the property, or;
- (iii) If the present value, at the beginning of the lease term, of the minimum lease payments, is equal to or greater than 90% of the fair value of the property.

The Company accounts for capital leases by recognizing a capital asset and obligation at the present value of the minimum lease payments. The capital lease asset is amortized over the period of expected use for similar property and equipment assets. The capital lease obligation decreases with payments and increases with interest expense which is based on the interest rate implicit in the lease.

Rents for operating leases, where leases provide for increase in rent during their term, are recognized on a straight-line basis over the terms of the respective leases.

2. Change in accounting policy:

During the year ended December 31, 2022, the Company was required to adopt Section 3041, Agriculture, under the Canadian Accounting Standards for Private Enterprises. Section 3041 provides specific authoritative guidance on the accounting for biological assets and the harvested products of biological assets for private enterprises that undertake agricultural production. The Company is required to apply Section 3401 retrospectively, with restatement of its prior period financial statements, where applicable.

Under Section 3041, biological assets are segregated into agricultural inventories and productive biological assets. Agricultural inventories are measured using either the cost model with cost determined using only input costs or the net realizable value model, when specific conditions are met. Productive biological assets are measured at cost less accumulated amortization and impairment losses, if any, unless such productive biological assets are managed on a collective basis to maintain their collective productive capacity indefinitely. Productive biological assets of this type are considered to have an indefinite useful life and are not subject to amortization.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 7

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

2. Change in accounting policy (continued):

In accordance with the transitional provisions of Section 3041, the Company has elected to measure its production hogs at only input costs as at January 1, 2021. The Company's production hogs are included in the "biological assets, productive hogs" balance sheet caption.

As the production hogs were previously measured at net realizable value, the adoption of Section 3041 had no impact on the carrying value of the Company's productive biological assets as at December 31, 2021 and January 1, 2021.

Prior to the adoption of Section 3041, the Company measured all of its agricultural inventories at the lower of cost and net realizable value. The cost for growing hogs included costs of selection, feed, housing and overhead from birth until productive maturity. The costs of strawberry and tomato plants comprised the purchase price and other costs directly attributable to the acquisition of materials and services used in the development and harvest of the strawberry and tomato plants. Upon the adoption of Section 3041, the Company has made an accounting policy choice to measure its agricultural inventories at cost with cost determined using only input costs. As such, the adoption of Section 3041 had no impact on the carrying value of the Company's agricultural inventories as at December 31, 2021 and January 1, 2021.

3. Acquisition

On July 2, 2021, the Company obtained control of Lariagra by acquiring the remaining 50 percent of the shares for cash proceeds of \$2.2 million. The assets and liabilities assumed as part of the acquisition were recognized at their fair values. The Company's existing 50% ownership was also revalued to estimated fair value as at the acquisition date. The operating results and corresponding cash flows and earnings related to the acquisition were included in the Company's consolidated financial statements from the closing date. The Company also paid \$1.3 million to settle the 50% of the shareholder loan owed at the counter party.

4. Accounts receivable:

	2022	2021
Accounts receivables	\$ 6,226	\$ 5,440
Government remittances receivable	185	863
Income taxes receivable	162	14
Government grant (<i>note 16</i>)	—	1,750
	\$ 6,573	\$ 8,067

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 8

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

5. Biological assets, agricultural inventories and cost of sales:

Biological assets and agricultural inventories	2022	2021
Production hogs	\$ 7,638	\$ 7,379
Growing hogs	1,516	1,539
Strawberry and tomato plants	5,922	2,789
Cropping inventory	1,836	493
	16,912	12,200
Feed and related supplies	577	294
Supplies, packaging and other	896	416
Closing inventories	18,385	12,910
Less: Production hogs	(7,638)	(7,379)
Current inventories: Agricultural and other	\$ 10,747	\$ 5,531

As at December 31, 2022 the Company held production hogs of 13,316 (2021 – 13,331) and growing hogs of 11,662 (2021 – 13,865).

Cost of sales	2022	2021
Purchases and growing costs	\$ 37,784	\$ 23,981
Add: opening inventories	12,910	10,783
Less: hogs sold with asset disposition	–	(2,877)
Less: closing inventories	(18,385)	(12,910)
	\$ 32,309	\$ 18,977

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 9

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

6. Intercompany receivables/ payables:

Intercompany Receivables	2022	2021
Trochu Meat Processors Ltd. ⁽¹⁾	\$ 29,370	\$ 17,524
Sunterra Beef Ltd. ⁽¹⁾	—	2
Sunterra Quality Food markets Inc. ⁽¹⁾	14,559	9,622
Sunwold Farms Inc., interest bearing ⁽²⁾	25,010	26,031
Sunterra Farms Iowa Inc., interest bearing ⁽²⁾	—	751
Sunterra Farms Iowa Inc., non-interest bearing ⁽¹⁾	2,691	—
Lariagra Farms South Inc. ⁽¹⁾	17,202	6,313
Sunterra Food Corporation. ⁽¹⁾	3,036	3,490
Sunterra Enterprises Inc. ⁽¹⁾	7,476	20,773
	99,344	84,506
Less: Current portion	(96,126)	(79,770)
	\$ 3,218	\$ 4,736

Intercompany Payables	2022	2021
Sunterra Enterprises Inc. ⁽¹⁾	\$ 23,494	\$ —
Sunwold Farms Inc. ⁽¹⁾	—	16,956
Sunterra Farms Iowa Inc. ⁽¹⁾	15,054	10,432
Trochu Meat Processors Ltd. ⁽¹⁾	606	—
Sunterra Quality Food markets Inc. ⁽¹⁾	298	—
Sunterra Food Corporation. ⁽¹⁾	1	—
Lariagra Farms South Inc. ⁽¹⁾	1,282	—
	40,735	27,388
Less: Current portion	(40,735)	(27,388)
	\$ —	\$ —

⁽¹⁾ Amounts due from/to inter-companies are unsecured and bear no interest.

⁽²⁾ Amounts are unsecured and bear interest at a rate that approximates the IRS applicable rate being the rate agreed to by the related parties.

Inter-companies are related through ultimate common controlling shareholders.

Included in income is \$737,074 (2021 – \$700,355) from interest charged to intercompany entities listed above. Included in expense is \$nil (2021 – \$458,227) in interest expense from intercompany loans.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 10

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

7. Property, plant and equipment:

December 31, 2022	Cost	Accumulated amortization	Net book value
Land	\$ 9,718	\$ —	\$ 9,718
Buildings	37,868	14,426	23,442
Equipment	28,255	2,951	25,304
Power equipment and vehicles	4,170	2,444	1,726
Natural gas pipeline for greenhouse	2,141	86	2,055
	\$ 82,152	\$ 19,907	\$ 62,245

December 31, 2021	Cost	Accumulated amortization	Net book value
Land	\$ 9,568	\$ —	\$ 9,568
Buildings	35,889	13,993	21,896
Equipment	25,519	2,446	23,073
Power equipment and vehicles	4,057	1,951	2,106
Natural gas pipeline for greenhouse	2,094	—	2,094
	\$ 77,127	\$ 18,390	\$ 58,737

8. Investments and advances:

	2022	2021
1,500 Class A common shares of Westland Livestock Inc., representing a 25% equity interest	\$ 258	\$ 200
10 limited partnership units of Red Willow Park Farm Limited, representing a 3.9% equity interest	100	100
400 Class A common shares of Genetic Alliance Ltd., representing a 40% equity interest	1	1
Investment in Sunterra Enterprises Inc.	7,125	7,125
Advances to Westland Livestock Inc., unsecured, non-interest bearing	221	221
Note receivable from 913606 Alberta Ltd. secured, interest at bank's prime plus 3% per annum	158	181
	\$ 7,863	\$ 7,828

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 11

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

9. Accounts payable and accrued liabilities:

	2022	2021
Trade payables and accruals	\$ 3,537	\$ 5,434
Government remittances payable	244	163
	\$ 3,781	\$ 5,597

Included in government remittances payable are amounts relating to federal and provincial sales taxes, payroll withholdings and property taxes.

10. Loans and long-term debt:

	2022	2021
Suntterra Farm Enterprises Ltd.		
Farm Credit Canada:		
Advancer facility (a)	\$ 13,123	\$ 12,566
Long-term debt (b)	7,983	8,417
Long-term debt (c)	2,175	2,490
Long-term debt (e)	22	28
Finance contracts (d)	238	328
Suntterra Farm Greenhouse Ltd:		
Demand operating facility (k)	2,766	647
Non-revolving term facility (l)	28,197	21,636
Various Lenders:		
Finance contracts (f)	125	312
Finance contracts (g)	239	325
Finance contracts (h)	365	425
Finance contracts (i)	—	1,044
Government loan (j)	120	120
Total debt	55,353	48,338
Current portion		
Demand operating facility	(2,766)	(647)
Current portion of debt	(3,118)	(2,261)
Government loan	(40)	—
Scheduled payments on callable debt	(670)	(670)
Callable debt	(12,453)	(11,896)
	\$ 36,306	\$ 32,864

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 12

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

10. Loans and long-term debt (continued):

Details of the borrowings are as follows:

- (a) The Farm Credit Canada ("FCC") advancer facility is repayable in monthly principal plus interest payments of approximately \$56,000 (2021 – \$55,000) bearing interest at the FCC variable mortgage rate plus 0.25% per annum, maturing on December 2, 2024, with a borrowing limit of \$15 million. No amount has been included in the current portion of long-term debt related to this loan as payments made under the loan can be redrawn by Sunterra.
- (b) The long-term debt with FCC comprises two facilities. Facility #1 is repayable in monthly principal plus interest amounts of approximately \$23,000 (2021 – \$26,000) bearing interest at 4.60% per annum, maturing on December 2, 2024, of which \$2,748,331 is outstanding as at December 31, 2022 (2021 – \$2,899,894). Facility #2 is repayable in monthly principal plus interest amounts of approximately \$45,000 (2021 – \$50,000) bearing interest at 4.90% per annum, maturing on December 2, 2024, of which \$5.2 million is outstanding as at December 31, 2022 (2021 – \$5.5 million).
- (c) The loan with Farm Credit Canada is repayable in blended monthly principal and interest instalments of \$25,522 (2021 – \$26,838), bearing interest at 4.90% (2021 – 4.20%) per annum and matures on December 2, 2024.
- (d) The Company financed certain equipment with FCC by entering into loan agreements. Finance Contract #1 is repayable monthly principal plus interest of approximately \$2,900 per month bearing interest at 4.60% per annum, maturing on January 2, 2025, with a borrowing limit of \$160,000 of which \$103,334 was drawn as at December 31, 2022 (2021 – \$133,334). Finance Contract #2 is repayable monthly principal plus interest of approximately \$5,700 per month bearing interest at 5.40% per annum, maturing on January 2, 2024, with a borrowing limit of \$299,595 of which \$135,806 was drawn as at December 31, 2022 (2021 – \$194,908).

The loans are secured by a first charge to the equipment purchased as well as limited guarantees up to \$160,000 provided by Sunterra Farms Enterprise Ltd., Sunterra Food Corporation, Sunterra Quality Food Markets Inc., Sunterra Beef Ltd., Sunterra Enterprises Inc., Sunterra Farms Iowa Inc., Sunwold Farms Inc., Lariagra Farms Ltd., and Trochu Meat Processors Ltd. The net book value of the assets financed under these agreements at December 31, 2022 was \$239,149 (2021 – \$352,033).

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 13

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

10. Loans and long-term debt (continued):

- (e) The loan with FCC is repayable in blended annual principal and interest instalments of \$7,659 bearing interest at 3.30% per annum and matures on May 1, 2025 with a borrowing base of \$34,775.

The above loans with FCC are secured by real property including lands held by Sunwold Farms Ltd. and Sunterra Farms Ltd., personal property including a limited amount of hog livestock in Ontario and Alberta, a first security interest in all the present and after acquired personal property of Sunterra Enterprises Inc., Sunterra Beef Ltd., Sunterra Food Corporation, Sunterra Quality Food Markets Inc., Trochu Meat Processors Ltd., Sunterra Farm Enterprises Ltd., Sunterra Farms Ltd., and Sunwold Farms Ltd. The loans are also guaranteed by the aforementioned companies (excluding SFL and Sunwold), Sunterra Farms Iowa Inc., and Sunwold Farms Inc., with each of these entities being under ultimate common controlling shareholders. These security documents secure the payment and performance of all indebtedness, liabilities and obligations of each of the aforementioned companies under all other existing or future credit facilities or loans that such party has with FCC.

- (f) SFL has financed certain equipment by entering into capital lease arrangements. These arrangements bear interest at rates ranging from 0.00% to 4.99%. The net book value of assets under capital lease at December 31, 2022 was \$794,634 (2021 – \$701,533).
- (g) SFL has financed certain equipment by entering into capital lease arrangements. This arrangement bears interest at 2.87%. The net book value of assets under capital lease at December 31, 2022 was \$ 356,361 (2021 – \$619,875).
- (h) SFL has financed certain equipment by entering into capital lease arrangements. These arrangements bear interest at rates ranging from 0.00% to 4.99%. The net book value of assets under capital lease at December 31, 2022 was \$285,089 (2021 – \$345,100).
- (i) SFGL has financed certain equipment by entering into a capital lease arrangement. The net book value of the asset under capital lease at December 31, 2022 was 2,055,486 (2021 – \$2,093,643).
- (j) The Canadian Emergency Business Account (“CEBA”) provides interest free loans up to \$60,000 to each small business to help cover their operating costs (payroll, rent, utilities, insurance and property tax) during a period where their revenues have been temporarily reduced. The loans are interest free until December 31, 2023. Repaying the balance of the loan on or before December 31, 2023 will result in a forgiveness of 33 percent or \$20,000 per loan. Any unpaid amount after December 31, 2023 is converted to a three-year term loan at an interest rate of five percent per annum.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 14

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

10. Loans and long-term debt (continued):

- (k) The demand operating facility in SFGL has a borrowing limit of \$5 million. This facility bears interest at the lender's prime rate plus 0.50% and includes available letters of credit as security to a maximum of \$1 million of which \$302,200 (2021 – \$302,000) was drawn as at December 31, 2022.
- (l) The non-revolving term facility has a borrowing limit of \$28.5 million. This facility is repayable on the last banking day of each fiscal quarter after the earlier of the date of completion of the greenhouse and the second anniversary of the first drawdown as defined in the agreement determined on the basis of an amortization period of 15 years with accrued and unpaid interest which accrues at the lender's prime rate plus 0.50%.

These credits agreements (items (i) and (j)) require SFGL to maintain specified covenants such as current ratio, minimum earnings before interest, tax depreciation and amortization ("EBITDA"), debt service coverage and total liabilities to tangible net worth ratios as defined in the agreement. SFGL is in compliance with all such covenants as at and for the year ended December 31, 2022.

These loans are secured by a general security agreement from SFGL creating a first fixed charge over all of its present and after acquired personal property, mortgage and assignments of rents of \$50 million and interests in certain lands, assignments and postponements from each of its shareholders and a subordination agreement from subordinated note holders as defined in the agreement.

Certain credit agreements require the combined results of Sunterra Farm Enterprises Ltd., Sunterra Food Corporation and Sunterra Enterprises Inc., (the "Suntterra Group of Companies") to maintain specified financial covenants such as current ratio, debt service coverage ratio and debt to equity ratio. In addition, lender approval is required for capital expenditures, asset sales and payments to shareholders in excess of specified limits. For the year ended December 31, 2022 the Sunterra Group of Companies was not in compliance with these covenants and obtained waivers from the lenders.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 15

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

10. Loans and long-term debt (continued):

	Operating loan	Callable debt	Other debt	Total
2023	\$ 2,766	\$ 670	\$ 3,697	\$ 7,133
2024	—	12,453	9,639	22,092
2025	—	—	1,516	1,516
2026	—	—	1,452	1,452
2027	—	—	1,526	1,526
2028 and thereafter	—	—	21,634	21,634
	\$ 2,766	\$ 13,123	\$ 39,464	\$ 55,353

11. Promissory note:

The promissory note has a maturity date of July 31, 2026, is unsecured, interest bearing at eight percent compounded quarterly. No payments made of principal or interest are required until the third month following the Company's final draw of SFGL's debt (note 10). Following the non-payment period, the Company is required to pay all accrued but unpaid interest on a quarterly basis. The Company has the option of prepaying the principal but is subject to a penalty of ten percent of the principal if paid before July 31, 2022, eight percent of the principal if paid between August 1, 2022 and July 31, 2023, six percent of the principal if paid between August 1, 2023 and July 31, 2024, four percent of the principal if paid between August 1, 2024 and July 31, 2025, two percent of the principal if paid between August 1, 2025 and July 31, 2026.

During the year ended December 31, 2022, the Company recognized \$250,244 (2021 – \$107,000) of interest on the promissory note.

The promissory note is owed to a company that is owned by a shareholder of the Company.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 16

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

12. Shareholders' equity and Preferred shares (liability classified):

(a) Details of shareholders' equity are as follows:

(i) Authorized share capital:

Unlimited number of Class A, B, C, D, E and F common shares without par value (all classes vote other than Class C common shares);

Unlimited number of non-voting, non-cumulative, redeemable Class A through G preferred shares without par value.

(ii) Issued and outstanding common shares:

	Number of Shares	Amount
Issued and outstanding at December 31, 2022 and 2021:		
Class "A"	2,390,569	\$ 5,666
Class "C"	10,564	106
	2,401,133	\$ 5,772

(b) Liability classified preferred shares:

(i) Class A and B preferred shares:

	Number of Shares	Amount
Issued and outstanding at December 31, 2022 and 2021:		
Class "A"	4,697,169	\$ 4,697
Class "B"	5,399,984	5,400
	10,097,153	\$ 10,097

The preferred shares are redeemable at the option of the issuer or the holder at a redemption price of \$1.00 per share. Redemption is restricted by the terms of the loan agreements.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 17

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

12. Shareholders' equity and Preferred shares (liability classified) (continued):

(b) Liability classified preferred shares (continued):

(ii) Class G preferred shares:

During 2016, the Company redeemed various common and preferred shares in exchange for issuing 9,108,405 class G preferred shares. These preferred shares are redeemable at the Company's option at \$1.00 per share. On the 5th anniversary of the redemption date (July 1, 2021) the holder can retract 20% of the original number of preferred shares issued per annum for \$1.00 per share.

Each year the preferred shareholders are entitled to receive a cumulative dividend on the preferred shares equal to the Canadian one year T-bill rate multiplied by an amount equal to the percent determined by taking 100% less the Alberta corporate rate.

The redemption value of these preferred shares of \$6.6 million (2021 – \$7.3 million) is presented as a \$1.8 million current liability (2021 – \$1.8 million) and a \$4.8 million long-term financial liability (2021 – \$5.5 million). Dividends on these preferred shares of \$30,320 (2021 – \$48,739) have been accrued and included in other interest expense.

(c) Retained earnings:

The ability to declare dividends is restricted by the terms of the loan agreements.

13 Related party transactions:

Included in accounts receivable are amounts due from shareholders, employees, companies which the shareholders control, and other related parties in the Sunterra Group of Companies of \$4,352,262 (2021 – \$5,072,834) that are unsecured and non-interest bearing.

Included in accounts payable are amounts due to shareholders, companies which the shareholders control, and other related parties in the Sunterra Group of Companies of \$299,231 (2021 – \$248,070).

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 18

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

13. Related party transactions (continued):

The following are transactions with affiliated entities:

	2022	2021
Fees from affiliates:		
Sunterra Food Corporation, and its subsidiaries	\$ –	\$ 360
Sunterra Farms Iowa Inc.	677	760
SunWold Farms Inc.	271	–
Genetic Alliance Ltd.	65	65
Lariagra Farms Ltd.	–	249
Soleterra d'Italia Ltd	60	60
1731531 Alberta Inc. and 1729237 Alberta Inc.	39	48
Sunterra Beef Ltd	10	–
	\$ 1,122	\$ 1,542

In 2022, SFEL recognized revenue of \$265,793 of hogs (2021 – \$631,249) for the sale of Isowean and feeder pigs to a common control enterprise, Trochu Meat Processors Ltd.

In 2022, SFEL recognized revenue of \$24,391,218 (2021 – \$27,071,824) for the sale of Isowean and feeder pigs to a common control enterprise, Sunterra Enterprises Inc.

In 2022, SFEL paid \$nil (2021 – \$71,264) in rent to the Company's shareholders.

In 2022 and 2021, hogs were being finished in barns owned by various Price family members. During the year ended December 31, 2021, hogs were sold to SFEL in the amount of \$947,334 (2021 – \$1,115,699). As at December 31, 2022, \$nil (2021 – \$4,262,754) is included in accounts receivable.

These transactions are in the normal course of business and have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 19

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

14. Income taxes:

The provision for income taxes differs from the amount which would be obtained by applying the combined federal and provincial income tax rate to the respective years' income before income taxes. A reconciliation of the expected tax and the actual provision for income taxes is as follows:

	2022	2021
Expected tax expense – 23% (2021 – 23%)	\$ (1,360)	\$ 5,158
Tax effect related to other	1,851	(5,195)
Income tax expense (recovery)	\$ 491	\$ (37)

15. Supplemental cash flow information:

	2022	2021
Changes in non-cash working capital:		
Accounts receivable ⁽²⁾	\$ 1,494	\$ (98)
Inventories	(5,475)	206
Prepaid expenses	(119)	1,187
Intercompany receivables	(16,356)	(14,928)
Cheques issued in excess of funds on deposit	11,028	2,253
Accounts payable and accrued liabilities ⁽¹⁾	(1,816)	2,401
Intercompany payables	13,347	11,124
Acquired on acquisition (note 4)	–	1,300
	\$ 2,103	\$ 3,445

⁽¹⁾ For the year ended December 31, 2022, changes in accounts payable and accrued liabilities of nil (2021 – \$2,710,784) relate to construction of property, plant and equipment and have been included in investing working capital.

⁽²⁾ For the year ended December 31, 2022, changes in accounts receivable of \$nil (2021 – \$1,750,000) are included in investing working capital.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 20

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

16. Government grants:

During the year ended December 31, 2022, the Company recognized Canada Emergency Wage Subsidy ("CEWS") in the amount of nil (2021 – \$2,019,220) in selling, general and administrative expenses and recognized Agri-Stability payments in the amount of \$nil (2021 – \$1,811,463) in sales.

During the year ended December 31, 2021, the Company applied for and received approval for funding through the Canadian Agricultural Partnership's Emerging Opportunities program. This program invests in new and emerging opportunities in Alberta's value-added sector, enabling growth, pursuit of new markets and diversification of Alberta's value-added industries. The Company's activities to install state-of-the art climate control systems, grow systems, hybrid lighting and high-tech irrigation among other technologies aligned closely with the program's goals. This program provided 50% funding for eligible capital and non capital expenses. The Company qualified for funding of \$1,250,000 in 2021 of which \$500,000 was received. As at December 31, 2022, \$nil (2021 – \$750,000) was included in accounts receivable. The funding has been offset against property, plant and equipment.

During the year ended December 31, 2021, the Company applied for and received approval for funding through the Energy Savings for Business ("ESB") – Emissions Reduction Alberta program. The Company's activities to install state-of-the art lighting aligned closely with the program's goals. The Company qualified for funding of \$1,000,000 in 2021. As at December 31, 2022, \$nil (2021 – \$1,000,000) was included in accounts receivable. The funding has been offset against property, plant and equipment.

17. Financial instruments:

(a) Credit risk:

SFEL is subject to credit risk through trade receivables. The majority of accounts receivable are from related entities (note 13) and slaughter plants.

(b) Foreign currency risk:

SFEL is exposed to fluctuations in exchange rates which impact commodity prices. SFEL monitors and, when appropriate and possible, utilizes financial instruments to manage its exposure to these risks.

(c) Interest rate risk:

The Company is exposed to interest rate risk as certain operating loans bear interest at variable rates.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 21

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

17. Financial instruments (continued):

(d) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements.

The current challenging economic climate may lead to further adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate income and cash flows in the future.

There has been no change to the risk exposures from 2021.

This is Exhibit "E" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Consolidated Financial Statements of

SUNTERRA ENTERPRISES INC.

And Independent Practitioner's Review Engagement
Report thereon

Year ended December 31, 2022



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Shareholders of Sunterra Enterprises Inc.

We have reviewed the accompanying consolidated financial statements of Sunterra Enterprises Inc., which comprise the consolidated balance sheet as at December 31, 2022, the consolidated statement of operations and deficit and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these consolidated financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Sunterra Enterprises Inc. as at December 31, 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

A handwritten signature in black ink, appearing to read 'KMG LLP'.

Chartered Professional Accountants

Calgary, Canada

October 26, 2023

SUNTERRA ENTERPRISES INC.

Consolidated Balance Sheet

December 31, 2022, with comparative information for 2021
(stated in thousands of dollars)

	2022	2021
Assets		
Current assets:		
Accounts receivable (<i>notes 4 and 19</i>)	2,014	\$ 1,917
Agricultural and other inventories (<i>note 5</i>)	19,377	16,166
Intercompany receivables (<i>note 10</i>)	58,696	46,656
Prepaid expenses	40	—
	80,127	64,739
Property and equipment (<i>note 7</i>)	285	386
Investments and advances (<i>notes 8 and 19</i>)	5,886	5,716
Investments in jointly controlled enterprises (<i>note 11</i>)	345	321
	\$ 86,643	\$ 71,162

Liabilities and Shareholders' Deficiency

Current liabilities:		
Cheques issued in excess of funds on deposit	\$ 10,750	\$ 1,721
Accounts payable and accrued liabilities (<i>notes 6 and 19</i>)	12,703	5,361
Intercompany payables (<i>note 10</i>)	49,390	50,798
Operating loans (<i>note 12</i>)	14,567	14,082
Class A,B,D & G preferred shares (<i>note 16</i>)	4,960	4,960
	92,370	76,922
Notes payable (<i>note 13</i>)	410	410
	92,780	77,332
Shareholders' loans (<i>note 14</i>)	851	787
Intercompany payables (<i>note 10</i>)	802	750
Shareholders' deficiency:		
Non-controlling interest (<i>note 15</i>)	672	672
Share capital (<i>note 16</i>)	2,426	2,426
Deficit	(10,888)	(10,805)
	(7,790)	(7,707)

Subsequent events (*note 21*)

	\$ 86,643	\$ 71,162
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See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

Director

SUNTERRA ENTERPRISES INC.

Consolidated Statement of Operations and Deficit

Year ended December 31, 2022, with comparative information for 2021
(stated in thousands of dollars)

	2022	2021
Sales	\$ 88,097	\$ 93,065
Cost of sales (note 5)	85,366	87,674
	2,731	5,391
Selling, general and administrative expenses	4,050	1,674
	(1,319)	3,717
Other expenses (income):		
Amortization	98	356
Interest:		
Intercompany (note 10)	603	700
Operating loans	58	306
Shareholders' loans (note 14)	53	40
Financing expense on mortgage receivable (note 9)	—	700
Other interest expense	641	55
Interest income	(3)	(36)
Other income	(181)	(274)
Fees from affiliate (note 19)	(150)	(350)
Fees to affiliates (note 19)	—	1,254
Foreign exchange (gain)	(3,008)	(300)
Realized loss on commodity contracts	724	2,339
Unrealized (gain) loss on commodity contracts	(28)	75
Write down of investment in AG 1 Services	—	167
Loss on sale of property and equipment	8	7
Loss (income) from jointly controlled enterprises (note 11)	(24)	85
	(1,209)	5,124
Loss before income taxes	(110)	(1,407)
Income tax recovery (note 17)	27	113
Net loss	(83)	(1,294)
Deficit, beginning of year	(10,805)	(9,511)
Deficit, end of year	\$ (10,888)	\$ (10,805)

See accompanying notes to consolidated financial statements.

SUNTERRA ENTERPRISES INC.

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021
(stated in thousands of dollars)

	2022	2021
Cash provided by (used in):		
Operations:		
Net (loss) income for the year	\$ 83	\$ (1,294)
Non-cash items:		
Amortization	98	356
Loss (gain) on sale of property, plant and equipment	8	7
Write down of investment	—	167
Financing expense on mortgage receivable	—	700
Unrealized foreign exchange gain	(237)	(230)
Unrealized (gain) loss on commodity contracts	(28)	75
Loss (income) from jointly controlled enterprise (note 11)	(24)	85
Changes in non-cash working capital items (note 18)	(425)	(7,847)
	(525)	(7,981)
Financing:		
Operating loans repayment, net	485	(385)
Intercompany – long term, net	52	(4)
Proceeds on mortgage receivable (note 9)	—	9,300
Shareholders' loans	64	(125)
	601	8,786
Investing:		
Proceeds on disposal of property, plant and equipment	94	238
Investments and advances	(170)	(376)
Payment of a shareholder loan (note 3)	—	(667)
	(76)	(805)
Change in cash	—	—
Cash, beginning of year	—	—
Cash, end of year	\$ —	\$ —

See accompanying notes to consolidated financial statements.

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

Nature of business:

Sunterra Enterprises Inc. ("SEI" or "the Company") is a private company incorporated under the Canada Corporations Act which owns 50% of West Market Square Inc., an entity that owns a shopping centre, various hog operations in the U.S., Sunterra Beef Ltd., and other investments.

1. Significant accounting policies:

These consolidated financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The Company's significant accounting policies are as follows:

(a) Consolidated financial statements:

The consolidated financial statements include the accounts of SEI, and its wholly owned subsidiaries, Sunwold Farms Inc., Sunterra Farms Iowa Inc. and Lariagra Farms South Inc. In addition, these consolidated financial statements include the accounts of Sunterra Beef Ltd. (entity is approximately 90% owned by SEI with the residual representing the non-controlling interest). All significant intercompany balances and transactions have been eliminated.

The non-controlling shareholders of Sunterra Beef Ltd. are not entitled to a residual interest in the entity. The entitlements of the non-controlling shareholders are limited to certain contractual payments that are included in interest expense in the consolidated statement of operations. Payments to the non-controlling interest holders occur only under certain conditions.

The Company's determination of its subsidiaries is based on its control of entities that are subject to consolidation and reflects its continuing power to determine their strategic operating, investing and financing policies without the co-operation of others, in a manner that would earn the Company the right and ability to obtain future economic benefits from these entities and exposes the Company to the related risks.

SEI accounts for its investment in jointly controlled enterprises, being West Market Square Inc. and Lariagra Farms South Inc. of which it owned up to July 2, 2021 using the equity method, whereby the investment was initially recognized at cost. Thereafter, the carrying value of SEI's interest in the jointly controlled enterprise are adjusted for SEI's share of income or loss and distributions to and from the jointly controlled enterprise. Subsequent to July 2, 2021 SEI consolidated Lariagra Farms South Inc. after acquiring the remaining 50% interest (note 3).

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 2

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(b) Income taxes:

SEI uses the taxes payable method to account for income taxes whereby the expense (income) of the period consists only of the cost (benefit) of current income taxes for that period, determined in accordance with the rules established by taxation authorities.

(c) Cash:

Cash includes cash and short-term deposits which are highly liquid with original maturities of less than three months.

(d) Investments (other than those that are jointly controlled enterprises):

When an investee's equity securities are quoted in an active market, the investment is accounted for at fair value. Otherwise the Company accounts for its investments using the cost method, including those where SEI has significant influence.

(e) Agricultural and other inventories:

Growing hogs are valued at only input costs. Costs include costs that are directly attributable to acquisition of materials and services used in agricultural production, and direct labour to the extent readily determinable and directly related to the items of agricultural inventories produced.

When the cost exceeds their net realizable value, agricultural inventories are written down to net realizable value.

Inventories of feed, supplies, packaging and other are valued at the lower of cost and net realizable value. Cost is determined using actual purchase cost.

(f) Property, plant and equipment:

Property, plant and equipment are stated at cost. Amortization is provided for using the following methods and annual rates:

Asset	Basis	Rate
Machinery and equipment	Declining balance	10%
Power equipment and vehicles	Declining balance	30%

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 3

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimate undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(g) Foreign currency transactions:

Transactions completed in foreign currencies are reflected in Canadian dollars at the rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are reflected in the financial statements at the Canadian dollar equivalent at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses are included in operations.

(h) Translation of financial statements of subsidiaries:

The Company classifies its foreign subsidiaries as integrated foreign operations and therefore uses the temporal method for conversion. Under this method, monetary items are translated into Canadian dollars at the rate of exchange in effect at the consolidated balance sheet date and non-monetary items are translated at applicable historical rates. Revenues and expenses are translated at the average exchange rates for the year. This method requires the impact of foreign exchange to be reported in the consolidated statement of operations and deficit for the year.

(i) Revenue recognition:

Revenue is recognized when title passes to customers, which is generally at the time goods are shipped and collection is reasonably assured.

(j) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of the contingent assets and liabilities at the date of the financial statements and revenue and expenses for the period reported. Significant estimates include the valuation of accounts receivable, inventories, and investments. Actual results could differ from those estimates.

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 4

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(k) Financial derivatives:

The Company may use derivative financial contracts (principally forward purchase and sale contracts) in order to reduce its exposure to market risks from fluctuations in hog and feed grain prices and exchange rates. While these instruments are not used for trading or speculative purposes, the Company has not designated these contracts as accounting hedges even though the contracts may be expected to be effective economic hedges. Changes in the fair value of these contracts are recognized in income for the period. The fair value of these contracts is based on an approximation of the amounts that would be received or paid to settle these contracts at the end of the period, with reference to forward prices. The carrying amounts of these contracts, which comprise accrued gains and losses not yet realized, are included in accounts receivable for those contracts in a gain position and in accounts payable and accrued liabilities in the case of contracts in a loss position. Proceeds and costs realized from holding the contracts are recognized in income at the time each transaction under a contract is settled.

(l) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, except for financial instruments that arise on certain related party transactions. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 5

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Significant accounting policies (continued):

(m) Preferred shares:

The Preferred shares issued by the Company generally allow the holder to redeem the preferred shares in cash at a fixed amount. Preferred shares with cash redemption amounts are required to be classified as liabilities and recorded at their redemption amount. Redeemable preferred shares with no fixed redemption schedule are recorded in current liabilities whilst those with a fixed redemption schedule are recorded as current or long term in accordance with the terms of the redemption provisions. Dividends on liability classified preferred shares are recorded in the statement of operations.

Preferred shares, if any, that do not have redemption amounts and meet various other criteria are classified in equity. Dividends thereon are also recorded in equity.

(n) Business combinations:

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of an acquisition is less than the fair value of the net assets of the business acquired the Company reconsiders the amounts allocated to the identifiable assets and liabilities. If after careful reconsideration, the excess continues to be present, the Company recognizes a bargain purchase gain in net income. Transaction costs associated with the business combination are expensed as incurred.

(o) Government grants:

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be met. If a grant is received but compliance with any attached condition is not achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the grant relates to an income or expense item, it is recognized as a reduction to the related expense in the period in which the costs are incurred. When the grant relates to an asset, it is recognized as a reduction to the net book value of the related asset and then subsequently in net income (loss) over the expected useful life of the related assets through lower charges to depreciation and amortization.

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 6

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

2. Change in accounting policy

During the year ended December 31, 2022, the Company was required to adopt Section 3041, Agriculture, under the Canadian Accounting Standards for Private Enterprises. Section 3041 provides specific authoritative guidance on the accounting for biological assets and the harvested products of biological assets for private enterprises that undertake agricultural production. The Company is required to apply Section 3041 retrospectively, with restatement of its prior period financial statements, where applicable.

Under Section 3041, biological assets are segregated into agricultural inventories and productive biological assets. Agricultural inventories are measured using either the cost model with cost determined using only input costs or the net realizable value model, when specific conditions are met.

Prior to the adoption of Section 3041, the Company measured all of its agricultural inventories at the lower of cost and net realizable value. The cost for growing hogs included costs of selection, feed, housing and overhead from birth until productive maturity. Upon the adoption of Section 3041, the Company has made an accounting policy choice to measure its agricultural inventories at cost with cost determined using only input costs. As such, the adoption of Section 3041 had no impact on the carrying value of the Company's agricultural inventories as at December 31, 2021 and January 1, 2021.

3. Acquisition:

On July 2, 2021, the Company obtained control of Lariagra Farms South Inc. by acquiring the remaining 50 percent of the issued and outstanding shares for minimal proceeds. The assets and liabilities assumed as part of the acquisition were recognized at their fair values. The operating results and corresponding cash flow and earnings related to the acquisition were included in the Company's consolidated financial statements from the closing date. The Company paid \$667,000 to settle the 50% of the shareholder loan, owed to the counterparty.

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 7

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

4. Accounts receivable:

Accounts receivable	2022	2021
Accounts receivables	\$ 1,950	\$ 1,728
Financial derivative asset and amounts receivable (note 22)	34	91
Due from employees and shareholders (note 20)	—	58
Income taxes receivable	30	40
	\$ 2,014	\$ 1,917

5. Agricultural and other inventories and cost of sales:

Inventories	2022	2021
Growing hogs	\$ 18,697	\$ 15,803
Feed and related supplies	680	363
Current inventories	\$ 19,377	\$ 16,166

As at December 31, 2022 the Company held growing hogs of 143,880 (2021 – 142,846).

Cost of sales	2022	2021
Purchases and growing costs	\$ 88,577	\$ 89,606
Add: opening inventories	16,166	14,234
Less: closing inventories	(19,377)	(16,166)
	\$ 85,366	\$ 87,674

6. Accounts payable and accrued liabilities:

	2022	2021
Trade payables and accruals	\$ 12,541	\$ 5,361
Income taxes payable	162	—
	\$ 12,703	\$ 5,361

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 8

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

7. Property, plant and equipment:

December 31, 2022	Cost	Accumulated amortization	Net book value
Machinery and equipment:			
Processing (note 20)	\$ 93	\$ 32	\$ 61
Power equipment and vehicles	930	706	224
	\$ 1,023	\$ 738	\$ 285

December 31, 2021	Cost	Accumulated amortization	Net book value
Machinery and equipment:			
Processing (note 20)	\$ 81	\$ 26	\$ 55
Power equipment and vehicles	1,030	699	331
	\$ 1,111	\$ 725	\$ 386

8. Investments and advances:

	2022	2021
Other, at cost	\$ 171	\$ 136
Investment in Sunterra Farm Enterprises Ltd.	5,580	5,580
Advances to Lariagra Farms South Inc. ⁽¹⁾	135	—
	\$ 5,886	\$ 5,716

⁽¹⁾ Advances were unsecured and bore interest at a rate that approximates the Internal Revenue Service applicable federal rate.

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 9

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

9. Mortgage receivable:

In 2013, SEI sold certain assets and land to an unrelated company for proceeds of \$21,250,000. Proceeds from the sale included cash of \$11,250,000 and a mortgage receivable of \$10,000,000.

The mortgage was non-interest bearing and due to mature in 2023 prior to being settled for \$9,300,000 during the year ended December 31, 2021 with the difference of \$700,000 being recognized as a finance expense.

10. Intercompany receivables/ payables:

Intercompany Receivables	2022	2021
Trochu Meat Processors Ltd. ⁽¹⁾	\$ 12,469	\$ 13,134
Sunterra Quality Food Markets Inc. ⁽¹⁾	325	325
Sunterra Farms Ltd. ⁽¹⁾	38,548	27,460
Sunterra Food Corp. ⁽¹⁾	5,737	5,737
Lariagra Farms Limited. ⁽¹⁾	1,617	—
	\$ 58,696	\$ 46,656

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 10

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

10. Intercompany receivables/ payables (continued):

Intercompany Payables	2022	2021
Sunterra Farms Ltd. ⁽¹⁾	\$ 3,488	\$ 9,205
Sunwold Farms Ltd., interest bearing ⁽²⁾	41,503	37,870
Trochu Meat Processors ⁽¹⁾	208	190
Sunterra Quality Food Markets Inc. ⁽¹⁾	600	—
Sunterra Farm Enterprises Ltd. ⁽¹⁾	7	7
Sunterra Farms Ltd., interest bearing ⁽²⁾	802	750
Lariagra Farms Ltd. ⁽¹⁾	3,584	3,526
	50,192	51,548
Less : Current portion	(49,390)	(50,798)
	\$ 802	\$ 750

⁽¹⁾ Amounts due from/to inter-companies are unsecured and bear no interest.

⁽²⁾ Amounts are unsecured and bear interest at a rate that approximates the Internal Revenue Service applicable federal rate for December 31, 2022 and 2021, being the rate agreed to by the related parties. Sunterra Farms Ltd. has agreed not to demand repayment prior to January 1, 2024.

Inter-companies are related through ultimate common controlling shareholders.

Included in expenses is \$603,488 (2021 – \$699,565) from interest expensed to intercompany entities listed above.

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 11

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

11. Investment in jointly controlled enterprise:

	2022	2021
Opening balance	\$ 321	\$ 406
Income (loss) from jointly controlled enterprises	24	(85)
	\$ 345	\$ 321

(a) West Market Square Inc. ("WMSI"):

A summary of WMSI's financial results is as follows (balances are 100%, of which the Company owns 50%):

Balance sheet	2022	2021
Current assets	\$ 529	\$ 422
Long term assets	9,229	10,503
Current liabilities	(625)	(1,012)
Ong term liabilities	(8,454)	(9,281)
Shareholders' equity	\$ 679	\$ 632

Statement of operations	2022	2021
Income	\$ 3,159	\$ 2,826
Expenses	(1,357)	(1,289)
Non-recoverable expenses	(1,729)	(1,494)
Income taxes	(26)	(7)
Net income for the year	\$ 47	\$ 36

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 12

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

12. Operating loans:

	2022	2021
Compeer Financial – interest at LIBOR plus 0.50% (a)	\$ 5,987	\$ 8,925
Compeer Financial – interest at LIBOR plus 0.50% (b)	4,383	1,679
Compeer Financial – interest at LIBOR plus 0.50% (c)	4,197	3,478
	\$ 14,567	\$ 14,082

- (a) Borrowings from Compeer Financial consist of a U.S. revolving demand line of credit with borrowings limited to the borrowing base as set out by Compeer Financial. The facility matures on July 1, 2023 (note 21) and bears interest at 0.50% above the one-month LIBOR rate (0.50% on December 31, 2021). The facility is secured by all existing and future security agreements from Sunwold Farms Inc. The outstanding balance on this line of credit as at December 31, 2022 was \$6.0 million (2021 – \$8.9 million).

Borrowings are restricted to a borrowing base that is defined in the agreement which incorporates assets such as inventory, prepaid expenses, accounts receivable, under 60 days and hedge accounts receivable less outstanding cheques and accounts payable. At December 31, 2022, the total amount available credit under these facilities is \$9.5 million.

As at December 31, 2022, borrowings on the facility were in compliance with the terms of the borrowing base restriction.

Borrowings require Sunwold Farms Inc. to maintain an equity ownership percentage exceeding 50% as defined in the agreement. As at December 31, 2022, Sunwold Farms Inc. was in compliance with the covenants of the lending agreement.

- (b) Borrowings from Compeer Financial consist of a U.S. revolving demand line of credit. The facility matures on October 1, 2023 (note 21) and bears interest at 0.50% above the one-month LIBOR rate (2021 – 0.50%). The facility is secured by all existing and future security agreements from Sunterra Farms Iowa Ltd. The outstanding balance on this line of credit as at December 31, 2022 was \$4.4 million (2021 – \$1.7 million).
- (c) Borrowings from Compeer Financial consist of a U.S. revolving demand line of credit with borrowings limited to the borrowing base as set out by Compeer Financial as defined in the agreement. The facility matures on July 1, 2023 (note 21) and bear's interest at 0.50% above the one-month LIBOR rate (2021 - 0.50%) payable monthly not in advance and secured by the Company's inventory. The outstanding balance on this line of credit as at December 31, 2022 was \$4.2 million (2021 - \$3.5 million).

The line of credit requires the Company to maintain an owner's equity covenant. As at December 31, 2022, the Company is in compliance with all covenant requirements.

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 13

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

12. Operating loans (continued):

Debt Guarantee and Other

SEI has guaranteed the borrowings of Sunterra Farm Enterprises Ltd. that are drawn from Farm Credit Corporation.

Certain credit agreements require the combined results of Sunterra Farm Enterprises Ltd., Sunterra Food Corporation and Sunterra Enterprises Inc., (the "Suntterra Group of Companies") to maintain specified financial covenants such as current ratio, debt service coverage ratio and debt to equity ratio. In addition, lender approval is required for capital expenditures, asset sales and payments to shareholders in excess of specified limits. For the year ended December 31, 2022 the Sunterra Group of Companies was not in compliance with these covenants and obtained waivers from the lenders.

13. Notes payable:

	2022	2021
Unsecured notes, interest at 6%	\$ 410	\$ 410
	\$ 410	\$ 410

Notes payable have no fixed repayment terms are due on demand. Interest is accrued at 6% per annum and paid each year. Management does not believe that repayment of the notes payable will be required to be repaid in the current year.

14. Shareholders' loans:

The shareholders' loans are unsecured, bear interest at the bank's prime rate plus 1.5% and have no fixed terms of repayment. In 2022, interest in the amount of \$53 (2021 – \$40) was charged on the loans.

The shareholders have agreed to not demand repayment prior to January 1, 2024.

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 14

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

15. Non-controlling interest:

Balance, December 31, 2020	\$	672
Increase in non-controlling interest		—
Balance, December 31, 2021		672
Decrease in non-controlling interest		—
Balance, December 31, 2022	\$	672

There has been no change in non-controlling interest in 2022.

16. Shareholders' capital and preferred shares (liability classified):

(a) Details of share capital are as follows:

(i) Authorized share capital:

Unlimited number of Class A, D, E and F common shares without par value.

Unlimited number of non-voting Class B and C common shares without par value.

Unlimited number of non-voting, non-cumulative, Class A through H preferred shares without par value.

(ii) Class C common shares:

	Number of Shares		Amount
Issued and outstanding at December 31, 2022 and 2021:			
Class "C"	2,401,133	\$	2,426
	2,401,133	\$	2,426

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 15

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

16. Shareholders' capital and preferred shares (liability classified) (continued):

(b) Liability classified preferred shares:

	Number of Shares	Amount
Issued and outstanding at December 31, 2022 and 2021:		
Class A	2,555,521	\$ 2,556
Class B	100	—
Class D	2,403,712	2,404
Class G	77,256	—
	5,036,589	\$ 4,960

The Class A, B and D preferred shares are redeemable at the option of the issuer or the holder at a redemption price of \$1.00 per share. The Class G preferred shares are redeemable under the same terms; however, the redemption price is \$0.01 per share. The redemption is restricted by the terms of loan agreements.

(c) Retained earnings:

The ability to declare dividends is restricted by the terms of loan agreements.

17. Income taxes:

The provision for income taxes differs from the amount which would be obtained by applying the combined federal and provincial income tax rate to the respective years' income before income taxes. A reconciliation of the expected tax and the actual provision for income taxes is as follows:

	2022	2021
Expected tax recovery – 23% (2021 – 23%)	\$ (25)	\$ (298)
Tax effect related to loss carryforwards and other	(2)	185
Income tax recovery	\$ (27)	\$ (113)

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 16

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

18. Supplemental cash flow information:

	2022	2021
Changes in non-cash working capital:		
Accounts receivable	\$ (96)	\$ 3,129
Inventories	(3,211)	4,436
Prepaid expenses	(40)	16
Intercompany receivables	(12,040)	(14,311)
Cheques issued in excess of funds on deposit	9,029	(1,718)
Accounts payable and accrued liabilities	7,341	(5,273)
Intercompany payables	(1,408)	5,207
Acquired on acquisition (note 4)	—	667
	\$ (425)	\$ (7,847)

19. Related party transactions:

Included in accounts receivable at December 31, 2022 are amounts due from shareholders and employees of \$115 (2021 – \$118) that are unsecured and non-interest bearing.

Included in accounts receivable are amounts due from companies which the shareholders control, and other related parties in the Sunterra Group of Companies of \$379 (2021 – \$355) that are unsecured and non-interest bearing.

Included in accounts payable at December 31, 2022 are amounts due to shareholders and employees of \$170 (2021 – \$153) that are unsecured and non-interest bearing.

Included in accounts payable at December 31, 2022 is an amount due to West Market Square Inc., an entity that is jointly controlled by the Company of \$2,556 (2021 – \$3,107).

In 2022, SEI recognized revenue of \$2,851 (2021 – \$2,254) for management services that were provided to a related party of which it has joint control.

In 2022, SEI purchased Isowean and feeder pigs for \$24,391,218 (2021 – \$27,071,824) from related parties in the Sunterra Group of Companies.

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 17

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

19. Related party transactions (continued):

During the year the following fees were charged to/from certain affiliated and related entities:

	2022	2021
Fees from affiliates:		
West Market Square Inc.	\$ 525	\$ 350
Fees to affiliates:		
Sunterra Farms Ltd.	1,000	753
Trochu Meat Processors Ltd	—	501

20. Financial instruments:

Sunterra Enterprises Inc. is exposed to fluctuations in commodity prices, interest and exchange rates.

(a) Credit risk:

SEI's principal credit risk is through trade receivables. As a portion of the farming receivables are from slaughter plants, credit risk is minimal as payment on these accounts is generally assured. The processing debtor's ability to pay is dependent upon the economic conditions in the wholesale sector.

(b) Foreign currency risk:

The operations of Sunterra Farms Iowa Inc. and Sunwold Farms Inc. and Lariagra Farms South Inc. (consolidated subsidiaries) are predominately in the United States. A significant portion of the assets and liabilities and related revenue and expenses are denominated in US dollars.

(c) Interest rate risk:

The Company is exposed to interest rate risk as certain loans bear interest at variable rates.

SUNTERRA ENTERPRISES INC.

Notes to Consolidated Financial Statements, page 18

Year ended December 31, 2022, with comparative information for 2021
(tabular amounts stated in thousands of dollars, except for number of shares)

20. Financial instruments (continued):

(d) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements.

The current challenging economic climate may lead to further adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate income and cash flows in the future.

(e) Market risk:

Market risk is the risk that changes in market prices, such as commodity prices will affect net income or the value of the financial instrument. SEI may use financial derivative contracts to manage the risk.

SEI has various derivative contracts related to commodities for livestock and feed that have maturity dates ranging from July 2022 to September 2023. The fair market value of these contracts as at December 31, 2022 is an asset of \$34 (2021 – asset of \$91).

There has been no change to the risk exposures from 2021.

21. Subsequent events:

The Company obtained approval from the lender of its US revolving demand credit lines (note 12, item (a) and (c) to extend the maturity dates to July 1, 2024. As part of this extension the loan amount was increased by \$1,000,000.

The Company obtained approval from the lender of its US revolving line of credit (note 12 item (b)) to extend the maturity date to October 1, 2024.

This is Exhibit "F" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Combined Financial Statements of

**SUNTERRA FOOD CORPORATION,
TROCHU MEAT PROCESSORS LTD.,
SUNTERRA QUALITY FOOD MARKETS
INC., SUNTERRA FARMS LTD. AND
SUNWOLD FARMS INC.**

And Compilation Engagement Report thereon

Year ended December 31, 2022



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Sunterra Food Corporation, Trochu Meat Processors Ltd., Sunterra Quality Food Markets Inc., Sunterra Farms Ltd. and Sunwold Farms Inc.

On the basis of information provided by management, we have compiled the combined balance sheet of Sunterra Food Corporation, Trochu Meat Processors Ltd., Sunterra Quality Food Markets Inc., Sunterra Farms Ltd. and Sunwold Farms Inc. as at December 31, 2022, the statement of operations for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 26 2023

SUNTERRA FOOD CORPORATION, TROCHU MEAT PROCESSORS LTD., SUNTERRA QUALITY FOOD MARKETS INC., SUNTERRA FARMS LTD. AND SUNWOLD FARMS INC.

Combined Balance Sheet

December 31, 2022

Assets

Current assets:

Accounts receivable	\$ 8,062,373
Income taxes receivable	50,902
Agricultural and other inventories	9,951,788
Prepaid expenses and deposits	475,187
Investments	23,790
Intercompany receivables	57,210,498
	<u>75,774,538</u>

Biological assets, production hogs	7,637,743
Property, plant and equipment	48,810,922
Intercompany receivables	19,133,672
Advances to related party	23,882,913

\$ 175,239,788

Liabilities and Shareholders' Equity

Current liabilities:

Cheques issued in excess of funds of deposit	\$ 18,499,572
Accounts payable and accrued liabilities	14,382,043
Operating loan	5,908,045
Current portion of long-term debt	2,968,411
Current portion of callable debt	869,395
Intercompany payable	59,109,812
	<u>101,737,276</u>
Callable debt	13,220,575
	<u>114,957,851</u>

Long-term debt	12,385,029
Government loan	60,000
Deferred lease inducements	2,160,279

Shareholders' equity:

Share capital	7,564,130
Contributed surplus	(2,396,788)
Retained earnings	40,509,287
	<u>45,676,629</u>

\$ 175,239,788

See accompanying note to the financial statements.

SUNTERRA FOOD CORPORATION, TROCHU MEAT PROCESSORS LTD., SUNTERRA QUALITY FOOD MARKETS INC., SUNTERRA FARMS LTD. AND SUNWOLD FARMS INC.

Combined Statements of Operations

Year ended December 31, 2022

Sales	\$ 128,933,737
Cost of sales	120,414,676
	8,519,061
Selling, general and administrative expenses	15,534,398
	(7,015,337)
Other expenses (income):	
Amortization	2,475,922
Interest on loans	2,482,929
Fees from affiliates	(3,323,548)
Other interest	13,167
Intercompany interest income	(737,074)
Gain on sale of property, plant and equipment	(12,178)
Foreign exchange loss	3,496,450
Other income	(199,795)
	4,195,873
Loss before income taxes	(11,211,210)
Income tax recovery	27,453
Net loss for the year	\$ (11,183,757)

See accompanying notes to consolidated financial statements.

NON-CONSOLIDATED SUNTERRA FOOD CORPORATION, TROCHU MEAT PROCESSORS LTD., SUNTERRA QUALITY FOOD MARKETS INC., SUNTERRA FARMS LTD. AND SUNWOLD FARMS INC.

Note to Financial Information

Year ended December 31, 2022

1. Basis of accounting:

The basis of accounting applied in the preparation of the combined balance sheet of Sunterra Food Corporation, Trochu Meat Processors Ltd., Sunterra Quality Food Markets Inc., Sunterra Farms Ltd. and Sunwold Farms Inc. as at December 31, 2022, and the statement of operations and retained earnings for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Current income taxes receivable as at the reporting date.
- Agricultural and other inventories valued at the lower of input only costs and net realizable value.
- Prepaid expenses recognized over the period of time the expense relates to.
- Related party transactions measured at the exchange amount.
- Biological assets valued at only input costs and assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.
- Property, plant and equipment is depreciated over their useful life.

This is Exhibit "G" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Non-consolidated Financial Statements of

SUNTERRA FARMS LTD.

And Compilation Engagement Report thereon

Year ended December 31, 2022



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Sunterra Farms Ltd.

On the basis of information provided by management, we have compiled the non-consolidated balance sheet of Sunterra Farms Ltd. as at December 31, 2022, the non-consolidated statement of operations and retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 26, 2023

SUNTERRA FARMS LTD.

Non-consolidated Balance Sheet

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets		
Accounts receivable	\$ 4,026,536	\$ 4,951,326
Agricultural and other inventories	2,195,147	1,124,210
Prepaid expenses and deposits	178,962	87,189
Intercompany receivables	67,843,227	50,495,546
Investments	23,790	23,858
	<u>74,267,662</u>	<u>56,682,129</u>
Biological assets, production hogs	2,992,043	2,751,585
Property, plant and equipment	17,417,958	17,605,548
Investments	19,133,672	19,099,395
Intercompany receivables	801,913	750,639
	<u>\$ 114,613,248</u>	<u>\$ 96,889,296</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Cheques issued in excess of funds on deposit	\$ 18,516,569	\$ 6,105,839
Accounts payable and accrued liabilities	830,594	985,930
Income taxes payable	29,228	—
Intercompany payables	38,750,482	27,460,370
Current portion of debt	2,552,173	880,833
	<u>60,679,046</u>	<u>35,432,972</u>
Long-term debt	19,552,364	21,520,323
Intercompany payables	590,875	2,125,000
Shareholders' equity:		
Share capital	7,449,265	7,449,265
Retained earnings	26,341,698	30,361,736
	<u>33,790,963</u>	<u>37,811,001</u>
	<u>\$ 114,613,248</u>	<u>\$ 96,889,296</u>

See accompanying note to the non-consolidated financial statements.

SUNTERRA FARMS LTD.

Non-consolidated Statement of Operations and Retained Earnings

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Sales	\$ 11,898,743	\$ 14,811,907
Cost of goods sold	8,912,992	9,947,300
	2,985,751	4,864,607
General and administrative	3,400,969	5,632,376
	(415,218)	(767,769)
Other expenses (income):		
Amortization	796,818	911,538
(Gain) loss on sale of property, plant and equipment	1,116	(66,313)
Fees from affiliates	(2,004,260)	(2,472,958)
Dividend income	(2,500)	(55,739)
Foreign exchange loss	3,496,450	737,218
Other interest expense	13,168	14,296
Interest on long term debt	1,274,800	1,134,235
	3,575,592	202,277
Net loss before income tax recovery	(3,990,810)	(970,046)
Income tax expense (recovery)	29,228	(22,229)
Net loss	(4,020,038)	(947,817)
Retained earnings, beginning of year	30,361,736	31,309,553
Retained earnings, end of year	\$ 26,341,698	\$ 30,361,736

See accompanying note to the financial statements.

SUNTERRA FARMS LTD.

Note to Financial Information

Year ended December 31, 2022

1. Basis of accounting:

The basis of accounting applied in the preparation of the non-consolidated balance sheet of Sunterra Farms Ltd. as at December 31, 2022, and the non-consolidated statement of operations and retained earnings for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Agricultural and other inventories valued at the lower of input only costs and net realizable value.
- Prepaid expenses recognized over the period of time the expense relates to.
- Related party transactions measured at the exchange amount.
- Biological assets valued at only input costs and assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.
- Property, plant and equipment are depreciated over its useful life.

This is Exhibit "H" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Financial Statements of

SUNWOLD FARMS LTD.

And Compilation Engagement Report thereon

Year ended December 31, 2022



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Sunwold Farms Ltd.

On the basis of information provided by management, we have compiled the balance sheet of Sunwold Farms Ltd. as at December 31, 2022, the statement of earnings and retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 26, 2023

SUNWOLD FARMS LTD.

Balance Sheet

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 213,839	\$ 221,773
Accounts receivable	1,070,579	589,724
Income taxes receivable	80,130	14,030
Agricultural and other inventories	1,531,572	1,201,787
Intercompany receivables	42,044,474	37,871,398
Prepaid expenses	67,122	55,778
	45,007,716	44,582,190
Biological assets, production hogs	4,645,700	4,627,700
Property, plant and equipment	4,009,649	3,770,638
	\$ 53,663,065	\$ 48,352,828
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	1,738,899	765,554
Intercompany payables	9,142,653	9,148,634
Current portion of long-term debt	345,038	335,690
Current portion of government loan	20,000	—
	11,246,590	10,249,878
Government loan	40,000	60,000
Long term debt	1,820,297	2,153,746
Shareholder's equity:		
Share capital	280	280
Contributed surplus	(2,396,788)	(2,396,788)
Retained earnings	42,952,686	38,285,712
	40,556,178	35,889,204
	\$ 53,663,065	\$ 48,352,828

See accompanying note to the financial statements.

SUNWOLD FARMS LTD.

Statement of Earnings and Retained Earnings

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Sales	\$ 27,500,237	\$ 28,891,187
Cost of sales	17,284,245	13,493,846
	10,215,992	15,397,341
Other expenses (income):		
General and administrative	5,040,788	3,244,821
Fees to affiliates	782,472	766,491
Interest expense	389,945	310,211
Interest income	(737,075)	(630,390)
Amortization	86,183	68,877
	5,562,313	3,760,010
Gain on sale of property, plant and equipment	13,295	11,538,109
Income before taxes	4,666,974	23,175,440
Income tax recovery	—	(14,737)
Net income	4,666,974	23,190,177
Retained earnings, beginning of year	38,285,712	15,095,535
Retained earnings, end of year	\$ 42,952,686	\$ 38,285,712

See accompanying note to the financial statements.

SUNWOLD FARMS LTD.

Note to Financial Information

Year ended December 31, 2022

1. Basis of accounting:

The basis of accounting applied in the preparation of the balance sheet of Sunwold Farms Ltd. as at December 31, 2022, and the statement of earnings and retained earnings for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Current income taxes receivable as at the reporting date.
- Related party transactions measured at the exchange amount.
- Prepaid expenses recognized over the period of time the expense relates to.
- Agricultural and other inventories valued at the lower of input only costs and net realizable value.
- Biological assets valued at only input costs and assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.
- Property, plant and equipment is depreciated over their useful life.

This is Exhibit "I" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Financial Statements of

TROCHU MEAT PROCESSORS LTD.

And Compilation Engagement Report thereon

Year ended December 31, 2022



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Trochu Meat Processors Ltd.

On the basis of information provided by management, we have compiled the balance sheet of Trochu Meat Processors Ltd. as at December 31, 2022, the statement of operations and deficit for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 26, 2023

TROCHU MEAT PROCESSORS LTD.

Balance Sheet

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Accounts receivable	\$ 1,805,636	\$ 1,557,115
Inventories	2,211,096	8,078,094
Prepaid expenses	69,819	60,216
	<u>4,086,551</u>	<u>13,433,150</u>
Intercompany receivables	19,958,757	15,473,771
Property, plant and equipment	6,681,566	5,868,937
Advances to related party	5,558,414	3,737,725
	<u>\$ 36,285,288</u>	<u>\$ 34,775,858</u>
Liabilities and Shareholder's Deficiency		
Current liabilities:		
Cheques issued in excess of funds on deposit	\$ (35,521)	\$ 263,745
Accounts payable and accrued liabilities	4,510,817	3,925,678
Current portion of long-term debt	457,510	457,510
Current portion of intercompany payables	41,916,955	32,368,101
	<u>46,849,761</u>	<u>37,015,034</u>
Long-term debt	1,117,281	1,574,791
Shareholder's deficiency:		
Common shares	200	200
Deficit	(11,681,954)	(3,814,167)
	<u>(11,681,754)</u>	<u>(3,813,967)</u>
	<u>\$ 36,285,288</u>	<u>\$ 34,775,858</u>

See accompanying note to financial statements.

TROCHU MEAT PROCESSORS LTD.

Statement of Operations and Deficit

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Sales	\$ 27,620,367	\$ 38,708,976
Cost of sales	32,370,528	39,368,018
	(4,750,161)	(659,042)
Other expenses (income):		
General and administrative	3,674,747	4,298,841
Amortization	492,000	492,000
Interest on long term loans	161,615	217,077
Interest allocated on parent company bank loans	—	—
Fees from affiliates	(976,760)	(1,235,120)
Other income	(177,295)	(43,529)
Loss on sale of capital items	—	29,824
	3,174,307	3,759,093
Net loss before income tax expense	(7,924,468)	(4,418,135)
Income tax (recovery) expense	(56,681)	17,473
Net loss	(7,867,787)	(4,435,608)
(Deficit) retained earnings, beginning of year	(3,814,167)	621,441
Deficit, end of year	\$(11,681,954)	\$ (3,814,167)

See accompanying note to the financial statements.

TROCHU MEAT PROCESSORS LTD.

Note to Financial Information

Year ended December 31, 2022

1. Basis of accounting:

The basis of accounting applied in the preparation of the balance sheet of Trochu Meat Processors Ltd. as at December 31, 2022, and the statement of operations and deficit for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Inventories valued at the lower of cost and net realizable value; and
- Prepaid expenses recognized over the period of time the expense relates to
- Related party transactions measured at the exchange amount.
- Property, plant and equipment is depreciated over their useful life.
- Current income taxes payable as at the reporting date.

This is Exhibit "J" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Non-consolidated Financial Statements of

SUNTERRA QUALITY FOOD MARKETS INC.

And Compilation Engagement Report thereon

Year ended December 31, 2022



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Sunterra Quality Food Markets Inc.

On the basis of information provided by management, we have compiled the non-consolidated balance sheet of Sunterra Quality Food Markets Inc. as at December 31, 2022, the non-consolidated statement of operations and deficit for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 26, 2023

SUNTERRA QUALITY FOOD MARKETS INC.

Non-consolidated Balance Sheet

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Accounts receivable	\$ 1,267,109	\$ 756,526
Inventories	4,013,973	3,555,722
Intercompany receivables	1,362,712	383,242
Prepaid expenses and deposits	159,284	219,052
	<u>6,803,078</u>	<u>4,914,542</u>
Investments in affiliates	100	100
Property, plant and equipment	20,701,749	20,498,779
	<u>\$ 27,504,927</u>	<u>\$ 25,413,421</u>
Liabilities and Shareholder's Deficit		
Current liabilities:		
Cheques issued in excess of funds held on deposit	\$ 214,178	\$ 1,884,536
Accounts payable and accrued liabilities	7,265,905	5,343,534
Current portion of long-term debt	283,691	38,177
	<u>7,763,774</u>	<u>7,266,247</u>
Intercompany payables	31,397,128	25,120,607
Deferred lease and straight-line rent adjustments	2,160,279	2,391,424
Long-term debt	2,348,087	2,861,356
Shareholder's deficit:		
Share capital	110	110
Deficit	(16,164,451)	(12,226,323)
	<u>(16,164,341)</u>	<u>(12,226,213)</u>
	<u>\$ 27,504,927</u>	<u>\$ 25,413,421</u>

See accompanying note to non-consolidated financial statements.

SUNTERRA QUALITY FOOD MARKETS INC.

Non-consolidated Statement of Operations and Deficit

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Sales	\$ 61,914,390	\$ 61,225,603
Cost of sales	61,846,911	61,479,266
	67,479	(253,663)
Expenses (income):		
General and administrative	3,310,728	3,350,487
Fees from affiliates	(600,000)	—
Interest	193,958	104,072
Amortization	1,100,921	1,061,360
	4,005,607	4,515,919
Net loss	(3,938,128)	(4,769,582)
Deficit, beginning of year	(12,226,323)	(7,456,741)
Deficit, end of year	\$ (16,164,451)	\$ (12,226,323)

See accompanying note to non-consolidated financial statements.

SUNTERRA QUALITY FOOD MARKETS INC.

Note to Non-Consolidated Financial Information

Year ended December 31, 2022

1. Basis of accounting:

The basis of accounting applied in the preparation of the non-consolidated balance sheet of Sunterra Quality Food Markets Inc. as at December 31, 2022, and the non-consolidated statement of operations and deficit for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Inventories valued at the lower of cost and net realizable value.
- Related party transactions measured at the exchange amount.
- Prepaid expenses recognized over the period of time the expense relates to.
- Property, plant and equipment is depreciated over their useful life.

This is Exhibit "K" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Financial Statements of

SUNWOLD FARMS INC.

And Compilation Engagement Report thereon

Year ended December 31, 2022

(Expressed in US dollars)



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Sunwold Farms Inc.

On the basis of information provided by management, we have compiled the balance sheet of Sunwold Farms Inc. as at December 31, 2022, the statement of operations and deficit for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 26, 2023

SUNWOLD FARMS INC.

Balance Sheet

December 31, 2022, with comparative information for 2021
(Amounts in US dollars)

	2022	2021
Assets		
Current assets:		
Accounts receivable	\$ 361,120	\$ 508,781
Agricultural and other inventories	8,401,803	7,595,890
Intercompany receivables	23,477,536	21,001,912
Income taxes receivable	6,535	23,187
	<u>32,246,994</u>	<u>29,129,770</u>
Investments	100,000	—
	<u>\$ 32,346,994</u>	<u>\$ 29,129,770</u>
Liabilities and Deficiency in Net Assets		
Current liabilities:		
Cheques issued in excess of funds on deposit	\$ 8,758,329	\$ 1,476,055
Accounts payable and accrued liabilities	2,224,763	958,667
Revolving line of credit	4,420,207	7,039,809
Due to affiliates	18,026,602	20,673,940
	<u>33,429,901</u>	<u>30,148,472</u>
Deficiency in net assets:		
Share capital	10,000	10,000
Deficit	(1,092,907)	(1,028,702)
	<u>(1,082,907)</u>	<u>(1,018,702)</u>
	<u>\$ 32,346,994</u>	<u>\$ 29,129,770</u>

See accompanying note to the financial statements.

SUNWOLD FARMS INC.

Statement of Operations and Deficit

Year ended December 31, 2022, with comparative information for 2021
(amounts in US dollars)

	2022	2021
Sales	\$ 37,970,099	\$ 58,485,977
Cost of sales	38,148,741	54,781,949
	(178,642)	3,704,028
Other expenses (income):		
General and administrative	1,053,873	1,419,862
Net foreign exchange (gain) loss	(1,959,301)	(140,794)
Net loss on commodity accounts	120,712	1,867,190
Unrealized loss on commodity accounts	(21,250)	59,661
Interest to affiliate	462,496	502,090
Interest and bank charges	229,033	191,198
	(114,437)	3,899,207
Income (loss) before taxes	(64,205)	(195,179)
Income tax expense	—	—
Net (loss)	(64,205)	(195,179)
Deficit, beginning of year	(1,028,702)	(833,523)
Deficit, end of year	\$ (1,092,907)	\$ (1,028,702)

See accompanying note to the financial statements.

SUNWOLD FARMS INC.

Note to Financial Information

Year ended December 31, 2022

1. Basis of accounting:

The basis of accounting applied in the preparation of the balance sheet of Sunwold Farms Inc. as at December 31, 2022, and the statement of operations and deficit for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Agricultural and other inventories valued at the lower of input only costs and net realizable value.
- Related party transactions measured at the exchange amount.
- Current income taxes receivable as at the reporting date.
- Inventories valued at the lower of cost and net realizable value; and
- Financial derivatives are accounted for at fair value with changes in the fair value recognized in income for the period.

This is Exhibit "L" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Financial Statements of

SUNTERRA FARMS IOWA INC.

And Compilation Engagement Report thereon

Year ended December 31, 2022

(Expressed in US dollars)



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Sunterra Farms Iowa Inc.

On the basis of information provided by management, we have compiled the balance sheet of Sunterra Farms Iowa Inc. as at December 31, 2022, the statement of operations and retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 26, 2023

SUNTERRA FARMS IOWA INC.

Balance Sheet

December 31, 2022, with comparative information for 2021
(Expressed in US Dollars)

	2022	2021
Assets		
Current assets:		
Cash	\$ 793,389	\$ 94,069
Accounts receivable	447,483	220,623
Intercompany receivable	22,607,233	7,452,754
Prepaid expenses	29,772	—
Income tax receivable	—	8,250
	<u>23,877,877</u>	<u>7,775,696</u>
Property and equipment	208,523	282,691
	<u>\$24,086,400</u>	<u>\$ 8,058,387</u>
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,780,726	\$ 201,643
Intercompany payables	14,522,640	4,971,398
Revolving line of credit	3,235,885	1,324,545
	<u>22,539,251</u>	<u>6,497,586</u>
Due to shareholder	592,080	592,080
	<u>23,131,331</u>	<u>7,089,666</u>
Shareholder's equity:		
Common shares	1,000	1,000
Retained earnings	954,069	967,721
	<u>955,069</u>	<u>968,721</u>
	<u>\$24,086,400</u>	<u>\$8,058,387</u>

See accompanying note to the financial statements.

SUNTERRA FARMS IOWA INC.

Statement of Operations and Retained Earnings

December 31, 2022, with comparative information for 2021
(Expressed in US Dollars)

	2022	2021
Sales	\$ 4,691,958	\$ 5,026,025
Cost of sales	3,746,793	3,700,871
	945,165	1,325,154
Other expenses (income):		
General and administrative	832,470	828,197
Management fees	500,000	600,000
Amortization	71,860	97,319
Other income	(435,125)	(464,732)
Interest and bank charges	40,432	30,322
Foreign exchange (gain) loss	(90,577)	(290)
Write down of investment	—	133,195
Loss on sale of property and equipment	5,879	5,353
	924,939	1,229,364
Earnings before income tax expense	20,226	95,790
Income tax expense	33,878	—
Net (loss) earnings	(13,652)	95,790
Retained earnings, beginning of year	967,721	871,931
Retained earnings, end of year	\$ 954,069	\$ 967,721

See accompanying note to the financial statements.

SUNTERRA FARMS IOWA INC.

Note to Financial Information

Year ended December 31, 2022

1. Basis of accounting:

The basis of accounting applied in the preparation of the balance sheet of Sunterra Farms Iowa Inc. as at December 31, 2022, and the statement of operations and retained earnings for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Related party transactions measured at the exchange amount.
- Prepaid expenses recognized over the period of time the expense relates to.
- Property, plant and equipment is depreciated over their useful life.

This is Exhibit "M" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Financial Statements of

LARIAGRA FARMS SOUTH INC.

And Compilation Engagement Report thereon

Year ended December 31, 2022

(Expressed in US dollars)



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Lariagra Farms South Inc.

On the basis of information provided by management, we have compiled the balance sheet of Lariagra Farms South Inc. as at December 31, 2022, the statement of operations and deficit for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 26, 2023

LARIAGRA FARMS SOUTH INC.

Balance Sheet

December 31, 2022, with comparative information for 2021
(Amounts in US dollars)

	2022	2021
Assets		
Current assets:		
Accounts receivable	\$ 412,506	\$ —
Agricultural and other inventories	6,080,480	5,342,630
Intercompany receivables	9,905,533	100
	<u>\$ 16,398,519</u>	<u>\$ 5,342,730</u>
Liabilities and Deficiency in Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	346,961	1,347,977
Revolving line of credit	3,098,869	2,743,383
Intercompany payables	13,305,493	1,602,688
	<u>16,751,323</u>	<u>5,694,048</u>
Deficiency in net assets:		
Share capital	200	200
Retained earnings	(353,004)	(351,518)
	<u>(352,804)</u>	<u>(351,318)</u>
	<u>\$ 16,398,519</u>	<u>\$ 5,342,730</u>

See accompanying note to the financial statements.

LARIAGRA FARMS SOUTH INC.

Statement of Operations and Deficit

Year ended December 31, 2022, with comparative information for 2021
(amounts in US dollars)

	2022	2021
Sales	\$ 25,767,946	\$ 12,045,627
Cost of sales	24,003,942	10,684,337
	1,764,004	1,361,290
Other expenses (income):		
General and administrative	1,769,596	1,276,257
Net loss on commodity accounts	434,239	1,258,837
Unrealized loss on commodity accounts	-	248,223
Foreign exchange (gain) loss	(556,173)	3,613
Interest and bank charges	243,327	102,214
Other Income	(125,197)	(1,666,691)
Interest Income	(302)	-
	1,765,490	1,222,453
Income (loss) before taxes	(1,486)	(138,837)
Income tax recovery	-	5,083
Net income (loss)	(1,486)	(133,754)
Deficit, beginning of year	(351,518)	(217,764)
Deficit, end of year	\$ (353,004)	\$ (351,518)

See accompanying note to the financial statements.

LARIAGRA FARMS SOUTH INC.

Note to Financial Information

Year ended December 31, 2022

1. Basis of accounting:

The basis of accounting applied in the preparation of the balance sheet of Lariagra Farms South Inc. as at December 31, 2022, and the statement of operations and deficit for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Agricultural and other inventories valued at the lower of input only costs and net realizable value.
- Related party transactions measured at the exchange amount.
- Current income taxes receivable as at the reporting date.
- Inventories valued at the lower of cost and net realizable value; and
- Financial derivatives are accounted for at fair value with changes in the fair value recognized in income for the period.

This is Exhibit "N" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Financial Statements of

**SUNTERRA FARMS
GREENHOUSE LTD.**

And Independent Practitioner's Review Engagement thereon

Year ended December 31, 2022



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Shareholder of Sunterra Farms Greenhouse Ltd.

We have reviewed the accompanying financial statements of Sunterra Farms Greenhouse Ltd., which comprise the balance sheet as at December 31, 2022, the statement of operations and deficit and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Sunterra Farms Greenhouse Ltd. as at December 31, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

A handwritten signature in black ink that reads "KMG LLP". The signature is written in a cursive, stylized font.

Chartered Professional Accountants

Calgary, Canada

October 26, 2023

SUNTERRA FARMS GREENHOUSE LTD.

Balance Sheet

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Accounts and other receivable (<i>notes 3 and 13</i>)	\$ 1,314,449	\$ 2,632,085
Agricultural and other inventories (<i>note 4</i>)	7,020,011	3,205,194
Prepaid expenses	155,445	144,538
Intercompany receivable (<i>note 13</i>)	36,830	101
	8,526,735	5,981,918
Property, plant and equipment (<i>note 6</i>)	40,255,404	38,278,618
	\$ 48,782,139	\$ 44,260,536
Liabilities and Deficiency in Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (<i>notes 5</i>)	\$ 1,168,916	\$ 2,981,629
Intercompany payable (<i>note 13</i>)	4,018,931	402,916
Class D preferred shares (<i>notes 10</i>)	10,000	10,000
Operating loans (<i>note 7</i>)	2,765,843	2,410,288
Current portion of long-term debt (<i>note 7</i>)	891,208	1,043,763
	8,854,898	6,848,596
Long-term debt (<i>note 7</i>)	27,305,879	21,635,881
Shareholder loan (<i>note 8</i>)	13,500,000	10,500,000
Note payable (<i>note 9</i>)	6,000,000	6,000,000
Deficiency in net assets:		
Common shares (<i>note 10</i>)	1	1
Deficit	(6,878,639)	(723,942)
	(6,878,638)	(723,941)
	\$ 48,782,139	\$ 44,260,536

See accompanying notes to financial statements.

On behalf of the board of directors

Director

Director

SUNTERRA FARMS GREENHOUSE LTD.

Statement of Operations and Deficit

Year ended December 31, 2022, with comparative 2021

	2022	2021
Sales	\$ 4,276,420	\$ —
Cost of sales	5,583,523	—
	(1,307,103)	—
Selling, general and administrative expenses	2,377,663	312,110
	(3,684,766)	(312,110)
Other expenses (income):		
Amortization	1,174,276	9,487
Interest on note payable (note 14)	—	201,600
Interest and bank charges	1,359,945	197,331
Other income	(64,290)	(6,486)
	2,469,931	401,932
Loss before income taxes	(6,154,697)	(714,042)
Income taxes (note 11)	—	—
Net loss	(6,154,697)	(714,042)
Deficit, beginning of year	(723,942)	(9,900)
Deficit, end of year	\$ (6,878,639)	\$ (723,942)

See accompanying notes to financial statements.

SUNTERRA FARMS GREENHOUSE LTD.

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Net loss	\$ (6,154,697)	\$ (714,042)
Items not affecting cash:		
Amortization	1,174,276	9,487
Changes in non-cash working capital items (<i>note 12</i>)	(741,516)	(1,794,904)
	(5,721,937)	(2,499,459)
Financing:		
Debt borrowings	6,916,761	22,283,017
Debt repayments	(1,043,763)	(1,049,880)
Note payable advance	—	6,000,000
Shareholder loan advances	3,000,000	10,500,000
	8,872,998	37,733,137
Investing:		
Purchase of property, plant and equipment	(3,151,061)	(38,444,462)
Proceeds from government assistance for purchase of		
Property, plant and equipment	—	500,000
Changes in non-cash working capital items (<i>note 12</i>)	—	2,710,784
	(3,151,061)	(35,233,678)
Change in cash	—	—
Cash, beginning of year	—	—
Cash, end of year	\$ —	\$ —

See accompanying notes to financial statements.

SUNTERRA FARMS GREENHOUSE LTD.

Notes to Financial Statements

Year ended December 31, 2022, with comparative information for 2021

Nature of business:

Sunterra Farms Greenhouse Ltd. ("SFGL" or the "Company") is a private company incorporated under the Government of Alberta Business Corporations Act in 2020. SFGL's operations involve ownership and operation of a green house facility in Acme, Alberta. SFGL is a wholly owned indirect subsidiary of Sunterra Farm Enterprises Ltd., whom is a member of the Sunterra Group of Companies.

The greenhouse facility commenced commercial operations in late 2021. The Company is dependent on the Sunterra Group of Companies until such time as the facility reaches full commercial operations and generates sufficient cash flow from operations to fund its operating and capital needs and debt repayments.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The Corporation's significant accounting policies are as follows:

(a) Cash and cash equivalents:

Cash includes cash and short-term deposits which are highly liquid with original maturities of less than three months.

(b) Agricultural and other inventories:

Strawberry and tomato plants are valued at only input costs. Costs include those that are directly attributable to acquisition of materials and services used in agricultural production, and direct labour to the extent readily determinable and directly related to the items of agricultural inventories produced.

When the cost exceeds their net realizable value, agricultural inventories are written down to net realizable value.

Inventories of supplies, packaging and other are valued at the lower of cost and net realizable value. Cost is determined using actual purchase cost.

(c) Property, plant and equipment:

Property, plant and equipment are stated at cost. Amortization is provided for using the following methods and annual rates:

Asset	Basis	Rate
Buildings, greenhouse and natural gas pipeline	Declining balance	2.5 - 5%
Machinery and equipment	Declining balance	10%

SUNTERRA FARMS GREENHOUSE LTD.

Notes to Financial Statements, page 2

Year ended December 31, 2022, with comparative information for 2021
(Unaudited)

1. Significant accounting policies (continued):

(c) Property, plant and equipment (continued):

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(d) Foreign currency transactions:

Transactions completed in foreign currencies are reflected in Canadian dollars at the rates prevailing at the time of the transactions. Transaction gains and losses are included in operations.

(e) Capitalization of interest:

Interest is capitalized on expenditures related to construction and development projects.

(f) Revenue recognition:

Revenue is recognized when title passes to customers, which is generally at the time goods are delivered or shipped or services are performed and collection is reasonably assured.

(f) Measurement uncertainty:

The preparation of the financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include provisions for impairment of trade accounts receivable, property, plant and equipment, and inventories. Actual results could differ from those estimates.

(g) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, except for financial instruments that arise on certain related party transactions. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

SUNTERRA FARMS GREENHOUSE LTD.

Notes to Financial Statements, page 3

Year ended December 31, 2022, with comparative information for 2021
(Unaudited)

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

(h) Preferred shares:

The preferred shares issued by the Company generally allow the holder to redeem the preferred shares in cash at a fixed amount. Preferred shares with cash redemption amounts are required to be classified as liabilities and recorded at their redemption amount. Redeemable preferred shares with no fixed redemption schedule are recorded in current liabilities whilst those with a fixed redemption schedule are recorded as current or long term in accordance with the terms of the redemption provisions. Dividends on liability classified preferred shares are recorded in the statement of operations.

Preferred shares, if any, that do not have redemption amounts and meet various other criteria are classified in equity. Dividends thereon are also recorded in equity.

(i) Income taxes:

The Company uses the taxes payable method to account for income taxes whereby the loss (income) of the period consists only of the cost (benefit) of current income taxes for that period, determined in accordance with the rules established by taxation authorities.

SUNTERRA FARMS GREENHOUSE LTD.

Notes to Financial Statements, page 4

Year ended December 31, 2022, with comparative information for 2021
(Unaudited)

1. Significant accounting policies (continued):

(j) Government grants:

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be met. If a grant is received but compliance with any attached condition is not achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the grant relates to an income or expense item, it is recognized as a reduction to the related expense in the period in which the costs are incurred. When the grant relates to an asset, it is recognized as a reduction to the net book value of the related asset and then subsequently in net income (loss) over the expected useful life of the related assets through lower charges to impairment and/or depreciation and amortization.

(k) Leases:

The Company recognizes a capital lease if the lease transfer substantially all of the benefits and risks of ownership to the Company when, at the inception of the lease, one or more of the following conditions are present:

- i. There is reasonable assurance that the Company will obtain ownership of the leased property by the end of the lease term;
- ii. The lease term is equal to or greater than 75% of the estimated useful life of the property, or;
- iii. If the present value, at the beginning of the lease term, of the minimum lease payments, is equal to or greater than 90% of the fair value of the property.

The Company accounts for capital leases by recognizing a capital asset and obligation at the present value of the minimum lease payments. The capital lease asset is amortized over the period of expected use for similar property and equipment assets. The capital lease obligation decreases with payments and increases with interest expense which is based on the interest rate implicit in the lease.

Rents for operating leases, where leases provide for increase in rent during their term, are recognized on a straight-line basis over the terms of the respective leases.

2. New accounting policy:

During the year ended December 31, 2022, the Company was required to adopt Section 3041, Agriculture, under Canadian accounting standards for private enterprises. Section 3041 provides specific authoritative guidance on the accounting for biological assets and the harvested products of biological assets for private enterprises that undertake agricultural production. The Company is required to apply Section 3041 retrospectively, with restatement of its prior period financial statements, where applicable.

SUNTERRA FARMS GREENHOUSE LTD.

Notes to Financial Statements, page 5

Year ended December 31, 2022, with comparative information for 2021
(Unaudited)

2. New accounting policy (continued):

Prior to the adoption of Section 3041, the Company measured all of its agricultural inventories at cost, with cost comprising the purchase price and other costs directly attributable to the acquisition of materials and services used in the development and harvest of the strawberry and tomato plants. Upon the adoption of Section 3041, the Company has made an accounting policy choice to measure its agricultural inventories of strawberry and tomato plants at cost with cost determined using only input costs. As such, the adoption of Section 3041 had no impact on the carrying value of the Company's agricultural inventories as at December 31, 2021.

3. Accounts receivable:

	2022	2021
Accounts receivable	\$ 1,210,718	\$ —
Due from related party	—	113,475
Government remittances	103,731	768,610
Government grant (<i>note 14</i>)	—	1,750,000
	\$ 1,314,449	\$ 2,632,085

4. Agricultural and other inventories:

	2022	2021
Strawberry and tomato plants	\$ 5,921,927	\$ 2,789,196
Supplies, packaging and other	1,098,084	415,998
	\$ 7,020,011	\$ 3,205,194

SUNTERRA FARMS GREENHOUSE LTD.

Notes to Financial Statements, page 6

Year ended December 31, 2022, with comparative information for 2021
(Unaudited)

5. Accounts payable and accrued liabilities:

	2022	2021
Trade payables and accruals (note 13)	\$ 986,752	\$ 2,876,294
Government remittances payable	182,164	105,335
	\$ 1,168,916	\$ 2,981,629

6. Property, plant and equipment:

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 788,770	\$ –	\$ 788,770	\$ 788,770
Buildings	14,696,595	(521,880)	14,174,715	14,541,667
Machinery and equipment	23,812,671	(576,238)	23,236,433	20,854,538
Natural gas pipeline	2,141,131	(85,645)	2,055,486	2,093,643
	\$ 41,439,167	\$ (1,183,763)	\$ 40,255,404	\$ 38,278,618

7. Long term debt:

	2022	2021
Demand operating facility (a)	\$ 2,765,843	\$ 647,136
Non-revolving term facility – (b)	28,197,087	21,635,881
Finance contracts – (c)	–	1,043,763
Total debt	30,962,930	23,326,780
Less:		
Demand operating facility	(2,765,843)	(647,136)
Current portion of long-term debt	(891,208)	(1,043,763)
Total long-term debt	\$ 27,305,879	\$ 21,635,881

SUNTERRA FARMS GREENHOUSE LTD.

Notes to Financial Statements, page 7

Year ended December 31, 2022, with comparative information for 2021
(Unaudited)

7. Long term debt (continued):

- (a) The demand operating facility has a borrowing limit of \$5,000,000 and matures on August 3, 2023. The facility bears interest at the lender's prime rate plus 0.50% and includes available letters of credit as security to a maximum of \$1,000,000 of which \$302,200 (2021 – \$302,000) was drawn as at December 31, 2022.
- (b) The non-revolving term facility has a borrowing limit of \$28,500,000. This facility is repayable on the last banking day of each fiscal quarter after the earlier of the date of completion of the greenhouse and the second anniversary of the first drawdown as defined in the agreement determined on the basis of an amortization period of 15 years with accrued and unpaid interest which accrues at the lender's prime rate plus 0.50%.

These credit agreements (items (a) and (b)) require SFGL to maintain specified covenants such as current ratio, minimum earnings before interest, tax, depreciation and amortization ("EBITDA"), debt service coverage and total liabilities to tangible net worth ratios as defined in the agreement. The Company is in compliance with all such covenants as at and for the year ended December 31, 2022.

These loans are secured by a general security agreement from SFGL creating a first fixed charge over all of its present and after acquired personal property, mortgage and assignment of rents of \$50,000,000 and interests in certain lands, assignments and postponements from its shareholder and a subordination agreement from subordinated note holders as defined in the agreement.

- (c) SFGL has financed certain equipment by entering into a capital lease arrangement. The net book value of the asset under capital lease at December 31, 2022 was 2,055,486 (2021 – \$2,093,643).

Certain credit agreements require the combined results of Sunterra Farm Enterprises Ltd., Sunterra Food Corporation and Sunterra Enterprises Inc., (the "Suntterra Group of Companies") to maintain specified financial covenants such as current ratio, debt service coverage ratio, and debt to equity ratio. In addition, lender approval is required for capital expenditures, asset sales, and payments to shareholders in excess of specified limits. For the year ended December 31, 2022 the Sunterra Group of Companies was not in compliance with these covenants and obtained waivers from the lenders.

SUNTERRA FARMS GREENHOUSE LTD.

Notes to Financial Statements, page 8

Year ended December 31, 2022, with comparative information for 2021
(Unaudited)

7. Long term debt (continued):

Principal repayments on the loan over the next five years are estimated as follows:

2023	\$ 3,657,051
2024	1,311,151
2025	1,381,819
2026	1,452,216
2027	1,526,199
2028 and thereafter	21,634,494
	\$ 30,962,930

8. Shareholder loan:

The shareholder loan is unsecured, non-interest bearing, and the shareholder has agreed not to demand repayment prior to January 1, 2024.

9. Note payable to Sunterra Farm Enterprises Ltd:

The amount due to shareholder is unsecured, interest bearing at eight percent compounded quarterly. No payments of interest are required until the third month following the Company's final draw under the non-revolving term facility (note 7(b)). The shareholder has suspended the interest on the note for 2022 and 2023. Following the non-payment period, the Company is required to pay all accrued but unpaid interest on a quarterly basis. The full balance of the principal and unpaid interest is currently scheduled to be settled by July 1, 2026. The Company has the option of prepaying the principal but will subject to a penalty of ten percent of the principal if paid before July 31, 2022, penalty of eight percent of the principal if paid between August 1, 2022 and July 31, 2023, penalty of six percent of the principal if paid between August 1, 2023 and July 31, 2024, penalty of four percent of the principal if paid between August 1, 2024 and July 31, 2025, penalty of two percent of the principal if paid between August 1, 2025 and July 31, 2026.

SUNTERRA FARMS GREENHOUSE LTD.

Notes to Financial Statements, page 9

Year ended December 31, 2022, with comparative information for 2021
(Unaudited)

10. Shareholders' equity and preferred shares (liability classified):

(a) Authorized share capital:

Unlimited number of voting Class A common shares, non-voting Class B common shares and non-voting Class C common shares, voting Class D preferred shares, non-voting class E preferred shares and non-voting Class F preferred shares without par value. The Class E and F non-voting preferred shares receive non-cumulative monthly dividends of 0.4% of \$1.00 plus any declared but unpaid dividends at the discretion of the board of directors and have a redemption price of \$1.00 per share. The Class D preferred shares are redeemable at \$1.00 per share.

(b) Issued and outstanding common shares:

	Number of shares	Amount
Issued and outstanding at December 31, 2022 and 2021: Common B	100	\$ 1

(c) Issued and outstanding preferred shares:

	Number of shares	Amount
Issued and outstanding at December 31, 2022 and 2021: Preferred D	10,000	\$ 10,000

(d) Retained earnings:

The ability to declare dividends is restricted by the terms of the loan agreements.

SUNTERRA FARMS GREENHOUSE LTD.

Notes to Financial Statements, page 10

Year ended December 31, 2022, with comparative information for 2021
(Unaudited)

11. Income taxes:

The provision for taxes differs from the amount which would be obtained by applying the combined federal and provincial income tax rate to the respective years' earnings before taxes. A reconciliation of the expected tax and the actual provision for income taxes is as follows.

	2022	2021
Expected tax recovery – 23% (2021 – 23%)	\$ (1,415,581)	\$ (164,230)
Tax effect related to unrecognized tax loss carry forward	1,415,581	164,230
	\$ –	\$ –

12. Supplemental cash flow information:

	2022	2021
Changes in non-cash working capital (operating):		
Accounts receivable	\$ 1,317,636	\$ (882,085)
Inventories	(3,814,817)	(3,205,194)
Prepaid expenses	(10,907)	(144,538)
Intercompany receivable	(36,729)	–
Accounts payable and accrued liabilities ⁽¹⁾	(1,812,714)	270,845
Intercompany payable	3,616,015	402,916
Cheques in excess of funds on deposits	–	1,763,152
	\$ (741,516)	\$ (1,794,904)

⁽¹⁾ For the year ended December 31, 2022, changes in accounts payable and accrued liabilities of nil (2021 - \$2,710,784) relate to construction of property, plant and equipment and have been included in investing working capital.

SUNTERRA FARMS GREENHOUSE LTD.

Notes to Financial Statements, page 11

Year ended December 31, 2022, with comparative information for 2021
(Unaudited)

13. Related party transactions:

During the year ended December 31, 2022, the Company had of greenhouse construction costs of nil (2021 – \$200,189) and utility costs of nil (2021 – \$1,127) billed from Sunterra Farms Ltd., a company owned by the same ultimate shareholder as the Company's shareholder. As at December 31, 2022, \$3,817,331 (2021 – \$201,316) was included in intercompany payables relating to advances.

During the year ended December 31, 2022, the Company incurred interest charges of nil (2021 – \$201,600) which is included in interest on note payable of which \$201,600 (2021 – \$201,600) was included in intercompany payables as at December 31, 2022.

During the year ended December 31, 2022, the Company sold \$511,211 of product to Sunterra Quality Food Markets Inc, a company owned by the same ultimate shareholder as the Company's shareholder. Included in accounts receivable are amounts due from the Company's shareholder, companies that the shareholder controls, and other related parties in the Sunterra Group of Companies of \$36,830 (2021 – \$113,475).

Included in accounts payable are amounts due to the Company's shareholder, companies which the shareholder controls, and other related parties in the Sunterra Group of Companies of \$1,726 (2021 – \$6,005).

These transactions are in the normal course of business and have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

14. Government grants:

During the year ended December 31, 2021, the Company applied for and received approval for funding through the Canadian Agricultural Partnership's Emerging Opportunities program. This program invests in new and emerging opportunities in Alberta's value-added sector, enabling growth, pursuit of new markets and diversification of Alberta's value-added industries. The Company's activities to install state-of-the art climate control systems, grow systems, hybrid lighting and high-tech irrigation among other technologies aligned closely with the program's goals. This program provided 50% funding for eligible capital and non capital expenses. As at December 31, 2022, nil (2021 – \$750,000) was included in accounts receivable. The funding has been offset against property, plant and equipment.

During the year ended December 31, 2021, the Company applied for and received approval for funding through the Energy Savings for Business ("ESB") – Emissions Reduction Alberta program. The Company's activities to install state-of-the art lighting aligned closely with the program's goals. The Company qualified for funding of \$1,000,000 in 2021 which was included in Accounts receivable. The funding has been offset against property, plant and equipment.

SUNTERRA FARMS GREENHOUSE LTD.

Notes to Financial Statements, page 12

Year ended December 31, 2022, with comparative information for 2021
(Unaudited)

15. Financial instruments:

(a) Credit risk:

The Company is subject to credit risk through accounts receivable.

(b) Interest rate risk:

The Company is exposed to interest rate risk as certain operating loans bear interest at variable rates.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements.

The current challenging economic climate may lead to further adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate income and cash flows in the future.

Until such time as the Company generates sufficient cash flow from operations to fund its operating and capital needs and debt repayments, the Company remains reliant on its shareholders and lenders for financial support. The shareholders may seek other forms of capital to fund the Company but there are no assurances that other sources will be available or at terms that are favorable.

This is Exhibit "O" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Consolidated Financial Statements of

**SUNTERRA FARM
ENTERPRISES LTD.**

And Independent Practitioner's Review Engagement
Report thereon

Year ended December 31, 2023



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
www.kpmg.ca

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Shareholders of Sunterra Farm Enterprises Ltd.

We have reviewed the accompanying consolidated financial statements of Sunterra Farm Enterprises Ltd., which comprise the consolidated balance sheet as at December 31, 2023, the consolidated statement of operations and retained earnings and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these consolidated financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Sunterra Farm Enterprises Ltd. as at December 31, 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Emphasis of Matter

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Entity generated a net loss of \$13.8 million during the year ended December 31, 2023 and, as of that date, the Entity had a working capital deficiency before callable debt of \$13.7 million. The Entity's ability to continue as a going concern is dependent upon on a number of factors described in Note 1, including the on-going financial support of its lenders and its ability generate positive earnings from operations. These conditions, along with other matters as set forth in Note 1 in the consolidated financial statements indicate the existence of a material uncertainty that may cast significant doubt about the Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

A handwritten signature in blue ink, appearing to read 'KPMG LLP'.

Chartered Professional Accountants

Calgary, Canada

October 9, 2024

SUNTERRA FARM ENTERPRISES LTD.

Consolidated Balance Sheet

December 31, 2023, with comparative information for 2022
(stated in thousands of dollars)

	2023	2022
Assets		
Current assets:		
Accounts receivable (notes 2, 11 and 14)	\$ 7,757	\$ 6,573
Agricultural inventory (note 3)	7,280	9,273
Inventory (note 3)	1,242	1,474
Prepaid expenses and deposits	345	407
Intercompany receivables (note 4)	98,594	96,126
	115,218	113,853
Biological assets, production hogs (note 3)	7,211	7,638
Property, plant and equipment (note 5)	59,801	62,245
Investments and advances (note 6)	7,842	7,863
Long term intercompany receivables (note 4)	2,416	3,218
	\$ 192,488	\$ 194,817
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (notes 7 and 11)	\$ 36,066	\$ 22,084
Current intercompany payables (note 4)	38,502	40,735
Current portion of Class G preferred shares (note 10)	4,218	1,832
Liability Class A & B preferred shares (note 10)	10,097	10,097
Demand operating facility (note 8)	3,230	2,766
Current portion of long-term debt (note 8)	3,132	3,118
Debt subject to renewal (note 8)	32,964	—
Current portion of government loan (note 8)	120	40
Scheduled payments on callable debt (note 8)	556	670
Current liabilities before callable debt	128,885	81,342
Callable debt (note 8)	14,214	12,453
Total current liabilities	143,099	93,795
Long-term debt (note 8)	1,445	36,226
Government loan (note 8)	—	80
Promissory note (note 9)	3,000	3,000
Liability classified Class G preferred shares (note 10)	1,822	4,792
Shareholders' equity:		
Share capital:		
Common shares (note 10)	5,772	5,772
Contributed capital	5,579	5,579
Retained earnings	31,771	45,573
	43,122	56,924
Subsequent event (note 15)		
Going Concern (note 1)		
	\$ 192,488	\$ 194,817

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

Director

SUNTERRA FARM ENTERPRISES LTD.

Consolidated Statement of Operations and Retained Earnings

Year ended December 31, 2023, with comparative information for 2022
(stated in thousands of dollars)

	2023	2022
Sales (note 11)	\$ 33,161	\$ 43,675
Cost of sales (notes 3 and 11)	32,417	32,309
	744	11,366
Selling, general and administrative expenses (note 11)	8,877	10,352
	8,133	1,014
Other expenses (income):		
Amortization	3,209	2,092
Interest on long-term debt	3,902	3,025
Interest from affiliates	—	(50)
Interest on promissory note (note 9)	244	250
Other interest expense	34	49
Intercompany interest income (note 4)	(791)	(737)
Fees from affiliates (note 11)	(1,121)	(1,122)
Dividend income	(1)	(3)
Other income	(208)	(64)
Foreign exchange loss	343	3,496
Gain on sale of property, plant and equipment	—	(12)
	5,611	6,924
Loss before income taxes	(13,744)	(5,910)
Income taxes expense (note 12)	(40)	(491)
Loss for the year	(13,784)	(6,401)
Retained earnings, beginning of year	45,573	52,004
Dividends	(18)	(30)
Retained earnings, end of year	\$ 31,771	\$ 45,573

See accompanying notes to consolidated financial statements.

SUNTERRA FARM ENTERPRISES LTD.

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022
(stated in thousands of dollars)

	2023	2022
Cash provided by (used in):		
Operations:		
Net (loss) income for the year	\$ (13,784)	\$ (6,401)
Non-cash items:		
Amortization	3,209	2,092
Gain on sale of property, plant and equipment	—	(12)
Unrealized foreign exchange loss	—	1
Changes in non-cash working capital items (note 13)	10,811	2,103
	236	(2,217)
Financing:		
Debt borrowings	—	6,562
Debt repayments	(1,803)	(2,223)
Callable debt borrowing	1,647	557
Demand operating facility	464	2,119
Dividends paid	(18)	(30)
Class G preferred share redemption (note 10)	(584)	(662)
Long-term intercompany payables	—	1,518
Long-term intercompany receivables	802	—
	508	7,841
Investing:		
Purchase of property, plant and equipment	(765)	(5,613)
Proceeds on disposal of property, plant and equipment	—	24
Investments and advances	21	(35)
	(744)	(5,624)
Change in cash	—	—
Cash, beginning of year	—	—
Cash, end of year	\$ —	\$ —

See accompanying notes to consolidated financial statements.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Nature of business and going concern:

Suntterra Farm Enterprises Ltd. ("SFEL" or "the Company") is a private company incorporated under the Canada Corporations Act. The Company's operations involve hog and grain farming in the provinces of Alberta and Ontario and ownership and operation of a greenhouse facility in Acme, Alberta.

The consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

During 2023, the Company's financial results were adversely impacted by a number of factors, including declining pork prices and increasing feed prices. As at December 31, 2023, the Company had a working capital deficiency before callable debt of \$13.7 million (2022 – \$32.5 million working capital surplus). For the year ended December 31, 2023, the Company generated a loss of \$13.8 million (2022 – \$6.4 million) and cash inflows from operations of \$0.2 million (2022 – cash outflow of \$2.2 million). At December 31, 2023, the Company was not in compliance with certain of its financial covenants (see note 8). The Company is currently dependent on the on-going financial support of its lenders, including related parties (see note 4), to meet its obligations.

These factors create a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The Company has taken steps subsequent to year end, which include obtaining waivers from its lenders for covenant breaches, the receipt of proceeds from asset sales of \$15 million and Agristability grants of \$3 million (see note 15).

In the event that certain assumptions described above do not materialize or additional sources of liquidity are unable to be obtained, there could be a material adverse effect on the Company's financial condition and/or results of operations. The financial statements do not include adjustments that would be required if assets are not realized and liabilities and commitments are not settled in the normal course of operations.

Significant accounting policies:

These consolidated financial statements are prepared in accordance with Canadian accounting standards for private enterprises.

Certain comparative information has been presented to conform with the financial statement presentation adopted in the current year. These reclassifications did not impact the Company's net loss or shareholders' equity.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 2

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

Significant accounting policies (continued):

The Company's significant accounting policies are as follows:

(a) Consolidated financial statements:

The consolidated financial statements of SFEL consolidate the accounts of SFEL, and its wholly owned subsidiaries, Sunterra Farms Ltd. ("SFL"), Sunwold Farms Limited, Sunterra Farms Greenhouse Ltd. ("SFGL"), and Lariagra Farms Ltd ("Lariagra"). All significant intercompany balances and transactions have been eliminated.

The Company's determination of its subsidiaries is based on its control of entities that are subject to consolidation and reflects its continuing power to determine their strategic operating, investing and financing policies without the co-operation of others, in a manner that would earn the Company the right and ability to obtain future economic benefits from these entities and exposes the Company to the related risks.

(b) Investments:

When an investee's equity securities are quoted in an active market, the investment is accounted for at fair value. Otherwise, the Company accounts for its investments using the cost method, including these where SFEL has significant influence.

(c) Cash:

Cash includes cash and short-term deposits which are highly liquid with original maturities of less than three months.

(d) Agricultural and other inventories:

The Company's agricultural inventories include growing hogs, strawberry and tomato plants and are measured at the lower of cost and net realizable value.

Growing hog costs are measured at only input costs which include costs that are directly attributable to acquisition of materials and services used in agricultural production, and direct labour to the extent readily determinable and directly related to the items of agricultural inventories produced.

Strawberry and tomato plant costs are determined using full cost, which comprise all input costs and other costs of agricultural production incurred in bringing the agricultural inventories to their present location and condition. Input costs for the strawberry and tomato plants include seeds or seedlings, plant media, fertilizer and pesticides, costs that are directly attributable to acquisition of materials and services used in agricultural production, and direct labour to the extent readily determinable and directly related to the items of agricultural inventories produced.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 3

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

Significant accounting policies (continued):

(d) Agricultural and other inventories (continued):

Other costs of agricultural production include a systematic allocation of fixed and variable agricultural production overheads that are incurred in the development and harvest of biological assets, as well as all other costs only to the extent they are incurred in the development and harvest of biological assets.

When the cost exceeds their net realizable value, agricultural inventories are written down to net realizable value. Net realizable value is the estimated selling price less estimated selling costs.

Inventories of feed, supplies, packaging and other are valued at the lower of cost and net realizable value. Cost is determined using actual purchase cost.

(e) Biological assets:

Production hogs are part of a group that is managed on a collective basis to maintain its collective productive capacity indefinitely and is not subject to amortization. Production hogs are valued at only input cost. Costs include all costs related to the acquisition, development and betterment of the productive biological asset.

Production hogs are assessed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable.

(f) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated amortization. Amortization is provided for using the following methods and annual rates:

Asset	Basis	Rate
Buildings, greenhouse and natural gas pipeline	Declining balance	2.5 - 5%
Machinery and equipment	Declining balance	10%
Power equipment and vehicles	Declining balance	10 - 30%

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimate undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 4

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

Significant accounting policies (continued):

(g) Capitalization of interest:

Interest is capitalized on expenditures related to construction and development projects. Capitalization is discontinued when the asset is ready for its intended use. Interest is not capitalized on growing livestock.

(h) Financial derivatives:

The Company may use derivative financial contracts (principally forward purchase and sale contracts) in order to reduce its exposure to market risks from fluctuations in hog and feed grain prices and exchange rates. While these instruments are not used for trading or speculative purposes, the Company has not designated these contracts as accounting hedges even though the contracts may be expected to be effective economic hedges. Changes in the fair value of these contracts are recognized in income for the period. The fair value of these contracts is based on an approximation of the amounts that would be received or paid to settle these contracts at the end of the period, with reference to forward prices. The carrying amounts of these contracts, which comprise accrued gains and losses not yet realized, are included in accounts receivable for those contracts in a gain position and in accounts payable and accrued liabilities in the case of contracts in a loss position. Proceeds and costs realized from holding the contracts are recognized in income at the time each transaction under a contract is settled.

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, except for financial instruments that arise on certain related party transactions. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 5

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

Significant accounting policies (continued):

(j) Leases:

The Company recognizes a capital lease if the lease transfer substantially all of the benefits and risks of ownership to the Company when, at the inception of the lease, one or more of the following conditions are present:

- (i) There is reasonable assurance that the Company will obtain ownership of the leased property by the end of the lease term;
- (ii) The lease term is equal to or greater than 75% of the estimated useful life of the property, or;
- (iii) If the present value, at the beginning of the lease term, of the minimum lease payments, is equal to or greater than 90% of the fair value of the property.

The Company accounts for capital leases by recognizing a capital asset and obligation at the present value of the minimum lease payments. The capital lease asset is amortized over the period of expected use for similar property and equipment assets. The capital lease obligation decreases with payments and increases with interest expense which is based on the interest rate implicit in the lease.

Rents for operating leases, where leases provide for increase in rent during their term, are recognized on a straight-line basis over the terms of the respective leases.

(k) Preferred shares:

The preferred shares issued by the Company generally allow the holder to redeem the preferred shares in cash at a fixed amount. Preferred shares with cash redemption amounts are required to be classified as liabilities and recorded at their redemption amount. Redeemable preferred shares with no fixed redemption schedule are recorded in current liabilities whilst those with a fixed redemption schedule are recorded as current or long term in accordance with the terms of the redemption provisions. Dividends on liability classified preferred shares are recorded in the statement of operations.

Preferred shares, if any, that do not have redemption amounts and meet various other criteria are classified in equity. Dividends thereon are also recorded in equity.

(l) Revenue recognition:

Revenue is recognized when title passes to customers, which is generally at the time goods are shipped and collection is reasonably assured.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 6

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

Significant accounting policies (continued):

(m) Foreign currency transactions:

Transactions completed in foreign currencies are reflected in Canadian dollars at the rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are reflected in the financial statements at the Canadian dollar equivalent at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses are included in earnings.

(n) Income taxes:

The Company uses the taxes payable method to account for income taxes whereby the expense (income) of the period consists only of the cost (benefit) of current income taxes for that period, determined in accordance with the rules established by taxation authorities.

(o) Government grants:

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be met. If a grant is received but compliance with any attached condition is not achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the grant relates to an income or expense item, it is recognized as a reduction to the related expense in the period in which the costs are incurred. When the grant relates to an asset, it is recognized as a reduction to the net book value of the related asset and then subsequently in net income (loss) over the expected useful life of the related assets through lower charges to depreciation and amortization.

(p) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

(q) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of the contingent assets and liabilities at the date of the financial statements and revenue and expenses for the period reported. Significant estimates include the valuation of trade accounts receivable, inventories, investments and the assessment of useful lives of property, plant and equipment. Actual results could differ from those estimates.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 7

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

2. Accounts receivable:

	2023	2022
Accounts receivables	\$ 7,565	\$ 6,226
Government remittances receivable	150	185
Income taxes receivable	42	162
	\$ 7,757	\$ 6,573

3. Biological assets, agricultural and other inventory and cost of sales:

Biological assets, agricultural and other inventory	2023	2022
Production hogs	\$ 7,211	\$ 7,638
Total biological assets	\$ 7,211	\$ 7,638
Growing hogs	1,497	1,515
Strawberry and tomato plants	5,683	5,922
Cropping inventory	100	1,836
Total agricultural inventory	7,280	9,273
Feed and related supplies	362	577
Supplies, packaging and other	880	897
Total other inventory	1,242	1,474
Total biological assets, agricultural and other inventory	\$ 15,733	\$ 18,385

As at December 31, 2023 the number of production hogs and growing hogs owned by the Company was 12,664 (2022 – 13,254) and 35,772 (2022 – 36,003), respectively.

Cost of sales	2023	2022
Purchases and growing costs	\$ 29,765	\$ 37,784
Add: opening inventories	18,385	12,910
Less: closing inventories	(15,733)	(18,385)
Total cost of sales	\$ 32,417	\$ 32,309

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 8

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

4. Intercompany receivables and payables:

Intercompany Receivables	2023	2022
Trochu Meat Processors Ltd. ⁽¹⁾	\$ 30,316	\$ 29,370
Sunterra Quality Food markets Inc. ⁽¹⁾	15,917	14,559
Sunwold Farms Inc., interest bearing ⁽²⁾	47	25,010
Sunterra Farms Iowa Inc., non-interest bearing ⁽¹⁾	632	2,691
Lariagra Farms South Inc. ⁽¹⁾	297	17,202
Sunterra Food Corporation. ⁽¹⁾	2,511	3,036
Sunterra Enterprises Inc. ⁽¹⁾	51,290	7,476
	101,010	99,344
Less: Current portion	(98,594)	(96,126)
	\$ 2,416	\$ 3,218

Intercompany Payables	2023	2022
Sunterra Enterprises Inc. ⁽¹⁾	\$ 34,400	\$ 23,494
Sunwold Farms Inc. ⁽¹⁾	2,894	—
Sunterra Farms Iowa Inc. ⁽¹⁾	—	15,054
Trochu Meat Processors Ltd. ⁽¹⁾	1,178	606
Sunterra Quality Food markets Inc. ⁽¹⁾	29	298
Sunterra Food Corporation. ⁽¹⁾	1	1
Lariagra Farms South Inc. ⁽¹⁾	—	1,282
	38,502	40,735
Less: Current portion	(38,502)	(40,735)
	\$ —	\$ —

⁽¹⁾ Amounts due from/to inter-companies are unsecured and bear no interest.

⁽²⁾ Amounts are unsecured and bear interest at a rate that approximates the IRS applicable rate being the rate agreed to by the related parties.

Inter-companies are related through ultimate common controlling shareholders.

Included in income is \$791 (2022 – \$737) from interest charged to intercompany entities listed above.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 9

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

5. Property, plant and equipment:

December 31, 2023	Cost	Accumulated amortization	Net book value
Land	\$ 9,718	\$ –	\$ 9,718
Buildings	38,404	15,080	23,324
Equipment	28,416	5,145	23,271
Power equipment and vehicles	4,238	2,722	1,516
Natural gas pipeline for greenhouse	2,141	169	1,972
	\$ 82,917	\$ 23,116	\$ 59,801

December 31, 2022	Cost	Accumulated amortization	Net book value
Land	\$ 9,718	\$ –	\$ 9,718
Buildings	37,868	14,426	23,442
Equipment	28,255	2,951	25,304
Power equipment and vehicles	4,170	2,444	1,726
Natural gas pipeline for greenhouse	2,141	86	2,055
	\$ 82,152	\$ 19,907	\$ 62,245

The natural gas pipeline is financed through a capital lease arrangement. The net book value of the asset under capital lease at December 31, 2023 was \$2 million (2022 – \$2.1 million).

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 10

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

6. Investments and advances:

	2023	2022
1,500 Class A common shares of Westland Livestock Inc., representing a 25% equity interest	\$ 258	\$ 258
10 limited partnership units of Red Willow Park Farm Limited, representing a 3.9% equity interest	100	100
400 Class A common shares of Genetic Alliance Ltd., representing a 40% equity interest	1	1
Investment in Sunterra Enterprises Inc.	7,125	7,125
Advances to Westland Livestock Inc., unsecured, non-interest bearing	221	221
Note receivable from 913606 Alberta Ltd. secured, interest at bank's prime plus 3% per annum	137	158
	\$ 7,842	\$ 7,863

7. Accounts payable and accrued liabilities:

	2023	2022
Trade payables and accruals	\$ 6,104	\$ 3,537
Cheques issued in excess of funds on deposit	29,866	18,303
Government remittances payable	96	244
	\$ 36,066	\$ 22,084

Included in government remittances payable are amounts relating to federal and provincial sales taxes, payroll withholdings and property taxes.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 11

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

8. Loans and long-term debt:

	2023	2022
Sunterra Farm Enterprises Ltd.		
Farm Credit Canada:		
Advancer facility (a)	\$ 14,770	\$ 13,123
Long-term debt (b)	7,672	7,983
Long-term debt (c)	1,703	2,175
Long-term debt (e)	15	22
Finance contracts (d)	144	238
Sunterra Farm Greenhouse Ltd:		
Demand operating facility (j)	3,230	2,766
Non-revolving term facility (k)	27,550	28,197
Various Lenders:		
Finance contracts (f)	8	125
Finance contracts (g)	145	239
Finance contracts (h)	304	365
Government loan (i)	120	120
Total debt	55,661	55,353
Current portion		
Demand operating facility	(3,230)	(2,766)
Current portion of long-term debt	(3,132)	(3,118)
Debt subject to renewal	(32,964)	–
Government loan	(120)	(40)
Scheduled payments on callable debt	(556)	(670)
Callable debt	(14,214)	(12,453)
	\$ 1,445	\$ 36,306

Details of the borrowings are as follows:

- (a) The Farm Credit Canada ("FCC") advancer facility is repayable in monthly principal payments of approximately \$111 (2022 – \$56) and interest at the FCC variable mortgage rate plus 0.25% per annum, maturing on June 1, 2029, with a borrowing limit of \$15 million. No amount has been included in the current portion of long-term debt related to this loan as payments made under the loan can be redrawn by Sunterra.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 12

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

8. Loans and long-term debt (continued):

- (b) The long-term debt with FCC comprises two facilities. Facility #1 is repayable in monthly principal plus interest amounts of approximately \$24 (2022 – \$23) bearing interest at 4.60% per annum, maturing on December 2, 2024, of which \$2.6 million is outstanding as at December 31, 2023 (2022 – \$2.7 million). Facility #2 is repayable in monthly principal plus interest amounts of approximately \$46 (2022 – \$45) bearing interest at 4.90% per annum, maturing on December 2, 2024, of which \$5.0 million is outstanding as at December 31, 2023 (2022 – \$5.2 million).

Scheduled principal payments on these loans of \$478 are included in the current portion of long-term debt. The remaining balance has been included in debt subject to renewal as it is subject to normal course renewal on December 2, 2024. Consistent with prior years, management anticipates that the facility will be renewed.

On June 14, 2024, the Company renegotiated the terms of the loan agreement governing loans (a) and (b) above. Effective June 1, 2024 repayment terms under the advancer facility is interest only until June 1, 2025 when principal repayments commence. Additionally, the amended terms waive the covenant breaches as at December 31, 2023 and defer future covenants calculations until December 31, 2024.

- (c) The loan with FCC is repayable in blended monthly principal and interest instalments of \$38 (2022 – \$26), bearing interest at 5.9% (2022 – 4.90%) per annum and matures on May 1, 2025.
- (d) The Company financed certain equipment with FCC by entering into loan agreements. Finance Contract #1 is repayable monthly principal plus interest of approximately \$3 (2022 – \$3) per month bearing interest at 4.60% per annum, maturing on January 2, 2025, with a borrowing limit of \$160 of which \$71 was drawn as at December 31, 2023 (2022 – \$103) Finance Contract #2 is repayable monthly principal plus interest of approximately \$6 (2022 – \$6) per month bearing interest at 5.40% per annum, maturing on January 2, 2025, with a borrowing limit of \$300 of which \$73 was drawn as at December 31, 2023 (2022 – \$136).

The loans are secured by a first charge to the equipment purchased as well as limited guarantees up to \$160 provided by Sunterra Farms Enterprise Ltd., Sunterra Food Corporation, Sunterra Quality Food Markets Inc., Sunterra Beef Ltd., Sunterra Enterprises Inc., Sunterra Farms Iowa Inc., Sunwold Farms Inc., Lariagra Farms Ltd., and Trochu Meat Processors Ltd. The net book value of the assets financed under these agreements at December 31, 2023 was \$285 (2022 – \$333).

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 13

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

8. Loans and long-term debt (continued):

- (e) The loan with FCC is repayable in blended annual principal and interest instalments of \$8 bearing interest at 3.30% per annum and matures on May 1, 2025 with a borrowing base of \$35.

The above loans with FCC are secured by real property including lands held by Sunwold Farms Ltd. and Sunterra Farms Ltd., personal property including a limited amount of hog livestock in Ontario and Alberta, a first security interest in all the present and after acquired personal property of Sunterra Enterprises Inc., Sunterra Beef Ltd., Sunterra Food Corporation, Sunterra Quality Food Markets Inc., Trochu Meat Processors Ltd., Sunterra Farm Enterprises Ltd., Sunterra Farms Ltd., and Sunwold Farms Ltd. The loans are also guaranteed by the aforementioned companies (excluding SFL and Sunwold), Sunterra Farms Iowa Inc., and Sunwold Farms Inc., with each of these entities being under ultimate common controlling shareholders. These security documents secure the payment and performance of all indebtedness, liabilities and obligations of each of the aforementioned companies under all other existing or future credit facilities or loans that such party has with FCC.

- (f) SFL has financed certain equipment by entering into capital lease arrangements. These arrangements bear interest at rates ranging from 0.00% to 4.99%. The net book value of assets under capital lease at December 31, 2023 was \$695 (2022 – \$795).
- (g) SFL has financed certain equipment by entering into capital lease arrangements. This arrangement bears interest at 2.87%. The net book value of assets under capital lease at December 31, 2023 was \$249 (2022 – \$356).
- (h) SFL has financed certain equipment by entering into capital lease arrangements. These arrangements bear interest at rates ranging from 0.00% to 4.99%. The net book value of assets under capital lease at December 31, 2023 was \$200 (2022 – \$285).
- (i) The Canadian Emergency Business Account (“CEBA”) provides interest free loans up to \$60,000 to each small business to help cover their operating costs (payroll, rent, utilities, insurance and property tax) during a period where their revenues have been temporarily reduced. The loans are interest free until December 31, 2023. Repaying the balance of the loan on or before January 18, 2024 resulted in a forgiveness of 33 percent or \$20,000 per loan. Any unpaid amount after December 31, 2023 is converted to a three-year term loan at an interest rate of five percent per annum. The Company repaid the CEBA loans on January 2, 2024.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 14

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

8. Loans and long-term debt (continued):

- (j) The demand operating facility in SFGL has a borrowing limit of \$5 million and matures on October 31, 2024. This facility bears interest at the lender's prime rate plus 0.50% and includes available letters of credit as security to a maximum of \$1 million of which \$302 (2022 – \$302) was drawn as at December 31, 2023.
- (k) The non-revolving term facility has a borrowing limit of \$28.5 million, has a maturity date of October 31, 2024 and is repayable on the last banking day of each fiscal quarter on the basis of an amortization period of 15 years with accrued and unpaid interest accruing at the lender's prime rate plus 0.50%.

Scheduled principal payments on this loan of \$1.8 million is included in the current portion of long-term debt. The remaining balance has been included in debt subject to renewal as it is subject to normal course renewal on October 31, 2024. Consistent with prior years, management anticipates that the facility will be renewed.

These credits agreements (items (j) and (k)) require SFGL to maintain specified covenants such as current ratio, minimum earnings before interest, tax depreciation and amortization ("EBITDA"), debt service coverage and total liabilities to tangible net worth ratios as defined in the agreement. SFGL is in compliance with all such covenants as at and for the year ended December 31, 2023.

These loans are secured by a general security agreement from SFGL creating a first fixed charge over all of its present and after acquired personal property, mortgage and assignments of rents of \$50 million and interests in certain lands, assignments and postponements from each of its shareholders and a subordination agreement from subordinated note holders as defined in the agreement.

Covenants at the Sunterra Group of Companies level:

Certain credit agreements require the combined results of Sunterra Farm Enterprises Ltd., Sunterra Food Corporation and Sunterra Enterprises Inc., (the "Suntterra Group of Companies") to maintain specified financial covenants such as current ratio, debt service coverage ratio and debt to equity ratio. In addition, lender approval is required for capital expenditures, asset sales and payments to shareholders in excess of specified limits. For the year ended December 31, 2023 the Sunterra Group of Companies was not in compliance with these covenants and obtained waivers from the lenders.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 15

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

8. Loans and long-term debt (continued):

	Operating loan	Callable debt	Other debt	Total
2024	\$ 3,230	\$ 556	\$ 36,216	\$ 40,002
2025	—	1,411	1,445	2,856
2026	—	1,411	—	1,411
2027	—	1,411	—	1,411
2028	—	1,411	—	1,411
Thereafter	—	8,570	—	8,570
	\$ 3,230	\$ 14,770	\$ 37,661	\$ 55,661

9. Promissory note:

The promissory note has a maturity date of July 31, 2026, is unsecured, interest bearing at eight percent compounded quarterly. No payments made of principal or interest are required until the third month following the Company's final draw of SFGL's debt (note 8). Following the non-payment period, the Company is required to pay all accrued but unpaid interest on a quarterly basis. The Company has the option of prepaying the principal but is subject to a penalty of ten percent of the principal if paid before July 31, 2022, eight percent of the principal if paid between August 1, 2022 and July 31, 2023, six percent of the principal if paid between August 1, 2023 and July 31, 2024, four percent of the principal if paid between August 1, 2024 and July 31, 2025, two percent of the principal if paid between August 1, 2025 and July 31, 2026.

During the year ended December 31, 2023, the Company recognized \$244 (2022 – \$250) of interest on the promissory note.

The promissory note is owed to a company that is owned by a shareholder of the Company.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 16

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

10. Shareholders' equity and Preferred shares (liability classified):

(a) Details of shareholders' equity are as follows:

(i) Authorized share capital:

Unlimited number of Class A, B, C, D, E and F common shares without par value (all classes vote other than Class C common shares);

Unlimited number of non-voting, non-cumulative, redeemable Class A through G preferred shares without par value.

(ii) Issued and outstanding common shares:

	Number of Shares	Amount
Issued and outstanding at December 31, 2023 and 2022:		
Class "A"	2,390,569	\$ 5,666
Class "C"	10,564	106
	2,401,133	\$ 5,772

(b) Liability classified preferred shares:

(i) Class A and B preferred shares:

	Number of Shares	Amount
Issued and outstanding at December 31, 2023 and 2022:		
Class "A"	4,697,169	\$ 4,697
Class "B"	5,399,984	5,400
	10,097,153	\$ 10,097

The preferred shares are redeemable at the option of the issuer or the holder at a redemption price of \$1.00 per share. Redemption is restricted by the terms of the loan agreements.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 17

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

10. Shareholders' equity and Preferred shares (liability classified) (continued):

(b) Liability classified preferred shares (continued):

(ii) Class G preferred shares:

During 2016, the Company redeemed various common and preferred shares in exchange for issuing 9,108,405 class G preferred shares. These preferred shares are redeemable at the Company's option at \$1.00 per share. On the 5th anniversary of the redemption date (July 1, 2021) the holder can retract 20% of the original number of preferred shares issued per annum for \$1.00 per share.

Each year the preferred shareholders are entitled to receive a cumulative dividend on the preferred shares equal to the Canadian one year T-bill rate multiplied by an amount equal to the percent determined by taking 100% less the Alberta corporate rate.

The redemption value of these preferred shares of \$6 million (2022 – \$6.6 million) is presented as a \$ 4.2 million current liability (2022 – \$1.8 million) and a \$ 1.8 million long-term financial liability (2022 – \$4.8 million). Dividends on these preferred shares of \$18,182 (2022 – \$30,320) have been accrued and included in other interest expense.

(c) Retained earnings:

The ability to pay dividends and the redemption of preference shares is restricted by the terms of the loan agreements.

11 Related party transactions:

Included in accounts receivable are amounts due from shareholders, employees, companies which the shareholders control, and other related parties in the Sunterra Group of Companies of \$5.5 million (2022 – \$4.4 million) that are unsecured and non-interest bearing.

Included in accounts payable are amounts due to shareholders, companies which the shareholders control, and other related parties in the Sunterra Group of Companies of \$205 (2022 – \$300).

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 18

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

11. Related party transactions (continued):

The following are transactions with affiliated entities:

	2023	2022
Fees from affiliates:		
Sunterra Farms Iowa Inc.	\$ 661	\$ 677
SunWold Farms Inc.	—	271
Genetic Alliance Ltd.	65	65
Lariagra Farms Ltd.	320	—
Soleterra d'Italia Ltd	60	60
1731531 Alberta Inc. and 1729237 Alberta Inc.	15	39
Sunterra Beef Ltd	—	10
	\$ 1,121	\$ 1,122

In 2023, SFEL recognized revenue of \$138 of hogs (2022 – \$266) for the sale of Isowean and feeder pigs to a common control enterprise, Trochu Meat Processors Ltd.

In 2023, SFEL recognized revenue of \$15.2 million (2022 – \$24.4 million) for the sale of Isowean and feeder pigs to a common control enterprise, Sunterra Enterprises Inc.

In 2023, SFEL paid \$41 (2022 – \$nil) in rent to the Company's shareholders.

In 2023 and 2022, hogs were being finished in barns owned by various Price family members. During the year ended December 31, 2023, hogs were sold to SFEL in the amount of \$671 (2022 – \$947).

During the year ended December 31, 2023, the Company sold \$672 (2022 – \$511) of product to Sunterra Quality Food Markets Inc., a company owned by the same ultimate shareholder as the Company's shareholder. Sunterra Quality Food Markets Inc. provided labour support of \$29 (2022 – \$nil) to the Company.

During the year ended December 31, 2023, the Company received \$20 (2022 – \$nil) of shipping logistic services from Trochu Meat Processors, a company owned by the same ultimate shareholder as the Company's shareholder.

These transactions are in the normal course of business and have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 19

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

12. Income taxes:

The Company's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2023	2022
Net loss before income taxes	\$ (13,744)	\$ (5,910)
Expected tax recovery – 23% (2022 – 23%)	(3,161)	(1,359)
Increase (decrease) in tax resulting from:		
Non-taxable income or non-deductible expenses	43	13
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of amortization	(362)	(1,365)
Change in accrual to cash adjustments for tax purposes	(3,081)	1,376
Increase in non-capital loss carryforwards	6,601	1,826
Income tax expense	\$ 40	\$ 491

The Company has \$46.3 million (2022 – \$17.6 million) of non-capital losses available to reduce taxable income in future periods, which will expire no later than 2043.

13. Supplemental cash flow information:

	2023	2022
Changes in non-cash working capital:		
Accounts receivable	\$ (1,184)	\$ 1,494
Inventories	2,652	(5,475)
Prepaid expenses	62	(119)
Intercompany receivables	(2,468)	(16,356)
Cheques issued in excess of funds on deposit	11,563	11,028
Accounts payable and accrued liabilities	2,419	(1,816)
Intercompany payables	(2,233)	13,347
	\$ 10,811	\$ 2,103

SUNTERRA FARM ENTERPRISES LTD.

Notes to Consolidated Financial Statements, page 20

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

14. Financial instruments:

(a) Credit risk:

SFEL is subject to credit risk through trade receivables. The majority of accounts receivable are from related entities (note 11) and slaughter plants.

(b) Foreign currency risk:

SFEL is exposed to fluctuations in exchange rates which impact commodity prices. SFEL monitors and, when appropriate and possible, utilizes financial instruments to manage its exposure to these risks.

(c) Interest rate risk:

The Company is exposed to interest rate risk as certain operating loans bear interest at variable rates.

(d) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements.

The current challenging economic climate may lead to further adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate income and cash flows in the future.

There has been no change to the risk exposures from 2022.

15. Subsequent events:

Subsequent to the year ended December 31, 2023, the Company disposed of cropping land above appraisal value for an amount of \$15 million to common shareholders of the entity.

On June 17, 2024, SFGL received a payment of \$3 million under the AgriStability grant for the year ended December 31, 2022. AgriStability is a government grant program under the Sustainability Canadian Agricultural Partnership that aims to protect Canadian producers against large declines in farming income for reasons such as production loss, increased costs and market conditions.

This is Exhibit "P" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Consolidated Financial Statements of

**SUNTERRA FOOD
CORPORATION**

And Independent Practitioner's Review Engagement
Report thereon

Year ended December 31, 2023



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
www.kpmg.ca

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Shareholders of Sunterra Food Corporation

We have reviewed the accompanying consolidated financial statements of Sunterra Food Corporation, which comprise the consolidated balance sheet as at December 31, 2023, the consolidated statement of operations and deficit and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these consolidated financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Sunterra Farm Corporation as at December 31, 2023, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Emphasis of Matter

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Entity generated a net loss of \$9.8 million during the year ended December 31, 2023 and, as of that date, the Entity had a working capital deficiency of \$83.5 million and negative equity of \$40.9 million. The Entity's ability to continue as a going concern is dependent upon on a number of factors described in Note 1, including the on-going financial support of its lenders and its ability generate positive earnings and cashflows from operations. These conditions, along with other matters as set forth in Note 1 in the consolidated financial statements indicate the existence of a material uncertainty that may cast significant doubt about the Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

A handwritten signature in dark ink, appearing to read 'KMG LLP'.

Chartered Professional Accountants

Calgary, Canada

October 9, 2024

SUNTERRA FOOD CORPORATION

Consolidated Balance Sheet

December 31, 2023, with comparative information for 2022
(stated in thousands of dollars)

	2023	2022
Assets		
Current assets:		
Accounts receivable (notes 2 and 8)	\$ 3,583	\$ 2,965
Inventories (note 3)	6,276	6,283
Prepaid expenses and deposits	439	192
Intercompany receivables (note 6)	1,809	1,713
	12,107	11,153
Property, plant and equipment (note 4)	26,837	27,388
Advances to related party (note 8)	27,303	23,081
	\$ 66,247	\$ 61,622
Liabilities and Deficiency in Assets		
Current liabilities:		
Accounts payable and accrued liabilities (notes 2 and 8)	\$ 12,247	\$ 11,535
Operating loan (note 5)	11,095	5,908
Current portion of long-term debt (note 5)	767	741
Scheduled payments on callable debt (note 5)	197	199
Current portion of Class H preferred shares (note 9)	1,080	466
Class A & G preferred shares	3	3
Intercompany payables (note 6)	69,648	65,402
	95,037	84,254
Callable debt (note 5)	588	768
	95,625	85,022
Long-term debt (note 5)	8,189	3,465
Other long-term liabilities	629	527
Deferred lease inducements	2,129	2,360
Class H preferred shares (note 9)	466	1,227
Deficiency in assets:		
Common shares (note 9)	3	3
Contributed surplus	107	107
Deficit	(40,901)	(31,089)
	(40,791)	(30,979)
Going Concern (note 1)		
Commitments (note 11)		
Subsequent events (note 14)		
	\$ 66,247	\$ 61,622

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director

Director

SUNTERRA FOOD CORPORATION

Consolidated Statements of Operations and Deficit

Year ended December 31, 2023, with comparative information for 2022
(stated in thousands of dollars)

	2023	2022
Sales (note 2)	\$ 98,285	\$ 89,168
Cost of sales (notes 3 and 8)	97,211	93,753
	1,074	(4,585)
Selling, general and administrative expenses (note 8)	8,804	7,213
	(7,730)	(11,798)
Other expenses (income):		
Amortization	1,929	1,593
Interest on loans	783	818
Fees from affiliates (note 8)	(600)	(2,102)
Other interest	5	5
Other income	(40)	(197)
	2,077	117
Loss before income taxes	(9,807)	(11,915)
Income tax recovery (expense) (note 10)	—	57
Net loss for the year	(9,807)	(11,858)
Deficit, beginning of year	(31,089)	(19,218)
Dividends	(5)	(13)
Deficit, end of year	\$ (40,901)	\$ (31,089)

See accompanying notes to consolidated financial statements.

SUNTERRA FOOD CORPORATION

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022
(stated in thousands of dollars)

	2023	2022
Cash provided by (used in):		
Operations		
Net loss for the year	\$ (9,807)	\$ (11,858)
Non-cash items:		
Amortization	1,929	1,593
Amortization of deferred leasehold inducements	(231)	(231)
Canada emergency business account loan forgiveness	—	(20)
Change in non-cash working capital items (note 12)	4,106	19,637
	(4,003)	9,121
Financing:		
Debt proceeds (repayments), net	4,568	(926)
Operating loan proceeds (repayments), net	5,187	(1,528)
Government loan	—	(40)
Advances to related parties, net	(4,222)	(3,839)
Class H preferred share redemption	(147)	(167)
Dividends paid	(5)	(13)
	5,381	(6,513)
Investing:		
Purchase of property, plant and equipment	(1,378)	\$ (2,808)
Proceeds on sale of property, plant and equipment	—	—
Cash received for leasehold inducement	—	200
	(1,378)	(2,608)
Change in cash	—	—
Cash, beginning of year	—	—
Cash, end of year	\$ —	\$ —

See accompanying notes to consolidated financial statements.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

1. Nature of business and going concern:

Sunterra Food Corporation ("SFC" or "the Company") is a private company incorporated under the Canadian Corporations Act. The Company operates grocery stores, food processing plants and provides food services in the province of Alberta.

The consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

During 2023, the Company's financial results were adversely impacted by a number of factors as noted in the liquidity risk note 13. As at December 31, 2023, the Company had negative equity of \$40.9 million (2022 – \$31.1 million) and a working capital deficiency of \$83.5 million (2022 – \$73.9 million). For the year ended December 31, 2023, the Company generated a loss of \$9.8 million (2022 – \$11.9 million) and cash outflows from operations of \$4 million (2022 – cash inflow of \$9.1 million). At December 31, 2023, the Company was not in compliance with certain of its financial covenants on loans (see note 5). The Company is currently dependent on the on-going financial support of its lenders, including related parties (see note 6), to meet its obligations.

The above factors create a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. The Group has taken steps subsequent to year end to improve its financial condition, which include obtaining waivers from its lenders for covenant breaches. In addition, the Group anticipates the receipt of proceeds from insurance on the meat processing facility in Trochu, Alberta (see note 14) in excess of net book value.

In the event that certain assumptions described above do not materialize or additional sources of liquidity are unable to be obtained, there could be a material adverse effect on the Company's financial condition and/or results of operations. The financial statements do not include adjustments that would be required if assets are not realized and liabilities and commitments are not settled in the normal course of operations.

Significant accounting policies:

These consolidated financial statements are prepared in accordance with Canadian accounting standards for private enterprises. Certain comparative information has been presented to conform with the financial statement presentation adopted in the current year. These reclassifications did not impact the Company's net loss or shareholders' deficit.

The Company's significant accounting policies are as follows:

(a) Consolidated financial statements:

The consolidated financial statements of SFC consolidate the accounts of SFC and its wholly-owned subsidiaries which are: Trochu Meat Processors Ltd. ("TMP"), Sunterra Wine Markets Inc. ("SWMI") and Sunterra Quality Food Markets Inc. ("Markets"). All significant intercompany balances and transactions have been eliminated.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 2

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

Significant accounting policies (continued):

(a) Consolidated financial statements (continued):

The Company's determination of its subsidiaries is based on its control of entities that are subject to consolidation and reflects its continuing power to determine their strategic operating, investing and financing policies without the co-operation of others, in a manner that would earn the Company the right and ability to obtain future economic benefits from these entities and exposes the Company to the related risks.

SFC accounts for its investments in jointly controlled enterprise, being Soleterra D'Italia Ltd. (50% owned by SFC) using the equity method whereby the investment is initially recognized at cost. Thereafter the carrying value of SFC's interest in the jointly controlled enterprise is adjusted for SFC's share of income or loss and distributions to and from the jointly controlled enterprise.

(b) Cash:

Cash includes cash and short-term deposits which are highly liquid with original maturities of less than three months.

(c) Inventories:

Inventories of processed and retail products are valued at the lower of cost and net realizable value. Cost of retail products is determined using the retail method whereby the cost is determined by discounting the retail value by normal profit margins. Net realizable value is the estimated selling price less selling costs.

(d) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated amortization. Amortization is provided for using the following methods and annual rates:

Asset	Basis	Rate
Buildings	Declining balance	5%
Computers	Declining balance	30%
Machinery and equipment	Declining balance	10%
Power equipment and vehicles	Declining balance	30%

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 3

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

Significant accounting policies (continued):

(d) Property, plant and equipment (continued):

Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or their estimated useful lives.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(e) Capitalization of interest:

Interest is capitalized on expenditures related to construction and development projects. Capitalization is discontinued when the asset is ready for its intended use.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition, except for financial instruments that arise on certain related party transactions. Financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Company has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 4

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

Significant accounting policies (continued):

(g) Leases:

The Company recognizes a capital lease if the lease transfer substantially all of the benefits and risks of ownership to the Company when, at the inception of the lease, one or more of the following conditions are present:

- (i) There is reasonable assurance that the Company will obtain ownership of the leased property by the end of the lease term;
- (ii) The lease term is equal to or greater than 75% of the estimated useful life of the property, or;
- (iii) If the present value, at the beginning of the lease term, of the minimum lease payments, is equal to or greater than 90% of the fair value of the property.

The Company accounts for capital leases by recognizing a capital asset and obligation at the present value of the minimum lease payments. The capital lease asset is amortized over the period of expected use for similar property and equipment assets. The capital lease obligation decreases with payments and increases with interest expense which is based on the interest rate implicit in the lease.

Rents for operating leases, where leases provide for increase in rent during their term, are recognized on a straight-line basis over the terms of the respective leases.

(h) Preferred shares:

The preferred shares issued by the Company generally allow the holder to redeem the preferred shares in cash at a fixed amount. Preferred shares with cash redemption amounts are required to be classified as liabilities and recorded at their redemption amount. Redeemable preferred shares with no fixed redemption schedule are recorded in current liabilities whilst those with a fixed redemption schedule are recorded as current or long term in accordance with the terms of the redemption provisions. Dividends on liability classified preferred shares are recorded in the statement of operations.

Preferred shares, if any, that do not have redemption amounts and meet various other criteria are classified in equity. Dividends thereon are also recorded in equity.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 5

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

Significant accounting policies (continued):

(i) Revenue recognition:

Processing revenue is recognized when title passes to customers, which is generally at the time goods are delivered or shipped and collection is reasonably assured. Retail revenue is recognized at the time of the sale.

(j) Foreign currency transactions:

Transactions completed in foreign currencies are reflected in Canadian dollars at the rates prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are reflected in the financial statements at the Canadian dollar equivalent at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses are included in earnings.

(k) Income taxes:

SFC uses the taxes payable method to account for income taxes whereby the expense (income) of the period consists only of the cost (benefit) of current income taxes for that period, determined in accordance with the rules established by taxation authorities.

(l) Government grants:

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be met. If a grant is received but compliance with any attached condition is not achieved, the grant is recognized as a deferred liability until such conditions are fulfilled. When the grant relates to an income or expense item, it is recognized as a reduction to the related expense in the period in which the costs are incurred. When the grant relates to an asset, it is recognized as a reduction to the net book value of the related asset and then subsequently in net income (loss) over the expected useful life of the related assets through lower charges to depreciation and amortization.

(m) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 6

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

Significant accounting policies (continued):

(n) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of the contingent assets and liabilities at the date of the financial statements and revenue and expenses for the period reported. Significant estimates include the valuation of accounts receivable, inventories, and investments. Actual results could differ from those estimates.

2. Accounts receivable, accounts payable and accrued liabilities, and sales:

Accounts receivable	2023	2022
Trade receivables:		
Processing	\$ 2,219	\$ 1,655
Retail	1,330	1,257
GST receivable	34	53
	<u>\$ 3,583</u>	<u>\$ 2,965</u>

Sales	2023	2022
Processing	\$ 33,392	\$ 27,156
Retail	64,893	62,012
	<u>\$ 98,285</u>	<u>\$ 89,168</u>

Accounts payable and accrued liabilities	2023	2022
Cheques issued in excess of funds on deposit	\$ 1,327	\$ 197
Accounts payable and accrued liabilities	10,920	11,338
	<u>\$ 12,247</u>	<u>\$ 11,535</u>

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 7

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

3. Inventories and cost of sales:

Inventories	2023	2022
Finished products - processed	\$ 1,361	\$ 1,514
Finished products - retail	4,240	4,072
Supplies	675	697
	\$ 6,276	\$ 6,283

Cost of sales	2023	2022
Purchases and processing costs	\$ 97,204	\$ 88,322
Add opening inventories	6,283	11,714
Less closing inventories	(6,276)	(6,283)
	\$ 97,211	\$ 93,753

4. Property, plant and equipment:

December 31, 2023	Cost	Accumulated amortization	Net book value
Land	\$ 12	\$ —	\$ 12
Buildings	8,179	3,952	4,227
Computers	3,002	2,564	438
Machinery and equipment:			
Processing	8,413	5,816	2,597
Retail	16,062	8,717	7,345
Power equipment and vehicles	492	330	162
Leasehold improvements	25,719	13,663	12,056
	\$ 61,879	\$ 35,042	\$ 26,837

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 8

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

4. Property, plant and equipment (continued):

December 31, 2022	Cost	Accumulated amortization	Net book value
Land	\$ 12	\$ —	\$ 12
Buildings	7,535	3,750	3,785
Computers	2,918	2,434	484
Machinery and equipment:			
Processing	8,318	5,588	2,730
Retail	15,686	8,041	7,645
Power equipment and vehicles	408	285	123
Leasehold improvements	25,624	13,015	12,609
	\$ 60,501	\$ 33,113	\$ 27,388

5. Loans and long-term debt:

	2023	2022
Sunterra Food Corporation		
Canadian Western Bank - segment 1	\$ 11,095	\$ 5,908
Canadian Western Bank - segment 2	785	967
Canadian Western Bank - segment 3	6,611	—
Trochu Meat Processors Ltd. (a subsidiary)		
Agriculture Financial Services Corporation (i)	—	558
Agriculture Financial Services Corporation (ii)	—	1,016
Sunterra Quality Food Markets Inc.		
Bower Place Landlord Loan	2,345	2,632
Total debt	20,836	11,081
Less:		
Operating loan	(11,095)	(5,908)
Scheduled payments on callable debt	(197)	(199)
Current portion of long-term debt	(767)	(741)
Callable debt	(588)	(768)
Total long-term debt	\$ 8,189	\$ 3,465

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 9

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

5. Loans and long-term debt (continued):

Canadian Western Bank loans:

Loan segment 1 with the Canadian Western Bank ("CWB") is a demand operating loan, bearing interest at a rate of 1.25% above the bank's prime lending ("prime") rate per annum (2022 – 1.50% above prime) with a borrowing limit of \$12 million.

Loan segment 2 is a demand non-revolving facility repayable in monthly principal plus interest payments of approximately \$43 bearing interest at 1.25% above the prime rate (2022 – 1.25% above prime) with an initial principle of \$1.4 million of which \$785 (2022 – \$967) is outstanding at December 31, 2023. The amount outstanding is classified as callable debt.

Loan segment 3 is a demand collateral mortgage, bearing interest at a rate of 1.25% above the prime rate in the amount of \$7 million of which \$6.6 million (2022 – nil) was outstanding as at December 31, 2023. The loan is secured by a mortgage on the buildings and lands for Trochu Meats Processors Ltd.

The loans are secured by the assets of SBL, SFC and its subsidiaries, guarantees from SBL, Sunterra Farm Enterprises Ltd. and Sunterra Enterprises Inc. of any outstanding balances under segment 1.

Agriculture Financial Services Corporation:

- (i) For the year ended December 31, 2022, this loan was repayable in blended monthly principal and interest installments of approximately \$25, bearing interest at a fixed rate of 4.29%, maturing on November 1, 2024. This loan was secured by a mortgage on the buildings and is guaranteed by Sunterra Enterprises Inc., Sunterra Farm Enterprises Ltd and Sunterra Food Corporation.
- (ii) For the year ended December 31, 2022, this loan was repayable in blended monthly principal and interest installments of approximately \$18 bearing interest at a fixed rate of 3.36%. This loan automatically renewed in 2022 with the same terms and the loan matures on December 1, 2027. The payment terms and rate of interest may change upon renewal. This loan was secured by a mortgage on certain buildings, a promissory note signed by Trochu Meat Processors Ltd., a registered security agreement against all present and after acquired personal property, and an unlimited guarantee from Sunterra Enterprises Inc., Sunterra Farm Enterprises Ltd., and Sunterra Food Corporation.

On February 24, 2023 amounts owed to Agriculture Financial Services Corporation (i) and (ii) loans were paid out and replaced with the CWB Loan segment 3 of the demand collateral mortgage loan.

SFC and its subsidiaries have guaranteed the borrowings of Sunterra Farm Enterprises Ltd. that are drawn from Farm Credit Corporation.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 10

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

5. Loans and long-term debt (continued):

Bower Place Landlord Loan:

This loan is repayable in blended monthly and principal installments, bearing interest at 5.75% per annum over 10 years.

Management does not believe that repayment of the callable debt will be required to be repaid in the current year. Assuming payment of the callable debt is not demanded, contractual principal payments required on all long-term debt for the next five years are due as follows:

	Operating loan	Callable debt	Other debt	Total
2024	\$ 11,095	\$ 197	\$ 767	\$ 12,059
2025	—	214	785	999
2026	—	233	804	1,037
2027	—	141	823	964
2028	—	—	844	844
Thereafter	—	—	4,933	4,933
	\$ 11,095	\$ 785	\$ 8,956	\$ 20,836

Covenants:

Certain credit agreements require SFC to maintain specified financial covenants such as current, debt to tangible net worth and cash flow coverage ratios. In addition, lender approval is required for capital expenditures, asset sales and payments to shareholders in excess of specified limits. For the year ended December 31, 2023, SFC was not in compliance with these covenants and obtained waivers from the lender.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 11

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

6. Intercompany receivables and payables:

Intercompany receivables (1)	2023	2022
Sunterra Farm Enterprises Ltd.	\$ 1,170	\$ 606
Sunterra Enterprises Inc.	630	600
Sunwold Farms Ltd.	—	298
Sunwold Farms Inc.	—	203
Sunterra Beef Ltd.	—	4
Sunterra Farms Greenhouse Ltd.	9	2
	\$ 1,809	\$ 1,713

Intercompany payables (1)	2023	2022
Sunterra Farms Ltd.	\$ 47,055	\$ 45,369
Sunterra Enterprises Inc.	20,830	17,789
Sunterra Farm Enterprises Ltd.	1,468	1,467
Sunwold Farms Iowa Inc.	192	400
Sunterra Beef Ltd.	—	343
Sunterra Farms Greenhouse Ltd.	103	34
	\$ 69,648	\$ 65,402

(1) Amounts due from/to inter-companies are unsecured and bear no interest.

Intercompanies are related through ultimate common controlling shareholders.

7. Investment in jointly controlled enterprise:

Soleterra d'Italia Ltd. ("Soleterra"), which is 50% owned by the Company was formed in 2015. At December 31, 2023, the deficiency in net assets of Soleterra, net to the Company, was approximately \$7.9 million (2022 – \$6.4 million). As the investment in the equity accounted entity is negative, no amount is reflected in the consolidated balance sheet.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 12

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

7. Investment in jointly controlled enterprise (continued):

A summary of Soleterra's financial results is as follows (balances are 100%, of which the Company owns 50%):

Balance sheet	2023	2022
Current assets	\$ 5,312	\$ 4,393
Property, plant, and equipment	17,631	17,805
Current liabilities	(2,125)	(1,858)
Due to shareholders	(31,136)	(26,765)
Long term liabilities	(5,544)	(6,343)
Net deficiency in assets	\$ (15,862)	\$ (12,768)

Statement of operations	2023	2022
Sales	\$ 8,375	\$ 9,396
Cost of sales	(5,129)	(5,056)
Selling, general, and administrative costs	(6,083)	(5,876)
Amortization	(423)	(432)
Interest and bank charges	(453)	(366)
Other income	620	246
Net loss for the year	\$ (3,093)	\$ (2,088)

8. Related party transactions:

	2023	2022
Fees from affiliates:		
Suntterra Farms Ltd.	\$ —	\$ (1,502)
Suntterra Enterprises Inc.	(600)	(600)
	\$ (600)	\$ (2,102)

Included in accounts payable and accrued liabilities are amounts due to employees, companies which the shareholders control, and other related parties within the Suntterra Group of Companies of \$3.9 million (2022 – \$3.6 million) that are unsecured and non-interest bearing.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 13

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

8. Related party transactions (continued):

Advances to related parties of \$27.3 million (2022 – \$23.0 million) relates to advances to a related party within the Sunterra Group of Companies that is unsecured. During 2023, SFC charged \$nil (2022 – \$435) of interest on the loan which is included in fees from affiliates.

In 2023, SFC leased retail space from a common control enterprise, West Market Square Inc., for \$565 (2022 – \$606).

In 2023, TMP bought \$138 of hogs (2022 – \$266) from a common control enterprise, Sunterra Farms Ltd. TMP provided \$nil (2022 – \$542) of management fees and hedging to Sunterra Farms Ltd.

In 2023, TMP bought \$3.5 million of hogs (2022 – \$2.4 million) from two numbered companies that are controlled by shareholders.

In 2023, Markets purchased \$1.4 million (2022 – \$691) and TMP purchased \$1.6 million (2022 – \$20) of food products from Soleterra.

The transactions are in the normal course of business and have been recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Share capital and preferred shares (liability classified):

(a) Authorized share capital:

Unlimited number of Class A, B, C, D, E and F common shares without par value (Class B and C are non-voting, and all others are voting).

Unlimited number of Class A through H preferred shares without par value (Class G shares are voting and all others are non-voting).

(b) Class C common shares:

	Number of Shares	Amount
Issued and outstanding at December 31, 2023 and 2022	2,401,133	\$ 3

- (c) During 2016, the Company redeemed various common and preferred shares in exchange for issuing 2,331,572 class H preferred shares. These preferred shares are redeemable at the Company's option at \$1.00 per share. On the 5th anniversary of the redemption date (July 1, 2021) the holder can retract 20% of the original number of preferred shares issued per annum for \$1.00 per share.

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 14

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

9. Share capital and preferred shares (liability classified) (continued):

Each year the preferred shareholders are entitled to receive a cumulative dividend on the \$2.3 million of preferred shares equal to the Canadian one-year T-bill rate multiplied by an amount equal to the percent determined by taking 100% less the Alberta corporate rate.

The redemption value of these preferred shares of \$1,693 (2022 – \$1,693) is presented as a financial liability with \$1,080 (2022 – \$466) classified as current and a long-term financial liability of \$466 (2022 – \$1,227). Dividends on these preferred shares of \$5 (2022 – \$13) have been accrued and included in other interest expense and accounts payable.

(d) Class A and G preferred shares:

The following preferred shares were outstanding at December 31, 2023 and 2022.

	Number of Shares	Amount
Class A	2,400	\$ –
Class G	77,256	3

(e) The ability to pay dividends and redeem preference shares is restricted by the terms of the loan agreement.

10. Income taxes:

The Company's income tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	2023	2022
Net loss before income taxes	\$ (9,807)	\$ (11,915)
Expected tax recovery – 23% (2022 – 23%)	(2,256)	(2,740)
Increase (decrease) in tax resulting from:		
Non-taxable income or non-deductible expenses	(5)	(55)
Income or expenses claimed in different periods for income tax purposes:		
Capital cost allowance in excess of amortization	(436)	(565)
Change in accrual to cash adjustments for tax purposes	–	–
Increase in non-capital loss carryforwards	2,697	3,303
Income tax recovery	\$ –	\$ (57)

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 15

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

10. Income taxes (continued):

The Company has \$50.8 million (2022 - \$39.7 million) of non-capital losses in available to reduce taxable income in future periods, which will expire no later than 2043.

11. Commitments:

Future minimum operating lease payments for equipment and retail space over the next five years are as follows:

2024	\$	2,954
2025		2,998
2026		1,741
2027		1,261
2028		1,121
Thereafter		2,488

Certain subsidiaries lease retail space under agreements which expire from time to time through 2036. The leases require the payment of contingent rentals based on sales in excess of stipulated amounts.

12. Supplemental cash flow information:

	2023	2022
Changes in non-cash working capital:		
Accounts receivable	\$ (618)	\$ (636)
Inventories	7	5,431
Prepaid expenses and deposits	(247)	50
Intercompany receivables	(96)	(1,523)
Cheques issued in excess of funds on deposit	1,130	(1,951)
Accounts payable and accrued liabilities	(418)	2,503
Income taxes payable	—	—
Intercompany payables	4,246	15,743
Other long-term liabilities	102	20
	\$ 4,106	\$ 19,637

SUNTERRA FOOD CORPORATION

Notes to Consolidated Financial Statements, page 16

Year ended December 31, 2023, with comparative information for 2022
(tabular amounts stated in thousands of dollars, except for number of shares)

13. Financial instruments:

(a) Credit risk:

SFC is exposed to credit risk through trade receivables. The processing and retail debtors' ability to pay is dependent upon the economic conditions in the wholesale and retail food sector. There is a significant concentration of credit within the processing accounts receivable.

(b) Foreign currency risk:

SFC is exposed to foreign currency fluctuations on certain processed product sales denominated in United States dollars. In 2023, exchange losses of \$37 (2022 – \$19) are included in cost of sales in the statement of operations.

(c) Interest rate risk:

SFC is exposed to interest rate risk as certain loans and the Class H preferred shares bear interest at variable rates.

(d) Liquidity risk:

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company manages its liquidity risk by monitoring its operating requirements.

The current challenging economic climate including inflation and margin pressures may lead to further adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate income and cash flows in the future.

14 Subsequent events:

Subsequent to December 31, 2023, a fire significantly damaged a meat processing facility located in Trochu, Alberta. The net book value of the impacted property, plant and equipment as at December 31, 2023 was \$7 million. The assessment of the damage is ongoing and management continues work with its insurance providers to estimate site clean-up and remediation costs as well as insurance recoveries.

This is Exhibit "Q" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta
Nathan A. Stewart
Barrister & Solicitor

Combined Financial Statements of

**SUNTERRA FOOD CORPORATION,
TROCHU MEAT PROCESSORS LTD.,
SUNTERRA QUALITY FOOD MARKETS
INC., SUNTERRA FARMS LTD. AND
SUNWOLD FARMS INC.**

And Compilation Engagement Report thereon

Year ended December 31, 2023



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Sunterra Food Corporation, Trochu Meat Processors Ltd., Sunterra Quality Food Markets Inc., Sunterra Farms Ltd. and Sunwold Farms Inc.

On the basis of information provided by management, we have compiled the combined balance sheet of Sunterra Food Corporation, Trochu Meat Processors Ltd., Sunterra Quality Food Markets Inc., Sunterra Farms Ltd. and Sunwold Farms Inc. as at December 31, 2023, the statement of operations for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 9, 2024

SUNTERRA FOOD CORPORATION, TROCHU MEAT PROCESSORS LTD., SUNTERRA QUALITY FOOD MARKETS INC., SUNTERRA FARMS LTD. AND SUNWOLD FARMS INC.

Combined Balance Sheet

December 31, 2023, with comparative information 2022

	2023	2022
Assets		
Current assets:		
Accounts receivable	\$ 9,661,287	\$ 8,062,373
Income taxes receivable	41,640	50,902
Agricultural and other inventories	8,072,847	9,951,788
Prepaid expenses and deposits	650,118	475,187
Intercompany receivables and investments	53,272,093	76,367,960
	<u>71,697,985</u>	<u>94,908,210</u>
Biological assets, production hogs	7,210,988	7,637,743
Property, plant and equipment	47,522,671	48,810,922
Advances to related party	27,303,069	23,882,913
	<u>\$ 153,734,713</u>	<u>\$ 175,239,788</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 47,206,424	\$ 32,881,613
Operating loan	11,094,508	5,908,045
Current portion of long-term debt	1,974,813	2,968,411
Current portion of callable debt	752,926	869,395
Debt subject to renewal	7,193,888	—
Current portion of government loan	60,000	—
Intercompany payable	31,259,271	59,109,812
	<u>99,541,830</u>	<u>101,737,276</u>
Callable debt	14,802,396	13,220,575
	<u>114,344,226</u>	<u>114,957,851</u>
Long-term debt	9,777,853	12,385,029
Government loan	—	60,000
Deferred lease inducements	1,929,135	2,160,279
Shareholders' equity:		
Share capital	7,564,130	7,564,130
Contributed surplus	(2,396,788)	(2,396,788)
Retained earnings	22,516,157	40,509,287
	<u>27,683,499</u>	<u>45,676,629</u>
	<u>\$ 153,734,713</u>	<u>\$ 175,239,788</u>

See accompanying note to the combined financial statements.

SUNTERRA FOOD CORPORATION, TROCHU MEAT PROCESSORS LTD., SUNTERRA QUALITY FOOD MARKETS INC., SUNTERRA FARMS LTD. AND SUNWOLD FARMS INC.

Combined Statements of Operations

Year ended December 31, 2023, with comparative information 2022

	2023	2022
Sales	\$ 119,462,006	\$ 128,933,737
Cost of sales	117,475,671	120,414,676
	1,986,335	8,519,061
Selling, general and administrative expenses	16,314,181	15,534,398
	(14,327,846)	(7,015,337)
Other expenses (income):		
Amortization	2,849,981	2,475,922
Interest on loans	2,970,147	2,482,929
Fees from affiliates	(1,720,805)	(3,323,548)
Other interest	15,101	13,167
Intercompany interest income	(791,432)	(737,074)
Gain on sale of property, plant and equipment	2,745	(12,178)
Foreign exchange loss	342,637	3,496,450
Other income	(41,242)	(199,795)
	3,627,132	4,195,873
Loss before income taxes	(17,954,978)	(11,211,210)
Income tax (expense) recovery	(38,152)	27,453
Net loss for the year	\$ (17,993,130)	\$ (11,183,757)

See accompanying notes to the combined financial statements.

SUNTERRA FOOD CORPORATION, TROCHU MEAT PROCESSORS LTD., SUNTERRA QUALITY FOOD MARKETS INC., SUNTERRA FARMS LTD. AND SUNWOLD FARMS INC.

Note to Combined Financial Information

Year ended December 31, 2023

1. Basis of accounting:

The basis of accounting applied in the preparation of the combined balance sheet of Sunterra Food Corporation, Trochu Meat Processors Ltd., Sunterra Quality Food Markets Inc., Sunterra Farms Ltd. and Sunwold Farms Inc. as at December 31, 2023, and the statement of operations and retained earnings for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Current income taxes receivable as at the reporting date.
- Agricultural and other inventories valued at the lower of input only costs and net realizable value.
- Prepaid expenses recognized over the period of time the expense relates to.
- Related party transactions measured at the exchange amount.
- Biological assets valued at only input costs and assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.
- Property, plant and equipment is depreciated over their useful life.

This is Exhibit "R" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Non-consolidated Financial Statements of

SUNTERRA FARMS LTD.

And Compilation Engagement Report thereon

Year ended December 31, 2023



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Sunterra Farms Ltd.

On the basis of information provided by management, we have compiled the non-consolidated balance sheet of Sunterra Farms Ltd. as at December 31, 2023, the non-consolidated statement of operations and retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 9, 2024

SUNTERRA FARMS LTD.

Non-consolidated Balance Sheet

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets		
Accounts receivable	\$ 4,610,013	\$ 4,026,536
Agricultural inventory	397,580	2,072,050
Inventory	150,168	123,097
Prepaid expenses and deposits	100,260	178,962
Intercompany receivables	44,635,409	67,843,227
Investments	23,790	23,790
	49,917,220	74,267,662
Biological assets, production hogs	2,630,888	2,992,043
Property, plant and equipment	16,784,386	17,417,958
Investments and advances	19,113,134	19,133,672
Intercompany receivables	—	801,913
	\$ 88,445,628	\$ 114,613,248
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 32,953,423	\$ 19,347,163
Income taxes payable	—	29,228
Intercompany payables	2,788,509	38,750,482
Debt subject to renewal	7,193,888	—
Current portion of debt	848,094	1,882,173
Scheduled payments on callable debt	556,000	670,000
	44,339,914	60,679,046
Callable debt	14,214,000	12,453,000
Long-term debt	110,967	7,099,364
Intercompany payables	590,875	590,875
Shareholders' equity:		
Share capital	7,449,265	7,449,265
Retained earnings	21,740,607	26,341,698
	29,189,872	33,790,963
	\$ 88,445,628	\$ 114,613,248

See accompanying note to the non-consolidated financial statements.

SUNTERRA FARMS LTD.

Non-consolidated Statement of Operations and Retained Earnings

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Sales	\$ 11,805,738	\$ 11,898,743
Cost of goods sold	12,775,891	8,912,992
	(970,153)	2,985,751
General and administrative	2,590,395	3,400,969
	(3,560,548)	(415,218)
Other expenses (income):		
Amortization	757,714	796,818
Loss on sale of property, plant and equipment	802	1,116
Fees from affiliates	(1,897,325)	(2,004,260)
Dividend income	(1,266)	(2,500)
Foreign exchange loss	342,637	3,496,450
Other interest expense	15,101	13,168
Interest on long term debt	1,784,728	1,274,800
	1,002,391	3,575,592
Loss before income tax expense	(4,562,939)	(3,990,810)
Income tax expense	38,152	29,228
Net loss	(4,601,091)	(4,020,038)
Retained earnings, beginning of year	26,341,698	30,361,736
Retained earnings, end of year	\$ 21,740,607	\$ 26,341,698

See accompanying note to the financial statements.

SUNTERRA FARMS LTD.

Note to Financial Information

Year ended December 31, 2023

1. Basis of accounting:

The basis of accounting applied in the preparation of the non-consolidated balance sheet of Sunterra Farms Ltd. as at December 31, 2023, and the non-consolidated statement of operations and retained earnings for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Agricultural and other inventories valued at the lower of input only costs and net realizable value.
- Prepaid expenses recognized over the period of time the expense relates to.
- Related party transactions measured at the exchange amount.
- Biological assets valued at only input costs and assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.
- Property, plant and equipment are depreciated over its useful life.

This is Exhibit "S" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Financial Statements of

SUNWOLD FARMS LTD.

And Compilation Engagement Report thereon

Year ended December 31, 2023



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Sunwold Farms Ltd.

On the basis of information provided by management, we have compiled the balance sheet of Sunwold Farms Ltd. as at December 31, 2023, the statement of earnings and retained earnings for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 9, 2024

SUNWOLD FARMS LTD.

Balance Sheet

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 235,659	\$ 213,839
Accounts receivable	1,468,097	1,070,579
Income taxes receivable	41,640	80,130
Agricultural inventory	1,199,568	1,280,152
Inventory	111,002	251,420
Intercompany receivables	33,321,720	42,044,474
Prepaid expenses	73,587	67,122
	<u>36,451,273</u>	<u>45,007,716</u>
Biological assets, production hogs	4,580,100	4,645,700
Property, plant and equipment	3,906,495	4,009,649
	<u>\$ 44,937,868</u>	<u>\$ 53,663,065</u>
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,666,816	\$ 1,738,899
Intercompany payables	4,445,024	9,142,653
Current portion of long-term debt	359,990	345,038
Current portion of government loan	60,000	—
	<u>6,531,830</u>	<u>11,226,590</u>
Government loan	—	60,000
Long term debt	1,477,630	1,820,297
Shareholder's equity:		
Share capital	280	280
Contributed surplus	(2,396,788)	(2,396,788)
Retained earnings	39,324,916	42,952,686
	<u>36,928,408</u>	<u>40,556,178</u>
	<u>\$ 44,937,868</u>	<u>\$ 53,663,065</u>

See accompanying note to the financial statements.

SUNWOLD FARMS LTD.

Statement of Earnings and Retained Earnings

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Sales	\$ 16,830,296	\$ 27,500,237
Cost of sales	14,833,976	17,284,245
	1,996,320	10,215,992
Other expenses (income):		
General and administrative	5,076,879	5,040,788
Fees to affiliates	776,520	782,472
Interest expense	396,967	389,945
Interest income	(791,432)	(737,075)
Amortization	163,213	86,183
	5,622,147	5,562,313
(Loss) gain on sale of property, plant and equipment	(1,943)	13,295
(Loss) income before taxes	(3,627,770)	4,666,974
Income tax recovery (expense)	—	—
Net income	(3,627,770)	4,666,974
Retained earnings, beginning of year	42,952,686	38,285,712
Retained earnings, end of year	\$39,324,916	\$42,952,686

See accompanying note to the financial statements.

SUNWOLD FARMS LTD.

Note to Financial Information

Year ended December 31, 2023

1. Basis of accounting:

The basis of accounting applied in the preparation of the balance sheet of Sunwold Farms Ltd. as at December 31, 2023, and the statement of earnings and retained earnings for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Current income taxes receivable as at the reporting date.
- Related party transactions measured at the exchange amount.
- Prepaid expenses recognized over the period of time the expense relates to.
- Agricultural and other inventories valued at the lower of input only costs and net realizable value.
- Biological assets valued at only input costs and assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.
- Property, plant and equipment is depreciated over their useful life.

This is Exhibit "T" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta

Nathan A. Stewart
Barrister & Solicitor

Financial Statements of

TROCHU MEAT PROCESSORS

And Compilation Engagement Report thereon

Year ended December 31, 2023



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Trochu Meat Processors

On the basis of information provided by management, we have compiled the balance sheet of Trochu Meat Processors as at December 31, 2023, the statement of operations and deficit for the year then ended, and Note 1 which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 9, 2024

TROCHU MEAT PROCESSORS

Balance Sheet

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Accounts receivable	\$ 2,252,787	\$ 1,805,636
Inventory	2,035,703	2,211,096
Prepaid expenses	68,161	69,819
	<u>4,356,651</u>	<u>4,086,551</u>
Intercompany receivables	23,049,233	19,958,757
Property, plant and equipment	6,981,016	6,681,566
Advances to related party	7,113,969	5,558,414
	<u>\$ 41,500,869</u>	<u>\$ 36,285,288</u>
Liabilities and Shareholder's Deficit		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,107,821	\$ 4,475,296
Current portion of long-term debt	466,667	457,510
Current portion of intercompany payables	45,837,436	41,916,955
	<u>51,411,924</u>	<u>46,849,761</u>
Long-term debt	6,144,444	1,117,281
Shareholder's deficit:		
Share capital	200	200
Deficit	(16,055,699)	(11,681,954)
	<u>(16,055,499)</u>	<u>(11,681,754)</u>
	<u>\$ 41,500,869</u>	<u>\$ 36,285,288</u>

See accompanying note to financial information.

TROCHU MEAT PROCESSORS

Statement of Operations and Deficit

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Sales	\$ 34,114,581	\$ 27,620,367
Cost of sales	32,868,836	32,370,528
	1,245,745	(4,750,161)
Other expenses (income):		
General and administrative	4,573,791	3,674,747
Interest on long term loans	593,675	161,615
Amortization	492,000	492,000
Other income	(39,976)	(177,295)
Fees from affiliates	—	(976,760)
	5,619,490	3,174,307
Net loss before income tax recovery	(4,373,745)	(7,924,468)
Income tax recovery	—	(56,681)
Net loss	(4,373,745)	(7,867,787)
Deficit, beginning of year	(11,681,954)	(3,814,167)
Deficit, end of year	\$ (16,055,699)	\$ (11,681,954)

See accompanying note to financial information.

TROCHU MEAT PROCESSORS

Note to Financial Information

Year ended December 31, 2023

1. Basis of accounting:

The basis of accounting applied in the preparation of the balance sheet of Trochu Meat Processors as at December 31, 2023, and the statement of operations and deficit for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accounts receivable.
- Accounts payable and accrued liabilities.
- Related party transactions measured at the exchange amount.
- Current income taxes payable as at the reporting date.
- Inventories valued at the lower of cost and net realizable value.
- Property, plant and equipment at original cost less accumulated amortization.

This is Exhibit "U" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta
Nathan A. Stewart
Barrister & Solicitor

Non-consolidated Financial Statements of
**SUNTERRA QUALITY FOOD
MARKETS INC.**

And Compilation Engagement Report thereon
Year ended December 31, 2023



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Sunterra Quality Food Markets Inc.

On the basis of information provided by management, we have compiled the non-consolidated balance sheet of Sunterra Quality Food Markets Inc. as at December 31, 2023, the non-consolidated statement of operations and deficit for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, Compilation Engagements, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion or a review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

October 9, 2024

SUNTERRA QUALITY FOOD MARKETS INC.

Non-consolidated Balance Sheet

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Accounts receivable	\$ 1,330,390	\$ 1,267,109
Inventory	4,178,826	4,013,973
Intercompany receivables	1,064,395	1,362,712
Prepaid expenses and deposits	408,110	159,284
	<u>6,981,721</u>	<u>6,803,078</u>
Investments in affiliates	100	100
Intangible assets	274,996	—
Property, plant and equipment	19,575,778	20,701,749
	<u>\$ 26,832,595</u>	<u>\$ 27,504,927</u>
Liabilities and Shareholder's Deficit		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,731,497	\$ 7,480,083
Current portion of long-term debt	300,062	283,691
	<u>7,031,559</u>	<u>7,763,774</u>
Intercompany payables	36,589,407	31,397,128
Deferred lease and straight-line rent adjustments	1,929,135	2,160,279
Long-term debt	2,044,812	2,348,087
Shareholder's deficit:		
Share capital	110	110
Deficit	(20,762,428)	(16,164,451)
	<u>(20,762,318)</u>	<u>(16,164,341)</u>
	<u>\$ 26,832,595</u>	<u>\$ 27,504,927</u>

See accompanying note to non-consolidated financial statements.

SUNTERRA QUALITY FOOD MARKETS INC.

Non-consolidated Statement of Operations and Deficit

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Sales	\$ 64,779,066	\$ 61,914,390
Cost of sales	65,064,643	61,846,911
	(285,577)	67,479
Expenses (income):		
General and administrative	3,284,237	3,310,728
Fees from affiliates	(600,000)	(600,000)
Interest	191,109	193,958
Amortization	1,437,054	1,100,921
	4,312,400	4,005,607
Net loss	(4,597,977)	(3,938,128)
Deficit, beginning of year	(16,164,451)	(12,226,323)
Deficit, end of year	\$ (20,762,428)	\$ (16,164,451)

See accompanying note to non-consolidated financial statements.

SUNTERRA QUALITY FOOD MARKETS INC.

Note to Non-Consolidated Financial Information

Year ended December 31, 2023

1. Basis of accounting:

The basis of accounting applied in the preparation of the non-consolidated balance sheet of Sunterra Quality Food Markets Inc. as at December 31, 2023, and the non-consolidated statement of operations and deficit for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Inventories valued at the lower of cost and net realizable value.
- Related party transactions measured at the exchange amount.
- Prepaid expenses recognized over the period of time the expense relates to.
- Property, plant and equipment is depreciated over their useful life.

This is Exhibit "V" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta
Nathan A. Stewart
Barrister & Solicitor

Financial Statements of

SUNTERRA BEEF LTD.

And Compilation Engagement Report thereon

Year ended December 31, 2023



KPMG LLP
 205 5th Avenue SW
 Suite 3100
 Calgary AB T2P 4B9
 Tel 403-691-8000
 Fax 403-691-8008
 www.kpmg.ca

COMPILATION ENGAGEMENT REPORT

To the Management of Sunterra Beef Ltd.

On the basis of information provided by management, we have compiled the balance sheet of Sunterra Beef Ltd. as at December 31, 2023, the statement of operations and deficit for the year then ended, and Note 1, which describes the basis of accounting applied in the preparation of the compiled financial information ("financial information").

Management is responsible for the accompanying financial information, including the accuracy and completeness of the underlying information used to compile it and the selection of the basis of accounting.

We performed this engagement in accordance with Canadian Standard on Related Services (CSRS) 4200, *Compilation Engagements*, which requires us to comply with relevant ethical requirements. Our responsibility is to assist management in the preparation of the financial information.

We did not perform an audit engagement or a review engagement, nor were we required to perform procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an audit opinion, review conclusion, or provide any form of assurance on the financial information.

Readers are cautioned that the financial information may not be appropriate for their purposes.

Chartered Professional Accountants

Calgary, Canada

October 9, 2024

SUNTERRA BEEF LTD.

Balance Sheet

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 3,951	\$ 2,773
Accounts receivable	14	11,672
Intercompany receivables	—	493,451
	3,965	507,896
	\$ 3,965	\$ 507,896

Liabilities and Shareholders' Deficiency

Current liabilities:		
Accounts payable and accrued liabilities	\$ 289	\$ —
	289	—
Sunterra Enterprises Inc. notes payable, secured	8,886,061	9,389,561
Shareholders' deficiency:		
Non-controlling interest	672,045	672,045
Share capital	576	576
Deficit	(9,555,006)	(9,554,286)
	(8,882,385)	(8,881,665)
	\$ 3,965	\$ 507,896

See accompanying note to financial statements.

SUNTERRA BEEF LTD.

Statement of Operations and Deficit

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue	\$ —	\$ —
Cost of goods sold	—	—
	—	—
Expenses (income):		
Professional fees	275	275
Utilities	—	(330)
Management fee	—	(150,000)
Interest and bank charges	445	337
	720	(149,718)
Net (loss) income	(720)	149,718
Deficit, beginning of year	(9,554,286)	(9,704,004)
Deficit, end of year	\$ (9,555,006)	\$ (9,554,286)

See accompanying note to the financial statements.

SUNTERRA BEEF LTD.

Note to Financial Information

Year ended December 31, 2023

1. Basis of accounting:

The basis of accounting applied in the preparation of the balance sheet of Sunterra Beef Ltd. as at December 31, 2023, and the statement of operations and deficit for the year then ended, is on the historical cost basis, reflecting cash transactions with the addition of the following:

- Accruals for accounts receivable and accounts payable and liabilities.
- Related party transactions measured at the exchange amount.

This is Exhibit "W" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta
Nathan A. Stewart
Barrister & Solicitor

McCarthy Tétrault LLP
Suite 4000
421-7th Avenue S.W.
Calgary AB T2P 4K9
Canada
Tel: 403-260-3500
Fax: 403-260-3501



Sean Collins, KC
Partner
Direct Line: 403-260-3531
Direct Fax: 403-260-3501
Email: scollins@mccarthy.ca

Assistant: Katie Hynne
Direct Line: 403-260-3560
Email: khynne@mccarthy.ca

August 29, 2025

Via Email (david.mann@bluerocklaw.com and scott.chimuk@bluerocklaw.com)

Blue Rock Law LLP
700, 215 - 9th Avenue SW
Calgary AB T2P 1K3

Attention: David Mann, KC and Scott Chimuk

Dear Sirs:

**Re: ITMO A Plan of Compromise or Arrangement of Sunterra Food Corporation, *et al.*
Court File No. 2501-06120
Consent Order (Scheduling), granted July 24, 2025 (the "Consent Scheduling Order")**

Reference is made to the Consent Scheduling Order. Capitalized terms used herein and not otherwise defined shall have the same meaning(s) as ascribed to such terms in the Consent Scheduling Order.

In accordance with the Consent Scheduling Order, NBC is to advise, on or before August 29, 2025, the names of up to two additional individuals NBC wishes to question under Rule 6.6, if such individuals subsequently file affidavits, and Rule 6.8, if such individuals do not file affidavits in relation to the Claim. Please be advised that NBC names the following individuals in accordance with the Consent Scheduling Order:

- (a) Glen Price; and,
- (b) A representative of KPMG LLP in its capacity as auditor or former auditor of the corporations that comprise the Sunterra Parties (as contemplated by Rule 5.17(1)(e).

Yours truly,

McCarthy Tétrault LLP

Sean Collins, KC

SC/kh

cc. Client

Bennett Jones LLP, counsel to Compeer Financial, PCA
Attention: Keely Cameron
Email: cameronk@bennettjones.com

This is Exhibit "X" referred to in the Affidavit #4 of Raymond Pai
sworn before me this 6th day of October, 2025.



A Commissioner for Oaths in and for the Province of Alberta
Nathan A. Stewart
Barrister & Solicitor

Smyth, Sean

From: Scott Chimuk <Scott.chimuk@bluerocklaw.com>
Sent: Wednesday, September 17, 2025 9:06 AM
To: Hynne, Katie; David Mann
Cc: Collins, Sean F.; 'CameronK@bennettjones.com'; Smyth, Sean; Lincoln Caylor
Subject: [EXT] RE: ITMO a Plan of Compromise or Arrangement of Sunterra Food Corporation, et al. [Court File No. 2501-06120]

All,

Further to your request with respect to examining a representative of KPMG Sunterra rejects your request as being outside the scope of the NBC Order. You can of course add this to the list of witness issues before J. Lema.

Regards,

Blue Rock Law LLP

Scott Chimuk

m: 403.836.7834
p: 587.390.7041
e: scott.chimuk@bluerocklaw.com
a: 700 - 215 9th Ave. S.W. Calgary, AB
w: www.bluerocklaw.com

From: Hynne, Katie <khynne@mccarthy.ca>
Sent: August 29, 2025 3:36 PM
To: David Mann <David.mann@bluerocklaw.com>; Scott Chimuk <Scott.chimuk@bluerocklaw.com>
Cc: Collins, Sean F. <scollins@MCCARTHY.CA>; 'CameronK@bennettjones.com' <cameronk@bennettjones.com>
Subject: ITMO a Plan of Compromise or Arrangement of Sunterra Food Corporation, et al. [Court File No. 2501-06120]

Please find attached correspondence to you of today's date.

Regards,



Katie Hynne

Legal Assistant | Adjointe juridique
 Bankruptcy and Restructuring | Faillite et restructuration
 Sean Collins, KC, Pantelis Kyriakakis, Nathan Stewart, Samantha Arbor
 T: 403-260-3560
 E: khynne@mccarthy.ca

MT Services Limited Partnership

Administrative services provider for McCarthy Tétrault LLP
 Suite 4000
 421 - 7th Avenue SW
 Calgary AB T2P 4K9

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