

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

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

Applicants

MOTION RECORD

March 19, 2024

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TO: **THE SERVICE LIST**

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

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ROAD HOLDING CORP. AND FINAL BELL CORP.**

Applicants

**NOTICE OF MOTION
(Order Rescinding Share Exchange Agreement)**

Final Bell Holdings International Ltd. will make a Motion to the Honourable Justice Peter J. Osborne on a date to be determined by the Court at the court house, 330 University Avenue, Toronto, Ontario, M5G 1E6.

PROPOSED METHOD OF HEARING: The Motion is to be heard

In person;

THE MOTION IS FOR

1. An Order rescinding the share exchange agreement dated December 5, 2023, between BZAM Ltd., Final Bell Canada Inc., and Final Bell Holdings International Ltd.;

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2. In the alternative, if rescission is not possible, an Order directing a further hearing to determine an appropriate alternative remedy for Final Bell Holdings International Ltd.; and
3. Such further and other Relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE

Overview

4. On January 8, 2024, the Applicant, BZAM Ltd. (“**BZAM**”) and Final Bell Holdings International Ltd. (“**Final Bell**”) completed a transaction (the “**Transaction**”) whereby Final Bell sold its Canadian subsidiary, Final Bell Canada Inc. (“**FBC**”), to BZAM. Final Bell received ninety million (90,000,000) shares of BZAM valued at 15 cents (\$0.15) per share and an \$8 million promissory note in exchange for all the outstanding shares of FBC. The total consideration Final Bell received in exchange for FBC was valued at \$21,500,000 when the Transaction closed.
5. Prior to the closing of the Transaction, Final Bell conducted extensive due diligence on BZAM. As part of the due diligence process, BZAM made detailed representations to Final Bell concerning the financial condition of BZAM for the purpose of persuading Final Bell to enter into the Transaction in exchange for equity and unsecured debt.
6. These representations, which Final Bell’s board relied on in deciding to approve the transaction, included:
 - i. BZAM had sufficient cash to fund its operations and would experience positive cash flows throughout 2024;

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- ii. BZAM had between \$6-7 million in financing available through access to a revolving credit facility it had with Cortland Credit Lending Corporation ("**Cortland**") which in March 2024 would be extended for a further 15 months;
- iii. BZAM had no outstanding tax liabilities other than the \$7,828,000 in liabilities it disclosed to Final Bell; and
- iv. BZAM had sufficient cash flow throughout 2024 to funds it tax liabilities.

7. On February 28, 2024, less than two months after the transaction closed, BZAM applied for protection under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 ("**CCAA**") on the basis that it had insufficient liquidity crisis to meet its obligations when they became due and required immediate protection from its creditors.

8. The materials filed by BZAM in support of its CCAA application reveal that the representations it made to Final Bell prior to the closing of the Transaction were false, or else BZAM was reckless as to their truth or falsity. Among other things, BZAM's CEO testified in the CCAA application materials that BZAM has insufficient cash to fund its operations, has limited credit available to it from Cortland, and that it is unable to pay its excise tax and GST liabilities.

9. If BZAM had not misled Final Bell, the Transaction would not have closed. If the CCAA proceedings go forward without a rescission of the Transaction or other relief in the alternative, Final Bell will suffer the loss of the entire consideration it bargained for on January 8, 2024, due to its detrimental reliance on BZAM's false representations.

10. The CCAA was not intended to be a means for debtors to “outwit” counterparties to transactions. But that will be the outcome here if the Court does not grant the relief sought by Final Bell.

The Parties

11. Final Bell is the former owner of the Applicant, High Road Holdings Corp. (previously named Final Bell Canada Inc.). Final Bell sold FBC to BZAM on January 8, 2024.

12. The Applicant, BZAM, is a publicly listed cannabis company that cultivates, processes and markets a range of cannabis products, including dried cannabis and cannabis extract products. The other Applicants to the CCAA proceeding are all directly or indirectly wholly owned subsidiaries of BZAM.

13. Matthew Milich is the CEO of BZAM. On February 28, 2024, Mr. Milich swore an affidavit in support of BZAM’s request for CCAA protection. Mr. Milich’s affidavit contained various statements about BZAM’s financial position.

14. Bassam Alghanim is the largest shareholder of BZAM and the chairman of its board. He is also the principal of Stone Pine, one of the secured creditors of BZAM, which is owed approximately \$9,024,755.67.

BZAM Proposes to Acquire FBC

15. Beginning in October 2023, BZAM and Final Bell engaged in discussions regarding the sale of its Canada subsidiary, FBC, to BZAM.

16. On November 1, 2023, BZAM and Final Bell executed a letter of intent setting out BZAM’s proposal to buy all of the issued and outstanding common shares of FBC. A significant

amount of the purchase price, as set out in the letter of intent, was to be in the form of shares of BZAM.

Final Bell Conducts Due Diligence

17. Final Bell began conducting due diligence on the proposed transaction. This included diligence on the financial position of the potential purchaser BZAM, as Final Bell would be acquiring a significant shareholding in BZAM pursuant to the terms of the proposed transaction.

18. As part of the due diligence process, BZAM provided Final Bell with detailed financial information about BZAM. The information provided to Final Bell included audited and unaudited financial statements, financial models, spreadsheets, PowerPoint decks, emails, and oral statements by representatives of BZAM to representatives of Final Bell.

19. The information that BZAM filed in support of its application for CCAA protection, in particular the February 28, 2024 affidavit of Matthew Milich, CEO of BZAM (the “**Milich Affidavit**”), demonstrates that the representations BZAM made to Final Bell during the due diligence process were false, or that BZAM was reckless as to their truth.

False or Reckless Representations about BZAM’s Cash Flows

20. BZAM provided information to Final Bell about its future cash flows through spreadsheets and a PowerPoint presentation it provided to Final Bell. These materials contained a pro forma cash flow statement for BZAM projected through to the end of 2024.

21. Through these cash flow statements, BZAM represented that it would have positive cash flows beginning in Q1 of 2024 and continuing throughout the year. It also showed that BZAM

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had more than sufficient cash and access to debt to fund its operations and would continue to do so going forward.

22. The information about BZAM's cash flows contained in the Milich Affidavit contradicts the information that BZAM provided to Final Bell during the due diligence process. For example, at paragraph 8 of the Milich Affidavit, Mr. Milich testified that BZAM was in a dire liquidity crisis and would not be able to meet its obligations as they came due absent additional financing.

23. This evidence, adduced less than two months after the Transaction closed, demonstrates that at the closing of the Transaction on January 8, 2024, BZAM's representations as to its cash flows were false, or else BZAM was reckless as to the truth or falsity of those representations.

24. Among other things, the purchase of FBC by BZAM was cash flow positive for the combined entities. The only way that BZAM could transform from a cash-flow positive to insolvent entity in a matter of weeks was if it did not have a realistic expectation of being cash flow positive in 2024 when the Transaction closed.

False Representations about the Cortland Credit Facility

25. BZAM provided information to Final Bell about its access to credit through a revolving credit facility with Cortland (the "**Cortland Credit Facility**"). In PowerPoint decks and spreadsheets provided to Final Bell, BZAM represented that it expected to have access to between \$6-7 million in financing throughout 2024 under the Cortland Credit Facility.

26. Although Final Bell was aware that the Cortland Credit Facility was due to mature on March 24, 2024, BZAM assured Final Bell it would be able to procure a 15-month extension

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from Cortland. This assurance was provided by Sean Bovingdon, the then-CFO of BZAM, to Keith Adams, the CFO of Final Bell, in a virtual meeting held November 21, 2023. Mr. Bovingdon's assurances were later confirmed by PowerPoint decks and spreadsheets BZAM provided to Final Bell, in which the Cortland Credit Facility continued to be available to BZAM throughout 2024.

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

28. At paragraph 83 of his affidavit, Mr. Milich testified: "The term of the revolving credit facility expires on March 24, 2024, after which the Company must make monthly prepayments towards the base facility amounts borrowed." This statement directly contradicts the representations BZAM made to Final Bell concerning BZAM's access to the Cortland Credit Facility beyond March 2024.

29. In addition, at paragraph 86 of his affidavit, Milich testified that as of February 28, 2024, BZAM had access to less than \$2 million through the Cortland Credit Facility. This evidence contradicts BZAM's representation to Final Bell that BZAM would have access to between \$6 and \$7 million under the facility throughout 2024.

30. Similar to the cash flow misrepresentations, the availability of credit under the Cortland Credit Facility and the availability of an extension would not meaningfully change between January 8, 2024, and February 8, 2024, when Milich informed the board of BZAM that the company was on the verge of insolvency. The contradictions between the representations BZAM made to Final Bell prior to the closing of the Transaction and the information contained in the

Milich Affidavit demonstrates that BZAM either knew its representations to Final Bell about the Cortland Credit Facility were false, or it was reckless as to their truth or falsity.

False Representations about Excise Tax and GST Liabilities

31. In Canada, excise tax is payable by licensed producers on packaged cannabis and related products when they are sold to provincially-approved distributors and retailers. This tax is set at \$1 per gram, or 10% of a producer's selling price (whichever is higher).

32. As part of the due diligence process, BZAM provided Final Bell information about its outstanding tax liabilities. BZAM disclosed that, as of mid-November 2023, two BZAM affiliated companies, BZAM Management Inc. ("**BMI**"), and The Green Organic Dutchman Ltd., ("**TGOD**"), had an excise tax and GST liability of \$7,828,000, which was subject to payment plans with the Canada Revenue Agency ("**CRA**") and would be paid over the course of between 12 and 21 months. These tax liabilities were also set out in a disclosure letter dated December 5, 2023 (the "**BZAM Disclosure Letter**"). The BZAM Disclosure Letter stated that BZAM was current with all its taxes, with the exception of the \$7,828,000 in excise tax and GST liability that had been disclosed to Final Bell.

33. Consistent with this information, the statements of future cash flows BZAM provided to Final Bell incorporated arrears payments to CRA over the course of 2024. BZAM represented to Final Bell that it had the means to pay its tax liabilities for the foreseeable future.

34. The Milich Affidavit disclosed tax liabilities that were not disclosed to Final Bell prior to the closing of the Transaction:

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- i. Milich testified at paragraph 62 of his affidavit that as of February 15, 2024, BZAM subsidiaries had approximately \$9,083,289.33 in excise tax arrears. In comparison, BZAM's disclosures to Final Bell indicated that BZAM only had approximately \$6,356,000 million in excise tax arrears, all of which were subject to payment plans with the CRA. The only plausible explanation for this \$2.7 million increase in excise tax arrears over the course of less than two months is that BZAM failed to disclose all of its outstanding tax liabilities to Final Bell prior to the closing of the transaction.
- ii. Milich also testified that on February 2, 2024, BMI, one of BZAM's subsidiaries, agreed to a temporary payment plan with the CRA in which it agreed to pay \$164,474 monthly in excise taxes. The excise tax liability associated with this payment plan was not disclosed by BZAM as part of the due diligence process. If a payment plan was agreed to on February 2, 2024, the liability for tax arrears for these taxes would have started to accrue before January 8, 2024, in which case this was another liability that Final Bell was required to disclose to BZAM.
- iii. Milich testified at paragraph 63 of his affidavit that as of February 15, 2024, BZAM Cannabis, a BZAM subsidiary, has approximately \$923,851.04 outstanding in respect of GST liabilities. No outstanding tax liability of any kind was disclosed to Final Bell with respect to BZAM Cannabis. Again, it is unlikely this liability was owing as of January 8, 2024, in which case it should have been disclosed to Final Bell.

The Final Bell Board Approves the Transaction Based on BZAM's False Representation

35. Final Bell approved the Transaction based on materials containing BZAM's misrepresentation, including multiple PowerPoint presentations. The PowerPoint presentations

provided to the Final Bell board—containing data provided by BZAM—noted that BZAM had strong operational cash flows and had \$6-7 million available through the Cortland Credit Facility which was expected to be renewed. The PowerPoint presentations made no mention of significant outstanding tax liabilities that needed to be managed.

36. Based on the representations made to Final Bell about the financial condition of BZAM, the Final Bell board voted to move forward with the Transaction and enter into a share exchange agreement with BZAM.

The December 5, 2023 Share Exchange Agreement

37. The parties entered into a share exchange agreement (the “SEA”) dated December 5, 2023. The SEA provides that Final Bell would sell all of its issued and outstanding shares of FBC in exchange for ninety million (90,000,000) shares of BZAM. The SEA also provided that FBC would issue promissory notes totalling \$8 million to Final Bell, guaranteed by BZAM. Ultimately, before closing, the parties agreed that Final Bell would be issued a single, unsecured note of \$8 million with a fixed repayment term.

38. The SEA provided that ninety million (90,000,000) BZAM shares would be issued to Final Bell at a deemed price of \$0.15 per share. Accounting for the deemed share price and the \$8 million promissory note, FBC was worth \$21.5 million.

39. The Share Exchange Agreement also provided that Final Bell could appoint a nominee to BZAM’s board on closing.

40. The BZAM Disclosure Letter, described above as setting out the outstanding tax liabilities of BZAM, was incorporated by reference into the SEA. Article 9.7 of the SEA required

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that each party promptly notify the other in writing prior to closing if their disclosure letters required updating. BZAM never notified Final Bell that the BZAM Disclosure Letter needed to be updated.

The Transaction Closes

41. The transaction closed on January 8, 2024. On the same day, Kay Jessel, an executive director of Final Bell, was appointed to the board of BZAM.

42. Pursuant to the terms of the transaction, on January 5, 2024, FBC issued an unsecured promissory note to Final Bell for the amount of \$8 million to be paid in monthly installments. The promissory note has a maturity date of June 15, 2027. On the same day, the CEO of BZAM, Matthew Milich, executed an agreement whereby BZAM agreed to guarantee the promissory note owing to Final Bell.

January 24, 2024 Budget Meeting

43. On January 24, 2024, BZAM held a budget meeting to introduce staff at FBC to BZAM (the “**Budget Meeting**”). The Budget Meeting was attended by the entire BZAM board, along with the senior management teams of BZAM and FBC. Approximately thirty people attended. The meeting was led by BZAM’s CEO, Matthew Milich. It lasted roughly two hours.

44. During the Budget Meeting, Mr. Milich said that BZAM expected to continue to draw advances from the Cortland Credit Facility throughout the year. This representation was consistent with the representations made to Final Bell before the transaction closed, namely that the Cortland Credit Facility would be available to BZAM beyond its March 2024 maturity date. During the Budget Meeting, there was no discussion of BZAM facing any financial problems, or of it potentially requiring an insolvency proceeding.

February 8, 2024: First Board Meeting

45. On February 8, 2024, BZAM held its first board meeting since the acquisition of FBC. During this meeting, the BZAM board was informed that BZAM needed to undergo a complete business reorganization. Despite requests from board members, no details were provided about the reason for the reorganization. During the meeting it was also announced that Sean Bovingdon had been fired as BZAM's CFO and had been removed from the board.

46. Mr. Milich informed the board that BZAM would likely have to undergo a restructuring in the near future due to a "funding gap" and excise tax liability. Mr. Milich did not elaborate on or explain what he meant by restructuring. There was no reference to or discussion of BZAM seeking CCAA protection. Nor did Mr. Milich explain why an excise tax liability, being an ordinary course business expense of companies operating in the Canadian cannabis industry, would be unanticipated or require BZAM to seek protection from its creditors.

47. BZAM did not disclose these issues to the market ahead of its CCAA application. Nor has it since publicly disclosed the reasons for Mr. Bovingdon's termination.

February 12, 2024: Second Board Meeting

48. A further BZAM board meeting took place on February 12, 2024. The Monitor and its counsel were in attendance as well as BZAM's insolvency counsel, Sean Sweig of Bennett Jones LLP.

49. Mr. Zweig explained the intended path forward through a CCAA proceeding. Mr. Zweig stated that there would likely be a public stalking horse bid with enough time for others to come in and bid in the process. Mr. Zweig also stated that the stalking horse bid would come from

Stone Pine, the company owned by BZAM's Chair and largest shareholder, Mr. Bassam Alghanim.

BZAM Requests CCAA Protection

50. On February 28, 2024, BZAM made an application seeking CCAA protection and this Court issued an order (the "**Initial Order**") commencing these proceedings. The Initial Order was granted in part based on the February 28, 2024 Milich Affidavit. As set out above, statements about BZAM's financial condition contained in the Milich Affidavit demonstrate that BZAM made false representations to Final Bell to induce it to enter in the SEA for the sale of FBC.

BZAM Induced Final Bell to Sell FBC through Fraudulent Misrepresentations

51. During the due diligence process, BZAM made the following representations to Final Bell about BZAM's financial condition in order to induce Final Bell to enter into the SEA for the sale of FBC:

- i. BZAM had sufficient cash to fund its operations and would experience positive cash flows throughout 2024;
- ii. BZAM had between \$6-7 million in financing available through access to a revolving credit facility it had with Cortland which in March 2024 would be extended for a further 15 months;
- iii. BZAM had no outstanding tax liabilities other than the \$7,828,000 in liabilities it disclosed to Final Bell; and
- iv. BZAM had sufficient cash flow throughout 2024 to funds it tax liabilities.

52. BZAM made these representations with the intention that Final Bell would act on them and agree to enter into the SEA. Final Bell's board reasonably relied on these representations in making its decision to enter into the SEA with BZAM. The Milich Affidavit demonstrates that these representations were false. Prior to or at the closing of the Transaction, BZAM knew the representations were false, or else was reckless as to their truth or falsity.

53. If the CCAA proceedings go forward, Final Bell will suffer a significant loss because of its reliance on BZAM's false representations. Final Bell will be unable to collect on its \$8 million promissory note and the value of its ninety million (90,000,000) shares in BZAM will be wiped out.

Recission is the Appropriate Remedy

54. Final Bell is an innocent party who was induced to enter into the SEA by a false or misleading representation made by BZAM.

55. BZAM's misrepresentation was material and went to the root of the SEA that Final Bell and BZAM entered into. BZAM's consideration to Final Bell in exchange for all of FBC's shares was in the form of equity in BZAM and unsecured debt. Both are now worthless. BZAM's false representations about its financial condition are directly relevant to the consideration paid to Final Bell in the Transaction – Final Bell would not have agreed to take equity in and grant unsecured debt to a corporation that was on the verge of insolvency.

Statutes and Regulations

56. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-44, sections 11, 11.02, 11.03, 19, and 36.

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57. *Courts of Justice Act*, R.S.O. 1990, c. C.43, s. 138.
58. *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, rules 1.04, 6.01, 16.08, and 37.
59. Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the

Motion:

1. The affidavit of Kay Jessel sworn March 18, 2024;
2. The affidavit of Keith Adams sworn March 18, 2024;
3. Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

March 18, 2024

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PROCEEDING COMMENCED AT TORONTO

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Applicants

AFFIDAVIT OF KAY JESSEL

I, Kay Jessel, of the Municipality of West Vancouver, in the Province of British Columbia, MAKE OATH AND SAY:

1. I am the Executive Director of Final Bell Holdings International Ltd. ("**Final Bell**"), and until recently a director of BZAM Ltd. ("**BZAM**"). I have personal knowledge of the facts and matters contained in this affidavit. To the extent I make statements based on information and belief, I have identified the source of my information or belief and I believe it to be true.

2. I am duly authorized to make this affidavit on behalf of Final Bell.

Background

3. I have been a director of Final Bell since the inception of Final Bell's predecessor company, of which I was also a director. In the fall and winter of 2023, I was the Executive

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Director of Final Bell as well as its acting Chief Financial Officer (“CFO”), until Keith Adams was appointed to the role of CFO in November 2023. At Final Bell, I currently oversee operations and am responsible for fund-raising, investor relations, and all public filings.

4. My background is in investment banking, private asset management, and investor relations. I have raised over \$250 million for public and private companies worldwide and have held director positions in public and private companies in North America and Europe, including Fila Golf, Inc., HeartForce Medical Inc., Biokronix Inc., Menzel & Partners Asset Management AG and Dexchange Consulting Ltd.

BZAM Letter of Intent

5. On October 31 2023, BZAM’s board of directors delivered to Final Bell a non-binding letter of intent (the “**Letter of Intent**”). BZAM offered to purchase under a share exchange agreement all issued and outstanding shares of Final Bell’s Canadian subsidiary, Final Bell Canada Ltd. (“FBC”), in exchange for 90,000,000 shares of BZAM. The Letter of Intent also proposed that FBC would retain \$4 million in existing accounts payable to Final Bell and BZAM would assume another \$4 million of debt owing by FBC to Final Bell.

6. On November 1, 2023, Final Bell signed the Letter of Intent. Attached as **Exhibit “1”** is the executed Letter of Intent.

Final Bell Board Agrees to Move Forward with Transaction

7. Final Bell commenced its due diligence into the proposed transaction and BZAM. Keith Adams, our CFO, led the due diligence for Final Bell.

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8. The due diligence process culminated in the presentation of financial modelling in a PowerPoint presentation (the “**Transaction PowerPoint**”).
9. The Transaction PowerPoint painted a favourable picture of BZAM post-transaction. BZAM was projected to experience positive growth in earnings and had \$6,000,000 in funds available to it under a revolving credit facility with Cortland Credit Lending Corporation (“**Cortland**”).
10. Although the Transaction PowerPoint noted that the Cortland revolving credit facility matured in March 2024, it also stated that “BZAM has confidence in the renewal as it is a policy of the lender to renew the term every 15 months.” Consistent with this statement, the modelling included access to the Cortland facility beyond the pending expiration date.
11. The Transaction PowerPoint also noted that BZAM had strong operational cash flow projections for 2024. A copy of the Transaction PowerPoint is attached as **Exhibit “2”**.
12. On December 3, 2023, after reviewing materials including the Transaction PowerPoint, and a draft share exchange agreement, Final Bell’s board executed consent resolutions to enter into a share exchange agreement with BZAM. The information provided to Final Bell’s board as set out in the Transaction PowerPoint convinced the board to move forward with the transaction with BZAM.
13. A copy of the executed December 3, 2023 consent resolution is attached as **Exhibit “3”**.

The Share Exchange Agreement

14. On December 5, 2023, Final Bell, FBC, and BZAM entered into a share exchange agreement (the “**Share Exchange Agreement**”). A copy of the executed Share Exchange Agreement is attached as **Exhibit “4”**.

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

- (a) ninety million (90,000,000) shares of BZAM at a deemed price of \$0.15 per share, for a total value of \$13,500,000; and
- (b) a secured promissory note in the amount of \$4,000,000 executed by FBC in favour of 14th Round Inc., a wholly-owned subsidiary of Final Bell, and guaranteed by BZAM; (the “**Secured Promissory Note**”); and
- (c) an unsecured promissory note in the amount of \$4,000,000 executed by FBC in favour of 14th Round Inc and guaranteed by BZAM (the “**Unsecured Promissory Note**”).

16. The Share Exchange Agreement also provided that Final Bell could appoint a nominee to the BZAM’s board on closing.

17. On January 8, 2024, the Share Exchange Agreement closed.

18. I was appointed to BZAM’s board as Final Bell’s representative on January 8, 2024.

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19. The same day, FBC executed an unsecured promissory note with a principal amount of \$8,000,000 for Final Bell's benefit, providing for the remaining \$8,000,000 consideration contemplated by the SEA (the "**Final Note**"). The Final Note replaced the Secured Promissory Note and Unsecured Promissory Note provided for under the Share Exchange Agreement. A copy of the executed Final Note is attached as **Exhibit "5"**.

20. Final Bell was aware that a transaction for which consideration was in the form of equity and unsecured debt attracted some risk, but it was willing to undertake that risk based on the representations BZAM made to Final Bell before the transaction closed. If Final Bell knew on or prior to January 8, 2024, that BZAM was contemplating a restructuring within the next couple months, it would not have closed on the transaction.

January 24, 2024 Budget Meeting

21. On January 24, 2024, BZAM held a budget meeting to introduce staff at FBC to BZAM (the "**Budget Meeting**"), which I attended. The Budget Meeting was attended by the entire BZAM board, along with the senior management teams of BZAM and FBC. Twenty people attended. The meeting was led by BZAM's Chief Executive Officer, Matthew Milich. It lasted roughly two hours.

22. At the Budget Meeting, Mr. Milich went through a PowerPoint presentation (the "**Budget PowerPoint**"). The Budget PowerPoint showed that BZAM started 2024 with a positive cash balance and expected to end 2024 with a positive cash balance as well. It also stated that BZAM expected to continue to draw advances from the Cortland revolving credit facility throughout the year. This representation was consistent with the representations made to Final Bell before the transaction closed, namely that the Cortland revolving credit facility would be available to

BZAM beyond its March 2024 maturity date. A copy of the Budget PowerPoint is attached as **Exhibit “6”**.

23. The tone of the meeting was positive regarding BZAM’s business position on a go-forward basis. Mr. Milich indicated that, with the acquisition of FBC, BZAM was poised to be the fourth or fifth largest company in the Canadian cannabis space, particularly because of the success of FBC’s launch of the Jeeter product line. This was consistent with the positive picture painted of BZAM by its representatives before Final Bell entered and closed the Share Exchange Agreement.

24. Mr. Milich mentioned some contemplated operational changes to increase efficiency, such as BZAM closing FBC’s facility in Ontario and shifting operations to BZAM’s facility. This idea was presented as a way to streamline the business and to focus on the lucrative product line that FBC had brought with it.

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25. During the Budget Meeting, there was no discussion of BZAM facing any financial problems, or of it potentially requiring an insolvency proceeding. To the contrary, Mr. Milich stated that BZAM would experience growth in 2024 and positive earnings before interest, taxes, depreciation, and amortization, as shown in the Budget PowerPoint below:

Consolidated EBITDA

BZAM

INCOME STATEMENT	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Revenue-Rec	27,940	39,028	45,673	45,748	158,389
Revenue-Export/B2B/Others	6,250	6,624	6,801	6,784	26,459
Revenue	34,190	45,652	52,474	52,532	184,848
Excise duties	(10,082)	(14,614)	(17,497)	(17,340)	(59,533)
Net revenue	24,108	31,038	34,976	35,192	125,314
COGs-Direct	(15,960)	(19,040)	(22,238)	(22,072)	(79,311)
COGS-OH	(2,830)	(2,940)	(2,949)	(2,924)	(11,644)
COGS-Depreciation	(1,708)	(1,708)	(1,708)	(1,708)	(6,833)
Cost of Sales	(20,498)	(23,688)	(26,896)	(26,705)	(97,787)
Gross Profit before FV adjustments	3,610	7,350	8,081	8,487	27,528
FV Adjustments	0	0	0	0	0
Gross Profit	3,610	7,350	8,081	8,487	27,528
Sales and marketing expenses	(2,741)	(2,676)	(2,602)	(2,583)	(10,601)
General and administrative expenses	(4,153)	(4,091)	(4,007)	(3,968)	(16,219)
Share based compensation	(300)	(300)	(300)	(300)	(1,200)
Depreciation and amortization	(1,712)	(1,712)	(1,712)	(1,712)	(6,847)
Total operating expenses	(8,905)	(8,779)	(8,620)	(8,563)	(34,867)
Profit/(Loss) from operations	(5,295)	(1,429)	(539)	(75)	(7,339)
Finance Costs (Interest)	(1,739)	(1,775)	(1,823)	(1,821)	(7,159)
Investment in assoc.	210	210	210	210	840
PPE/Intangible other charges	(1,476)	0	0	0	(1,476)
Restructuring	(400)	0	0	0	(400)
Income (Loss) before income taxes	(8,701)	(2,995)	(2,152)	(1,687)	(15,534)
Taxes					
Net (Loss) / Income	(8,701)	(2,995)	(2,152)	(1,687)	(15,534)
EBITDA	(1,765)	2,501	3,391	3,855	7,981

Positive EBITDA projected from March 2024

- **FY Gross Margin (excl. FV) AT 22% (37% Direct Margin when OH and Depreciation is excluded)**
- **SG&A reductions reflect changes in departmental structure and cost synergy initiatives**

Quarter-on-Quarter EBITDA

- **Q2 positive EBITDA improvement driven by revenue growth of 29% over Q1 (net revenue monthly average +\$9.5m), favorable margin product mix and 2% SG&A reduction**
- **Q2 to Q3 driven by increase in sales, notably from Jeeter**
- **Q3 to Q4 EBITDA increase mainly attributable to COGS and SG&A reductions**

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26. The positive picture painted by BZAM of its operations was consistent with the information Final Bell reviewed during the negotiation and closure of the Share Exchange Agreement.

February 8, 2024: First Board Meeting

27. On Thursday, February 8, 2024, BZAM held its first 2024 board meeting (the “February 8th Meeting”).

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28. The February 8th Meeting was very short, being 20 minutes at the most. Only the BZAM board attended.

29. At this meeting, I learned that Mr. Milich had been appointed to the board to replace BZAM's CFO Sean Bovington, and that Mr. Bovington had been fired as BZAM's CFO. I have since located a company notice advising that Mr. Bovington was terminated as of January 25, 2024—the day after our Budget Meeting—but would stay on until April 30, 2024. This notice was not provided to me by BZAM prior to the February 8th meeting.

30. The February 8th Meeting was led by Mr. Milich. He informed the board that BZAM would likely have to undergo a restructuring in the near future due to an allegedly previously-undiscovered "funding gap" and excise tax liability. Mr. Milich did not elaborate on or explain what he meant by "restructuring". There was no reference to or discussion about potentially commencing proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA"), taking the company private, or any possible stalking horse bid by a corporation related to Bassam Alghanim. Nor was there any discussion of possible alternatives to the restructuring.

31. Mr. Milich also did not explain the nature or significance of the "funding gap" or why it necessitated a restructuring. Nor did he explain why an excise tax liability, being an ordinary course business expense of companies operating in the Canadian cannabis industry, would be unanticipated or require a restructuring. To explain, excise taxes are charged to cannabis consumers when they purchase cannabis, and are normally segregated by the company for remittance to the CRA. An excise tax liability that is not discovered would require the company to have misused the funds collected from customers on account of excise taxes, which is not something Mr. Milich suggested had happened here.

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32. During the meeting, Mr. Milich shared on his screen an excel spreadsheet which he went through very quickly. Given the short length of the meeting and the speed at which Mr. Milich reviewed the spreadsheet, it was difficult for me to understand what—if anything— of substance was being communicated.

33. I asked Mr. Milich to send me a copy of the spreadsheet that he presented at the meeting but was ignored. At the meeting I also requested financial information from Mr. Milich about the stated “funding gap”, the excise tax liability, and the need for a restructuring. I never received any of this information from Mr. Milich.

34. Until the February 8th Meeting, I was not told that BZAM was in a position where a restructuring was necessary in the near future. BZAM did not share any information of this nature with Final Bell during the negotiation and execution of the Share Exchange Agreement. I believe no one at Final Bell received any such disclosure. If such disclosure had been made to Final Bell, it would not have closed on the transaction.

35. Based on my experience in the cannabis industry, I do not believe it is possible for BZAM’s fortunes to have changed so dramatically between January 8, 2024, when the Share Exchange Agreement transaction closed, and February 8, 2024, when Mr. Milich informed the board of BZAM that it needed to restructure the company. All of the information BZAM provided to Final Bell during the due diligence process portrayed BZAM as an entity with a healthy cash flow for the foreseeable future.

36. Given that it is unlikely for a cannabis company’s fortunes to change so dramatically in such short order, it is my strong belief that BZAM and its representatives knew, or ought to have known, that BZAM was at risk of experiencing an insolvency event in its near future before

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Final Bell entered the Share Exchange Agreement. BZAM's representatives knew, or ought to have known, that the favourable picture portrayed by its representatives during the diligence process and continued at the January 24th Budget Meeting were false.

37. I believe that BZAM did not disclose to the market the information presented at the February 8th Meeting prior to seeking protection under the CCAA, whether by a material change report or otherwise.

38. I strongly believe that BZAM's representatives, including Mr. Milich, intentionally withheld the information concerning any "funding gap" and excise tax issues from me and Final Bell's other representatives prior to January 8, 2024, so as to induce Final Bell into entering the Share Exchange Agreement, with the knowledge that an imminent insolvency event would wipe out Final Bell's equity in BZAM and its unsecured debt.

Monday, February 12: Second Board Meeting

39. On Monday, February 12, 2024, a second meeting of BZAM's board was held (the "**February 12th Meeting**").

40. The February 12 Meeting lasted approximately 1 hour. The entire BZAM board was present, as well as Sean Zweig from the law firm of Bennett Jones LLP, and Jeffrey Rosenberg of FTI Consulting Canada Inc. Mr. Zweig was introduced to the board as BZAM's insolvency lawyer, and Mr. Rosenberg was introduced to the board as BZAM's "monitor".

41. Mr. Zweig led the meeting. Without disclosing any privileged information, Mr. Zweig described the circumstances of the company and that it intended to seek protection under the CCAA. Mr. Zweig stated that debtor in possession financing was in place, the directors would be

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protected through director and officer insurance, and the directors could receive further protection from releases obtained through the CCAA proceedings.

42. Mr. Zweig explained the intended path forward through a CCAA proceeding. Mr. Zweig stated that there would likely be a public stalking horse bid with enough time for others to come in and bid in the process. Mr. Zweig also stated that the stalking horse bid would come from BZAM's Chair and largest shareholder, Mr. Bassam Alghanim.

43. At no time did anyone present or discuss any possible alternatives to a CCAA proceeding.

44. I raised a concern about the impact of a CCAA proceeding on BZAM's shareholders, and specifically mentioned that no alternatives to the CCAA proceeding had been presented to or discussed with the board. I received no substantive response to my concerns.

45. Either Mr. Zweig or Mr. Milich stated that the board would be given more information in the next couple of days, and that they wanted everything to be put together by February 21st or 23rd at the latest. I never received any additional information from Mr. Zweig or Mr. Milich concerning the CCAA proceedings.

46. After the meeting, I started reaching out to my contacts in the cannabis industry, as well as other potential sources of financing, to try to develop alternatives to BZAM's restructuring. Multiple people expressed an interest in potentially funding BZAM.

Wednesday, February 14: In-Person Meeting with Matthew Milich

47. On Wednesday, February 14, 2024, I had an in-person meeting with Mr. Milich. The meeting occurred at my request. We met in Vancouver, British Columbia.

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48. At the meeting, I asked Mr. Milich to explain BZAM's financial situation and why a restructuring was necessary. Mr. Milich refused to discuss the matter with me.

49. I informed Mr. Milich that I had spoken with multiple individuals who had expressed interest in funding BZAM. Mr. Milich refused to engage with me in further discussions, and insisted on only talking to Tom Fornarelli, Final Bell's Co-founder & Head of Innovation. It was unclear to me why Mr. Milich insisted he would only discuss the matter with Mr. Fornarelli, as he is not a director or officer.

50. Mr. Milich's behaviour at the meeting was very odd. It was not the way I expected a CEO of a company to engage with a director. I left the February 14, 2024 meeting with Mr. Milich with the belief that he was afraid to discuss BZAM's circumstances with me because he was concerned about sharing information that would reveal BZAM knew it was potentially insolvent before the Share Exchange Agreement closed and it failed to disclose that information to Final Bell.

February 28: Third Board Meeting

51. On February 28, 2024, prior to the third board meeting, I resigned as a director of BZAM.

52. I felt it was necessary for me to resign as BZAM's limited explanation and disclosure meant I could not fulfill my responsibilities as a director. I had not received any meaningful information explaining why BZAM needed to seek protection under the CCAA, why BZAM's allegedly dire financial position had not been disclosed to Final Bell ahead of the execution of the Share Exchange Agreement, or why BZAM had not canvassed any alternatives to a CCAA filing. A copy of my resignation letter is attached as **Exhibit "7"**.

53. I understand that during, the February 28 board meeting, the BZAM board voted to commence the CCAA process.

SWORN by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Kay Jessel

Commissioner for Taking Affidavits
(or as may be)

DAVID IONIS

KAY JESSEL

This is Exhibit “1” referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS



October 31, 2023

STRICTLY PRIVATE AND CONFIDENTIAL

The Board of Directors of FINAL BELL HOLDINGS INTERNATIONAL LTD.
#1000, 925 West Georgia Street
Vancouver, BC V6C 3L2

Dear Board Members:

On behalf of BZAM Ltd. (“**BZAM**” or “**we**”), we would like to express our interest in pursuing a transaction whereby BZAM or one of its affiliates would acquire all of the issued and outstanding common shares (the “**FBC Shares**”) of your wholly owned subsidiary, Final Bell Canada Inc. (“**FBC**”), including, if any, FBC Shares issuable upon the exercise of any existing exchangeable or convertible securities (the “**Proposed Transaction**”). This non-binding letter sets out the background to and the terms and conditions of our proposal (the “**Proposal**”), which we believe represents an opportunity for FBC shareholders to realize a meaningful equity ownership interest in the combined company, and to continue to participate in the future growth of the combined company.

BZAM was incorporated on November 16, 2016 under the *Canada Business Corporations Act*. BZAM’s wholly-owned subsidiaries, BZAM Cannabis and The Green Organic Dutchman Ltd., are licensed producers under the *Cannabis Act*.

BZAM owns and operates a 166,000 sq. ft. state-of-the-art EU-GMP certified cannabis cultivation and manufacturing facility in Ancaster, Ontario, capable of producing 17,500 kg per year of cannabis, and a leased 60,000 sq. ft. processing, manufacturing, and warehousing facility, in Pitt Meadows, B.C.

We believe that FBC’s business is highly complementary with BZAM’s business and has a strong alignment with our strategic priorities, providing an opportunity to combine FBC’s brand/product portfolio and capabilities with BZAM’s brand/product portfolio and capabilities.

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The principal terms and conditions of our Proposal are set out below.

1. Purchase Price and Consideration

Based on our review of FBC's disclosure of confidential information provided thus far, BZAM is prepared to offer FBC shareholders an aggregate amount of BZAM common shares (the "**BZAM Shares**") totaling ninety million (90,000,000) BZAM Shares (the "**Purchase Price**"), issued at the closing of the Proposed Transaction (the "**Closing**"), subject to the certain conditions precedent outlined below.

Additionally, at Closing:

- FBC will retain Four Million Canadian Dollars (CAD\$4,000,000) of existing accounts payable to its present parent/affiliate supplier, to be paid in accordance with a reasonable payment plan agreed to in the Definitive Agreement; and
- BZAM will assume Four Million Canadian Dollars (CAD\$4,000,000) in debt owing by FBC to its present parent/affiliate, bearing interest at zero percent (0%), with a maturity date of March 31, 2025, and secured on the same basis and *pari passu* with the secured debt held by Stone Pine Capital Ltd.
- No other intercompany balances owing by FBC to its present parent/affiliate will be retained.
- There may be a working capital adjustment post closing, in accordance with the provisions agreed to in the Definitive Agreement.

The issuance and release of any BZAM Shares issued for the Purchase Price or debt conversion (if applicable) under the Definitive Agreement will be subject to all applicable securities laws, including those of the CSE. In addition, each FBC shareholder agrees to enter into a lock up agreement at Closing with BZAM in respect of the BZAM Shares issued for the Purchase Price, whereby such BZAM Shares will be subject to a lock up to be released in three equal tranches, at: (i) four months plus a day following Closing; (ii) eight months following Closing; and (iii) twelve months following Closing.

2. Transaction Structure and Definitive Agreements

We anticipate that the Proposed Transaction will be implemented through a share exchange under the *Canada Business Corporations Act*; however, the final form of the Proposed Transaction will be agreed to by FBC and BZAM based on advice from each company's

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respective legal and financial advisors. The Proposed Transaction and its terms and conditions will be set out in the Definitive Agreement and related disclosure letters, documents and ancillary agreements (collectively, the “**Transaction Documents**”) that are customary for a transaction of this nature. Should it be determined by either party that for tax, corporate law, securities law or other reasons, it is more practicable to proceed by way of another form of transaction, the parties will reconsider whether to effect the Proposed Transaction through an alternative form of transaction.

The Definitive Agreement will contain customary terms and conditions for transactions of this nature including (i) representations and warranties of each of FBC and BZAM; (ii) covenants setting out the obligations of the parties between signing the Definitive Agreement and Closing; (iii) indemnities; (iv) customary deal protection provisions; and (v) conditions to Closing including obtaining any required regulatory and stock exchange approvals, and all applicable board of directors, shareholder and third party approvals, no material adverse change and other customary conditions.

3. Due Diligence and Process

We have already devoted time and resources to the Proposed Transaction and have reviewed FBC’s confidential information provided to date. However, as is customary for a transaction of this nature, we will need to conduct further financial, operational, legal, regulatory, accounting, tax, intellectual property, information technology and environmental due diligence. Together with our legal counsel, we have a full due diligence team assembled and ready to move forward immediately and we are committed to completing our remaining due diligence review expeditiously. Given our familiarity with FBC and our significant industry knowledge and expertise, we are confident that such due diligence could be concluded by November 15, 2023, assuming timely provision of all requested information to BZAM and our counsel as required. While our team conducts due diligence, we would work with you and your advisors to negotiate the Transaction Documents. We will also cooperate with you on your due diligence of BZAM and its business, operations and financial performance and promptly furnish you and your advisors with any materials reasonably requested.

4. Integration Plan

The success of the Proposed Transaction will be contingent on managing the integration of FBC in a way that minimizes disruption to the management and employees.

Accordingly, FBC’s CEO, Greg Boone and certain other FBC executives will be appointed to executive roles of the combined entity immediately following Closing. In addition, subject to

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the prospective candidate obtaining the requisite security clearance from Health Canada, it is anticipated that the shareholders of FBC will be able to appoint a board member to the board of directors of BZAM prior to December 31, 2023.

5. BZAM Approvals

This Proposal has been discussed with the board of directors of BZAM who are highly supportive; however, the final terms of the Proposed Transaction remain subject to the approval by our board of directors which will be sought prior to entering into the Transaction Documents.

Based on the terms of the Proposed Transaction, the completion of the Proposed Transaction would not be subject to BZAM shareholder approval.

6. Material Conditions

The Proposed Transaction will be subject to customary conditions applicable to transactions of this nature. The willingness of BZAM to proceed with the Proposed Transaction and enter into the Definitive Agreement is also subject to the following:

- a) Satisfactory completion of BZAM's and FBHI's due diligence (as described above);
- b) Each of the board of directors of BZAM and FBHI obtaining comfort, to its satisfaction, that the other party is in compliance with all federal, provincial, local and non-Canadian laws and regulations applicable to it and its business;
- c) Negotiation and finalization of the Transaction Documents;
- d) The board of directors of FBHI shall have approved the Proposed Transaction;
- e) FBHI shall have received applicable consents/waivers from its senior lender and FBC will have been released from security in favour of such lender;
- f) The board of directors of BZAM shall have approved the Proposed Transaction;
- g) No court of competent jurisdiction or governmental authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Proposed Transaction; and
- h) There shall not exist any prohibition at law against the parties proceeding with or completing the Proposed Transaction.

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7. Covenants

During the period from the signing of this letter through to the execution of the Definitive Agreement or the Termination Date (as defined below), each of BZAM and FBC will:

- a) Conduct its business in the ordinary course in a manner consistent with past practice;
- b) Maintain its properties and other assets in good standing or working condition, as applicable;
- c) Use its best efforts to maintain the business and employees, customers, assets and operations as an ongoing concern in accordance with past practice;
- d) Not enter into any transaction other than in the ordinary course of its business and consistent with past practice on terms which are arm's length;
- e) Not issue, grant, sell, or deliver, or agree to issue, grant, sell, or deliver any equity interest (including shares, rights, options, warrants, calls, conversion privileges or commitments) or any right to acquire an equity interest in such party, in each case, other than pursuant to ordinary course exercise of existing options, warrants and other convertible securities in accordance with their respective terms;
- f) Not declare or set aside any dividend or other distribution or payment (whether in cash, shares or property) other than which have been declared prior to the date hereof;
- g) Not directly or indirectly sell, pledge, dispose of or encumber any of its subsidiaries, properties or assets other than as currently encumbered; and
- h) Give the other party prompt written notice of any material change in or affecting its business, affairs, operations, assets, liabilities or capital.

8. Exclusivity

In consideration of the time and resources that BZAM has devoted, and would continue to devote to evaluating and pursuing the Proposed Transaction, we would expect to enter into a short period of exclusivity following execution of this letter in order to conduct our due diligence review and negotiate the Definitive Agreement. From the date of acceptance of this letter until the earlier of the execution of the Definitive Agreement and November 22, 2023

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(the “**Exclusivity Period**”), FBC agrees to proceed diligently and in good faith toward the Proposed Transaction. In addition, FBC agrees that during the Exclusivity Period it will:

- a) Provide to BZAM and its advisors and other representatives reasonable access to FBC personnel, experts, advisors, facilities and books and records, documents, and agreements relating to its business, operations, assets, prospectus, taxes, financial conditions and affairs, to facilitate BZAM's due diligence as described in this letter, and to not knowingly withhold any information which would make anything contained in the information delivered erroneous or misleading in any material respect;
- b) not, directly or indirectly, solicit, initiate, encourage or facilitate (including by way of providing any non-public information) any transactions, initiatives or relationships (an “**Alternative Transaction**”) that could reasonably be expected to prevent, impede or delay the successful implementation of the Proposed Transaction (including, without limitation, any offer or proposal from any person or group of persons other than BZAM and its affiliates to acquire all or any significant part of the business and properties, shares, share equivalents or other convertible or exchangeable securities of FBC, whether by business combination, amalgamation, arrangement, purchase of shares, purchase of assets, take-over bid or otherwise, or provide any non-public information to any third party in connection with such an offer or proposal);
- c) terminate any and all existing discussions or negotiations with any person or group of persons other than BZAM and its affiliates regarding any transaction proposal of the nature described in paragraph b) above; and
- d) inform BZAM within 24 hours if FBC receives any communication relating in any way to an Alternative Transaction and advise BZAM of the substance and detailed terms of any such communication.

9. Expenses; Termination

Each of FBC and BZAM will bear its own fees and expenses in connection with the preparation for, and consummation of, the Proposed Transaction.

This letter shall terminate with the parties having no obligations to each other, other than pursuant to the confidentiality provisions contained in paragraph 10 below, on the date which the earliest of the following events occurs (the “**Termination Date**”):



- a) If the parties have not entered into the Definitive Agreement by 5:00pm EST by November 22, 2023, or such other time or date as may be agreed to in writing by the parties;
- b) Any applicable regulatory or governmental authority having notified in writing either party that it will not permit the Proposed Transaction to proceed, in whole or in part; or
- c) The parties having executed and delivered to each other the Definitive Agreement.

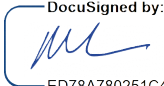
10. Confidentiality and Public Disclosure

This letter is being submitted on the understanding that it, its terms and its existence and substance will be kept confidential. For greater certainty, this letter and the Proposal that it contemplates constitute confidential information and should not be used or disclosed except as mutually agreed by the parties or as required by any regulatory or governmental authority.

This Proposal shall be open for acceptance prior to 5:00pm EST on November 1, 2023.

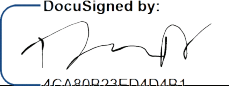
Yours very truly,

BZAM LTD.

Per: 
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 Matt Milich
 Chief Executive Officer

ACCEPTED AND AGREED this 1st day of November, 2023

FINAL BELL HOLDINGS INTERNATIONAL LTD.

Per: 
 4CA80B23ED4D4B1...
 Robert Meyer
 Chief Executive Officer

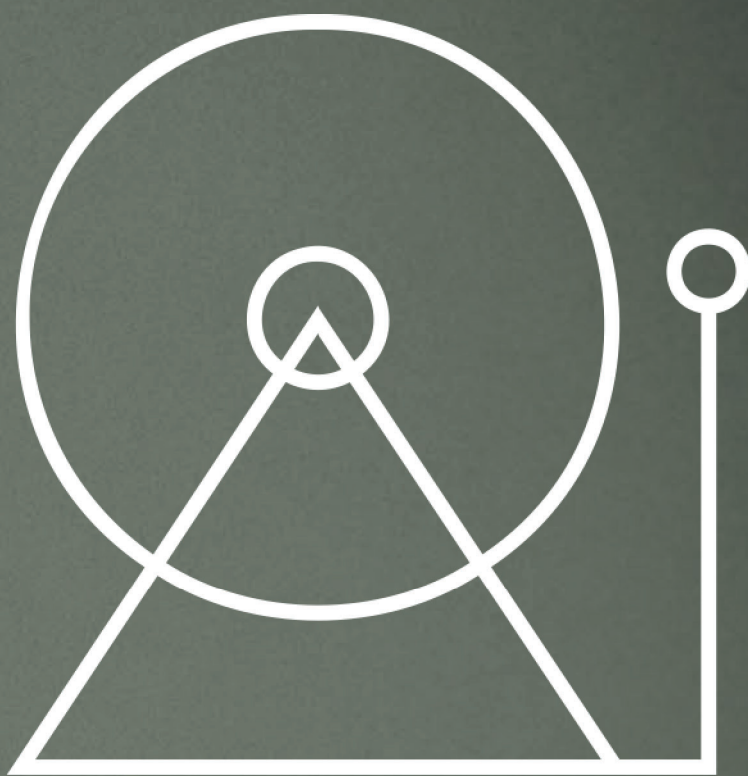
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This is Exhibit “2” referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS



FINAL BELL














BZAM Due Diligence Readout

BZAM BACKGROUND

- BZAM Ltd. was incorporated on November 16, 2016.
- Holds licenses to produce and sell cannabis products within Canada.
- The Company owns cultivation facilities near Hamilton, Ontario and in Edmonton, Alberta and has operating licenses for cultivation and processing in British Columbia and Québec.
- Is pursuing an international growth strategy through the distribution of cannabis derived medical products in Germany, Australia and the UK.
- BZAM is currently the 6th largest licensed producer and is projected to become the 5th largest through the combination with FB Canada with a clear path to becoming a top 3 player.
- Cultivation, production, and sales infrastructure has led to the successful launch of hundreds of SKUs across multiple categories.
- BZAM.CN is currently listed on the CSE and is trading at \$0.14

Combined Brand / Product Portfolio

BZAM + FINAL BELL

	 <p>Flavour-first flower, vapes and pre-rolls</p>	 <p>High quality vapes and infused pre-rolls</p>	 <p>Affordable organic flower in big bags, pre-rolls & hash</p>	 <p>Premium flower, pre-rolls, and vapes</p>	 <p>Premium vapes and infused pre-rolls</p>
	 <p>Premium organic flower, and pre-rolls</p>	 <p>#1 Cannabis Edible in North America</p>	 <p>Affordable flower for everyday use</p>	 <p>#1 Pre-roll in the World</p>	
	 <p>Small-batch, craft flower from Canada's most famous grower</p>	 <p>Small-batch, hand dried, cold cured and hand trimmed</p>	 <p>Premium infused pre-rolls and vapes</p>	 <p>Cannabis with a purpose</p>	

BZAM | FINAL BELL

DEAL RATIONALE

The rationale for this deal is as follows:

1. FB Canada has been a significant cash drain on our group, mainly in the form of accruing intercompany balances as they've scaled their business. The combined entity will continue to procure all packaging and hardware through 14R but will gain access to banking facilities necessary to pay us as their supplier. This transaction will transform the cash flow profile of FBHI.
2. The enlarged BZAM will increase their business with 14R, as 14R will gradually produce all packaging and hardware for the enlarged group - not just for the current FB Canada SKU's.
3. This deal creates a new dominant player in Canada, with a portfolio of leading brands, efficient manufacturing technology and supply chain management.
4. FBHI will stand to make significant profits on brand royalties (animal, dosist, etc.) and 14R supplies.
5. As a non-control investor, we have immediate access to liquidity shareholding when markets improve.
6. This is an important demonstration of FBHI's ability to build a capital-efficient business of scale and substance.
7. This transaction creates a pathway for us to exit plant-touching businesses and become eligible for a potential U.S. listing or trade sale to non-cannabis buyers.

The proposed deal is structured as follows:

1. Execute a share swap: 100% of FB Canada for 90m new shares in BZAM, which equates to 33% ownership of the enlarged entity. This will make us the second largest shareholder, Stone Pine Capital (37% post deal).
2. BZAM will assume a total of CAD 8m in debt owing to FBHI/14R, split into CAD 4m AP which will be repaid over 120 days and CAD 4m senior secured note due 3/31/25.
3. We will be entitled to one board seat. The BZAM board will be reduced to 5 in total, one being the Chairman, Bessam (owner of Stone Pine), one being our nominee and 3 being independents.

Both sides are keen to execute this transaction before the annual cannabis trade show MJ Biz, end of November.

DUE DILIGENCE ANALYSIS

In conducting this due diligence analysis, we focused on four key questions that we believe are integral in assessing this transaction:

1. What are the quality of BZAM's earnings and operating cash?
2. Does BZAM have necessary capital resources available?
3. What are the dilution risks in FBHI's ownership in BZAM?
4. Are there any other potential risks that need to be identified?

Summary of key findings:

1. Our trend analysis of historical BZAM financials showed positive growth in earnings and is further demonstrated in the pro-forma statements including FB Canada and the Jeeter launch. The spike in growth is justified through \$4.4M in cost saving synergies found through labour, lease, and restructuring costs. We noted that projected revenues are conservative by not accounting for international revenues or including FBHI brands in new markets. Positive EBITDA figures in early 2024 eliminate the covenant compliance risk on the Cortland Credit Facility loan. We concluded that operating cash flows and quality of earnings are reasonable to have a fully funded plan.
2. The revolving Cortland loan has available funds of \$6.0M which can be drawn. BZAM has necessary eligible inventory and accounts receivable to access the full amount of the revolving loan if needed. Stone Pine's promissory notes are due on demand once the credit facility has been repaid. BZAM has sufficient debt capacity based on the payment proposal presented, however FBHI will want to position pari-passu to the Stone Pine notes in order to have security against the proposed promissory note of \$4.0M.
3. The 90M shares issued to FBHI will result in a 33% ownership in BZAM and allow access to earnings without any cash being needed. Based on exercise prices and BZAM.CN's current trading price of \$0.14, we've identified a total of 1.2M options which may be exercised and dilute FBHI's holdings down by 0.1%. There are currently no other debt or equity instruments outstanding which pose a threat of dilution. Current trading volumes of BZAM.CN are low and therefore the stock is considered to have limited liquidity for the time being.
4. Working capital management and the risks associated with integration may lead for the financial projections to be lower than expected. There is currently no reason to believe that any of these risks will occur or that they will have a material effect on FBHI.

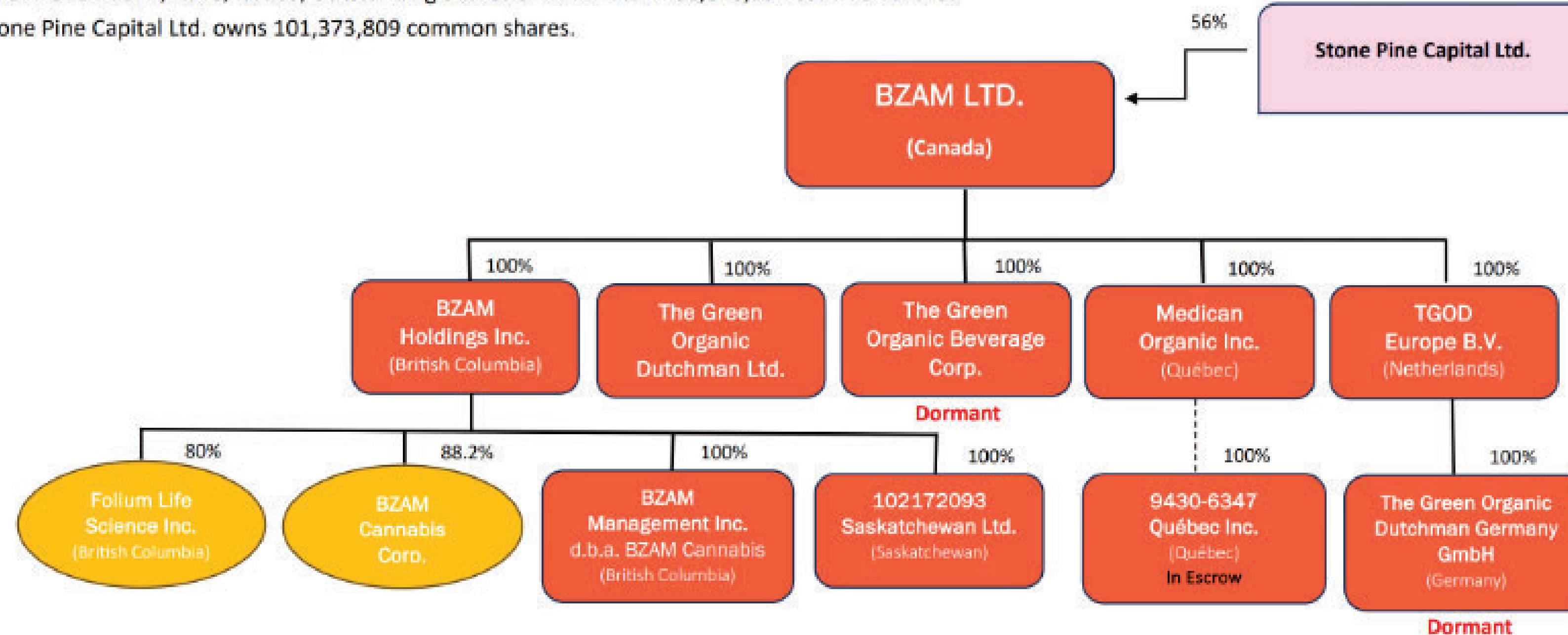


CORPORATE RECORDS – ORG. CHART

BZAM Holdings (“BZAM”) merged with The Green Organic Dutchman Holdings Ltd. (“TGOD”) in November 2022. The combined entity resulting from the Transaction became the sixth largest Canadian cannabis company based on June to August 2022 retail sales, with scale and breadth across major provinces and a complete portfolio of market leading brands and products.

Stone Pine Capital Ltd. is the largest shareholder holding 56% of the common shares outstanding and having outstanding debt owing of \$5,615,000

As of November 1, 2023, Issued/Outstanding Shares of BZAM Ltd: 180,818,952 common shares
Stone Pine Capital Ltd. owns 101,373,809 common shares.



SECURITIES/SHAREHOLDER INFORMATION – FBHI PROPOSED HOLDINGS

		Total Outstanding	FBHI Ownership %
Common Shares		180,818,952	
FBHI Issuance	90,000,000		
Post FBHI Issuance		270,818,952	33.2%
RSUs issued to employees [1]	187,500		
Stock Options [2]	976,354		
Diluted Common Shares		271,982,806	33.1%
			<i>Change of 0.1%</i>

[1] 10,000,000 RSUs are allowed to be issued under the current RSU plan

[2] Current number of exercisable options were included. Rest of options have not fully vested and are out of the money.

CORPORATE FINANCE – CAPITAL RESOURCES

BZAM's current sources of debt:

Lender	Type	Interest Rate	Amount	Amount Used	Amount Available
Cortland Credit Lending Corporation ^[1]	Term Loan	greater of i) 12% and ii) TD Prime Rate + 8.05%	\$ 21,000,000	\$ 21,000,000	\$ -
Cortland Credit Lending Corporation ^[1]	Revolver Loan	greater of i) 12% and ii) TD Prime Rate + 8.05%	\$ 13,000,000	\$ 6,963,000	\$ 6,037,000
Stone Pine Capital Ltd. ^[2]	Secured Demand Promissory Note	10%	\$ 2,500,000	\$ 2,500,000	\$ -
Stone Pine Capital Ltd. ^[2]	Secured Demand Promissory Note	10%	\$ 1,325,000	\$ 1,325,000	\$ -
Stone Pine Capital Ltd. ^[2]	Secured Demand Promissory Note	greater of i) 12% and ii) TD Prime Rate + 8.05%	\$ 1,190,000	\$ 1,190,000	\$ -
Stone Pine Capital Ltd. ^[2]	Secured Demand Promissory Note	greater of i) 12% and ii) TD Prime Rate + 8.05%	\$ 600,000	\$ 600,000	\$ -
Totals			\$ 33,578,000	\$ 33,578,000	\$ 6,037,000

[1] The Cortland Credit Facility:

- Maximum credit facility of \$34,000,000 consisting of current term loan amount of \$21,000,000 and a current revolving amount of \$6,963,000
- \$6,037,000 is still available to be drawn from the Revolver Loan.
- The credit facility is secured against the real property of BZAM.
- The credit facility has a liens with the Edmonton facility that is currently listed for sale based on the 6th amendment signed 8.30.2023.
- The sale of this facility is estimated to complete at \$10,476,000 of which, \$3,000,000 will be used to repay the overadvance of the revolver loan, \$1,000,000 to pay down the term loan, and any net proceeds (if any) can be received by Stone Pine.
- The resulting outcome of the Edmonton facility sale will be a current term loan amount of \$20,000,000 and a maximum revolving limit of \$14,000,000. The revolving loan has been tested and BZAM is able to maximize this amount if needed based on eligible inventory and eligible accounts receivable.
- The Cortland loan matures on 3/24/2024, **however, BZAM has confidence in the renewal as it is a policy of the lender to renew the term every 15 months.**
- If BZAM allows the loan to mature, the Stone Pine PNotes will be callable on demand once all interest payments and principal outstanding are repaid.
- Current interest rates are the greater of i) 12% and ii) TD Prime Rate (7.2%) + 8.05%.

[2] Stone Pine Pnotes:

- Held by BZAM's largest investor and Chairman.
- Pnotes are secured against BZAM's subsidiaries.
- **Each note is due on demand, however, cannot be recalled unless the principal and all outstanding interest of the Cortland Credit Facility has been fully repaid.**
- Stone Pine has the rights to any net proceeds (if any) from the Edmonton facility sale once all aforementioned payments are made to Cortland.
- The 3rd and 4th Pnotes have been signed and issued subsequent to the 9.30.2023 financial statements.
- The first two Pnotes bare interest at 10% while the last two Pnotes have the same interest rates as Courtland.

[3] FBHI will be asking to structure its \$4,000,000 secured promissory note to be pari-passu with the Stone Pine note and have the right to be amended if the Stone Pine notes ever are. FBHI should also add a clause to have the outstanding accounts payable amount (if any) automatically converted to a secured promissory note if the Cortland loan is ever repaid in full.

FINANCIAL INFORMATION – TRENDED INCOME STATEMENT (\$K)

CDN\$	Actual	Actual	Actual	Pro-Forma Combined Forecast				Actual	Actual	YTD	Fcst	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2021	2022	2023	2024
Income Stmt												
Gross Revenue	35.0	30.0	29.6						39.2	68.8	94.6	0.0
Less: Excise Tax/Duties	(10.9)	(10.7)	(9.2)						(8.9)	(19.5)	(30.8)	0.0
<i>Jeeter Net Revenue</i>				0.0	3.2	4.0	4.3	6.3				17.8
<i>FB Canada Net Revenue</i>				9.8	8.2	9.4	9.8	9.4				36.8
<i>BZAM Net Revenue</i>				18.1	20.4	21.3	21.9	22.4				86.0
Total Net Revenue	24.1	19.3	20.4	27.9	31.8	34.7	36.0	38.1	30.3	49.3	63.8	140.6
% growth		-20%	6%	37%	14%	9%	4%	6%		63%	29%	120%
Cost of Sales (COS)	(21.0)	(16.2)	(20.6)	(21.4)	(22.8)	(24.9)	(25.8)	(27.0)	(22.5)	(45.2)	(57.8)	(100.5)
GM before Bio Assets and Non-recurring	3.1	3.1	(0.2)	6.5	9.0	9.8	10.2	11.1	7.8	4.1	6.0	40.1
% of Revenue	12.9%	16.1%	-1.0%	23.3%	28.3%	28.2%	28.3%	29.1%	25.7%	8.3%	9.4%	28.5%
Inventory Value Adj to FV	(4.6)	(7.9)	(7.2)						(8.2)	(23.6)	(19.7)	0.0
Change in FV of Biological Assets	4.5	6.6	6.8						12.0	26.2	17.9	0.0
COGS Adjustments	(0.1)	(1.3)	(0.4)	0.0	0.0	0.0	0.0	0.0	3.8	2.6	(1.8)	0.0
GM \$K	3.0	1.8	(0.6)	6.5	9.0	9.8	10.2	11.1	11.6	6.7	4.2	40.1
GM %	12.4%	9.3%	-2.9%	23.3%	28.3%	28.2%	28.3%	29.1%	38.3%	13.6%	6.6%	28.5%
Opex	14.6	12.1	13.0	7.6	7.0	7.3	7.2	7.2	40.4	42.0	39.7	28.7
Operating Income	(11.6)	(10.3)	(13.6)	(1.1)	2.0	2.5	3.0	3.9	(28.8)	(35.3)	(35.5)	11.4
Other I&E												
Foreign Exchange				0.2					(0.6)	(0.6)	0.0	0.0
Interest Expense	(1.7)	(1.8)	(1.8)	1.3	1.3	1.3	1.3	1.3	(6.1)	(5.1)	(5.3)	5.2
Accretion expense				0.5					(5.5)	(1.5)	0.0	0.0
Tax	0.0								0.0	0.0	0.0	0.0
Revaluation of Contingent Consideration	(3.5)	19.4							1.9	38.0	15.9	0.0
Impairment	(1.7)	(70.1)	(2.0)						16.7	(31.5)	(73.8)	0.0
Loss on disposal									(17.7)	(1.2)	0.0	0.0
Loss from Discontinued Operations									(2.8)	(0.4)	0.0	0.0
Misc	(0.8)	(2.7)	(0.2)	(6.2)	(4.0)	(3.5)	(3.5)	(3.6)	(11.6)	(6.4)	(3.7)	(14.6)
Total O I&E	(7.7)	(55.2)	(4.0)	(4.4)	(2.7)	(2.2)	(2.2)	(2.3)	(25.1)	(8.1)	(66.9)	(9.4)
Net Loss	(19.3)	(65.5)	(17.6)	(5.5)	(0.7)	0.3	0.8	1.6	(42.3)	(36.8)	(102.4)	2.0
EBITDA												
Net Income	(19.3)	(65.5)	(17.6)	(5.5)	(0.7)	0.3	0.8	1.6	(42.3)	(36.8)	(102.4)	2.0
Add Back: Loss from Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8	0.4	0.0	0.0
Add Back: Depr & Amort	12.2	12.2	12.2						12.2	12.2	36.6	0.0
Foreign Exchange	0.0	0.0	0.0	(0.2)	0.0	0.0	0.0	0.0	0.6	0.6	0.0	0.0
Interest Expense	1.7	1.8	1.8	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	6.1	5.1	5.3	(5.2)
Revaluation of Contingent Consideration	3.5	(19.4)	0.0	0.0	0.0	0.0	0.0	0.0	(1.9)	(38.0)	(15.9)	0.0
Impairment	1.7	70.1	2.0	0.0	0.0	0.0	0.0	0.0	(16.7)	31.5	73.8	0.0
Loss on disposal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.7	1.2	0.0	0.0
Biological assets inventory reval	0.1	1.3	0.4	0.0	0.0	0.0	0.0	0.0	(3.8)	(2.6)	1.8	0.0
Inventory Provisions at Cost	3.3	3.3							3.3	3.3	6.6	0.0
Share-based Compensation	3.4	3.4							3.4	0.6	6.8	0.0
Non-recurring Restructuring Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.6	0.0	0.0
Misc	(10.5)	(7.2)	(6.2)	6.2	4.9	4.9	5.0	5.0	(4.0)	(0.1)	(23.9)	19.8
Adj EBITDA	(3.9)	0.0	(7.4)	(0.8)	2.9	3.9	4.5	5.3	(22.6)	(18.0)	(11.3)	16.6

Revenue

- Conservative revenue numbers used.
- Potential international revenue has not been forecasted.
- FBHI brands in new markets have not been forecasted.

Gross Margin

- Positive forecasted gross margin numbers while using conservative revenue projections.

Operating Expenses

- \$4.4M in cost saving synergies found through labour, lease, and restructuring costs

FINANCIAL INFORMATION – TRENDED BALANCE SHEET (\$K)

CDN\$	Actual	Actual	Actual	Pro-Forma Combined Forecast				Actual	Actual	YTD	Fcst	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2021	2022	2023	2024
ASSETS												
Cash + Restricted Cash	2.1	3.0	5.6	7.7	6.6	6.9	7.3	9.2	4.3	5.0	5.6	9.2
Receivables	14.7	10.8	11.0	18.3	20.0	22.1	22.8	23.4	9.1	10.3	11.0	23.4
Biological Assets	5.0	4.8	5.1	4.8	4.0	4.1	4.0	4.1	3.1	4.6	5.1	4.1
Inventory	46.7	43.8	38.2	51.0	50.5	50.1	50.0	47.6	20.9	52.4	38.2	47.6
Prepaid expenses and deposits	3.4	3.3	5.5	4.5	4.5	4.5	4.5	4.5	1.5	3.4	5.5	4.5
Receivables from Related Parties	0.6	0.0	1.8	0.0	0.0	0.0			0.1	0.6	1.8	0.0
Assets held for sale	8.0	6.8	10.4	0.0	0.0	0.0			13.6	9.7	10.4	0.0
Other Current Assets	2.0	1.7	0.0	1.0	1.1	1.1	1.1	1.0	2.5	1.6	0.0	1.0
Total Current Assets	82.5	74.2	77.6	87.3	86.7	88.8	89.7	89.8	55.1	87.6	77.6	89.8
Property, Plant & Equip (PP&E)	125.7	90.7	75.8	75.0	73.5	72.0	70.4	68.9	118.0	129.4	75.8	68.9
Intangibles	27.7	19.8	19.3	20.2	20.1	20.0	20.0	19.9	15.6	28.3	19.3	19.9
Goodwill	28.7	0.0	0.0	0.0					4.0	28.7	0.0	0.0
Other	0.4	0.4	0.4	2.6	2.7	2.7	2.7	2.7	1.6	0.4	0.4	2.7
Total Non-current Assets	182.5	110.9	95.5	97.8	96.3	94.7	93.1	91.5	139.2	186.8	95.5	91.5
Total Assets	265.0	185.1	173.1	185.1	183.0	183.5	182.8	181.3	194.3	274.4	173.1	181.3
Liabilities												
Accts Pay and Accrued Liabilities	27.2	27.6	33.7	36.5	34.6	34.2	32.3	29.4	17.7	29.5	33.7	29.4
Sales Tax Payable	3.0	3.1	3.4	5.5	5.5	5.6	5.7	5.7	0.6	1.5	3.4	5.7
Due to Related Parties			1.0								1.0	
Current Portion of Loans	31.6	32.3	31.3	27.0	27.5	28.0	28.3	28.1	2.0	5.4	31.3	28.1
Current Portion of Leases	1.7	1.8	2.4						1.0	1.5	2.4	0.0
Loan Payable to disposal group		0.0		4.0	4.0	4.0	4.0	4.0	5.5		0.0	4.0
Liabilities held for sales	3.7	0.0							2.6	3.7	0.0	0.0
Current Portion of Contingent Consideration	19.4	0.0								0.6	0.0	0.0
Total Current Liabilities	86.6	64.8	71.8	73.0	71.6	71.8	70.3	67.2	29.4	42.2	71.8	67.2
Lease Liabilities	10.4	12.4	11.4	15.0	14.7	14.4	14.1	13.8	6.5	10.6	11.4	13.8
Loans	5.0	5.0	5.0	12.5	12.5	12.5	12.5	12.5	18.2	27.2	5.0	12.5
Contingent Consideration									3.4	16.1	0.0	0.0
Total Non-Current	15.4	17.4	16.4	27.5	27.2	26.9	26.6	26.3	28.1	53.9	16.4	26.3
Total Liabilities	102.0	82.2	88.2	100.5	98.8	98.7	96.9	93.5	57.5	96.1	88.2	93.5
Shareholder Equity	157.3	99.5	82.7	82.4	82.0	82.6	83.7	85.6	137.7	171.6	82.7	85.6
Non-Controlling Interest (NCI)	5.7	3.4	2.2	2.2	2.2	2.2	2.2	2.2	(0.9)	6.7	2.2	2.2
Shareholder Equity	163.0	102.9	84.9	84.6	84.2	84.8	85.9	87.8	136.8	178.3	84.9	87.8
Total Liabilities & Shareholder Equity	265.0	185.1	173.1	185.1	183.0	183.5	182.8	181.3	194.3	274.4	173.1	181.3

Cash

- Positive increase in ending cash being driven from operating cash flows

Working Capital

- Room for better AR and AP figures. Changes to collection and repayment policies can positively impact available cash
- High inventory numbers put company at risk of asset impairment. Higher turnover ratio would lead to more cash.

Debt

- \$6,037,000 revolver loan funds still available to be drawn from which lowers the risk of FBHI cash collections on BZAM invoices.

FINANCIAL INFORMATION – WORKING CAPITAL (\$K)

CDN\$	Actual	Actual	Actual	Pro-Forma Combined Forecast				Actual	Actual	YTD	Fcst	
Working Capital Summary	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2021	2022	2023	2024
Receivables	14.7	10.8	11.0	18.3	20.0	22.1	22.8	23.4	9.1	10.3	11.0	23.4
Biological Assets	5.0	4.8	5.1	4.8	4.0	4.1	4.0	4.1	3.1	4.6	5.1	4.1
Inventory	46.7	43.8	38.2	51.0	50.5	50.1	50.0	47.6	20.9	52.4	38.2	47.6
Receivables from Related Parties	0.6	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.1			
Other Current Assets	2.0	1.7	0.0	1.0	1.1	1.1	1.1	1.0	2.5			
Prepaid expenses and deposits	3.4	3.3	5.5	4.5	4.5	4.5	4.5	4.5	1.5	3.4	5.5	4.5
Accts Pay and Accrued Liabilities	(27.2)	(27.6)	(33.7)	(36.5)	(34.6)	(34.2)	(32.3)	(29.4)	(17.7)	(29.5)	(33.7)	(29.4)
Sales Tax Payable	(3.0)	(3.1)	(3.4)	(5.5)	(5.5)	(5.6)	(5.7)	(5.7)	(0.6)	(1.5)	(3.4)	(5.7)
Total Working Capital	42.2	33.7	24.5	37.6	40.0	42.1	44.4	45.5	18.9	39.7	22.7	44.5
Change	0.3	(8.5)	(9.2)	13.1	2.4	2.1	2.3	1.1		20.8	(17.0)	21.8
Working Capital Changes												
Receivables	4.4	(3.9)	0.2	7.3	1.7	2.1	0.7	0.6		1.2	0.7	12.4
Biological Assets	0.4	(0.2)	0.3	(0.3)	(0.8)	0.1	(0.1)	0.1		1.5	0.5	(1.0)
Inventory	(5.7)	(2.9)	(5.6)	12.8	(0.5)	(0.4)	(0.1)	(2.4)		31.5	(14.2)	9.4
Receivables from Related Parties	0.0	(0.6)	1.8							(0.1)	0.0	
Other Current Assets	0.4	(0.3)	(1.7)	1.0	0.1	(0.0)	0.0	(0.1)		(2.5)	0.0	
Prepaid expenses and deposits	0.0	(0.1)	2.2	(1.0)	0.0	0.0	0.0	0.0		1.9	2.1	(1.0)
Accts Pay and Accrued Liabilities	2.3	(0.4)	(6.1)	(2.8)	1.9	0.4	1.9	2.9		(11.8)	(4.2)	4.3
Sales Tax Payable	(1.5)	(0.1)	(0.3)	(2.1)	0.0	(0.1)	(0.1)	0.0		(0.9)	(1.9)	(2.3)
Total Working Capital Changes	0.3	(8.5)	(9.2)	14.9	2.4	2.1	2.3	1.1	0.0	20.8	(17.0)	21.8
Net Revenue	24.1	19.3	20.4	27.9	31.8	34.7	36.0	38.1	30.3	49.3	63.8	140.6
A/R balance	14.7	10.8	11.0	18.3	20.0	22.1	22.8	23.4	9.1	10.3	11.0	23.4
D/SO	54.9	50.4	48.5	59.0	56.6	57.3	57.0	55.3	108.1	75.2	46.6	15.0
Inventory Balance	46.7	43.8	38.2	51.0	50.5	50.1	50.0	47.6	20.9	52.4	38.2	47.6
DOH	174.4	204.2	168.5	164.5	142.9	129.9	125.0	112.4	248.3	382.6	161.7	121.9
Raw materials and packaging	5.3	6.5	5.8						2.6	7.1	5.8	0.0
Work-in-progress	35.5	32.5	27.9						15.0	39.0	27.9	0.0
Finished Goods	5.9	4.7	4.6						3.4	6.2	4.6	0.0
Total Inventory	46.7	43.7	38.3	0.0					21.0	52.3	38.3	0.0

- Inventory holdings of 168.5 Days on Hand (DOH) of inventory with a significant amount in WIP. This is down \$14m YoY but still represents a large number.
- WIP includes flower which has been grown and harvested
- BZAM's target is to have DOH of 150.0, which is still high and has room to be further refined

FINANCIAL INFORMATION – FINANCIAL STATEMENTS AND MD&A

Q3 2023

- Unpublished in draft form

Q2 2023

- Q2 2023 MANAGEMENT DISCUSSION & ANALYSIS

[READ MORE →](#)

- Q2 2023 FINANCIAL STATEMENTS

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- Q2 2023 MANAGEMENT'S INFORMATION CIRCULAR

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Q1 2023

- Q1 2023 MANAGEMENT DISCUSSION & ANALYSIS

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- Q1 2023 FINANCIAL STATEMENTS

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Q4 2022

- Q4 2022 MD&A

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- Q4 2022 FINANCIAL STATEMENTS

[READ MORE →](#)

SUMMARY

- FBHI will eliminate the cash drain from FB Canada and begin to generate more cash flows in 14R.
- The relationship with BZAM will permit FBHI to benefit from their strong market position and increase production demands.
- Aligns with FBHI's strategic pathway to exit the plant-touching business
- BZAM's strong operational cash flow projections combined with access to readily available capital, demonstrate their ability to execute on their business plan.
- FBHI will seek to obtain pari-passu to Stone Pine in order to secure the investment in BZAM.
- FBHI's 33% ownership in BZAM will enable access to profits without the need for additional capital.

This is Exhibit “3” referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

DIRECTORS' RESOLUTIONS

THE FOLLOWING RESOLUTIONS WERE PASSED BY ALL OF THE DIRECTORS OF FINAL BELL HOLDINGS INTERNATIONAL LTD. (THE "COMPANY") HAVING BEEN CONSENTED TO IN WRITING BY ALL OF THE DIRECTORS OF THE COMPANY, EFFECTIVE AS OF THE 3rd DAY OF DECEMBER, 2023.

WHEREAS:

- A. The Company and its wholly owned subsidiary, Final Bell Canada Inc. ("**FBC**") wish to enter into a share exchange agreement, in substantially the form presented to the board of directors of the Company (the "**SEA**"), with BZAM Ltd. ("**BZAM**"), pursuant to which BZAM will agree to acquire all of the issued and outstanding shares of FBC for aggregate consideration of 90,000,000 shares of BZAM. The SEA also provides for:
- (i) the issuance of a secured promissory note by FBC upon closing in favour of 14th Round Inc. ("**14R**"), guaranteed by BZAM, in the principal amount of C\$4,000,000, bearing no interest, and payable on demand after March 31, 2025;
 - (ii) the issuance of an unsecured promissory note by FBC upon closing in favour of 14R, guaranteed by BZAM, in the principal amount of C\$4,000,000, payable in twelve equal monthly installments following closing;
 - (iii) the addition of a nominee of the Company to the board of directors of BZAM, on closing; and
 - (iv) the entering into on closing of licensing arrangements between FBC upon closing and the Company for certain brands owned by the Company or its affiliates, to be utilized by FBC, for a target license fee of at least 10% and higher for certain brands, net of customary taxes and fees, and on such other terms as acceptable to the parties;
- B. Greg Boone has disclosed to the board of directors of the Company (the "**Board**") and the Company that he has an interest in the subject matter of these resolutions, is abstaining from voting on these resolutions and is therefore executing these resolutions as to form only; and
- C. The Board has determined that it is in the best interests of the Company and FBC to enter into the SEA and to perform its obligations thereunder.

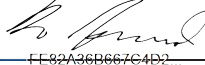
NOW THEREFORE BE IT RESOLVED THAT:

1. Each of the Company and FBC be, and are hereby, authorized and directed to enter into, execute and deliver the SEA and all agreements contemplated therein and to perform all of its obligations thereunder;
2. The Company and FBC be, and are hereby, authorized to take all such further actions and to execute and deliver all such further instruments or documents relating to, contemplated by or necessary or desirable in connection with the SEA and all agreements contemplated therein;

3. Any director or officer of the Company (each an "**Authorized Signatory**") be, and is hereby, authorized and directed to execute and deliver, in the name and on behalf of the Company, under seal or otherwise, all agreements, instruments and documents which are the subject of these resolutions on such terms and conditions and in such form deemed necessary or desirable and approved by such Authorized Signatory with such changes, modifications or amendments thereto as such Authorized Signatory may in such person's discretion approve, which approval will be conclusively evidenced by the execution and the delivery of such agreements, instruments and documents, and, to the extent that any such agreements, instruments and documents were executed prior to the date hereof, the execution thereof by any such Authorized Signatory be, and is hereby, approved, ratified and confirmed;
4. The Authorized Signatory be, and is hereby, authorized and directed to take all such further actions, to execute and deliver such further agreements, instruments and documents and to do all such other acts and things, in the name and on behalf of the Company, under seal or otherwise, as in such person's opinion may be necessary or desirable to give effect to and, generally, carry out the intent of these resolutions, which opinion will be conclusively evidenced by the taking of such further actions, the execution and delivery of such further agreements, instruments and documents and the doing of such other acts and things; and
5. These resolutions may be executed in several parts in the same form and by facsimile and such parts will together constitute one original document, and such parts, if more than one, will be read together and construed as if all the signing parties had executed one copy of these resolutions.


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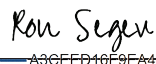
The foregoing resolutions are consented to in writing by all of the directors of the Company.

DocuSigned by:

FF82A36B667C4B2...
KAY JESSEL

DocuSigned by:

81550C88E120426...
JASON DELAND

DocuSigned by:

18FDF32EA6CC485...
GREG BOONE
(executing as to form only)

DocuSigned by:

A3CEEB10F9EA414...
RON SEGEV

DocuSigned by:

1FFB9CAB00BC49B...
CHUNXIA WANG

This is Exhibit “4” referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

BZAM LTD.

- and -

FINAL BELL CANADA INC.

- and -

FINAL BELL HOLDINGS INTERNATIONAL LTD.

SHARE EXCHANGE AGREEMENT

December 5, 2023

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SHARE EXCHANGE AGREEMENT

This **SHARE EXCHANGE AGREEMENT** is dated December 5, 2023 and made among:

BZAM LTD., a corporation incorporated under the laws of Canada (the “**Purchaser**”);

FINAL BELL CANADA INC., a corporation incorporated under the laws of Ontario (“**FBC**”); and

FINAL BELL HOLDINGS INTERNATIONAL LTD., a corporation incorporated under the laws of British Columbia (the “**FBC Shareholder**”).

RECITALS:

- (A) The Purchaser is a company whose common shares are listed on the CSE (as hereinafter defined).
- (B) The FBC Shareholder is the beneficial and legal owner of all of the issued and outstanding FBC Shares (as defined herein).
- (C) The Purchaser wishes to purchase and acquire all of the issued and outstanding FBC Shares from the FBC Shareholder in exchange for the Consideration Shares (as hereinafter defined), upon and subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties (each, a “**Party**” and, together, the “**Parties**”) covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement the following words and phrases will have the following meanings:

“**Accounts Payable**” means all accounts payable, trade payables, obligations to make payment, book payables and other amounts, due, owing or accruing due, together with any security interest, letters of credit or other credit support documents granted by any FBC Entity as security therefor.

“**Accounts Receivable**” means all accounts receivable, trade receivables, rights to receive payment, book debts and other amounts, due, owing or accruing due to any FBC Entity, together with any security interest, letters of credit or other credit support documents granted in favour of any FBC Entity as security therefor.

“**Acquisition Proposal**” has the meaning set forth in Section 9.9(a).

“Affiliate” with respect to any specified Person at any time, means each Person directly or indirectly, through one or more intermediaries, controlling, controlled by or under direct or indirect common control with, such specified Person at such time.

“Agreement” means this Share Exchange Agreement and all of the schedules, exhibits and other documents attached hereto or delivered pursuant to the terms hereof, as it may from time-to-time be supplemented or amended.

“Anti-Corruption Legislation” has the meaning set forth in Section 4.34(a).

“Applicable Securities Laws” means all applicable Canadian securities laws relevant to the issuance of securities of the Purchaser or the purchase and sale of the FBC Shares pursuant to the terms of this Agreement, including the published rules and policies of the CSE.

“Authorization” means, with respect to any Person, any Order, permit, approval, consent, waiver, licence or other authorization issued, granted, given or authorized by, or made applicable under the authority of, any Governmental Authority having jurisdiction over the Person.

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks in the City of Toronto, Ontario, Canada are closed during regular banking hours.

“Cannabis and cannabis” includes cannabis products as defined in the Cannabis Regulations with reference to Schedule 4 of the Cannabis Act and industrial hemp as defined in the Industrial Hemp Regulations made under the Cannabis Act.

“Cannabis Laws” means, collectively: (i) the laws of Canada and each of the provinces and territories therein applicable to the production, manufacture, cultivation, importation, exportation, advertisement, marketing, promotion, sale and/or distribution of cannabis and/or related products, including, without limitation, the *Cannabis Act* (Canada), the Cannabis Regulations and the *Excise Act, 2001* (Canada); and (ii) the respective regulations and rules made and forms prescribed under such laws, together with all applicable and legally enforceable published policy statements, orders and rulings of the applicable Governmental Authority in each such jurisdiction.

“Cannabis Regulations” mean the *Cannabis Regulations* (Canada), as amended from time to time.

“Claims” means claims, demands, complaints, grievances, actions, applications, suits, causes of action, charges, indictments, prosecutions, information or other similar processes.

“Closing” has the meaning set forth in Section 6.1.

“Closing Date” has the meaning set forth in Section 6.1.

“Closing Period” means the period between the close of business on the Execution Date and the Closing.

“Confidentiality Agreement” means the confidentiality agreement between FBC Shareholder and the Purchaser dated October 31, 2023.

“Consideration Shares” has the meaning set forth in Section 2.2(b).

“Contract” means any contract, agreement, option, lease, license, deed, mortgage, note, indenture, commitment or other instrument of any kind, whether written or oral, and other legal binding agreements, arrangements, understandings, commitments and undertakings, to which a Person is a party or a beneficiary or pursuant to which any of its property or assets are or may be affected.

“CSE” means the Canadian Securities Exchange.

“Damages” means any losses, liabilities, damages or out-of-pocket expenses (including reasonable legal fees and expenses) whether resulting from an action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third Person, including a Governmental Authority, or a cause, matter, thing, act, omission or state of facts not involving a third Person.

“Disclosure Letters” means, collectively, the FBC Disclosure Letter and the Purchaser Disclosure Letter.

“Drop Dead Date” means January 30, 2024, or such other date as the Parties may mutually approve in writing.

“Effective Time” means 9:00 a.m. (Eastern Time) on the Closing Date (or such other time as may be agreed to by the Parties).

“Employee” means any full-time or part-time employee of any FBC Entity including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“Employee Contracts” means any written or verbal employment Contract for employment between FBC and any Employee.

“Employee Plans” has the meaning set forth in Section 4.32(a).

“Environmental Authorization” means all Authorizations issued pursuant to any Environmental Laws in connection with the operation of the FBC Business or the ownership and use by any FBC Entity of the property and assets (including the Leased Properties) of FBC.

“Environmental Claim” means any Claim alleging or asserting any violation of any Environmental Law or Environmental Authorization, or liability for response costs or remedial action under an Environmental Law related to any Environmental Release.

“Environmental Laws” mean all Laws, regulations, ordinances or written decisions relating to environmental matters and relating to the protection of workers and public health, including any Laws having as a purpose or effect the protection of the environment, ground water, endangered species of flora and fauna, air, land or natural resources (including soil, land surface or subsurface strata, surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere)), the prevention or reduction to acceptable levels of pollution and emissions or the provision of remedies in respect of damage arising therefrom and the generation, use, handling, release, treatment, storage, disposal or transportation of Environmentally Hazardous Substance.

“Environmental Release” means any emission, discharge, release, deposit, issuance, spray, injection, abandonment, escape, spill, leak, seepage, disposal or exhaust (other than exhaust from a vehicle) of an Environmentally Hazardous Substance, or other occurrence or event defined as such in any Environmental Laws.

“Environmentally Hazardous Substance” means any material or substance that could reasonably be expected to impair the quality of the environment or that causes or could reasonably be expected to cause an adverse effect on the environment for any use which can be made of it and as to which liabilities or standards of conduct are imposed pursuant to Environmental Laws, including any material or substance that is deemed pursuant to any Environmental Law to be “hazardous”, “toxic”, “deleterious”, “caustic”, “dangerous”, a “contaminant”, a “hazardous waste”, a “source of contaminant”, a “pollutant”, or words of similar meaning and regulatory effect under any Environmental Law, and any of the following substances: asbestos, urea formaldehyde, hydrocarbons, lead and polychlorinated biphenyls and any material or equipment containing one of these substances.

“Equity Interests” of a Person means options, warrants, calls, pre-emptive rights, subscriptions or other rights, restricted share awards, restricted share unit awards, agreements, arrangements, understandings or commitments of any kind relating to the issued or unissued shares in the capital of such Person, or other equity interests of such Person.

“Execution Date” means the date of this Agreement.

“Exemptions” has the meaning set forth in Section 2.7(a).

“FB Indemnified Losses” has the meaning set forth in Section 10.1(b).

“FB Indemnified Parties” has the meaning set forth in Section 10.1(b).

“FB Payment Plan” means the payment plan in connection with the unsecured promissory note in the principal amount of \$4,000,000 owed by FBC to the FBC Affiliated Vendor, guaranteed by the Purchaser, which shall be payable in accordance with Schedule A of this Agreement and subject to any additional terms as may be determined by the parties, acting reasonably.

“FBC” has the meaning set forth in the preamble of this Agreement.

“FBC Affiliated Vendor” means 14th Round Inc., which is a wholly-owned subsidiary of the FBC Shareholder.

“FBC Books and Records” means all books of account, financial statements, tax records, personnel records of Employees, historic documents relating to the FBC Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information relating to any FBC Entity (whether in written, electronic or other form).

“FBC Business” means the business carried on by the FBC Entities on the Execution Date in Canada, consisting of operating the FBC Facilities.

“FBC Disclosure Letter” means the disclosure letter delivered by the FBC Shareholder to the Purchaser on the Execution Date.

“FBC Entities” means FBC and Final Bell Corp.

“FBC Facilities” means the licensed cannabis facility and office space located at 1100, Unit 3, Bennett Rd, Bowmanville, Ontario L1C 3K.

“FBC Financial Statements” means, collectively, (a) the unaudited financial statements of FBC for the twelve months ended December 31, 2022, and (b) the unaudited interim financial statements of FBC for the nine months ended September 30, 2023, all prepared in accordance with IFRS.

“FBC IP” has the meaning set forth in Section 4.26(a).

“FBC Material Authorizations” has the meaning set forth in Section 4.18.

“FBC Material Contracts” has the meaning set forth in Section 4.21.

“FBC Promissory Note” means the secured promissory note in the form set out as Schedule B of this Agreement, executed by FBC in favor of the FBC Affiliated Vendor on Closing, guaranteed by the Purchaser, in the aggregate principal amount of \$4,000,000, owed by FBC to the FBC Affiliated Vendor, bearing interest at zero percent (0%) and with a maturity date no earlier than March 31, 2025. For greater

clarity: (i) this note shall rank pari passu with all secured debts owed by the Purchaser to Stone Pine and bear the same maturity date as the secured debts owed by the Purchaser to Stone Pine and to the Senior Lender; and (ii) all such secured debts owed to Stone Pine and the FBC Affiliated Vendor shall be subordinated to the secured debts owed to the Senior Lender, in accordance with the terms of the Subordination Agreement and the Intercreditor Agreement.

“**FBC Reference Date**” means September 30, 2023.

“**FBC Shareholder**” has the meaning set forth in the preamble to this Agreement.

“**FBC Shares**” means: (i) 295 class A common shares; (ii) the 295 class B common shares; (iii) the 30 class C common shares; (iv) the 100 class D common shares; (v) 100 class E common shares; (vi) the 30 class F common shares; (vii) 100 class G common shares; (viii) 20 class H common shares; and (ix) the 30 class I common shares in the capital of FBC, and FBC Share means any one of them.

“**FBC Specified Representations**” has the meaning set forth in Section 7.1(a).

“**Fundamental Representations**” means the representations and warranties of the FBC Shareholder set forth in Sections 5.1, 5.2, and 5.3.

“**Golden Iris Release**” means the agreement evidencing the release of the FBC Entities as guarantors of the loan between the FBC Shareholder and Golden Iris International Ltd, and related general security agreement and PPSA registration.

“**Governmental Authority**” means any (a) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, arbitrator, tribunal, bureau or agency, domestic or foreign, (b) any subdivision or authority of any of the above, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or tax authority under or for the account of any of the above.

“**GST/HST**” means goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada).

“**Healthcare Data Requirements**” has the meaning set forth in Section 3.33(a) or Section 4.35, as applicable.

“**IFRS**” means generally accepted accounting principles in Canada from time to time including, for the avoidance of doubt, the standards prescribed in Part I of the CPA Canada Handbook – Accounting (which incorporates International Financial Reporting Standards, as issued by the International Accounting Standards Board) as the same may be amended, supplemented or replaced from time to time.

“**Indebtedness**” means with respect to FBC, (i) any liability for borrowed money (including bank loans, lines of credit and loans from related parties), or evidenced by an instrument for the payment of money, or incurred in connection with the acquisition of any property, products, services, assets or securities (including “earnouts”, holdbacks, vendor notes or any other similar form of contingent or deferred payment obligation, and any conditional sale or other title retention agreement), or relating to a capitalized lease obligation, (ii) any change of control payments, bonuses, severance, termination and retention obligations, and similar amounts for which FBC becomes liable in connection with the Transaction contemplated by this Agreement, (iii) profit sharing bonus accruals; bonuses and incentives payable; and all accrued but unpaid salaries, wages and benefits, accrued matching RRSP contributions, accrued profit sharing payments, banked vacation pay and banked hours, and (iv) the employer portion of any payroll Taxes payable in connection with any amounts referred to in clause (ii) or (iii).

“**Indemnified Loss**” shall mean a Purchaser Indemnified Loss or a FB Indemnified Loss, as the case may be.

“Indemnified Party” shall mean a Purchaser Indemnified Party or a FB Indemnified Party, as the case may be.

“Industrial Hemp Regulations” mean the Industrial Hemp Regulations made under the *Cannabis Act*, as amended from time to time.

“Information Technology” means computer hardware, software in source code and object code form (including documentation, interfaces and development tools), websites, databases, telecommunications equipment and facilities and other information technology systems owned, licensed, used or held by a Person.

“Intellectual Property” means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, slogans, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of, and symbolized by, and all registrations, applications and renewals for, any of the foregoing, (b) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content and URLs, (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights and (d) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority-issued indicia of invention ownership (including inventor’s certificates, petty patents and patent utility models).

“Intercreditor Agreement” means the intercreditor agreement to be entered into between Stone Pine and the FBC Affiliated Vendor, with respect to: (i) the ranking of any secured debts owed by the Purchaser to Stone Pine to be *pari passu* with the FBC Promissory Note; and (ii) the acknowledgement of the subordination following Closing, of all secured debts owed by the Purchaser to the FBC Affiliated Vendor and the FBC Affiliated Vendor, to the secured debts owed by the Purchaser to the Senior Lender.

“ITA” means the *Income Tax Act (Canada)*, RSC 1985, c 1 (5th Supp).

“Laws” means any and all (a) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws of any Governmental Authority and (b) Orders.

“Leased Properties” means the lands and premises set out and described in Section 4.29(a) of the FBC Disclosure Letter by reference to their municipal address and proper legal description.

“Leases” means the leases and offers to lease in respect of the Leased Properties set out and described in Section 4.29(a) of the FBC Disclosure Letter.

“Liabilities” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“Lien” means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, restriction, assignment, trust or deemed trust, title defect or objection, title retention agreement, option or encumbrance of any nature or kind whatsoever, whether contractual, statutory or otherwise arising, any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation.

“Lock-up Agreement” means an agreement to be entered into between the Purchaser and the FBC Shareholder pursuant to which the FBC Shareholder will covenant not to sell, transfer or otherwise dispose of:

- i. with respect to 1/3 of the Consideration Shares, for a period ending on the 4-month plus a day anniversary of the date of issuance of such Purchaser Shares;
- ii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 8-month anniversary of the Closing Date; and
- iii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 12-month anniversary of the Closing Date.

“Material Adverse Effect” means, (a) in respect of a Party, any effect or change that is, individually or together with other effects or changes, materially adverse to (1) the results of operations and financial condition of the business of such Party and, if applicable, its subsidiaries, taken as a whole, or; (2) the Party’s ability to consummate the transactions contemplated by this Agreement, and (b) in respect of the Party’s assets, an effect that is individually or together with other effects or changes, materially adverse to such assets, taken as a whole; provided that a “Material Adverse Effect” does not include any effect or change arising from (i) any change affecting the cannabis industry as a whole, (ii) changes in applicable Laws, (iii) changes in IFRS, (iv) any change in general economic, business, regulatory, political (including the outbreak or escalation of war or acts of terrorism) or market conditions or in national or global financial or capital markets, (v) any natural disaster, or (vi) this Agreement or the completion of the transactions contemplated by this Agreement other than, in respect of each of clauses (i), (ii), (iii), (iv), and (v), any such effect that specifically relates to or disproportionately affects in an adverse manner the Party’s business.

“Merged Entity” means the Purchaser and the resulting group of subsidiaries following the completion of the Transaction contemplated by this Agreement.

“Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

“Order” means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Authority.

“Ordinary Course” means, with respect to an action taken by a Person, that such action is (i) consistent with the past practices of the Person and is taken in the ordinary course of business of the normal operations of the Person or its business, and (ii) would be similar in nature to actions customarily taken in the ordinary course of the day to day operations of other Persons that are in the same line of business as such Person.

“Parties” means, collectively, the Purchaser, FBC and the FBC Shareholder and **Party** means any one of them.

“Permitted Encumbrances” means (a) Liens for Taxes, assessments or governmental charges or levies which relate to obligations not yet due or delinquent, the validity of which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS have been made in the FBC Books and Records or the Purchaser Books and Records, as the case may be, (b) easements, servitudes, encroachments and other minor imperfections of title which do not, individually or in the aggregate, detract from the value of or impair the use or marketability of any real property, (c) undetermined or inchoate Liens arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Laws or of which written notice has not been given in accordance with applicable Laws, (d) Liens set out and described in Section 4.11 of the FBC Disclosure Letter or Section 1.1 of the Purchaser Disclosure Letter but only to the extent such Liens conform to their description in such Disclosure Letter and (e) Liens that would not reasonably be expected to have a Material Adverse Effect.

“Person” includes an individual, sole proprietor, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any other entity, or any trustee, executor, administrator or other legal representative thereof.

“Personal Information” means information about an identifiable individual other than such individual’s business contact information where such business contact information is collected, used or disclosed for the purposes of contacting such individual in that individual’s capacity as an employee or an official of an organization and for no other purpose.

“Pre-Closing Tax Period” means any Tax or fiscal period ending on or before the Closing, and with respect to a Straddle Period, the portion of a Straddle Period up to and immediately prior to the Closing.

“Privacy Laws” means the *Personal Information Protection and Electronic Documents Act* (Canada) and any similar Laws relating to the collection, use, disclosure or storage of Personal Information applicable in Canada.

“Purchase Price” has the meaning set forth in Section 2.2.

“Purchased FBC Shares” means the FBC Shares to be purchased by the Purchaser pursuant to Article 2, being all of the issued and outstanding shares in the capital of FBC.

“Purchaser” has the meaning set forth in the preamble of this Agreement.

“Purchaser Books and Records” means all books of account, financial statements, tax records, personnel records of the Purchaser Employees, historic documents relating to the assets or business of the Purchaser Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information of a Purchaser Entity (whether in written, electronic or other form).

“Purchaser Disclosure Letter” means the disclosure letter delivered by the Purchaser to the FBC Shareholder on the Execution Date.

“Purchaser Disclosure Record” means all documents filed by or on behalf of the Purchaser on the System for Electronic Document Analysis Retrieval prior to the date hereof that are publicly available on the date hereof.

“Purchaser Employee” means any full-time or part-time employee of the Purchaser or any Purchaser Entity, including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“Purchaser Employee Contracts” means any written or verbal employment Contract for employment between any Purchaser Entity and any other Person engaged in the business of any Purchaser Entity.

“Purchaser Employee Plans” has the meaning set forth in Section 3.30(a) of this Agreement.

“Purchaser Entities” means, collectively, the Purchaser and its subsidiaries.

“Purchaser Financial Statements” means the audited consolidated financial statements of the Purchaser for the years ended December 31, 2022 and 2021, and the unaudited financial statements of the Purchaser for the three and nine months ended September 30, 2023, all prepared in accordance with IFRS.

“Purchaser Indemnified Losses” has the meaning set forth in Section 10.1(a).

“Purchaser Indemnified Parties” has the meaning set forth in Section 10.1(a).

“Purchaser IP” has the meaning set forth in Section 3.24(a).

“Purchaser Leased Properties” means the lands and premises leased by the Purchaser as set out the Purchaser Disclosure Record.

“Purchaser Leases” means the leases and offers to lease in respect of the Purchaser Leased Properties set out and described in Section 3.27(a) of the Purchaser Disclosure Letter.

“Purchaser Material Authorizations” has the meaning set forth in Section 3.16.

“Purchaser Material Contracts” has the meaning set forth in Section 3.19.

“Purchaser Owned Properties” means the lands and premises owned by the Purchaser as set out the Purchaser Disclosure Record.

“Purchaser Reference Date” means September 30, 2023.

“Purchaser Shares” means common shares in the capital of the Purchaser, and Purchaser Share means any one of them.

“Purchaser Specified Representations” has the meaning set forth in Section 8.1(a).

“Release Date” has the meaning set forth in Section 6.5(a).

“SEDAR” means the System for Electronic Document Analysis and Retrieval, the electronic filing system for the disclosure documents of issuers across Canada.

“Senior Lender” means the Purchaser’s Canadian senior secured lender.

“Stone Pine” means Stone Pine Capital Ltd.

“Stone Pine Amendments” means any amendments to any documents evidencing secured debts owed by the Purchaser to Stone Pine, to reflect the amendment of the maturity date under such documents to March 31, 2025, cross-call provisions, prepayments to be made under such documents to require concurrent prepayments to be made under the FBC Promissory Note, and such other matters as may be agreed to by the Parties, acting reasonably.

“Straddle Period” means any taxation period of FBC ending after the Closing Date that commenced before the Closing Date. Where necessary to allocate Taxes under this Agreement with respect to a Straddle Period: (i) the amount of any real property, personal property, ad valorem, intangible, and other Taxes imposed on a periodic basis for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be equal to the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediate preceding period) multiplied by a fraction, the numerator of which is the number of calendar days during the Straddle Period that are in the Pre-Closing Tax Period and the denominator of which is the number of calendar days in the entire Straddle Period, and (ii) the amount of any Taxes (other than Taxes allocable under clause (i) of this definition) for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be computed on the basis of a “closing of the books,” as if such taxable period ended as of the end of the day on the Closing Date and all such Taxes were calculated in accordance with the past practices of FBC in preparing Tax Returns, except to the extent otherwise required by applicable Law; provided, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period beginning after the Closing Date in proportion to the number of calendar days in each period.

“Subordination Agreement” means the subordination agreement to be entered into between the Senior Lender and the FBC Affiliated Vendor, with respect to the subordination following Closing, of all secured debts owed by the Purchaser to the FBC Affiliated Vendor, to the secured debts owed by the Purchaser to the Senior Lender.

“Tax” means any taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions.

“Tax Return” means any return (including any information return), report, statement, schedule, notice, election, designation, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection or payment of any Tax, or in connection with the administration, implementation or enforcement of, or compliance with, any Law relating to any Tax.

“Transaction” means, collectively, the purchase and sale of the Purchased FBC Shares, the issuance of the Consideration Shares, and all other transactions contemplated by this Agreement.

“Transaction Documents” means this Agreement, the FBC Promissory Note, the FB Payment Plan, the Subordination Agreement, the Intercreditor Agreement, the Lock-Up Agreement and all other agreements, certificates and other instruments or documents given pursuant to this Agreement.

1.2 Gender and Number

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, (a) words in the singular number include the plural and are to be construed as if the plural had been used and *vice versa*, and (b) words importing the use of any gender include all genders where the context or party referred to so requires, and the rest of the sentence is to be construed as if the necessary grammatical changes had been made.

1.3 Certain Phrases and Calculation of Time

In this Agreement, unless otherwise specified:

- (a) the words “including” and “includes” mean “including (or includes) without limitation”;
- (b) “Article” and “Section” followed by a number mean and refer to the specified Article or Section of this Agreement;
- (c) the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”; if the last day of any such period is not a Business Day, such period will end on the next Business Day; and
- (d) when calculating the period of time “within” which or “following” which any act or event is required or permitted to be done, notice given or steps taken, the date which is the reference date in calculating such period is to be excluded from the calculation. If the last

day of any such period is not a Business Day, such period will end on the next Business Day.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement.

1.5 Disclosure Letters and Exhibits

The Disclosure Letters and the exhibits attached to this Agreement are incorporated by reference into this Agreement and form an integral part hereof.

1.6 Purpose of the Disclosure Letters

The purpose of the Disclosure Letters is to set out the qualifications, exceptions and other information called for in this Agreement. The disclosure of any fact or item in any section of a Disclosure Letter shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and warranties of FBC and the FBC Shareholder or the Purchaser, as the case may be, that are contained in the corresponding Section of this Agreement; and (ii) any other representations and warranties of the FBC and the FBC Shareholder or the Purchaser, as the case may be, contained in this Agreement, where it is reasonably apparent that such matter is pertinent to such other representation or warranty.

1.7 Currency

In this Agreement, unless otherwise specified, all references to dollars or to \$ are references to Canadian dollars.

1.8 Knowledge

Where any representation or warranty in this Agreement is expressly qualified by reference to the knowledge of a Party (or similar phrases), it is deemed to refer to the actual knowledge of such Party or, if such Party is not an individual, of any officer or director of such Party, in each case after due inquiry.

1.9 Accounting Terms

All accounting and financial terms and references not defined in this Agreement are to be interpreted in accordance with IFRS.

1.10 Instruments and Statutes

Any agreement, instrument or statute (including any specific provision) defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute (including any specific provision and in the case of a statute any regulations promulgated thereunder) as amended, restated, replaced, modified, qualified or supplemented, including (in the case of agreements and instruments) by waiver or consent and (in the case of statute) by succession of comparable successor statutes and all attachments thereto and instruments incorporated therein.

1.11 Governing Law; Venue

This Agreement shall be governed by and interpreted and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to applicable choice of law provisions thereof. The Parties agree that any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby will be brought in a suitable court located

in the Province of British Columbia and each Party irrevocably submits to the exclusive jurisdiction of those courts.

ARTICLE 2 SHARE EXCHANGE

2.1 Purchase and Sale

Subject to the terms and conditions hereof, the FBC Shareholder covenants and agrees to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from the FBC Shareholder, the Purchased FBC Shares at the Closing.

2.2 Purchase Price

In consideration for the acquisition of the Purchased FBC Shares, the Purchaser will pay a purchase price (the "**Purchase Price**") equal to the sum of the following:

- (a) Cash – The payment on Closing of \$100 in cash.
- (b) Consideration Shares – The issuance on Closing of ninety million (90,000,000) Purchaser Shares (the "**Consideration Shares**"), to the FBC Shareholder, at a deemed price per Purchaser Share of \$0.15.

2.3 Hold Period

The FBC Shareholder acknowledges that in addition to what is contemplated under the Lock-up Agreement, all Purchaser Shares comprising the Consideration Shares may be subject to a restrictive hold period of four (4) months plus a day in length, if determined to be applicable by a Governmental Authority under Applicable Securities Laws.

2.4 Allocation of Purchase Price

The Parties agree to allocate the Purchase Price on a basis to be agreed between the Parties prior to Closing. In conjunction therewith, each of the Parties will review with their respective legal, accounting and financial advisors the most tax effective structure for allocating the Purchase Price with respect to the Transaction. The Parties agree to execute and file all Tax Returns, and prepare all financial statements, on the basis of such allocation and agree not to take any position inconsistent therewith in any Tax Return, in any Tax refund claim, in any litigation or otherwise.

2.5 *Intentionally Deleted*

2.6 Purchase of Entire Interest

It is the understanding of the parties hereto that this Agreement provides for the purchase of all of the issued and outstanding FBC Shares at the Effective Time, whether same are owned as at the date hereof or to be acquired after the date hereof and prior to the Effective Time, and the FBC Shareholder therefore covenants and agrees with the Purchaser that, if prior to the Effective Time, it acquires any further FBC Shares, in addition to those set forth in this Agreement, then such FBC Shares shall be subject to the terms of this Agreement, and FBC Shares shall be delivered or such rights shall be transferred to the Purchaser at the Effective Time, without the payment of any additional or further consideration.

2.7 Delivery of Purchased FBC Shares

Subject to the fulfilment of all of the terms and conditions hereof (unless waived as herein provided), at the Effective Time, the FBC Shareholder shall be deemed to have delivered to the Purchaser certificates or equivalents representing all of the FBC Shares to the Purchaser.

2.8 Acknowledgements

The FBC Shareholder hereby acknowledges and agrees with the Purchaser as follows:

- (a) The transfer of the FBC Shares to the Purchaser, and the issuance of the Consideration Shares to the FBC Shareholder will be made pursuant to appropriate exemptions (the “**Exemptions**”) from the prospectus (or equivalent) requirements of applicable securities laws;
- (b) As a consequence of acquiring the Consideration Shares pursuant to the Exemptions:
 - (i) the Purchaser is relying on an exemption from the requirements to provide the FBC Shareholder with a prospectus and to, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Securities Laws, including statutory rights of rescission or damages, will not be available to the FBC Shareholder;
 - (ii) the FBC Shareholder may not receive information that might otherwise be required to be provided to the FBC Shareholder, and the Purchaser is relieved from certain obligations that would otherwise apply under the *Securities Act (Ontario)* if the Exemptions were not being relied upon by the Purchaser;
 - (iii) there is no government or other insurance covering the Consideration Shares;
 - (iv) there are risks associated with the acquisition of the Consideration Shares; and
 - (v) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Shares;
- (c) The FBC Shareholder is knowledgeable of, or has been independently advised as to, the applicable Law of that jurisdiction which applies to the sale of the FBC Shares and the issuance of the Consideration Shares, which may impose restrictions on the resale of such Consideration Shares in that jurisdiction and it is the responsibility of the FBC Shareholder to become aware of what those resale restrictions are, and to comply with them before selling or distributing any of the Consideration Shares, as applicable; and
- (d) The Consideration Shares may be subject to certain resale restrictions under applicable Law, and the FBC Shareholder agrees to comply with such restrictions and acknowledges that the certificates for the Consideration Shares may bear an applicable legend or legends respecting restrictions on transfers as required under applicable Law if and as required by Section 2.7 of this Agreement (or legend notation on each applicable Consideration Share, if applicable, issued electronically in a direct registration system), and that the FBC Shareholder have been advised to consult its own legal advisor with respect to applicable resale restrictions and that each is solely responsible for complying with such restrictions.

2.9 Joint Tax Election

The Purchaser and the FBC Shareholder, within 10 Business Days after the Closing Date (or at such later date as may be requested by the FBC Shareholder), shall jointly make and execute an election (a “**Section**

85 Election”), in the prescribed form and within the prescribed time limits, to have section 85 of the Tax Act apply in respect of the disposition of the FBC Shares by the FBC Shareholder in consideration for, inter alia, the Consideration Shares issuable to the FBC Shareholder and, in this regard, the aggregate “elected amount” for purposes of a Section 85 Election will be an amount determined by the FBC Shareholder within the limits prescribed under the Tax Act. The FBC Shareholder will be solely responsible for filing the Section 85 Elections within the time prescribed by the Income Tax Act. The Purchaser shall reasonably cooperate with the FBC Shareholder if it determines that a Section 85 Election which has been filed should be amended, supplemented or replaced.

2.10 Agreement to be Bound

Each Person who becomes a FBC Shareholder subsequent to the Execution Date, or acquires additional FBC Shares subsequent to the Execution Date, must concurrently with becoming a FBC Shareholder or acquiring such additional FBC Shares execute and deliver to the Purchaser an agreement in form and substance satisfactory to the Purchaser, agreeing to be bound by this Agreement.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser makes the following representations to the FBC Shareholder, and acknowledges and agrees that the FBC Shareholder is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

3.1 Incorporation, Corporate Power and Registration

- (a) The Purchaser is a corporation validly existing and in good standing under the federal laws of Canada and has all necessary corporate power, authority and capacity to own or lease its property and to carry on its business as presently conducted.
- (b) Subject to Section 3.2, neither the nature of the Purchaser Entities’ business nor the location or character of the assets owned or leased by the Purchaser Entities requires any Purchaser Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

3.2 Qualification

Each Purchaser Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter. The jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter include all jurisdictions in which (a) the nature of the Purchaser Entities’ business makes such qualification necessary, (b) the Purchaser Entity owns or leases any material property or assets which form part of the Purchaser Entity’s business or (c) the Purchaser Entity conducts the Purchaser Entity’s business, in each case except as would not have a Material Adverse Effect.

3.3 Due Authorization and Enforceability of Obligations

- (a) The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.
- (b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser.

- (c) This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by the Purchaser or necessary to the ownership of the assets owned by the Purchaser Entities or the operation of the Purchaser Entities' business;
- (b) result in or require the creation of any Lien upon any of the assets owned by the Purchaser Entities;
- (c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or
- (d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to the Purchaser Entities.

3.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a material breach or a material violation of, or materially conflict with, any Purchaser Material Contract; or
- (b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any Purchaser Material Contract, or (ii) the acceleration of any debt or other obligation of the Purchaser, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any Purchaser Entity.

3.6 Purchaser Financial Statements

The Purchaser Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

- (a) the financial position of the Purchaser Entities on a consolidated basis as at such dates; and
- (b) the results of operation and changes in financial position of the Purchaser Entities on a consolidated basis for the periods then ended.

3.7 No Undisclosed Liabilities

Since the Purchaser Reference Date, no Purchaser Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities

reflected or reserved against in the applicable Purchaser Financial Statements; (b) current liabilities incurred since the Purchaser Reference Date in the Ordinary Course; or (c) liabilities that are not material to any Purchaser Entity, taken as a whole.

3.8 Conduct of Purchaser's Business in Ordinary Course

Except as set out in Section 3.8 of the Purchaser Disclosure Letter or as set out in the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the Purchaser Reference Date, the Purchaser Entities' business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, the Purchaser Entities have not, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) sold, transferred or otherwise disposed of any assets other than inventory sold in the Ordinary Course;
- (b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;
- (c) made any capital expenditures in excess of \$250,000;
- (d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds \$250,000;
- (e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value to a Purchaser Entity;
- (f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (g) made any bonus or other extraordinary payment to a Purchaser Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (h) suffered any extraordinary loss, damage or destruction in respect of any of its assets, whether or not covered by insurance;
- (i) terminated or suffered the termination of, any Purchaser Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;
- (j) declared or paid any dividends or declared or made any other distribution on the Purchaser Shares or other securities of any of the Purchaser Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchaser Shares or other securities of the Purchaser Entities;
- (k) written off as uncollectible any accounts receivable or any part thereof;
- (l) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;
- (m) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;

- (n) compromised or settled any litigation or governmental action relating to assets owned or used by a Purchaser Entity (including the Purchaser Owned Properties and Purchaser Leased Properties);
- (o) cancelled or reduced any insurance coverage on its business, property and assets;
- (p) made any change in any method of accounting or auditing practice except in each case as required by IFRS;
- (q) made any change in the method of billing or the credit terms made available to its customers;
- (r) amended its organizational documents or structure; or
- (s) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

3.9 Capitalization of the Purchaser

The authorized capital of the Purchaser consists of an unlimited number of Purchaser Shares. As at the Execution Date, there are 180,818,952 Purchaser Shares issued and outstanding. In addition, as at the Execution Date, there are issued and outstanding (i) options to purchase, in the aggregate, 6,240,000 Purchaser Shares, (ii) warrants exercisable for, in the aggregate, 48,096,811 Purchaser Shares and (iii) restricted share units entitling certain employees of the Purchaser to, in the aggregate, 187,500 Purchaser Shares. Except as set forth in this Section 3.9, no other Purchaser Shares are issued and outstanding as at such date and there are no existing Equity Interests in, the Purchaser or any of its subsidiaries obligating the Purchaser or such subsidiary to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, the Purchaser or such subsidiary or securities convertible into or exchangeable for such shares or Equity Interests or other securities. All of the outstanding Purchaser Shares were duly authorized and validly issued, and are fully paid and non-assessable.

3.10 Litigation

Except as set out in Section 3.10 of the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any arbitration, administrative or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, current or pending, or, to the knowledge of the Purchaser, threatened against the Purchaser Entities' business or any of the Purchaser Entities' assets, including the Purchaser Owned Properties, the Purchaser Leased Properties, or the Purchaser IP, or in respect of any employment matters.

3.11 Title to Assets

Except as set out in Section 3.11 of the Purchaser Disclosure Letter, each Purchaser Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the Purchaser Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

3.12 No Options, etc.

Except as set out in Section 3.12 of the Purchaser Disclosure Record, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition from the Purchaser Entities of

any of the property and assets other than pursuant to purchase orders for inventory sold in the Ordinary Course.

3.13 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of the Purchaser Entities are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

3.14 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the Purchaser Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the Purchaser Books and Records, copies of which have been provided to the FBC, and are not subject to any defence, counterclaim or set off.

3.15 Compliance with Law

- (a) Each Purchaser Entity:
 - (i) is conducting its business in compliance with all applicable Laws, in all material respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating to in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business;
 - (ii) has not received, since the Purchaser Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the Purchaser Entities' business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any Purchaser Material Authorization; and
 - (iii) has, or has had on its behalf, since the Purchaser Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the Purchaser Entities' business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the Purchaser Entities'

business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

- (b) To the knowledge of the Purchaser, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws.
- (c) The individuals listed in Section 3.15(c) of the Purchaser Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual's respective association with any Purchaser Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance
- (d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all cannabis products sold or stored by the Purchaser Entities:
 - (i) meet the applicable specifications for the product;
 - (ii) are fit for the purpose for which they are intended by the Purchaser Entities, and of merchantable quality;
 - (iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with the Purchaser Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;
 - (iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;
 - (v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the Purchaser Material Authorizations in accordance in all material respects with the terms of such Authorization; and
 - (vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).
- (e) All of the marketing and promotion activities of all Purchaser Entities relating to the Purchaser Entities' business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.
- (f) (i) Each Purchaser Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any Purchaser Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the Purchaser's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any Purchaser Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.

- (g) Each Purchaser Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states)

3.16 Governmental Authorizations

The Purchaser Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Purchaser Owned Properties and Purchaser Leased Properties). All such Authorizations are set out in Purchaser Disclosure Record (the “**Purchaser Material Authorizations**”). Each Purchaser Material Authorization is valid, subsisting and in good standing. The Purchaser is not in default or breach of any Purchaser Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the Purchaser, threatened to revoke or limit any Purchaser Material Authorization.

3.17 Required Purchaser Authorizations

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 3.17 of the Purchaser Disclosure Letter.

3.18 Third Party Consents

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a Purchaser Material Contract binding on or affecting the Purchaser Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 3.18 of the Purchaser Disclosure Letter.

3.19 Material Contracts

Except for the Contracts listed in the “Material Contracts” section of the Purchaser’s annual information form dated April 18, 2022, and as otherwise set out under Section 3.19 of the Purchaser Disclosure Letter (collectively, the “**Purchaser Material Contracts**”), no Purchaser Entity is a party to or bound by any Contract material to its business or the ownership of its assets including:

- (a) any distributor, sales or advertising Contract;
- (b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by a Purchaser Entity of more than \$250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of a Purchaser Entity;
- (c) any Contract that expires, or may be renewed at the option of any Person other than a Purchaser Entity so as to expire, more than one year after the Execution Date;

- (d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;
- (e) any Contract for capital expenditures in excess of \$250,000 in the aggregate;
- (f) any confidentiality, secrecy or non-disclosure Contract or any Contract limiting the freedom of a Purchaser Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on its business;
- (g) any Contract pursuant to which a Purchaser Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (h) any Contract with any Affiliate of a Purchaser Entity or any other Person with whom a Purchaser Entity does not deal at arm's length within the meaning of the ITA;
- (i) any Contract relating to grants or other forms of assistance received by a Purchaser Entity from any Governmental Authority;
- (j) any Contract pursuant to which any Purchaser Entity grants or receives a licence to use any Purchaser IP, other than: (A) those in which grants of Purchaser IP rights are incidental to such Contract; (B) those granting rights to Purchaser IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;
- (k) any Contract pursuant to which any Purchaser Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;
- (l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other Person in excess of \$250,000 in the aggregate;
- (m) any Contract for Indebtedness of a Purchaser Entity in excess of \$250,000 in the aggregate; or
- (n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all Purchaser Material Contracts are available in the Purchaser Disclosure Record.

3.20 No Breach of Material Contracts

Each of the Purchaser Entities has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any Purchaser Material Contract. Each of the Purchaser Material Contracts is in full force and effect, unamended, to the knowledge of the Purchaser, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any Purchaser Material Contract. To the knowledge of the Purchaser, all of the covenants to be performed and the obligations to be fulfilled by any party to such Purchaser Material Contract, including the applicable Purchaser Entity, have been fully performed and fulfilled in all material respects. No consent or notice is required for a valid assignment to the Purchaser of any Purchaser Material Contract.

3.21 Related Party Transactions

Except as set out the Purchaser Disclosure Record or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting the Purchaser Entities have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by a Purchaser Entity to any Affiliate of a Purchaser Entity in relation to such Contracts are recorded on the Purchaser Books and Records at their fair market value.

3.22 Insurance

The Purchaser Entities maintain such policies of insurance as are appropriate to their business and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. No Purchaser Entity is in default in any material respect with respect to any of the provisions contained in the insurance policies.

3.23 Books and Records

- (a) All accounting and financial Purchaser Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such Purchaser Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the FBC in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the Purchaser Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the Purchaser Entities.
- (b) Purchaser Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by Purchaser's current Information Technology.

3.24 Intellectual Property

- (a) The Purchaser Disclosure Record sets out a true, correct and complete description of (i) all of the registered Intellectual Property owned or used by a Purchaser Entity in connection with a Purchaser Entity's business (collectively, the "**Purchaser IP**"), and (ii) all licenses or similar agreements or arrangements to which any Purchaser Entity is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of a Purchaser Entity's business as presently conducted.
- (b) One of the Purchaser Entities is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the Purchaser IP, free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities have not assigned, licensed or otherwise conveyed any of the Purchaser IP.
- (c) The Purchaser Entities have maintained or caused to be maintained the rights to any of the registered Purchaser IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered Purchaser IP owned by a Purchaser Entity and subject to expiration on or prior to the Closing Date.
- (d) The Purchaser IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the Purchaser IP. In the past five years, no Purchaser Entity has received written notice of any alleged infringement or misappropriation from any Person

with respect to the Purchaser IP. During such period, no Purchaser Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.

- (e) The Purchaser Entities have the full right and authority to use the Purchaser IP in connection with the conduct of their business in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The Purchaser IP is sufficient to conduct the Purchaser Entities' business as presently conducted. All licenses to which a Purchaser Entity is a party relating to Purchaser IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of a Purchaser Entity thereunder. No royalty or other fees is required to be paid by any Purchaser Entity to use and exploit any of the Purchaser IP rights and, to the Purchaser's knowledge, there are no restrictions on the ability of any Purchaser Entity to use any of the Purchaser IP rights
- (f) To the knowledge of the Purchaser, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the Purchaser IP.
- (g) To the knowledge of the Purchaser, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of a Purchaser Entity owns or has claimed an ownership interest in any of the Purchaser IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (h) Each Purchaser Entity has used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect Purchaser IP and confidential information relating thereto. To the knowledge of the Purchaser, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent the Purchaser Entities from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

3.25 Information Technology

- (a) The Information Technology owned, licensed, used or held for use in connection with the Purchaser Entities' businesses is sufficient for the conduct of the Purchaser Entities' businesses in the Ordinary Course after Closing. The Purchaser Entities use reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.
- (b) In the past three years, no notice of a defect or default has been sent or received by a Purchaser Entity in respect of any license or lease under which the Purchaser Entities receive Information Technology.

3.26 Owned Property

Except as set out in Section 3.26 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Purchaser Entities are the absolute registered and beneficial owner of, and have good and marketable title to, the Purchaser Owned Properties free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities are not the owner of, or party to any agreement, option or right to own, any real property or any interest in any real property used in connection with the Purchaser Entities' business, other than the Purchaser Owned Properties.

3.27 Leases and Leased Property

- (a) Except as set out in Section 3.27(a) of the Purchaser Disclosure Letter, no Purchaser Entity is a party to, or under any agreement to become a party to, any real property lease other than the Purchaser Leases. Each Purchaser Lease is in good standing, creates a good and valid leasehold estate in favour of the Purchaser Entities in the Purchaser Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Purchaser Lease pursuant to which a Purchaser Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any Purchaser Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Purchaser Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable Purchaser Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the Purchaser, all of the covenants to be performed by any party (other than the applicable Purchaser Entity) under the Purchaser Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable Purchaser Entity of any of the Purchaser Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Purchaser Leased Property.
- (b) Each applicable Purchaser Entity has adequate rights of ingress and egress to, from and over the Purchaser Leased Properties in the Ordinary Course and the Purchaser Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the Purchaser, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any Purchaser Entity to carry on business in the Ordinary Course.

3.28 Environmental Matters

- (a) The Purchaser Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Purchaser Owned Properties.
- (b) Except as permitted under applicable Laws, no Purchaser Entity has used or permitted to be used at any of the Purchaser Owned Properties or Purchaser Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the Purchaser there has not been any such use.
- (c) Except as permitted under Environmental Laws, no Purchaser Entity has caused or permitted, and the Purchaser does not have any knowledge of any Environmental Release on or from the Purchaser Owned Properties or Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity.
- (d) No Purchaser Entity has been required in writing by any Governmental Authority to: (i) alter any of the Purchaser Owned Properties or Purchaser Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which,

in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.

- (e) There are no pending or, to the knowledge of the Purchaser, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties.
- (f) Neither the Purchaser nor any Purchaser Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any Purchaser Entity or the Purchaser Entities' business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the Purchaser nor any Purchaser Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the Purchaser, no Purchaser Entity nor the Purchaser Entities' business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.
- (g) Section 3.28(g) of the Purchaser Disclosure Letter contains a complete and accurate list of all reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the Purchaser or the Purchaser Entities have been provided to FBC. To the knowledge of the Purchaser, there are no other reports or material documents relating to environmental matters affecting any Purchaser Entity or any of the Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control which have not been made available to FBC.
- (h) To the knowledge of the Purchaser, there are not any underground storage tanks located on the Purchaser Owned Properties or Purchaser Leased Properties.
- (i) No Authorizations issued to any Purchaser Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.
- (j) No unbudgeted work or additional expenditure is required or planned in relation to the Purchaser Entities' business, the Purchaser Owned Properties, the Purchaser Leased Properties or any other assets of any Purchaser Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

3.29 Employee Matters

- (a) No Purchaser Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any Purchaser Entity.

- (b) Except as disclosed in Section 3.29(b) of the Purchaser Disclosure Letter, there are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any Purchaser Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the Purchaser Entities' business which are currently outstanding.
- (c) To the knowledge of the Purchaser, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for a Purchaser Entity and no Purchaser Entity is unionized and does not have an employee association.
- (d) Each Purchaser Entity has observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.
- (e) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon the Purchaser Entities to do or refrain from doing any act or which place a financial obligation upon a Purchaser Entity.
- (f) In the past three years, no Purchaser Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.
- (g) Except as set out in 3.29(g) of the Purchaser Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, pending, or, to the knowledge of the Purchaser, threatened against or affecting the Purchaser Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser Entities or the Purchaser Entities' business. To the knowledge of the Purchaser, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any Purchaser Entity in respect of employment matters.
- (h) All Purchaser Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements
- (i) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the Purchaser Entities, threatened against or directly or indirectly affecting a Purchaser Entity's business, a Purchaser Entity or any of their respective operations. No Purchaser Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Purchaser Employees. There are no charges or complaints pending, or to the knowledge of the Purchaser, threatened with respect to or relating to a Purchaser Entity before any Governmental Authority in relation to unlawful employment practices. No Purchaser Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of a Purchaser Entity or any of its business concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the Purchaser Entity, threatened.

3.30 Employee Benefit Plans

- (a) Section 3.30 of the Purchaser Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any Purchaser Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any Purchaser Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Purchaser Employee Contracts containing any such provisions (collectively, the “**Purchaser Employee Plans**”). None of the Purchaser Employee Plans is a registered pension plan under the ITA.
- (b) Each Purchaser Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Purchaser Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any Purchaser Entity pursuant to the terms of any Purchaser Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.
- (d) There is no pending termination or winding-up procedure in respect of any of the Purchaser Employee Plans, and no event has occurred or circumstance exists under which any of the Purchaser Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.
- (e) No Purchaser Employee Plan has a deficit and the liabilities of all Purchaser Entities in respect of all Purchaser Employee Plans are properly accrued and reflected in the Purchaser Financial Statements in accordance with IFRS.
- (f) The Purchaser Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Purchaser Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the Purchaser, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.
- (g) No promises or commitments have been made by any Purchaser Entity to amend any Purchaser Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.
- (h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Purchaser Employee Plan.

- (i) No Purchaser Entity has any obligation to provide retirement benefits for any current, former or retired employees of any Purchaser Entity or to any other Person.
- (j) None of the Purchaser Employee Plans require or permit retroactive increases or assessments in premiums or payments.
- (k) No Purchaser Entity contributes, nor is any Purchaser Entity required to contribute, to any multi-employer pension or benefit plan. None of the Purchaser Employee Plans is a multi-employer pension or benefit plan.
- (l) Each of the Purchaser Employee Plans can be amended or terminated without restrictions and any applicable Purchaser Entities have the unrestricted power and authority to amend or terminate the Purchaser Employee Plans.

3.31 Tax Matters

- (a) Other than as set out in Section 3.31 of the Purchaser Disclosure Letter, the Purchaser Entities have paid or made arrangements for the payment of all Taxes in respect of any Pre-Closing Tax Period.
- (b) All Tax Returns of the Purchaser Entities that are required to be filed prior to the Closing Date have or will have been timely filed. All material Taxes shown to be due on such Tax Returns have or will be timely paid on or before the Closing Date. Each such Tax Return is true, correct and complete in all material respects.
- (c) The Purchaser Entities have properly withheld and paid or remitted to the relevant Governmental Authority, in all material respects, all Taxes required to have been withheld and paid or remitted.
- (d) No written agreement or document extending the period of assessment or collection of any Tax payable which relates to the assets of the Purchaser Entities or the Purchaser Entities' businesses is currently in effect.
- (e) The Purchaser is duly registered for HST under Part IX of the *Excise Tax Act* (Canada).
- (f) The Purchaser is a "taxable Canadian corporation" and a "public corporation" within the meaning of the ITA.

3.32 Anti-Corruption

- (a) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under Anti-Corruption Legislation.

- (b) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Person acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the knowledge of the Purchaser, no change, fact, event, circumstance, condition or omission has occurred that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

3.33 Privacy Laws

- (a) Each Purchaser Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the Purchaser Entities in connection with the operation of the Purchaser Entities' business (the "**Healthcare Data Requirements**"). No Purchaser Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the Purchaser Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.
- (b) The Purchaser Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.
- (c) No Purchaser Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

3.34 No Broker

Other than as set out in Section 3.34 of the Purchaser Disclosure Letter, the Purchaser has carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the FBC Shareholder.

3.35 Reporting Issuer

The Purchaser is a reporting issuer not in default (or the equivalent) under Applicable Securities Laws in each of the provinces and territories of Canada, and the Purchaser Shares are listed for trading on the CSE. No order ceasing or suspending trading in any securities nor prohibiting the sale of any securities of the Purchaser has been issued by any Governmental Authority or is outstanding against the Purchaser and, to the knowledge of the Purchaser, no investigation or proceeding for such purposes are pending or threatened. To the knowledge of the Purchaser it is not, and will not be at the time of Closing, in default under any of its obligations as a reporting issuer with securities regulatory authorities or the CSE.

3.36 Consideration Shares

The Consideration Shares to be issued pursuant to this Agreement will, immediately following their issuance to the FBC Shareholder, (a) be duly and validly authorized and issued as fully paid and non-assessable Purchaser Shares in accordance with applicable Law and (b) be subject to resale restrictions, as applicable under Applicable Securities Laws. Subject to the truth of the representations and warrants of the FBC

Shareholder, the distribution of the Consideration Shares to the FBC Shareholder will be exempt from the prospectus requirements of Applicable Securities Laws.

3.37 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES CONCERNING FBC

The FBC Shareholder makes the following representations to the Purchaser solidarily and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

4.1 Incorporation, Corporate Power and Registration

- (a) Each FBC Entity is a corporation or sole proprietorship, as applicable, validly existing and in good standing under its jurisdiction of incorporation (or existence, as applicable) and has all necessary corporate power, authority and capacity to own or lease its property and to carry on the FBC Business as presently conducted.
- (b) Subject to 4.2, neither the nature of the FBC Business, nor the location or character of the assets owned by any FBC Entity, requires any FBC Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

4.2 Qualification

Each FBC Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 4.2 of the FBC Disclosure Letter. The jurisdictions set out in Section 4.2 of the FBC Disclosure Letter include all jurisdictions in which (a) the nature of the assets owned by each FBC Entity or the FBC Business makes such qualification necessary, (b) each FBC Entity owns or leases any material property or assets which form part of FBC Business, or (c) the FBC Business is conducted, in each case except as would not have a Material Adverse Effect.

4.3 Due Authorization and Enforceability of Obligations

- (a) FBC has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.
- (b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of FBC.
- (c) This Agreement constitutes a valid and binding obligation of FBC enforceable against it in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by FBC of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by any FBC Entity or necessary to the ownership and use of the assets owned by any FBC Entity or the operation of the FBC Business;
- (b) result in or require the creation of any Lien upon any of the assets owned by any FBC Entity, other than in respect of the FBC Promissory Note;
- (c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or
- (d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to any FBC Entity.

4.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, or as otherwise set forth in Section 4.5 of the FBC Disclosure Letter, the execution, delivery and performance by FBC of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a material breach or a material violation of, or materially conflict with, any FBC Material Contract; or
- (b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any FBC Material Contract, (ii) the acceleration of any debt or other obligation of any FBC Entity, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any FBC Entity.

4.6 FBC Financial Statements

The FBC Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

- (a) the financial position of the FBC Entities on a consolidated basis as at such dates; and
- (b) the results of operation and changes in financial position of the FBC Entities on a consolidated basis for the periods then ended.

4.7 No Undisclosed Liabilities and Indebtedness

Since the FBC Reference Date, no FBC Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities reflected or reserved against in the applicable FBC Financial Statements; (b) current liabilities incurred since the FBC Reference Date in the Ordinary Course; or (c) liabilities that are not material to any FBC Entity, taken as a whole, and liabilities listed in Section 4.7 of the FBC Disclosure Letter. Other than the amounts owed under the FBC Promissory Note and pursuant to the FB Payment Plan, there shall be no outstanding Indebtedness owing by FBC to the FBC Shareholder or any Affiliates of the FBC Shareholder at Closing,

provided that, notwithstanding anything in this Agreement to the contrary, any new Accounts Payable that are generated in the Ordinary Course, and approved in advance in writing by the Purchaser, following the date hereof and through to the Closing Date, payable to FBC Shareholder or its Affiliates, shall be for the account of the Purchaser and the Purchaser shall pay such Accounts Payable when due.

4.8 Bank Accounts and Powers of Attorney

Section 4.8 of the FBC Disclosure Letter sets forth a correct and complete listing of the name, address and bank account numbers for each bank or other financial institution in which any FBC Entity has an account or safe deposit box and the names of all individuals authorized to draw on the account(s) or that have access to the safety deposit box(s). No FBC Entity has granted any Person a power of attorney.

4.9 Subsidiaries

Section 4.9 of the FBC Disclosure Letter sets forth a complete and accurate organizational chart of the FBC Entities. All of the issued and outstanding shares of each FBC Entity other than FBC have been issued in accordance with all applicable laws (including Applicable Securities Laws). Other than the FBC Entities, no FBC Entity has any subsidiaries (as such term is defined in Applicable Securities Laws).

4.10 Capitalization of FBC

- (a) The authorized capital of FBC consists of an unlimited number of FBC Shares.
- (b) As at the Execution Date, the only issued and outstanding shares in the capital of FBC are the Purchased FBC Shares. In addition, as at the Execution Date, no options, warrants or other rights to purchase or acquire shares or other securities of FBC and no securities or obligations convertible into or exchangeable for shares or other securities of FBC have been authorized or agreed to be issued.
- (c) Except as set forth in this Section 4.10, no other FBC Shares are issued and outstanding and there are no existing Equity Interests in, FBC or any of its subsidiaries obligating FBC to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, FBC or securities convertible into or exchangeable for such shares or Equity Interests or other securities.
- (d) All of the outstanding FBC Shares were duly authorized and validly issued and are fully paid and non-assessable.
- (e) All transfer restrictions affecting the transfer of the Purchased FBC Shares to the Purchaser will have been complied with or effectively waived on Closing.
- (f) None of the FBC Entities is a reporting issuer (as such term is defined in the *Securities Act* (Ontario)) and there is no published market for the Purchased FBC Shares.
- (g) No FBC Entity is party to, or subject to, or affected by, any unanimous shareholders' agreement or declaration; and (ii) there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the securities of any FBC Entity.

4.11 Conduct of Business in Ordinary Course

Except as set out in Section 4.11 of the FBC Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the FBC Reference Date, the FBC Business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing,

no FBC Entity has, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) sold, transferred or otherwise disposed of any assets, other than inventory sold in the Ordinary Course;
- (b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;
- (c) made any capital expenditures in excess of \$250,000;
- (d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds \$250,000;
- (e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value pertaining it;
- (f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (g) made any bonus or other extraordinary payment to an Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (h) suffered any extraordinary loss, damage or destruction in respect of the FBC Business or any of its assets, whether or not covered by insurance;
- (i) terminated or suffered the termination of, any FBC Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;
- (j) declared or paid any dividends or declared or made any other distribution on the Purchased FBC Shares or other securities of any of the FBC Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchased FBC Shares or other securities of the FBC Entities;
- (k) written off as uncollectible any Accounts Receivable or any part thereof;
- (l) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;
- (m) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;
- (n) compromised or settled any litigation or governmental action relating to assets owned or used by a FBC Entity (including the Leased Properties);
- (o) cancelled or reduced any insurance coverage on its business, property or assets;
- (p) made any change in any method of accounting or auditing practice except in each case as required by IFRS;

- (q) made any change in the method of billing or the credit terms made available to its customers;
- (r) amended its organizational documents or structure; or
- (s) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

4.12 Litigation

Except as set out in Section 4.12 of the FBC Disclosure Letter, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits, proceedings, grievances, arbitrations, investigations, audits or other alternative dispute resolution processes at law or in equity, by any Person (including any FBC Entity or the FBC Shareholder), nor any arbitration, administrative or other proceeding by or before any Governmental Authority, current or pending, to the knowledge of the FBC Shareholder, threatened against any FBC Entity or any property or assets used by any FBC Entity, including the Leased Properties, or FBC IP, or in respect of any regulatory matters or employment matters.

4.13 Title to Assets

Each FBC Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the FBC Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

4.14 No Options, etc.

Except for the Purchaser under this Agreement, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition of any FBC Entity or any of the property and assets of any FBC Entity, other than pursuant to purchase orders for inventory sold in the Ordinary Course.

4.15 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of FBC or leased for use by FBC are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

4.16 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the FBC Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the FBC Books and Records, copies of which have been provided to the Purchaser, and are not subject to any defence, counterclaim or set off.

4.17 Compliance with Law

- (a) Each of the FBC Entities:
 - (i) is, other than as disclosed in Section 4.17(i) of the FBC Disclosure Letter, conducting the FBC Business in compliance with all applicable Laws, in all material

respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the FBC Business;

- (ii) has not received, since the FBC Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority, other than as disclosed in Section 4.17(ii) of the FBC Disclosure Letter, (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the FBC Business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the FBC Business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any FBC Material Authorization; and
 - (iii) has, or has had on its behalf, since the FBC Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the FBC Business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the FBC Business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).
- (b) To the knowledge of the FBC Shareholder, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws, other than as disclosed in Section 4.17(b) of the FBC Disclosure Letter.
 - (c) The individuals listed in Section 4.17(c) of the FBC Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual's respective association with any FBC Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance.
 - (d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Cannabis products sold by any FBC Entity, directly or indirectly, or stored in inventory for any FBC Entity:
 - (i) meet the applicable specifications for the product;
 - (ii) are fit for the purpose for which they are intended, and of merchantable quality;

- (iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with FBC Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;
 - (iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;
 - (v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the FBC Material Authorizations in accordance in all material respects with the terms of such Authorization; and
 - (vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).
- (e) All of the marketing and promotion activities of all FBC Entities relating to the FBC Business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.
- (f) (i) Each FBC Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any FBC Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the FBC Shareholder's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any FBC Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.
- (g) Each FBC Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states).

4.18 Governmental Authorizations

The FBC Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Leased Properties). All such Authorizations are set out in Section 4.18 of the FBC Disclosure Letter (the "**FBC Material Authorizations**"). Each FBC Material Authorization is valid, subsisting and in good standing. FBC is not in default or breach of any FBC Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the FBC Shareholder, threatened to revoke or limit any FBC Material Authorization.

4.19 Required Authorizations

There is no requirement for any FBC Entity, FBC or the FBC Shareholder to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with

or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 4.19 of the FBC Disclosure Letter.

4.20 Third Party Consents

There is no requirement for any FBC Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a FBC Material Contract binding on or affecting the FBC Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 4.20 of the FBC Disclosure Letter.

4.21 Material Contracts

Except for the FB Payment Plan and the FBC Promissory Note to be entered into at Closing and the Contracts set out in Section 4.21 of the FBC Disclosure Letter (collectively, the “**FBC Material Contracts**”), FBC is not a party to or bound by any Contract material to it including:

- (a) any distributor, sales or advertising Contract;
- (b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by any FBC Entity of more than \$250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of any FBC Entity;
- (c) any Contract that expires, or may be renewed at the option of any Person other than any FBC Entity so as to expire, more than one year after the Execution Date;
- (d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;
- (e) any Contract for capital expenditures in excess of \$250,000 in the aggregate;
- (f) any confidentiality, secrecy or non-disclosure Contract limiting the freedom of any FBC Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on business;
- (g) any Contract pursuant to which any FBC Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (h) any Contract with any Person with whom any FBC Entity or the FBC Shareholder do not deal at arm’s length within the meaning of the ITA;
- (i) any Contract relating to grants or other forms of assistance received by any FBC Entity from any Governmental Authority;
- (j) any Contract pursuant to which any FBC Entity grants or receives a licence to use any FBC IP, other than: (A) those in which grants of FBC IP rights are incidental to such Contract; (B) those granting rights to FBC IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;
- (k) any Contract pursuant to which any FBC Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;

- (l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other Person in excess of \$250,000 in the aggregate;
- (m) any Contract for Indebtedness of a FBC Entity in excess of \$250,000 in the aggregate; or
- (n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all FBC Material Contracts have been provided to the Purchaser.

4.22 No Breach of Material Contracts

Each FBC Entity has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any FBC Material Contract, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. Each of the FBC Material Contracts is in full force and effect, unamended, to the knowledge of the FBC Shareholder, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any FBC Material Contract, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. To the knowledge of the FBC Shareholder, all of the covenants to be performed and the obligations to be fulfilled by any party to such FBC Material Contract, including the applicable FBC Entity, have been fully performed and fulfilled in all material respects, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. No consent or notice is required for a valid assignment to the Purchaser of any FBC Material Contract.

4.23 Related Party Transactions

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting any FBC Entity have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by any FBC Entity in relation to such Contracts are recorded on the FBC Books and Records at their fair market value.

4.24 Insurance

Each FBC Entity maintains such policies of insurance as are appropriate to the FBC Business and the Leased Properties, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. Section 4.24 of the FBC Disclosure Letter is a list of insurance policies which are maintained by or on behalf of all FBC Entities setting out, in respect of each policy, a description of the type of policy, the name of insurer, the coverage, the expiration date, the annual premium and any pending claims. No FBC Entity is in default in any material respect with respect to any of the provisions contained in such insurance policies or has failed to give any material notice or to present any material claim under any insurance policy in a due and timely fashion. True, correct and complete copies of all insurance policies held by or on behalf of all FBC Entities and the most recent inspection reports received from insurance underwriters have been delivered to the Purchaser.

4.25 Books and Records

- (a) All accounting and financial FBC Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such FBC Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the Purchaser in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the FBC

Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the FBC Entities.

- (b) FBC Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by FBCs current Information Technology.

4.26 Intellectual Property

- (a) Section 4.26(a) of the FBC Disclosure Letter sets out a true, correct and complete list, and, where appropriate, a description of (i) all of the registered Intellectual Property owned or used by all FBC Entities (collectively, the “**FBC IP**”) and (ii) all licenses or similar agreements or arrangements to which FBC is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of the FBC Business as presently conducted.
- (b) The applicable FBC Entity is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the FBC IP, free and clear of all Liens other than Permitted Encumbrances. No FBC Entity has assigned, licensed or otherwise conveyed any of the FBC IP.
- (c) Each applicable FBC Entity has maintained or caused to be maintained the rights to any of the registered FBC IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered FBC IP subject to expiration on or prior to the Closing Date.
- (d) The FBC IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the FBC IP. In the past five years, no FBC Entity has received written notice of any alleged infringement or misappropriation from any Person with respect to the FBC IP. During such period, no FBC Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.
- (e) The applicable FBC Entity has the full right and authority to use, and the Purchaser will be entitled to continue to use after the Closing Date, the FBC IP in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The FBC IP is sufficient to conduct the FBC Business as presently conducted. All licenses to which any applicable FBC Entity is a party relating to FBC IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of any FBC Entity thereunder. No royalty or other fees is required to be paid by any FBC Entity to use and exploit any of the FBC IP rights and, to the FBC Shareholder’s knowledge, there are no restrictions on the ability of any FBC Entity to use any of the FBC IP rights.
- (f) To the knowledge of the FBC Shareholder, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the FBC IP.
- (g) To the knowledge of the FBC Shareholder, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of any FBC Entity owns or has claimed an ownership interest in any of the FBC IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (h) All applicable FBC Entities have used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect FBC IP and confidential

information relating thereto. To the knowledge of the FBC Shareholder, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent any FBC Entity from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

4.27 Information Technology

- (a) The Information Technology owned, licensed, used or held for use in connection with the FBC Business is sufficient for the conduct of the FBC Business in the Ordinary Course after Closing. Each FBC Entity uses reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.
- (b) In the past three years, no notice of a defect or default has been sent or received by any FBC Entity in respect of any license or lease under which any FBC Entity receives Information Technology.

4.28 Leases and Leased Property

- (a) No FBC Entity is a party to, or under any agreement to become a party to, any real property lease other than the Leases, true, correct and complete copies of which have been provided to the Purchaser. Each Lease is in good standing, creates a good and valid leasehold estate in favour of the applicable FBC Entity in the Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Lease pursuant to which a FBC Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any FBC Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable FBC Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the FBC Shareholder, all of the covenants to be performed by any party (other than the applicable FBC Entity) under the Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable FBC Entity of any of the Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Leased Property. Section 4.28(a) of the FBC Disclosure Letter contains a list of all of the Leases setting out, in respect of each Lease, the identity of the lessor and the lessee, a description of the leased premises (by municipal address and proper legal description), the term of the Lease, the rental payments under the Lease (specifying any breakdown of base rent and additional rents), any rights of renewal and the term thereof, and any restrictions on assignment.
- (b) Each applicable FBC Entity has adequate rights of ingress and egress to, from and over the Leased Properties in the Ordinary Course and the Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the FBC Shareholder, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any FBC Entity to carry on business in the Ordinary Course.

4.29 Customers and Suppliers

Section 4.29 of the FBC Disclosure Letter sets out a true, correct and complete list of the ten largest customers (or, if the FBC Entities have fewer than ten customers, all of the customers) and ten largest suppliers of the FBC Entities by dollar amount for the 12-month period ending the FBC Reference Date. Such list includes the approximate value of the sales and purchases for each such customer and supplier during that time. To the knowledge of the FBC Shareholder, no such supplier or customer has any intention to change its relationship or the terms upon which it conducts business with FBC Business.

4.30 Environmental Matters

- (a) The FBC Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Leased Properties.
- (b) Except as permitted under applicable Laws, no FBC Entity has used or permitted to be used at any of the Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any FBC Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the FBC Shareholder there has not been any such use.
- (c) Except as permitted under Environmental Laws, no FBC Entity has caused or permitted, and the FBC Shareholder does not have any knowledge of any Environmental Release on or from the Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any FBC Entity.
- (d) No FBC Entity has been required in writing by any Governmental Authority to: (i) alter any of the Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which, in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.
- (e) There are no pending or, to the knowledge of the FBC Shareholder, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any FBC Entity or any Leased Properties.
- (f) Neither the FBC Shareholder nor any FBC Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any FBC Entity or the FBC Business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the FBC Shareholder nor any FBC Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the FBC Shareholder, no FBC Entity nor the FBC Business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.
- (g) There are not any reports or material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any FBC Entity or any Leased Properties currently or formerly owned, leased or used by any FBC Entity or over which any FBC Entity has or

had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the FBC Shareholder or the FBC Entities have been provided to Purchaser. To the knowledge of the FBC Shareholder, there are no other reports or material documents relating to environmental matters affecting any FBC Entity or any of the Leased Properties currently or formerly owned, leased or used by any FBC Entity or over which any FBC Entity has or had charge, management or control which have not been made available to Purchaser.

- (h) To the knowledge of the FBC Shareholder, there are not any underground storage tanks located on the Leased Properties.
- (i) No Authorizations issued to any FBC Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.
- (j) No unbudgeted work or additional expenditure is required or planned in relation to the FBC Business, the Leased Properties, or any other assets of any FBC Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

4.31 Employee Matters

- (a) No FBC Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any FBC Entity.
- (b) Section 4.31 of the FBC Disclosure Letter includes a complete list of all Employees. The list includes each Person's:
 - (i) position or title with all applicable FBC Entities;
 - (ii) material terms and conditions of employment, including reference to any Employee Plans to which such Person participates and a summary of such Person's benefits thereunder;
 - (iii) current wages, salaries or hourly rate of pay and bonus (whether monetary or otherwise) paid since the beginning of the most recently completed financial year or payable in the current financial year to such Person;
 - (iv) the date upon which the wage, salary, rate or bonus in Section 4.31(b)(iii) became effective;
 - (v) the date upon which such Person was first hired or engaged;
 - (vi) the Employee Plans in which the Person participates; and
 - (vii) accrued vacation, if any.
- (c) Except as disclosed in Section 4.31(c) of the FBC Disclosure Letter, no employee of any FBC Entity has any written agreement as to length of notice or termination payment required to terminate his or her employment, other than such as results by Law from the employment of an employee without an agreement as to notice or termination, and there are no outstanding amounts owed to any Employees pursuant to any employment, consulting or similar type agreement relating to any FBC Entity.

- (d) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any FBC Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the FBC Business which are currently outstanding.
- (e) To the knowledge of the FBC Shareholder, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for any FBC Entity and no FBC Entity is unionized or has an employee association.
- (f) No complaint, grievance, claim, proceeding, civil action, work order or investigation has been filed, made or commenced against any FBC Entity in respect of, concerning or affecting any of the Employees.
- (g) All FBC Entities have observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.
- (h) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon any FBC Entity to do or refrain from doing any act or which place a financial obligation upon any FBC Entity.
- (i) In the past three years, no FBC Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.
- (j) Except as set out in Section 4.31(j) of the FBC Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the FBC Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the FBC Shareholder any investigation by) any Governmental Authority, pending, or, to the knowledge of the FBC Shareholder, threatened against or affecting the FBC Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the FBC Entities or the FBC Business. To the knowledge of the FBC Shareholder, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any FBC Entity in respect of employment matters.
- (k) All FBC Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements.
- (l) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the FBC Shareholder, threatened against or directly or indirectly affecting any FBC Entity or its operations. No FBC Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Employees. There are no charges or complaints pending, or threatened with respect to or relating to any FBC Entity before any Governmental Authority in relation to unlawful employment practices. No FBC Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of any FBC Entity concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the FBC Shareholder, threatened.

4.32 Employee Benefit Plans

- (a) Section 4.32 of the FBC Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any FBC Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any FBC Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Employee Contracts containing any such provisions (collectively, the “**Employee Plans**”). None of the Employee Plans is a registered pension plan under the ITA.
- (b) Each Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any FBC Entity pursuant to the terms of any Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.
- (d) There is no pending termination or winding-up procedure in respect of any of the Employee Plans, and no event has occurred or circumstance exists under which any of the Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.
- (e) No Employee Plan has a deficit and the liabilities of all FBC Entities in respect of all Employee Plans are properly accrued and reflected in the FBC Financial Statements in accordance with IFRS.
- (f) The FBC Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the FBC Shareholder, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.
- (g) No promises or commitments have been made by any FBC Entity to amend any Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.
- (h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Employee Plan.

- (i) No FBC Entity has any obligation to provide retirement benefits for any current, former or retired employees of any FBC Entity or to any other Person.
- (j) None of the Employee Plans require or permit retroactive increases or assessments in premiums or payments.
- (k) No FBC Entity contributes, nor is any FBC Entity required to contribute, to any multi-employer pension or benefit plan. None of the Employee Plans is a multi-employer pension or benefit plan.
- (l) Each of the Employee Plans can be amended or terminated without restrictions and any applicable FBC Entities have the unrestricted power and authority to amend or terminate the Employee Plans.

4.33 Tax Matters

- (a) Each of the FBC Entities have (i) properly completed, maintained appropriate supporting documentation for, and timely filed all Tax Returns required to be filed by it on or prior to the date hereof, and all such Tax Returns are true, correct and complete in all respects, (ii) has timely paid all Taxes required to be paid by it for which payment was due, (iii) has established an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portions thereof prior to the FBC Reference Date (which accrual or reserve as of the FBC Reference Date is fully reflected on the face of the FBC Financial Statements (rather than in any notes thereto) and will establish an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portion thereof through the Closing Date), (iv) has no liability for Taxes in excess of the amount so paid or accruals or reserves so established, other than as set out in Section 4.33 of the FBC Disclosure Letter, and (v) since the FBC Reference Date, has not incurred any liability for Taxes outside the ordinary course of business. The FBC Entities have provided to the Purchaser correct and complete copies of all Tax Returns with respect to the FBC Entities, that were filed or received for all taxable years remaining open under the applicable statute of limitations.
- (b) Except as set forth in Schedule 4.33 of the FBC Disclosure Letter: (A) the FBC Entities are not delinquent in the payment of any Tax or in the filing of any Tax Returns and no claims for assessment or collection of Taxes or for deficiencies for any Tax have been threatened, claimed, proposed or assessed against the FBC Entities or any of its officers, employees or agents in their capacity as such; and (B) there is no action by any Governmental Authority pending or, to FBC's knowledge threatened, against the FBC Entities.
- (c) Any government assistance and Tax refunds claimed or received by any FBC Entity, including under section 125.7 and subsection 153(1.02) of the ITA, and all subsidies, government assistance and Tax refunds claimed or received by any FBC Entity were claimed and received in accordance with applicable Law and no FBC Entity is liable to repay any such amounts.
- (d) No claim has ever been made by a Governmental Authority in the United States in respect of Taxes and no FBC Entity is liable for Tax in the United States.
- (e) Each of FB and FBC is registered under Part IX of the Excise Tax Act, R.S.C., 1985, c. E-15, in respect of GST/HST, and FB and FBC's registration numbers are 787522945RT0001 and 78063924RT0001, respectively.
- (f) No FBC Entity has entered into or been contractually obligated to enter into a "reportable transaction" within the meaning of section 237.3 of the Tax Act or "notifiable transaction" within the meaning of section 237.4.

4.34 Anti-Corruption

- (a) No FBC Entity nor, to its knowledge, any of their respective shareholders, directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act*, the *US Foreign Corrupt Practices Act of 1977*, the *UK Bribery Act, 2010* and any related or similar rules, regulations or guidelines made, issued, administered or enforced by any Governmental Authority thereunder and any other applicable Laws of similar purpose and scope (collectively, “**Anti-Corruption Legislation**”).
- (b) Neither any FBC Entity nor the FBC Shareholder, nor, to its knowledge, any of their directors, officers, employees or other Persons acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the FBC Shareholder’s knowledge, no change, fact, event, circumstance, condition or omission has occurred in respect of the FBC Business that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

4.35 Privacy Laws

- (a) Each FBC Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the FBC Entities in connection with the operation of the FBC Business (the “**Healthcare Data Requirements**”). No FBC Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the FBC Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.
- (b) The FBC Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.
- (c) No FBC Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

4.36 No Predecessors

Except as set out in Section 4.36 of the FBC Disclosure Letter, FBC has not merged with any corporation, or by amalgamation, dissolution, arrangement or otherwise, in such a manner that FBC is or may become liable for any liabilities (contingent or otherwise) of any kind whatsoever of that corporation.

4.37 No Broker

The FBC Entities have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

4.38 Government Grants and Subsidies

FBC has not received any refundable or non-refundable grants and subsidies received by any FBC Entity from any Governmental Authority, including pursuant to any program set up in connection with the COVID-19 pandemic, and such list shall include the amounts in question, the date on which funds were received, the name of the programs in question as well as whether such funds are refundable or non-refundable.

4.39 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE FBC SHAREHOLDER

The FBC Shareholder makes the following representations to the Purchaser on a solidary basis and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

5.1 Authorization

The FBC Shareholder has the capacity to enter into this Agreement and each Transaction Document to which it is a party, to perform all of its agreements and obligations hereunder and thereunder in accordance with their terms and to consummate the Transactions. The FBC Shareholder has the capacity to sell to the Purchaser all of its FBC Shares without any restriction other than restrictions on sales of securities under Applicable Securities Laws. The FBC Shareholder has duly executed and delivered this Agreement and each Transaction Document to which it is a party and, assuming the due authorization, execution and delivery by all parties thereto (other than the FBC Shareholder), this Agreement and the Transaction Documents constitute valid and binding obligations of the FBC Shareholder, enforceable against the FBC Shareholder in accordance with their respective terms, except as such enforceability may be subject to applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and similar Laws affecting the enforcement of creditors' rights and remedies generally and by general principles of equity.

5.2 Title

The FBC Shareholder is the record and beneficial owner of the FBC Shares and has good and marketable title to such FBC Shares, free and clear of all Liens, including pre-emptive rights, rights of first refusal or "put" or "call" rights created by statute, any FBC Entity's constating documents or otherwise. The FBC Shareholder does not, nor does any other Person, own or have any interest in any shares in the capital of any FBC Entity other than the FBC Shareholder's ownership of the FBC Shares. Immediately following the Closing, the Purchaser will be the legal and beneficial owner of, and have good and marketable title to, all of the issued and outstanding FBC Shares, free and clear of all Liens. Except pursuant to this Agreement,

there is no agreement pursuant to which the FBC Shareholder has, directly or indirectly, granted any option, warrant or other right to any Person to acquire any FBC Shares.

5.3 Consents

Except as set out in Section 4.19 and 4.20 of the FBC Disclosure Letter, no consent, waiver, approval, order or authorization of, or registration, declaration or filing with, or notice to any Governmental Authority or any other Person is required by, or with respect to, the valid and lawful authorization, execution, delivery and performance by the FBC Shareholder of this Agreement or the consummation of the Transactions.

5.4 No Brokers

The FBC Shareholder have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

5.5 Conflicts

The execution, delivery and performance by the FBC Shareholder of this Agreement and the Transaction Documents to which it is party and the consummation of the Transactions do not and will not conflict with or result in any material violation of or material default under (with or without notice or lapse of time, or both) or give rise to a right of termination, cancellation, modification or acceleration of any material obligation or loss of any material benefit under, or result in the imposition or creation of any Lien upon the FBC Shares or any of the FBC Shareholder's properties or assets (tangible or intangible) under, (a) any agreement of the FBC Shareholder, (b) any Authorization held by the FBC Shareholder that is necessary to the ownership by the FBC Shareholder of the FBC Shares or to the FBC Business, or (c) any Law applicable to the FBC Shareholder.

5.6 Litigation

No Claim is pending or, to the FBC Shareholder's knowledge, threatened, against the FBC Shareholder with respect to its execution, delivery and performance of this Agreement or any Transaction Document to which such FBC Shareholder is to be a party or the consummation of the Transactions. No Claim is pending or, to the FBC Shareholder's knowledge, threatened against it before any arbitrator or court or other Governmental Authority which (a) if adversely determined, would be reasonably likely to result in payments, penalties or fines payable by any FBC Shareholder, or (b) challenges the validity of this Agreement or any Transaction Document or any action taken or to be taken in connection herewith or therewith, including the FBC Shareholder; sale and transfer of the FBC Shares hereunder.

ARTICLE 6 CLOSING

6.1 Closing

Unless this Agreement is earlier terminated in accordance with its terms, the Transaction will be consummated as soon as practicable after all the conditions established in Article 7 and Article 8 of this Agreement have been satisfied or waived. The closing of the Transaction (the "**Closing**") will be completed at the Effective Time on the fifth (5th) Business Day following the date on which the conditions set out in Article 7 and Article 8 of this Agreement have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at such time) or such other date prior to the Drop Dead Date as may be agreed to by the Parties (the "**Closing Date**"), at the offices of Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, Ontario, or at such other location and time as is mutually agreed to by the Purchaser and the FBC Shareholder. Notwithstanding the location of the Closing, each Party agrees that the Closing may be completed by undertakings or the email

exchange of documents between the respective legal counsel for the Purchaser and the FBC Shareholder, provided such undertakings and exchanges are satisfactory to each Party's respective legal counsel.

6.2 Effective Time

The transfer of the FBC Shares is deemed to take effect at the Effective Time on the Closing Date.

6.3 FBC Closing Documents

At the Closing, FBC and the FBC Shareholder will deliver, or cause to be delivered, to the Purchaser the documents set forth in Section 7.1, and such other documents as the Purchaser may reasonably require to effect the Transaction.

6.4 Purchaser Closing Documents

At the Closing, the Purchaser will deliver, or cause to be delivered, to FBC and the FBC Shareholder the documents set forth in Section 8.1, and such other documents as FBC and the FBC Shareholder may reasonably require to effect the Transaction.

6.5 Survival of Representations and Warranties

- (a) The representations and warranties made by each Party and contained in this Agreement (which for clarity, are made as of the date of this Agreement to be brought down only to the Closing Date), or contained in any document or certificate given in order to carry out the transactions contemplated hereby shall survive the Closing until the 12 month anniversary of the Closing Date (the "**Release Date**"). A Party has no obligation or liability for indemnification under this Agreement or otherwise with respect thereto after the Release Date. All of the covenants contained in this Agreement that by their nature are required to be performed after the Closing shall survive the Closing until fully performed or fulfilled.
- (b) Notwithstanding Section 6.5(a), any representation, warranty, covenant or obligation, and any obligation or liability for indemnification or otherwise with respect thereto, that would otherwise terminate on the Release Date will continue to survive if a notice of Claim shall have been given under Section 10.3, on or prior to the Release Date until the related claim for indemnification has been satisfied or otherwise resolved, but such survival shall only be with respect to the matters covered by such notice of Claim.

ARTICLE 7 PURCHASER'S CONDITIONS PRECEDENT

7.1 Purchaser's Conditions

The obligation of the Purchaser to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties contained in Section 4.1 [*Incorporation, Corporate Power and Registration*], Section 4.3 [*Due Authorization and Enforceability of Obligations*], Section 4.10 [*Capitalization of the Purchaser*], Section 4.13 [*Title to Assets*] (collectively, the "**FBC Specified Representations**") and in Article 5 shall be true and correct as of the Closing Date other than for *de minimis* inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of FBC and the FBC Shareholder

contained in this Agreement (other than the FBC Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of FBC and the FBC Shareholder to be so true and correct (read for purposes of this Section 7.1(a) without any materiality, a Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect, and (iii) each of FBC, the FBC Shareholder, and the three individuals set out in the last sentence of Section 10.2(f), shall have each executed and delivered a certificate to that effect;

- (b) each of FBC and the FBC Shareholder shall have fulfilled, performed or complied with in all material respects all covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and each of FBC and the FBC Shareholder shall have executed and delivered a certificate of a senior officer to that effect;
- (c) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;
- (d) the consents, approvals and notices listed in Sections 4.19 and 4.20 of the FBC Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;
- (e) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;
- (f) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to FBC;
- (g) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, (ii) the right of the Purchaser to acquire the FBC Shares, or (iii) the Purchaser from operating the FBC Business after Closing on substantially the same basis as currently operated;
- (h) each of FBC and the FBC Shareholder shall have delivered or caused to be delivered to the Purchaser the following:
 - (i) certified copies of (A) the notice of articles, articles and/or by-laws, as applicable, of such Party, (B) as applicable, the resolutions of the shareholders and/or the board of directors of such Party approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to the Purchaser, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to such Party issued by appropriate government officials of its jurisdiction of incorporation;
 - (iii) executed copies of the Transaction Documents executed by FBC and/or the FBC Shareholder, as applicable;
 - (iv) the certificates referred to in Sections 7.1(a) and 7.1(b);

- (v) certificate(s) representing the FBC Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence authorizing the transfer of the FBC Shares to the Purchaser acceptable to the Purchaser, acting reasonably;
 - (vi) a direction with respect to the registration of the Consideration Shares; and
 - (vii) the FBC Books and Records.
- (i) the CSE shall not oppose the issuance of the Consideration Shares or the completion of the Transaction as contemplated herein;
 - (j) the issuance and delivery of the Consideration Shares to the FBC Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;
 - (k) FBC and the FBC Shareholder shall have delivered a copy of the FBC Financial Statements in a form and substance satisfactory to the Purchaser, acting reasonably;
 - (l) FBC and the FBC Shareholder shall have arranged for the irrevocable transfer and assignment to FBC of any asset or entity which is necessary or incidental to the ongoing operation of the FBC Business and that is held by a party not dealing at arm's length with FBC as at the Execution Date, other than in respect of ongoing brand licensing agreements between the Merged Entity and FBC Shareholder following Closing;
 - (m) employment agreements executed by Greg Boone and Jennifer Maccarone with the Merged Entity, in form and substance agreed to by the parties thereto, acting reasonably;
 - (n) executed resignations effective as at the Closing Date for all of the directors and officers (with the exception of Greg Boone and Jennifer Maccarone) of FBC;
 - (o) executed releases from each of the directors and officers of FBC of Claims they may have against FBC arising out of any cause existing as at or prior to Closing, in form and substance agreed to by the Purchaser and the FBC Shareholder, acting reasonably;
 - (p) executed release from the FBC Shareholder, and all subsidiaries of the FBC Shareholder except for the FBC Entities, of any and all amounts owed to it by the FBC Entities, save and except for the amounts owed under the FBC Promissory Note and as part of the FB Payment Plan;
 - (q) the executed Subordination Agreement;
 - (r) the executed Intercreditor Agreement;
 - (s) the executed Stone Pine Amendments;
 - (t) the executed Golden Iris Release;

- (u) the executed Lock-up Agreement from the FBC Shareholder;
- (v) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2;
- (w) all other documentation and evidence reasonably requested by the Purchaser in order to establish the due authorization and completion by FBC and the FBC Shareholder of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of FBC and the FBC Shareholder required to effectively carry out their respective obligations under this Agreement.

7.2 Waiver

The conditions set forth in this Article 7 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the Purchaser to Closing.

7.3 Covenant of FBC and the FBC Shareholder

Each of FBC and the FBC Shareholder covenants to deliver all of the Closing documentation required to be delivered by each such party as set out in Section 7.1 that is within its control.

ARTICLE 8

FBC SHAREHOLDER'S CONDITIONS PRECEDENT

8.1 FBC Shareholder's Conditions

The obligation of FBC Shareholder to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties of the Purchaser contained in Sections 3.1 [*Incorporation, Corporate Power and Registration*], 3.3 [*Due Authorization and Enforceability of Obligations*], 3.9 [*Capitalization of the Purchaser*], 3.35 [*Reporting Issuer*] and 3.36 [*Consideration Shares*] (the "**Purchaser Specified Representations**") shall be true and correct as of the Closing Date other than for de minimis inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of the Purchaser contained in this Agreement (other than the Purchaser Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of the Purchaser to be so true and correct (read for purposes of this Section 8.1(a) without any materiality, Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect; and (iii) the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;
- (b) the Purchaser shall have fulfilled, performed or complied with in all material respects all other covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;

- (c) the CSE has provided any necessary approval in respect of the Transaction and this Agreement and the Purchaser Shares (including the Consideration Shares) shall have been conditionally approved for listing, subject to customary conditions, on the CSE following completion of the Transactions contemplated herein;
- (d) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the FBC and the FBC Shareholder, acting reasonably;
- (e) the consents, approvals and notices listed in Sections 4.19 and 4.20 of the FBC Disclosure Letter shall have been obtained on terms acceptable to the FBC Shareholder, acting reasonably;
- (f) the executed Subordination Agreement;
- (g) the executed Intercreditor Agreement;
- (h) the executed Stone Pine Amendments;
- (i) effective on the Closing Date, change of corporate name of FBC to a name which excludes the use of "Final Bell";
- (j) the entering into of licensing arrangements between the Merged Entity and the FBC Shareholder for certain brands owned by the FBC Shareholder and/or its Affiliates, to be utilized by FBC for a target license fee of at least 10% and higher for certain brands, net of customary taxes and fees owed for licenses of this nature, and on such other terms as acceptable to the Parties thereto;
- (k) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;
- (l) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to the Purchaser;
- (m) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, or (ii) the right of the FBC Shareholder to sell the FBC Shares;
- (n) the Purchaser shall have delivered or caused to be delivered to FBC and the FBC Shareholder the following:
 - (i) certified copies of (A) the articles and by-laws of the Purchaser, (B) the resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to FBC and the FBC Shareholder, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government officials of its jurisdiction of incorporation dated within five (5) Business Days of the Closing Date;
 - (iii) executed copies of the Transaction Documents executed by the Purchaser;

- (iv) the certificates referred to in Sections 8.1(a) and 8.1(b); and
- (v) the Consideration Shares;
- (o) the Purchaser Shares shall continue to be listed for trading on the CSE;
- (p) the issuance and delivery of the Consideration Shares to the FBC Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;
- (q) executed resignations and releases of Greg Boone as director of the FBC Shareholder, and Jennifer Maccarone as Chief Operating Officer of the FBC Shareholder, of any Claims they may have against FBC Shareholder for any matter, in form and substance agreed to by the FBC Shareholder, acting reasonably;
- (r) executed releases from each of the directors and officers of FBC of Claims they may have against FBC Shareholder arising out of any cause existing at or prior to Closing, in form and substance agreed to by the Purchaser and the FBC Shareholder, acting reasonably;
- (s) the FBC Shareholder shall be entitled to nominate one (1) individual to the board of directors of the Merged Entity effective as of the Closing Date, subject to compliance with the regulations of the CSE and applicable securities laws, and the receipt of all applicable regulatory approvals on or before the Closing Date;
- (t) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2; and
- (u) all other documentation and evidence reasonably requested by FBC and the FBC Shareholder in order to establish the due authorization and completion by the Purchaser of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of the Purchaser required to effectively carry out their respective obligations under this Agreement.

8.2 Waiver

The conditions set forth in this Article 8 are for the exclusive benefit of FBC and the FBC Shareholder and may be waived by FBC and the FBC Shareholder in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the FBC and the FBC Shareholder to Closing.

8.3 Covenant of the Purchaser

The Purchaser covenants to deliver all of the Closing documentation set out in Section 8.1 that is within its control.

ARTICLE 9 COVENANTS

9.1 FBC Conduct of Business Prior to Closing

During the Closing Period, FBC shall:

- (a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;
- (b) not, without the prior written consent of the Purchaser, enter into any contract in respect of its business or assets, other than in the ordinary course of business;
- (c) maintain payables and other liabilities at levels consistent with past practice;
- (d) not, without the prior written consent of the Purchaser, engage in any extraordinary material transactions;
- (e) not, without the prior written consent of the Purchaser, make any distributions, dividends or special bonuses;
- (f) not, without the prior written consent of the Purchaser, repay any shareholders' loans;
- (g) make all commercially reasonable efforts to preserve the goodwill of FBC and its relationships with customers, suppliers, and others having business dealings with FBC;
- (h) not, without the prior written consent of the Purchaser, hire, engage, or retain any new employees or independent contractors to be employed, engaged or retained in connection with the FBC Business that provides for annual remuneration in an amount exceeding \$90,000 for each employee or independent contractor;
- (i) not, without the prior written consent of Purchaser, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;
- (j) continue in full force all of its existing insurance policies;
- (k) comply in all material respects with all Laws applicable to the FBC Business; and
- (l) apply for, and maintain in good standing, all permits and authorizations relevant to the FBC Business.

9.2 Purchaser Conduct of Business Prior to Closing

During the Closing Period, the Purchaser shall:

- (a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;
- (b) not, without the prior written consent of FBC, enter into any contract in respect of its business or assets, other than in the ordinary course of business;
- (c) maintain payables and other liabilities at levels consistent with past practice;

- (d) not, without the prior written consent of FBC, engage in any extraordinary material transactions;
- (e) not, without the prior written consent of FBC, make any distributions, dividends or special bonuses;
- (f) not, without the prior written consent of FBC, repay any shareholders' loans;
- (g) make all commercially reasonable efforts to preserve the goodwill of the Purchaser and its relationships with customers, suppliers, and others having business dealings with the Purchaser;
- (h) not, without the prior written consent of FBC, hire, engage, or retain any new employees, directors or independent contractors to be employed, engaged or retained in connection with the Purchaser Entities' business that provides for annual remuneration in an amount exceeding \$90,000 for each employee, director or independent consultant, as applicable, or increase the remuneration of any employees or directors;
- (i) not, without the prior written consent of FBC, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;
- (j) continue in full force all of its existing insurance policies;
- (k) comply in all material respects with all Laws applicable to the Purchaser Entities' business; and
- (l) apply for, and maintain in good standing, all permits and authorizations relevant to the Purchaser Entities' business.

9.3 Actions to Satisfy Closing Conditions

- (a) FBC and the FBC Shareholder shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 7.1.
- (b) The Purchaser shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 8.1.

9.4 Consents, Approvals and Authorizations

- (a) FBC and the FBC Shareholder shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 4.19 or Section 4.20 of the FBC Disclosure Letter. Such consents shall be on such terms as are acceptable to the Purchaser and the FBC Shareholder, acting reasonably.
- (b) The Purchaser shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 3.17 or Section 3.18 of the Purchaser Disclosure Letter. Such consents shall be on such terms as are acceptable to FBC and the FBC Shareholder, acting reasonably.

- (c) Each Party hereby covenants that it shall promptly prepare, file and diligently pursue until received all necessary Authorizations and make such necessary filings as are required to be obtained under applicable Law or the rules, policies and guidelines of the CSE with respect to this Agreement and the Transaction. Each Party shall offer the other Parties a reasonable opportunity to review and comment on any such filing or other such submission.
- (d) FBC and the FBC Shareholder represent and warrant that any information or disclosure relating to FBC that is furnished in writing by FBC for inclusion in any filing or submission made pursuant to this Section 9.4 will comply in all material respects with all applicable laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that any filing or submission made pursuant to this Section 9.4 shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that FBC of the FBC Shareholder shall not be responsible for the accuracy of any information relating to the Purchaser that is furnished in writing by the Purchaser for inclusion in any filing or submission made pursuant to this Section 9.4).
- (e) Each Party shall keep the other Parties fully informed regarding the status of such consents, approvals and authorizations, and the other Parties, their representatives and counsel shall have the right to participate in any substantive discussions with any other applicable Governmental Authority in connection with the Transaction and provide input into any applications for approval and related correspondence, which will be incorporated by such Party, acting reasonably. A Party will provide notice to the other Parties (and their counsel) of any proposed substantive discussions with any applicable Governmental Authority in connection with the Transaction. Promptly after any such consent, approval and authorization has been obtained by a Party and any such filing has been made by such Party, such Party shall notify the other Parties of same.
- (f) Without limiting the generality of the foregoing, the Purchaser shall promptly make all filings required by the CSE to obtain applicable Authorizations. If the approval of the CSE is conditional on the making of customary deliveries to the CSE, the Purchaser shall ensure that such filings are made as promptly as practicable and in any event within the time frame contemplated in the conditional approval letter from the CSE. The Purchaser shall offer FBC and the FBC Shareholder a reasonable opportunity to review and comment on any such filing.

9.5 Access for Investigation

- (a) The Purchaser will permit FBC, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the business of the Purchaser and to all the Purchaser Books and Records and to the properties and assets of Purchaser. Purchaser will also provide FBC and the FBC Shareholder with any financial and operating data and other information with respect to Purchaser as FBC or the FBC Shareholder reasonably requests to enable FBC or the FBC Shareholder to confirm the accuracy of the matters represented and warranted by Purchaser in Article 3.
- (b) FBC will permit the Purchaser, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the FBC Business and to all the FBC Books and Records and to the properties and assets of FBC. FBC will also provide the Purchaser with any financial and operating data and other information with respect to FBC or the FBC Business as the Purchaser reasonably requests to enable the Purchaser to confirm the accuracy of the matters represented and warranted by FBC or the FBC Shareholder in Articles 4 and 5.

9.6 Delivery of Books and Records and Cooperation

At Closing, the FBC Shareholder will cause to be delivered to the Purchaser all of the FBC Books and Records, including copies of all of its insurance policies. The Purchaser shall cooperate with and assist FBC Shareholder in the filing of any Tax Returns with respect to Taxes of FBC for any Pre-Closing Tax Period, including allowing the FBC Shareholder reasonable access to all relevant FBC Books and Records following Closing.

9.7 Notification of Untrue Representation or Warranty or Breach

During the Closing Period, each Party will promptly notify the other Parties in writing if any such Party acquires knowledge of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, or if such Party acquires knowledge of the occurrence of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition, or if the respective Disclosure Letters require updating. During the Closing Period, each Party will promptly notify the other Parties of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event of which it has knowledge that would reasonably be expected to make the satisfaction of the conditions to Closing set forth herein impossible, or of any update to the respective Disclosure Letters. For clarity, no notice given pursuant to this Section 9.6 shall be deemed to cure any breach of, affect or otherwise diminish any representation or warranty made in this Agreement unless the non-breaching Parties specifically agrees thereto in writing.

9.8 Disclosure of Confidential Information

The Parties acknowledge that the Confidentiality Agreement continues to apply and that any information provided by one Party to the other Parties that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Agreement.

9.9 Exclusive Dealing

Each Party agrees that, during the period from the date this Agreement is entered into to earlier of: (i) the Closing; and (ii) the termination of this Agreement, each Party will not, nor will they permit any Affiliates, associates, agents, consultants, advisors or representatives of any such Party to:

- (a) directly or indirectly, solicit any proposal relating to the acquisition by any third party of all or any portion of the securities of the Party or the Parties' assets (an "**Acquisition Proposal**");
- (b) directly or indirectly, engage in or continue any discussions or negotiations with any other Person regarding any such Acquisition Proposal, or otherwise encourage or facilitate any efforts by any other Person to engage in such an Acquisition Proposal;
- (c) sell, transfer or dispose of any of its material assets or businesses; or
- (d) with respect to the FBC Shareholder, sell, transfer or dispose of the Purchased FBC Shares.

9.10 Public Communications

- (a) The Purchaser and FBC Shareholder shall agree on the text of press releases by which each of the Purchaser and FBC Shareholder will announce (i) the execution of this Agreement and (ii) the completion of the Transaction contemplated herein. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the transactions contemplated herein without the consent of the other

Party (which consent shall not be unreasonably withheld, conditioned or delayed), and neither Party shall make any filing with any Governmental Authority (except as contemplated by this Section 9.9) with respect to this Agreement or the transactions contemplated herein without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that is required to make disclosure by Laws shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.

- (b) Without limiting the generality of the foregoing and for greater certainty, each of the Parties acknowledges and agrees that the Purchaser and the FBC Shareholder shall file, in accordance with Applicable Securities Laws, this Agreement, together with a material change report related thereto, under the Purchaser's profile on SEDAR.

9.11 Tax Matters

- (a) FBC shall be responsible for all Tax Returns for all FBC Entities for any Pre-Closing Tax Period for which Tax Returns have not been filed as of the Closing Date. Each such Tax Return shall be prepared in a manner consistent with (i) Law, (ii) the FBC Financial Statements, and (iii) the past practices and procedures of FBC, and each such Tax Return shall be accompanied with a statement setting forth the amount of Taxes on such Tax Return that are attributable to the Pre-Closing Tax Period for which the FBC is responsible for pursuant to Section 9.11(c). FBC shall provide to the Purchaser a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities. The Purchaser shall notify FBC in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. FBC shall consider in good faith all such comments.
- (b) The Purchaser will cause to be prepared and filed on a timely basis all Tax Returns for all FBC Entities for all Straddle Periods. The Purchaser shall prepare each such Tax Return on a basis consistent with (i) Law, (ii) the FBC Financial Statements, and (iii) the past practices and procedures of FBC. The Purchaser shall provide to FBC a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities, together with a statement setting forth the amount of Taxes on such Tax Returns that are attributable to a Pre-Closing Tax Period for which FBC is responsible for pursuant to Section 9.11(c). FBC shall notify the Purchaser in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. The Purchaser shall consider in good faith all such comments.
- (c) Except as required by Law, the Purchaser and a FBC Entity shall not, without the prior written consent of the FBC Shareholder (not to be unreasonably withheld, conditioned or delayed), refile, amend or otherwise modify any Tax Return filed for any Pre-Closing Tax Period.

ARTICLE 10 INDEMNITY

10.1 Indemnification

- (a) Subject to subsection (c) below, the FBC Shareholder shall indemnify and save harmless the Purchaser and its respective directors, officers, agents, employees and shareholders (collectively referred to as the "**Purchaser Indemnified Parties**"), harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense ("**Purchaser Indemnified Losses**") which may be made or brought against the Purchaser Indemnified Party or which the Purchaser Indemnified Party may suffer or incur as a result of, in respect of or arising out of:
- (i) any non-performance or non-fulfilment of any covenant or agreement on the part of FBC or the FBC Shareholder contained in this Agreement that are required to be performed on or before Closing and not waived or in any document given by the FBC Shareholder in order to carry out the transactions contemplated hereby;
 - (ii) any Misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by FBC or the FBC Shareholder contained in this Agreement or contained in any document or certificate given by the FBC Shareholder in order to carry out the transactions contemplated hereby; and
 - (iii) all costs and expenses including, without limitation, reasonable legal fees incidental to or in respect of the foregoing.
- (b) Subject to subsection (c) below, the Purchaser hereby agrees to indemnify and save the FBC Shareholder and its respective directors, officers, agents, employees and shareholders (collectively referred to as the "**FB Indemnified Parties**"), harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense ("**FB Indemnified Losses**") which may be made or brought against the FB Indemnified Party or which the FB Indemnified Party may suffer or incur as a result of, in respect of or arising out of:
- (i) any non-performance or non-fulfilment of any covenant or agreement on the part of the Purchaser in this Agreement or in any document given in order to carry out the transactions contemplated hereby;
 - (ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby; and
 - (iii) all costs and expenses including, without limitation, reasonable legal fees incidental to or in respect of the foregoing.
- (c) The obligations of indemnification in respect of subsections 10.1(a) and 10.1(b), will be subject to the limitations set out under Section 10.2.
- (d) The amount of the FBC Shareholder's liability for any Claim in respect of the FBC Shareholder's indemnification obligations set forth in this Section 10.1(a) shall be fully and finally satisfied as follows: (i) by return to the Purchaser of such number of Consideration Shares issued to the FBC Shareholder as are equal to any remaining amount owing to the Purchaser by the FBC Shareholder, calculated in accordance with Section 10.1(f) or; (ii) at the option of the FBC Shareholder, in cash.

- (e) Notwithstanding the foregoing Section 10.1(d), if it is determined that: (i) the return of any of the Consideration Shares to satisfy indemnification obligations owed pursuant to this Section 10.1 constitutes an “issuer bid” under National Instrument 62-104 – *Take-Over Bids and Issuer Bids*; or (ii) a relevant prospectus exemption is not available to allow for the sale of the Consideration Shares back to the Merged Entity to address any indemnification obligations owed pursuant to this Section 10.1; then any such any indemnification obligations owed will be settled by the FBC Shareholder in cash.
- (f) If applicable, the number of Consideration Shares to be returned in accordance with Section 10.1(c), shall be determined by dividing (i) the applicable amount of the FBC Shareholder’s liability for such Claim by (ii) the higher of the deemed issue price per Consideration Share set out in Section 2.2(b) (as adjusted for any stock splits, combinations and the like) and the market price of the Consideration Shares at the time of the Claim in respect of the FBC Shareholder’s indemnification obligations, rounded down to the nearest whole share.

10.2 Limitations on Indemnification

- (a) Notwithstanding the foregoing, no obligation to indemnify a Purchaser Indemnified Party for Purchaser Indemnified Losses, or a FB Indemnified Party for FB Indemnified Losses, under this Agreement will arise in respect of subsections 10.1(a) and 10.1(b), as applicable, until the aggregate amount of all of Purchaser Indemnified Losses or FB Indemnified Losses, as the case may be, in respect of which a claim for indemnity has been made exceeds the sum of \$300,000 (the “**Liability Deductible**”) and, in such case, such indemnity shall only apply to the amount in excess of the Liability Deductible.
- (b) The maximum aggregate liability of any Indemnified Party under this Agreement for Indemnified Losses suffered is limited to 20% of the Purchase Price, other than for a claim by the Purchaser pursuant to Section 10.1 hereof in respect of one or more Fundamental Representations in which case the maximum liability for such Indemnified Losses shall be 50% of the Purchase Price, subject to the Liability Deductible.
- (c) Neither the Purchaser nor the FBC Shareholder will have any liability for, or obligation with respect to, any special, indirect, consequential, punitive or aggravated Damages resulting from any Claims, unless: (a) such Damages have been awarded to a third Person by a court of competent jurisdiction; and (b) in the case of any special or consequential Damages, to the extent that such Damages have been determined by a court of competent jurisdiction to be reasonably foreseeable.
- (d) The limitations set forth above in Sections 10.2(a) and (b) shall not apply with respect to any portion of Damages that have been determined by a court of competent jurisdiction to have resulted primarily and directly from the fraud or the willful misconduct of a Party or its officers, directors, employees, agents, affiliates, representatives, successors or assigns.
- (e) If the amount of Indemnified Losses incurred by an Indemnified Party at any time subsequent to the making of a payment pursuant to an Indemnity claim is reduced by any recovery, settlement or otherwise under any insurance coverage or under any claim, recovery, settlement or payment by or against any other Person, the Indemnified Party will promptly repay to the Indemnifying Party the amount of the reduction (less any costs, expenses (including Taxes) or premiums incurred in connection therewith). Upon making full payment of an Indemnity Claim, the Indemnifying Party will, to the extent of the payment, be subrogated to all rights of the Indemnified Party against any third party that is not an affiliate of the Indemnified Party in respect of Indemnified Losses to which the indemnify payment relates. Until the Indemnified Party recovers full payment of its Indemnified Losses, any and all claims of the Indemnifying Party against any such third

party on account of the payment for Indemnity Losses will be postponed and subordinated in right of payment to the Indemnified Party's right against that third party.

- (f) Notwithstanding anything to the contrary in this Agreement, the FBC Shareholder shall not be liable under this Article 10 for any Purchaser Indemnified Losses pursuant to Section 10.1(a)(ii) if the Purchaser Indemnified Party seeking indemnification for such losses had knowledge of or FBC had knowledge of any such Misrepresentation, inaccuracy, incorrectness or breach on or before Closing. For clarity, the term "knowledge" as used in the paragraph as relating to FBC shall mean the knowledge of Greg Boone, Jennifer Maccarone, or Qingru Zhou.

10.3 Indemnification Procedures

- (a) In the case of Claims made by a third party with respect to which indemnification is sought, the Indemnified Party shall give prompt notice, and in any event within 15 days, to the Indemnifying Party of any such Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defence.
- (b) The Indemnifying Party shall have the right, at its sole expense, to have carriage of any negotiations with respect to, and to dispute and contest any Claims provided that it so notifies the Indemnified Party within 10 Business Days of receiving such notice and provided further that such dispute is prosecuted or negotiations conducted by the Indemnifying Party reasonably and in good faith.
- (c) The Indemnifying Party and the Indemnified Party shall cooperate with each other in any proceedings with respect to any Claims.
- (d) The rights and benefits provided in this Article 10 are supplemental to any other rights, actions or causes of action which may arise pursuant to any other Section of this Agreement.
- (e) Any Claim pursuant to the provisions of this Article 10 must be commenced within the time periods provided for herein.
- (f) The amount of any loss or Damage which may be claimed by a party pursuant to the provisions of this Article 10 shall be calculated after giving effect to any insurance proceeds received by the Indemnifying Party in relation to the subject matter of the Claim.

ARTICLE 11 TERMINATION

11.1 Termination

This Agreement may be terminated at any time prior to the Closing by:

- (a) mutual written agreement of the Parties;
- (b) the written notice of the Purchaser to FBC and the FBC Shareholder if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(b) shall not be available to the Purchaser if the failure of the Purchaser to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Drop Dead Date;

- (c) the written notice of the Purchaser to FBC and the FBC Shareholder if there has been a violation or breach by FBC or the FBC Shareholder of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 7.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the Purchaser or, in the case of a covenant breach, cured by FBC and the FBC Shareholder to the reasonable satisfaction of the Purchaser within ten (10) Business Days after notice of such breach is given by the Purchaser (except that no cure period will be provided for a breach by FBC or the FBC Shareholder that, by its nature, cannot be cured);
- (d) the written notice of the FBC Shareholder to the Purchaser if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(d) shall not be available to the FBC Shareholder if the failure of FBC or the FBC Shareholder to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;
- (e) the written notice of the FBC Shareholder to the Purchaser if there has been a violation or breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 8.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the FBC Shareholder or, in the case of a covenant breach, cured by the Purchaser to the reasonable satisfaction of the FBC Shareholder within ten (10) Business Days after notice of such breach is given by the FBC Shareholder (except that no cure period will be provided for a breach by the Purchaser that by its nature cannot be cured); or
- (f) any of the Parties if: (i) there shall be any applicable Law that makes consummation of the Transaction contemplated by this Agreement illegal or otherwise prohibited; or (ii) any Governmental Authority shall have issued an Order restraining or enjoining the Transaction contemplated by this Agreement, and such Order shall have become final and non-appealable.

11.2 Agreement of No Further Force or Effect

In the event of the termination of this Agreement by a Party as provided in Section 11.1, written notice thereof shall forthwith be given by the terminating Party to the other Parties, and this Agreement shall thereupon terminate and will be of no further force or effect, except as otherwise expressly contemplated hereby and provided that the provisions of Article 1, Section 9.8, Section 9.10, Article 12, and this Section 11.2 shall survive any termination hereof; and provided further that (a) such termination shall not relieve any Party of any liability for any breach of this Agreement (other than non-willful breaches of representations, warranties and covenants, as to which no Party shall be liable hereunder) and (b) upon such termination, the Parties shall comply with all of the provisions of the Confidentiality Agreement.

11.3 Remedies; Injunctive Relief

The Parties agree that irreparable harm would occur for which money Damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

ARTICLE 12 GENERAL

12.1 Expenses

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, brokers, investment advisers, consultants and accountants) incurred in connection with this Agreement and the transactions contemplated herein are to be paid by the Party incurring such expenses.

12.2 Assignment

No Party to this Agreement may assign any of its respective rights under this Agreement without the prior consent of each of the other Parties. Any attempt to assign any of the rights, duties or obligations in this Agreement without such written consent is void. This Agreement and each of the terms and provisions hereof will enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, as applicable.

12.3 Notices

Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by email or other means of electronic communication capable of producing a printed copy, or sending by overnight courier, the notice to the following address or number:

If to the Purchaser:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, BC V3Y 0E2

Attention: Matt Milich, Chief Executive Officer
Email: mmilich@bzam.com

If to FBC (prior to closing) or the FBC Shareholder:

Final Bell Holdings International Ltd.
#1000, 925 West Georgia Street
Vancouver, British Columbia V7C 3L2

Attention: Robert Meyer, Chief Executive Officer
Email: robert@finalbell.com

(or to such other address or number as any Party may specify by notice in writing to another Party).

Any notice delivered or sent by email or other means of electronic communication capable of producing a printed copy on a Business Day will be deemed conclusively to have been effectively given on the day the notice was sent or, if such day is not a Business Day, on the next following Business Day. Any notice sent by overnight courier will be deemed conclusively to have been effectively given on the second Business Day after it is deposited with the courier service.

12.4 Severability

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, then such covenant or other provision will be severed from and will not affect any other covenant or other provision of this Agreement, and this Agreement will be construed

as if such invalid, illegal, or unenforceable covenant or provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

12.5 Entire Agreement

This Agreement, the Confidentiality Agreement and the exhibits and schedules attached hereto contain the entire agreement among the Parties with respect to the subject matter hereof, and expressly supersede and terminate all prior offers, arrangements and understandings, both written and oral, expressed or implied, with respect thereto.

12.6 Waiver

The failure or delay by a Party in enforcing, or insisting upon strict performance of, any provision of this Agreement does not constitute a waiver of such provision or in any way affect the enforceability of this Agreement (or any of its provisions) or deprive a Party of the right, at any time or from time to time, to enforce or insist upon strict performance of that provision or any other provision of this Agreement. Any waiver by a Party of any provision of this Agreement is effective only if in writing and signed by a duly authorized representative of such Party.

12.7 Further Assurances

The Parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances as may be necessary to give full effect to the provisions and intent of this Agreement.

12.8 Third Party Beneficiaries

Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding.

12.9 Amendment

This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

12.10 Counterparts

This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument and delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the Execution Date.

12.11 Language

The Parties acknowledge that it is their express wish that this agreement and all documents related thereto be drawn up in the English language only. Les parties reconnaissent qu'il est de leur volonté expresse que la présente convention et tous les documents s'y rapportant soient rédigés en anglais seulement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

BZAM LTD.

By: 
Name: Matt Milich
Title: Chief Executive Officer

FINAL BELL CANADA INC.

By: _____
Name:
Title:

FINAL BELL HOLDINGS INTERNATIONAL LTD.

By: _____
Name:
Title:

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

BZAM LTD.

By: _____
Name: Matt Milich
Title: Chief Executive Officer

FINAL BELL CANADA INC.

By: _____
DocuSigned by:
Greg Boone
18FDE32FA6CC488
Name: Greg Boone
Title: GB

FINAL BELL HOLDINGS INTERNATIONAL LTD.

By: _____
DocuSigned by:
Kay Jesse
FE82A36B667C4D2
Name: Kay Jesse
Title: Executive Director

SCHEDULE A

FB Payment Plan

PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$4,000,000.00

•, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of 14th Round Inc. (the "**Lender**"), in immediately available funds, at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 or such other location as the Lender shall designate in writing, four million dollars (\$4,000,000.00) advanced by the Lender to the Borrower on •, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall mature on December 15, 2024 and shall be payable in accordance with the payment schedule at Exhibit "A" hereto.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to zero percent (0%) per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**".

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

If the Borrower fails to pay any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: _____

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

14TH ROUND INC.

By: _____

Name:

Title:

GUARANTEE AGREEMENT

The undersigned hereby declares that it has read the promissory note between Final Bell Canada Inc. (the "**Borrower**") and 14th Round Inc. (the "**Lender**") dated as of ●, 2023 (the "**Note**"), and agrees that it is liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Lender, the prompt payment and performance when due, owing, and so obliged, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the payment obligations of the Borrower under the Note (the "**Obligations**") and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Lender in endeavoring to collect or secure performance of all or any part of the Obligations from, or in prosecuting any action against, the Borrower of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). This Guarantee is a guarantee of payment, performance and collection. The Guarantor hereby waives any right to require the Lender to sue the Borrower or any other person obligated for all or any part of the Guaranteed Obligations.

In addition, to the extent that the Borrower is unable to make payments to the Lender as a result of banking or other similar restrictions, the undersigned agrees to make such payments in accordance with the Borrower's payment obligations.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note.

For the purposes of any notice to be sent in accordance with the Note, the undersigned's address shall be:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, British Columbia
V3Y 0E2

Attention: Matt Milich, Chief Executive Officer

BZAM LTD.

Per: _____

Name:

Title:

Exhibit "A"

Due Date	Amount
15-Jan-24	\$333,333
15-Feb-24	\$333,333
15-Mar-24	\$333,333
15-Apr-24	\$333,333
15-May-24	\$333,333
15-Jun-24	\$333,333
15-Jul-24	\$333,333
15-Aug-24	\$333,333
15-Sep-24	\$333,333
15-Oct-24	\$333,333
15-Nov-24	\$333,333
15-Dec-24	\$333,333
	\$4,000,000

**SCHEDULE B
FBC PROMISSORY NOTE**

SECURED DEMAND PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$4,000,000.00

•, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of 14th Round Inc. (the "**Lender**"), in immediately available funds, at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 or such other location as the Lender shall designate in writing, four million dollars (\$4,000,000.00) advanced by the Lender to the Borrower on •, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until at least March 31, 2025.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to zero percent (0%) per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**". For greater certainty, no payments on account of the Principal Amount shall be required to be made by the Borrower until demand by the Lender for payment in full of the Indebtedness hereunder.

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

The Indebtedness hereunder is secured by a security interest in the collateral specified in the security agreement dated on or about the date hereof by and between the Borrower and Lender (the "**Security Agreement**"). In accordance with the terms of an intercreditor agreement entered into between Stone Pine Capital Ltd. and the Lender, and a subordination agreement entered into between Cortland Credit Lending Corporation and the Lender: (i) the Security Agreement and Indebtedness are hereby postponed and subordinated in right of payment to the prior payment in full of any and all Senior Indebtedness, except and to the extent as may be expressly permitted by the terms of such Senior Indebtedness; and (ii) the Security Agreement and the Indebtedness shall rank pari passu with all secured debts owed by the BZAM Ltd. and its subsidiaries, to Stone Pine. For the purposes of this Note, "**Senior Indebtedness**" shall mean all amounts due in connection with indebtedness of the Merged Entity under the amended and restated credit agreement dated September 29, 2021 (as amended) to the Senior Lender and the other lenders party thereto.

If the Borrower fails to pay on demand any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may

exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower acknowledges that the security granted pursuant to the Security Agreement secures all Indebtedness evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: _____

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

14TH ROUND INC.

By: _____

Name:

Title:

GUARANTEE AGREEMENT

The undersigned hereby declares that it has read the promissory note between Final Bell Canada Inc. (the "**Borrower**") and 14th Round Inc. (the "**Lender**") dated as of ●, 2023 (the "**Note**"), and agrees that it is liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Lender, the prompt payment and performance when due, owing, and so obliged, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the payment obligations of the Borrower under the Note (the "**Obligations**") and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Lender in endeavoring to collect or secure performance of all or any part of the Obligations from, or in prosecuting any action against, the Borrower of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). This Guarantee is a guarantee of payment, performance and collection. The Guarantor hereby waives any right to require the Lender to sue the Borrower or any other person obligated for all or any part of the Guaranteed Obligations, or otherwise to enforce its payment against the Collateral securing all or any part of the Guaranteed Obligations.

In addition, to the extent that the Borrower is unable to make payments to the Lender as a result of banking or other similar restrictions, the undersigned agrees to make such payments in accordance with the Borrower's payment obligations.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note.

For the purposes of any notice to be sent in accordance with the Note, the undersigned's address shall be:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, British Columbia
V3Y 0E2

Attention: Matt Milich, Chief Executive Officer

BZAM LTD.

Per: _____

Name:

Title:

This is Exhibit “5” referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$8,000,000.00

January 5, 2024

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of Final Bell Holdings Inc. (the "**Lender**"), in immediately available funds, at 7720 Airport Business Park Way, Van Nuys, California, 91406, United States of America or such other location as the Lender shall designate in writing, eight million dollars (\$8,000,000.00) (the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date. The Borrower and the Lender acknowledge that the Borrower has made a payment equal to \$525,559, in connection with amounts owing under this Note.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall mature on June 15, 2027 (the "**Maturity Date**").

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from (a) the date of the advance through to March 31, 2025, at a rate per annum equal to zero percent (0.0%) per annum; and (b) April 1, 2025 through to the Maturity Date, at a rate per annum equal to ten percent (10.0%) per annum (plus any additional interest as provided for in par. (c) below), such interest to be calculated monthly in arrears and payable on the 15th day of each subsequent calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**".

The Principal Amount of this Note shall be paid, together with interest, on the 15th day of each month, commencing January 15, 2024, as follows:

- (a) From January 1, 2024 to June 30, 2024, \$1,000,000 of the Principal Amount shall be paid in monthly installments in accordance with the payment schedule provided at Exhibit A; and
- (b) From July 1, 2024 and ending on the Maturity Date, the remaining \$7,000,000 of the Principal Amount shall be paid in equal monthly installments of \$194,444.44, with blended payments of principal and interest, in the same amount, commencing with the payment due on April 15, 2025, provided that with respect to payments made pursuant to this par. (b):
 - (i) in the event that positive Quarterly Operating Cashflow (as hereinafter defined) of the Borrower is insufficient to pay such monthly installments in the amount set forth in par. (b) from July 2024 through to March 2025, the Principal Amount shall not be payable until such time as positive Quarterly Operating Cashflow of the Borrower is sufficient to pay monthly installments in the amount set forth in par. (b), in which case the Borrower will make a balloon payment on the Maturity Date for the balance of the Principal Amount outstanding at such time plus all accrued unpaid interest; and
 - (ii) in the event that positive Quarterly Operating Cashflow of the Borrower remains insufficient to pay such monthly installments in the amount set forth in par. (b) from April 2025 through to the Maturity Date, no such monthly payment shall be payable until such time as positive Quarterly Operating Cashflow of the Borrower is sufficient to pay monthly installments in the amount set forth in par. (b), in which case the Borrower will make a balloon payment on the Maturity Date for the balance of the Principal Amount outstanding at such time plus all accrued unpaid interest; and

Notwithstanding subpar. (i) and subpar. (ii) above, the Borrower shall make, and the Lender shall be entitled to receive, the Minimum 2024 Payment (as hereinafter defined) as payment of principal and interest, as applicable, towards the Note.

- (c) From April 1, 2025, to the extent that a required monthly payment referred to in par. (b) is not paid, the unpaid balance of such monthly payment (each, a "**Balance**") shall immediately accrue interest at a rate of 18% per annum in respect of any such unpaid Balance. Monthly installments may be adjusted such that the outstanding Principal Amount at such time shall be payable in equal monthly installments (or otherwise) through to and including the Maturity Date, as may be agreed to by the Lender and the Borrower.

The following terms shall have the following meanings for the purposes of this Note:

1. "**Minimum 2024 Payment**" means an amount equal to \$79,167, plus interest in accordance with the terms of this Note, payable on a monthly basis.
2. "**Quarterly Operating Cashflow**" shall be defined as: (i) the Borrower's net income; *plus* (ii) depreciation and amortization; *minus* (iii) net working capital and adjustments (to add back all non-cash items and all non-recurring, one-time expenses); and *minus* (iv) all capital expenditures, in each case without duplication, as set forth in the most recently completed quarterly financial statements of the Borrower.

The Borrower agrees to provide the Lender with (i) annual financial statements of the Borrower prepared in accordance with IFRS as prepared to support the audited financial statements of the Borrower's parent, BZAM Ltd. ("**BZAM**") as soon as available, but in any event within 120 days after the end of each fiscal year the Borrower, and (ii) quarterly interim financial statements of the Borrower prepared in accordance with IFRS as prepared to support the unaudited interim financial statements of BZAM as soon as available, but in any event within 60 days after the end of each fiscal quarter, all in reasonable detail, fairly presenting in all material respects the financial position and results of operations of Borrower in order to determine Quarterly Operating Cashflow (for clarity, such financial statements shall at minimum include an income statement, balance sheet and cashflow statement, together with an adjusted EBITDA calculation consistently prepared in accordance with the methodologies utilized in BZAM's publicly filed MD&A).

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

If the Borrower fails to pay any amounts due and payable hereunder, and such default remains uncured for thirty (30) days from written notice of such default (the "**Cure Period**"), all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

All notices under this Note must be in writing and addressed to the other party at its address set forth below (or to any other address that the receiving party has designated). Unless otherwise agreed herein, all notices must be delivered by overnight courier or electronic mail. Notice will be deemed given upon the first to occur of (i) the day of confirmation of delivery by the courier; or (ii) the day of confirmed electronic transmission to the addressee of the notice if sent during regular business hours, or the following business day if sent after regular business hours:

To the Borrower: Final Bell Canada Inc.

Canada
Attn: Chief Executive Officer
Email:

With a copy to:

Cortland Credit Lending Corporation
c/o Cortland Credit Group Inc.
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2

Attention: Bruce Sherk
Telephone: (416) 407-4440
Email: bsherker@cortlandcredit.ca

To the Lender: Final Bell Holdings Inc.
7720 Airport Business Park Way
Van Nuys, California, 91406
USA
Attn: Chief Executive Officer
Email: ir@finalbell.com

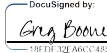
This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

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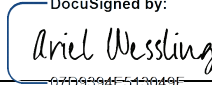
IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By:  _____
Name: Greg Boone
Title: President

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

FINAL BELL HOLDINGS INC.

By:  _____
Name: Ariel wessling
Title: VP of Finance


By:  _____
Name: Jordan Gielchinsky
Title: President

Exhibit "A"

Due Date	Amount
15-Jan-24	\$79,167
15-Feb-24	\$79,167
15-Mar-24	\$ 79,167
15-Apr-24	\$79,167
15-May-24	\$79,167
15-Jun-24	\$79,167
	\$1,000,000

* Amounts have been adjusted in respect of pre-payments in the amount of \$525,559 as accepted by the Lender.

This is Exhibit “6” referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

2024 Budget Presentation

**TO BE CANADA'S
FAVOURITE SOURCE
FOR CANNABIS.**

- 1** Deliver what consumers want
- 2** Be retailers preferred producer
- 3** Be every province's most reliable supplier

Key Objectives for 2024



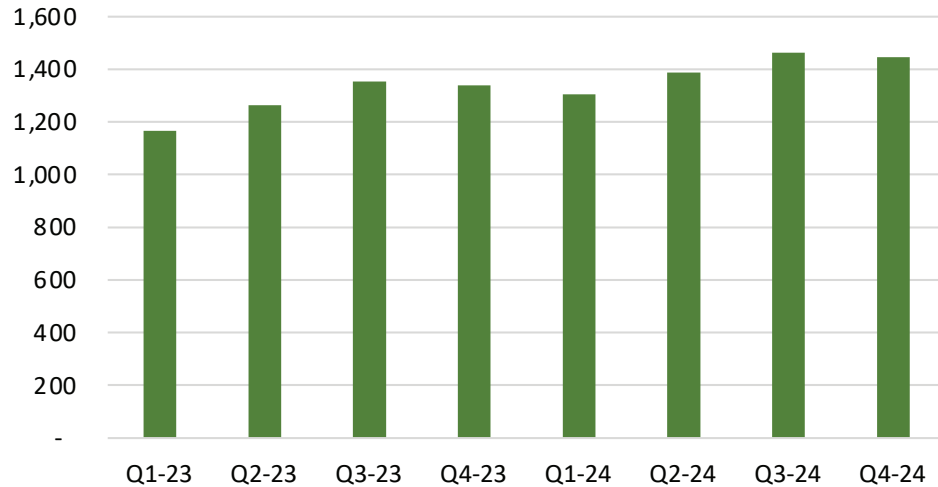
- 1** Complete integration of Final Bell
- 2** Reignite retail sales growth
- 3** Continue to increase B2B and export revenue
- 4** Achieve positive EBITDA and FCF
- 5** Improve margin
- 6** Execute on opportunistic M&A

Market Overview

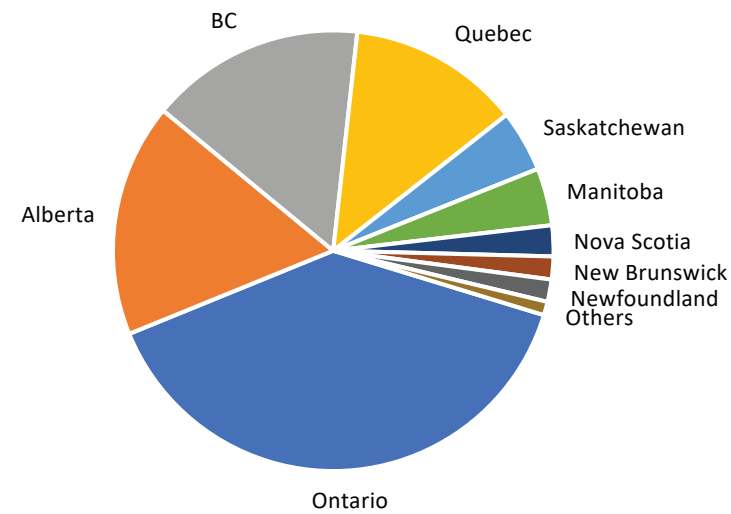
Canadian Retail Sales: 2023-2024



Quarterly Retail Sales: 2023-2024 (in MM)



Market Share by Province



Ontario	39%
Alberta	17%
BC	16%
Quebec	13%
Saskatchewan	5%
Manitoba	4%
Nova Scotia	2%
New Brunswick	2%
Newfoundland	2%
Others	1%

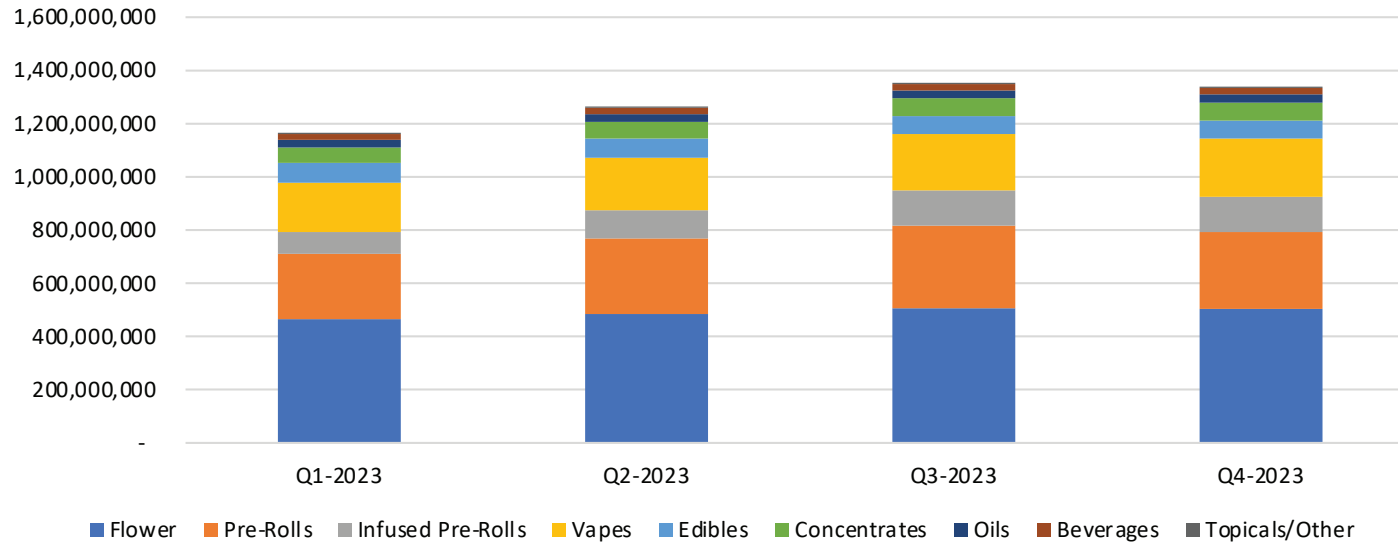
Province	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Total	Q1-2024	Q2-2024	Q3-2024	Q4-2024	Total
Ontario	455,635,996	500,060,984	539,978,013	523,937,484	2,019,612,477	510,152,106	542,642,890	571,999,852	565,760,801	2,190,555,649
Alberta	206,489,998	222,037,002	233,589,004	229,515,740	891,631,744	223,476,925	237,709,818	250,569,911	247,836,836	959,593,491
BC	180,546,002	199,701,998	216,080,999	211,321,587	807,650,586	205,761,481	218,866,106	230,706,755	228,190,336	883,524,677
Quebec	145,325,999	154,571,003	163,668,999	169,630,992	633,196,992	165,167,812	175,687,089	185,191,755	183,171,788	709,218,444
Saskatchewan	55,308,000	57,690,000	59,046,601	60,635,087	232,679,688	59,039,710	62,799,856	66,197,326	65,475,283	253,512,176
Manitoba	47,588,000	48,498,001	51,263,000	56,334,575	203,683,576	54,852,349	58,345,809	61,502,315	60,831,483	235,531,956
Nova Scotia	26,991,000	28,504,000	30,792,000	30,344,529	116,631,529	29,546,131	31,427,877	33,128,124	32,766,782	126,868,914
New Brunswick	19,550,000	21,468,000	24,315,000	22,465,942	87,798,941	21,874,838	23,268,012	24,526,810	24,259,286	93,928,946
Newfoundland	17,920,000	20,010,000	21,999,000	21,977,454	81,906,454	21,399,203	22,762,085	23,993,513	23,731,805	91,886,605
Others	10,740,008	11,475,040	13,446,984	13,245,593	48,907,625	12,897,087	13,718,482	14,460,651	14,302,922	55,379,142
Total	1,166,095,002	1,264,016,029	1,354,179,599	1,339,408,983	5,123,699,612	1,304,167,641	1,387,228,024	1,462,277,014	1,446,327,322	5,600,000,000

Sources: 2023 from Hifyre.com; 2024 forecast based on ATB projected growth of 9.3%

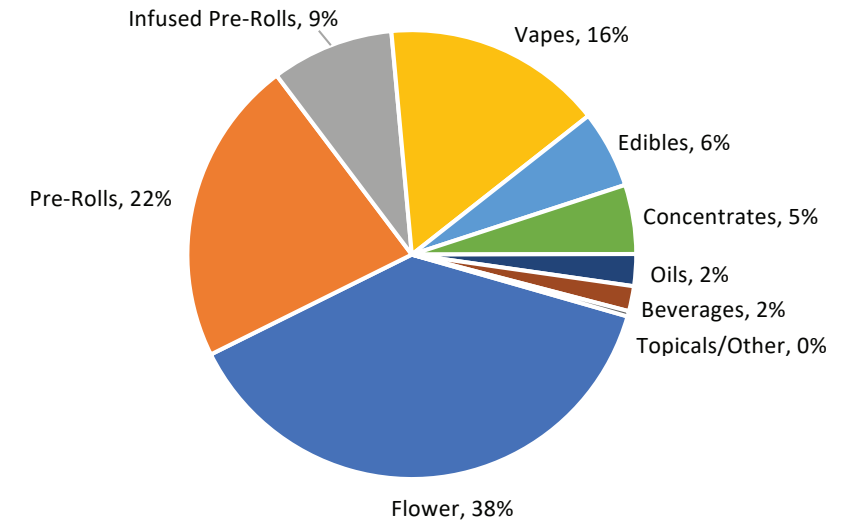
Canadian Retail Sales: 2023



Retail Sales by Product Type



2023 Retail Sales by Product Type

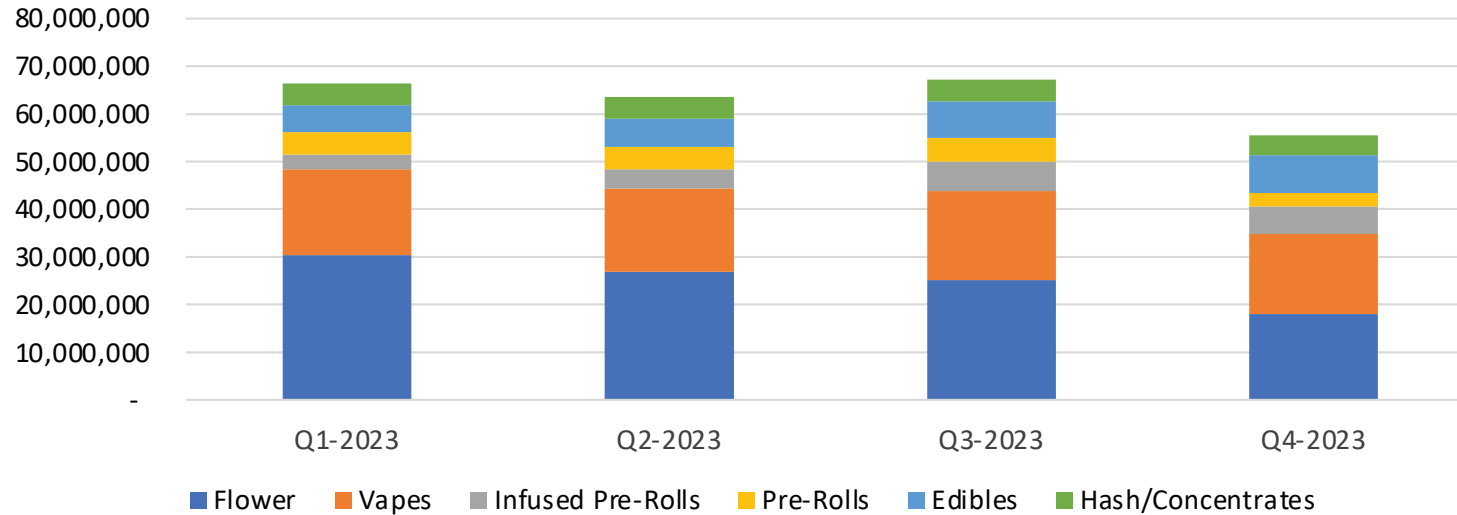


Product Type	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Total	%
Flower	464,193,693	483,372,001	506,785,823	503,687,107	1,958,038,623	38%
Pre-Rolls	246,512,839	283,986,170	310,057,294	289,351,037	1,129,907,341	22%
Infused Pre-Rolls	81,010,949	108,199,562	132,410,048	130,829,272	452,449,831	9%
Vapes	186,880,311	195,368,581	210,587,253	219,480,739	812,316,885	16%
Edibles	74,566,446	73,708,818	69,102,974	68,528,630	285,906,868	6%
Concentrates	57,440,408	62,977,277	67,486,390	67,393,608	255,297,683	5%
Oils	29,452,615	28,416,096	29,214,409	30,617,617	117,700,738	2%
Beverages	20,724,903	22,995,742	24,075,031	24,778,263	92,573,939	2%
Topicals/Other	5,312,838	4,991,782	4,460,386	4,742,698	19,507,705	0%
Total	1,166,095,002	1,264,016,029	1,354,179,609	1,339,408,972	5,123,699,612	100%

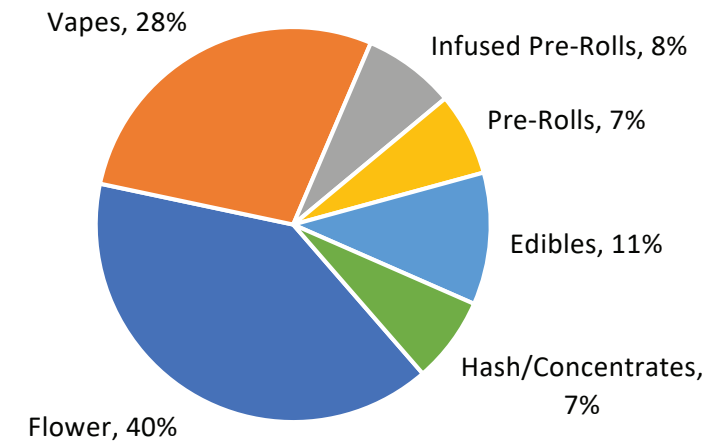
Source: Hifyre.com

2023 BZAM Retail Sales by Product Type

2023 Quarterly Retail Sales by Product Type



Retail Sales by Product Type

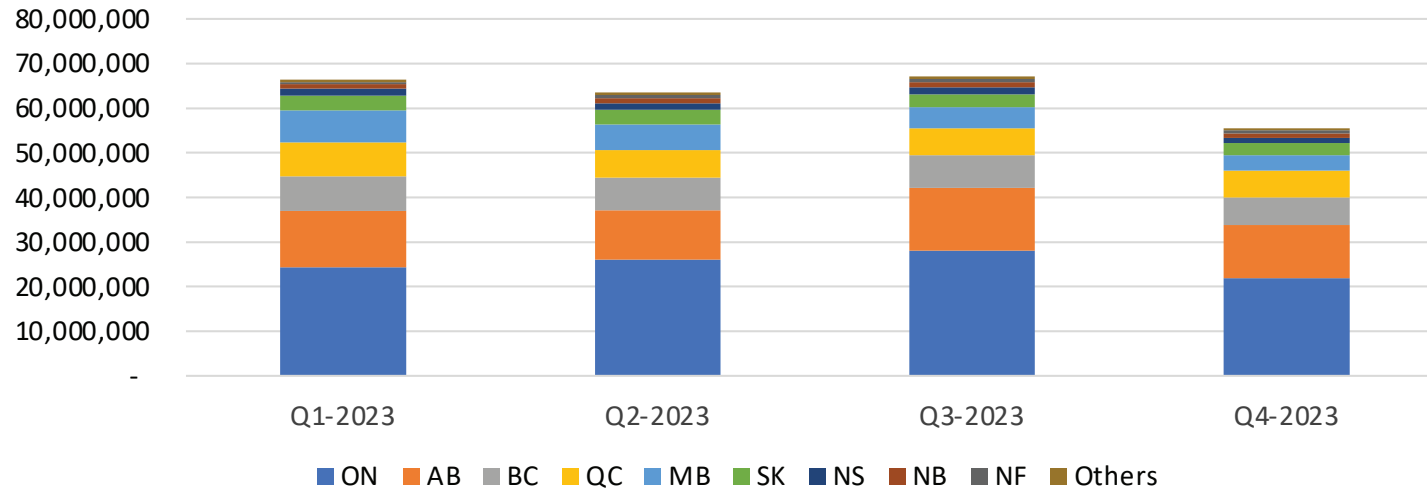


Product Type	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Total	%
Flower	30,433,903	26,868,141	25,058,907	17,956,638	100,317,589	40%
Vapes	17,893,547	17,538,708	18,729,468	16,833,563	70,995,286	28%
Infused Pre-Rolls	3,105,871	3,912,882	6,248,851	5,801,069	19,068,673	8%
Pre-Rolls	4,726,463	4,707,321	4,928,468	2,768,636	17,130,889	7%
Edibles	5,703,812	5,966,283	7,721,761	7,938,404	27,330,260	11%
Hash/Concentrates	4,526,291	4,558,892	4,469,090	4,223,648	17,777,921	7%
Total	66,389,888	63,552,227	67,156,546	55,521,958	252,620,619	100%

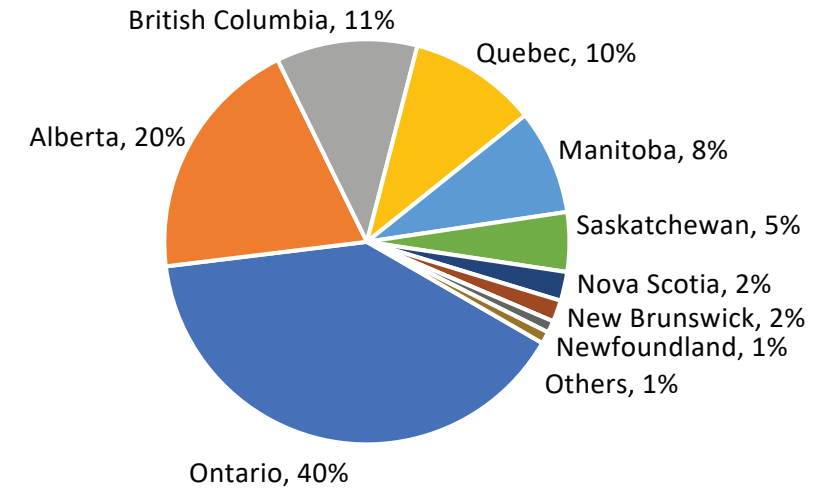
- Discontinuation of low margin, large format value flower (Table Top) impacted topline and flower revenue in particular
- Potency and pricing affected Highly Dutch volumes in the flower segment – both issues have since been addressed
- Exploring low-cost avenues to compete in the conventional pre-roll segment

2023 BZAM Retail Sales by Province

2023 Quarterly Retail Sales by Province



Retail Sales by Province



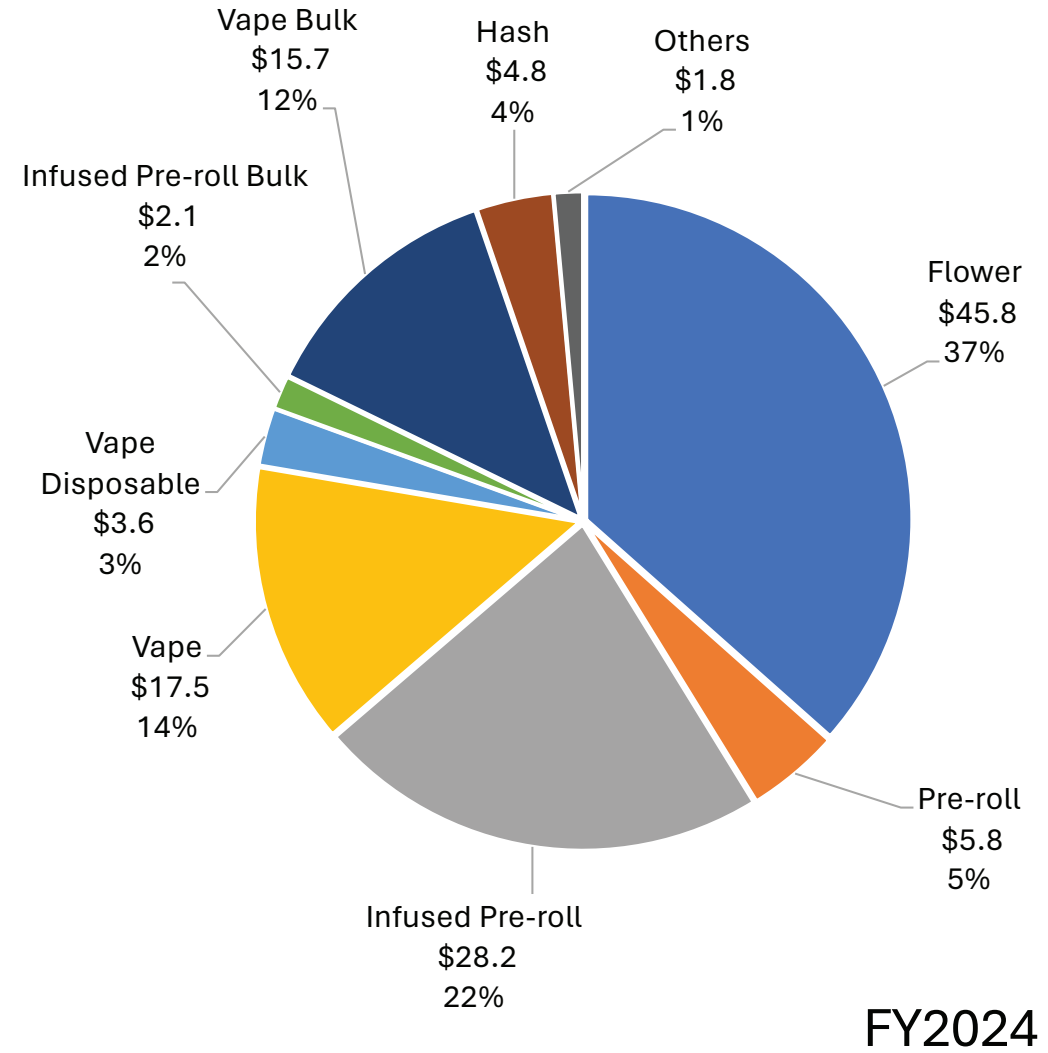
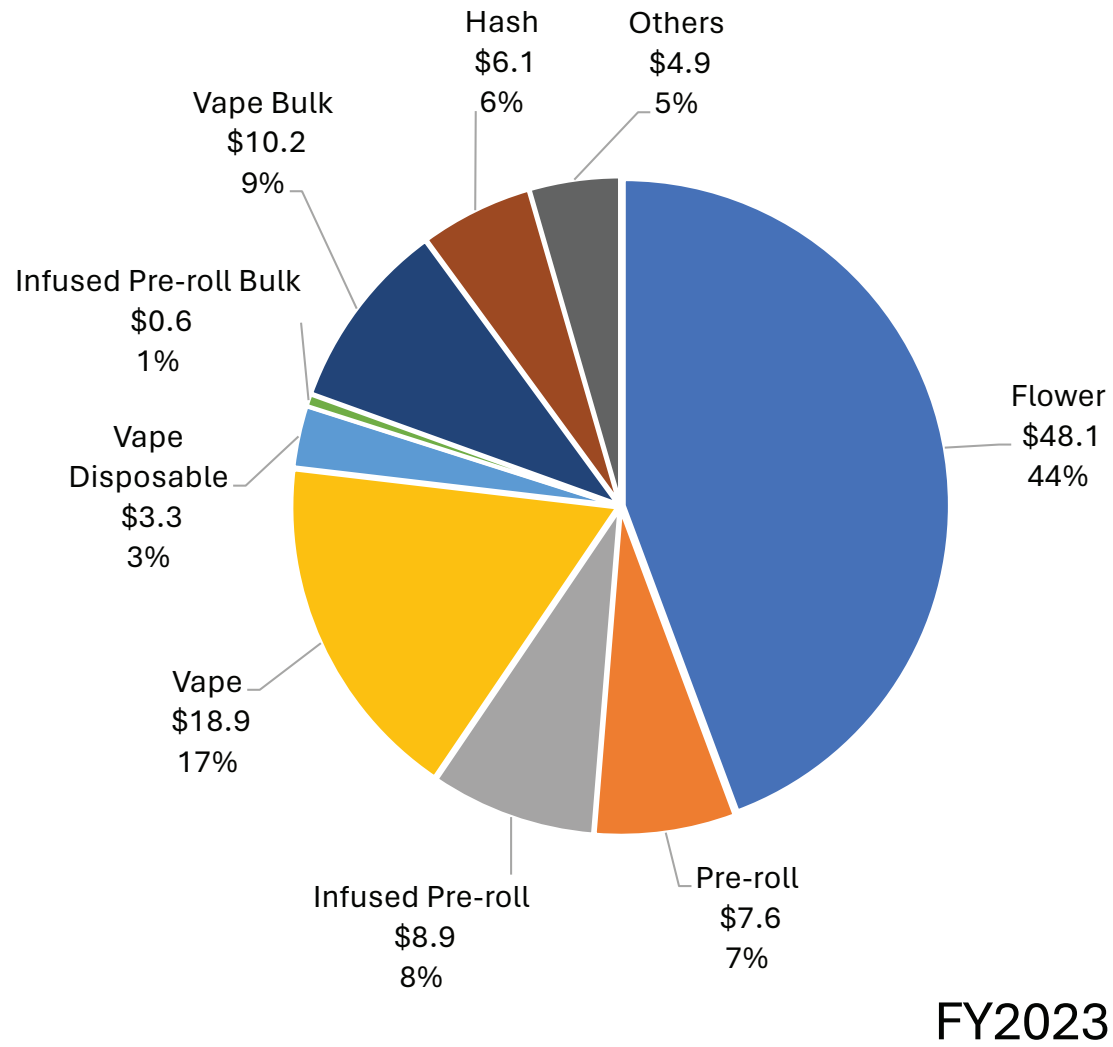
Province	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Total	%
Ontario	24,372,523	26,016,336	28,036,723	21,945,839	100,371,420	40%
Alberta	12,654,130	11,143,669	14,096,502	11,801,932	49,696,233	20%
British Columbia	7,656,272	7,232,891	7,369,977	6,239,184	28,498,324	11%
Quebec	7,667,277	6,142,265	6,029,331	6,053,944	25,892,816	10%
Manitoba	7,169,237	5,869,058	4,661,250	3,441,448	21,140,993	8%
Saskatchewan	3,296,782	3,217,441	2,851,328	2,639,554	12,005,106	5%
Nova Scotia	1,499,060	1,486,272	1,582,938	1,262,871	5,831,142	2%
New Brunswick	1,085,762	1,119,131	1,239,017	913,959	4,357,870	2%
Newfoundland	389,367	697,313	637,919	687,277	2,411,876	1%
Others	599,477	627,851	651,561	535,949	2,414,839	1%
Total	66,389,888	63,552,227	67,156,546	55,521,958	252,620,619	100%

- Some seasonal impact in Q4 in addition to impact of discontinuing low margin flower and Highly Dutch potency issue (now resolved)
- Robust key account management critical to success going forward
- Some temporary operational issues with cost-cutting and relocation of certain production activities from Pitt Meadows to Ancaster in Q4

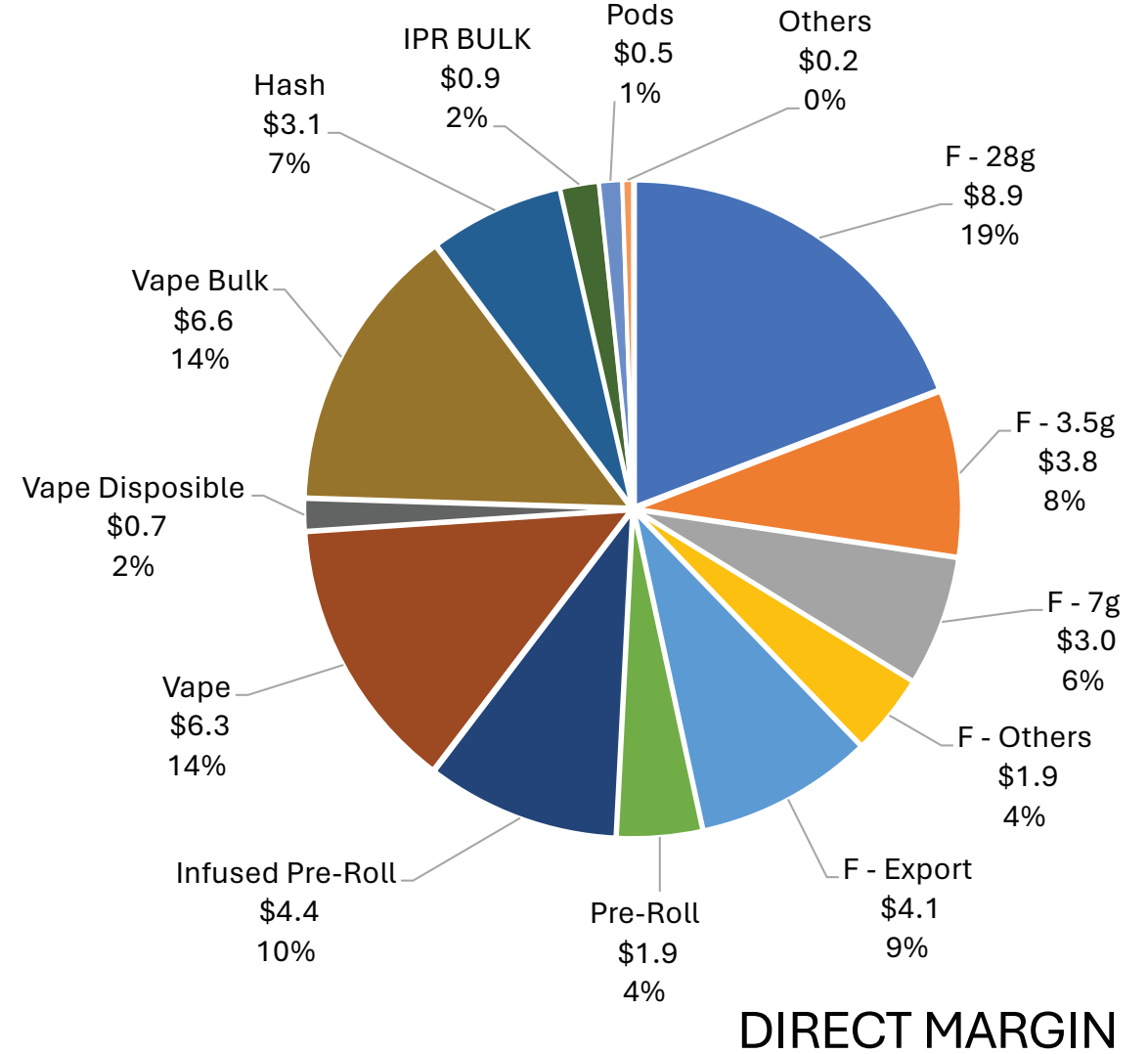
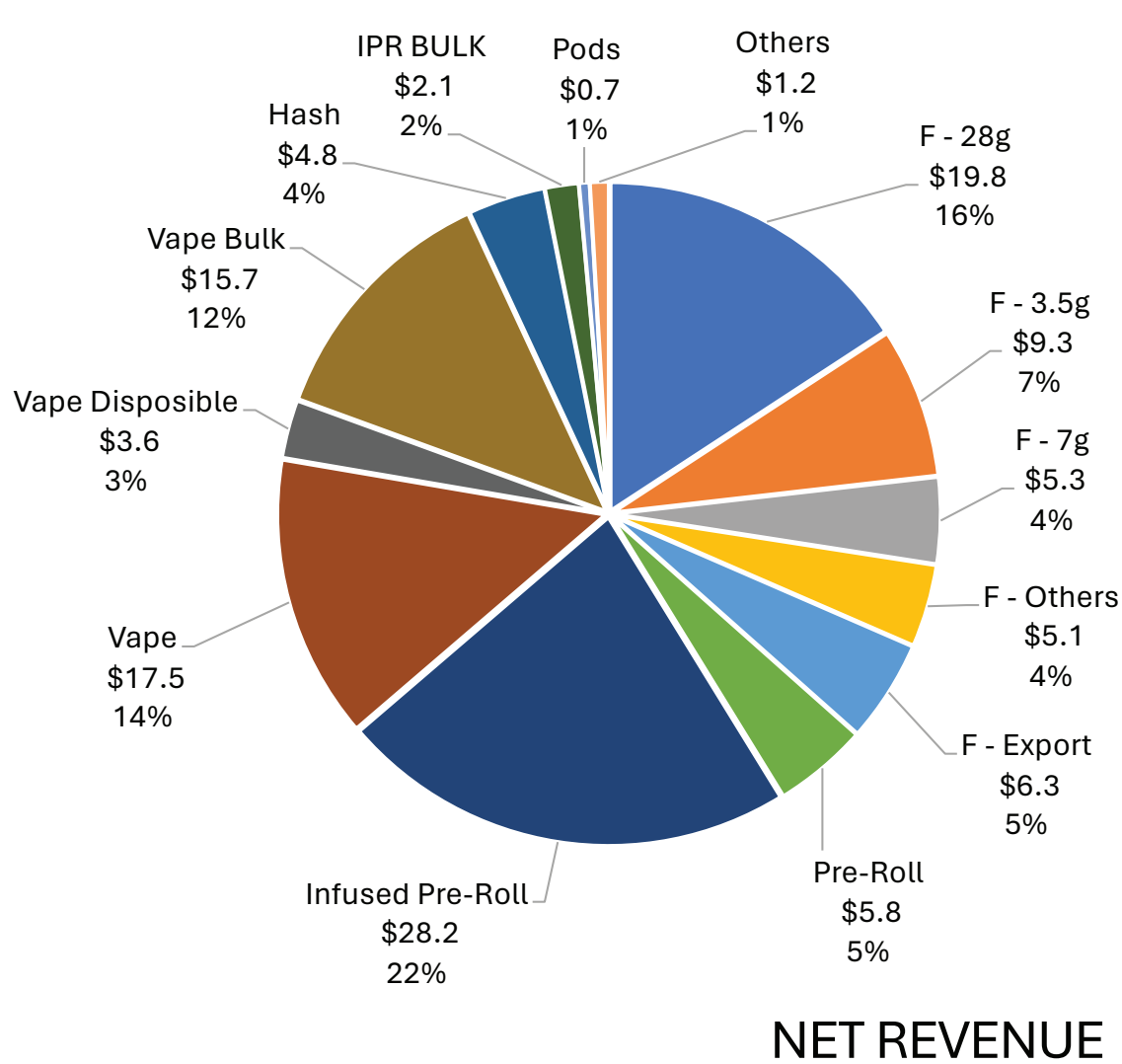
Source: Hifyre.com

2024 Budget Forecast

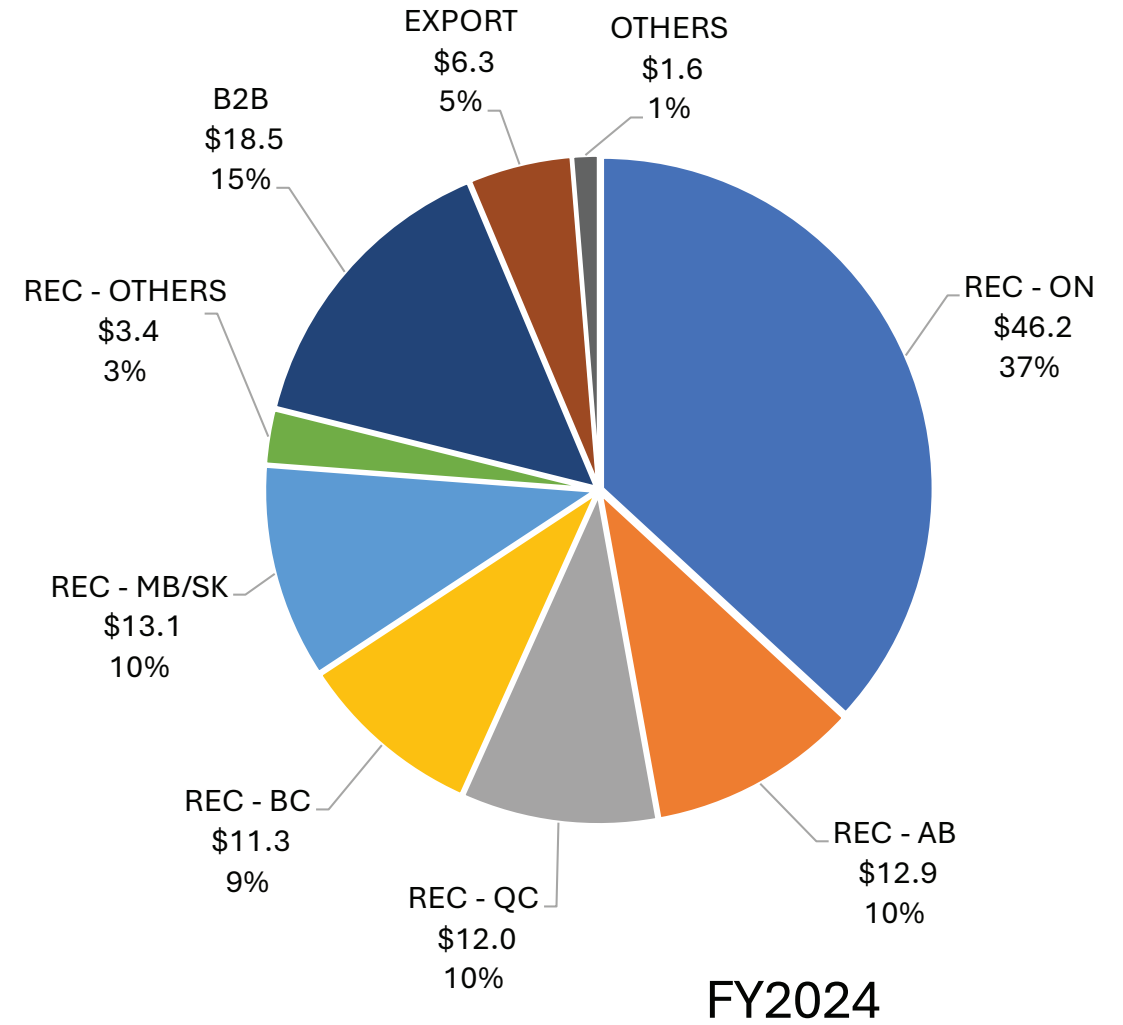
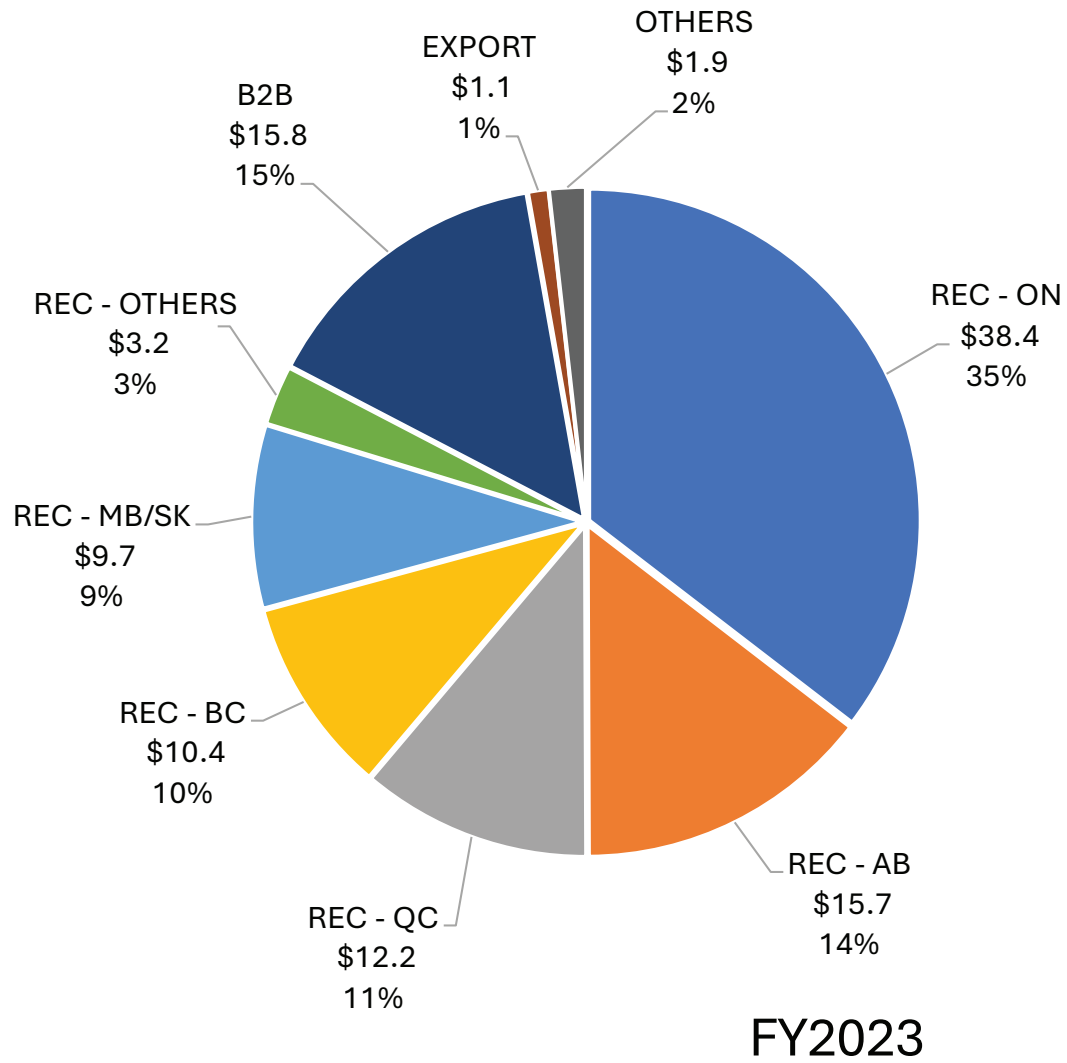
2023-2024 Net Revenue by Category



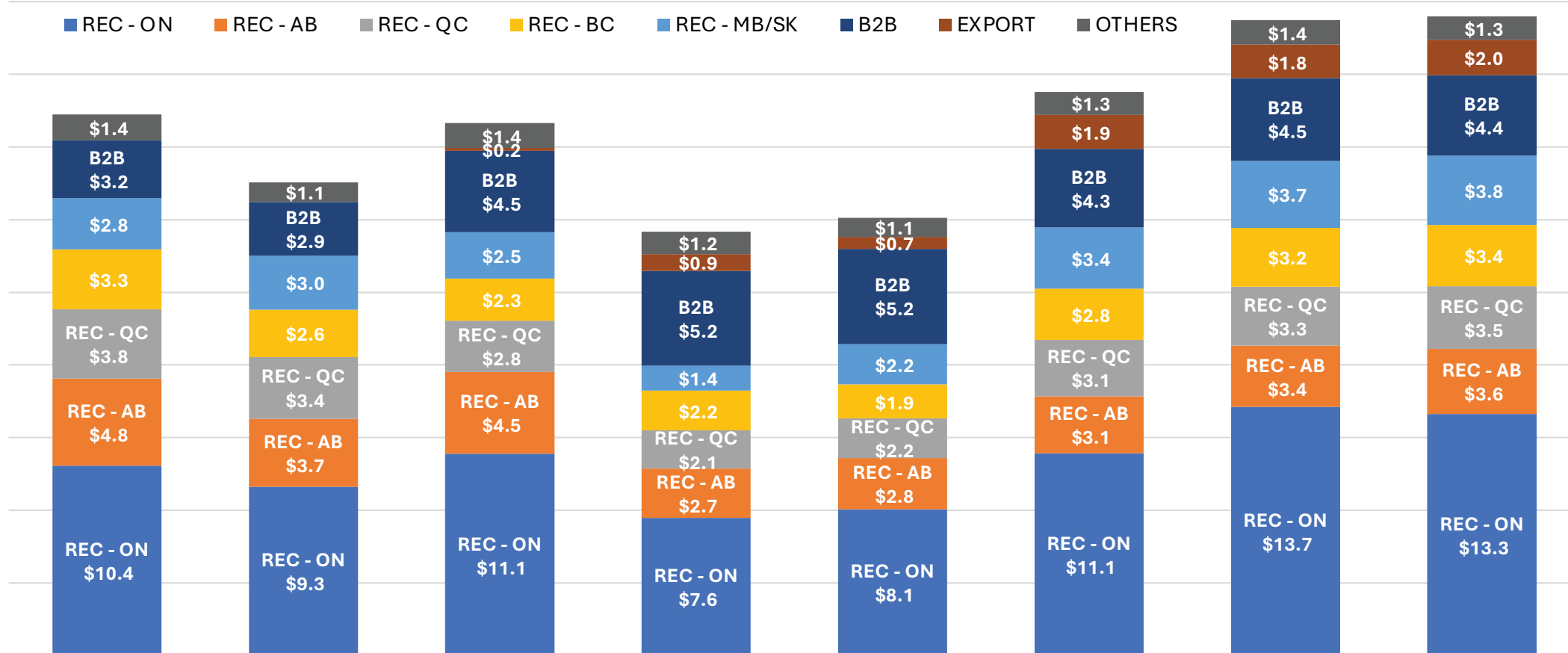
2024 Net Revenue & Direct Margin by Category



2023-2024 Net Revenue by Channel & Province



2023-2024 Quarterly Net Revenue



TOTAL	\$29.8	\$26.0	\$29.3	\$23.3	\$24.1	\$31.0	\$35.0	\$35.2
Q-on-Q GROWTH		-13%	13%	-20%	3%	29%	13%	1%

FY 16% GROWTH

Consolidated EBITDA

INCOME STATEMENT	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Revenue-Rec	27,940	39,028	45,673	45,748	158,389
Revenue-Export/B2B/Others	6,250	6,624	6,801	6,784	26,459
Revenue	34,190	45,652	52,474	52,532	184,848
Excise duties	(10,082)	(14,614)	(17,497)	(17,340)	(59,533)
Net revenue	24,108	31,038	34,976	35,192	125,314
COGs-Direct	(15,960)	(19,040)	(22,238)	(22,072)	(79,311)
COGS-OH	(2,830)	(2,940)	(2,949)	(2,924)	(11,644)
COGs-Depreciation	(1,708)	(1,708)	(1,708)	(1,708)	(6,833)
Cost of Sales	(20,498)	(23,688)	(26,896)	(26,705)	(97,787)
Gross Profit before FV adjustments	3,610	7,350	8,081	8,487	27,528
FV Adjustments	0	0	0	0	0
Gross Profit	3,610	7,350	8,081	8,487	27,528
Sales and marketing expenses	(2,741)	(2,676)	(2,602)	(2,583)	(10,601)
General and administrative expenses	(4,153)	(4,091)	(4,007)	(3,968)	(16,219)
Share based compensation	(300)	(300)	(300)	(300)	(1,200)
Depreciation and amortization	(1,712)	(1,712)	(1,712)	(1,712)	(6,847)
Total operating expenses	(8,905)	(8,779)	(8,620)	(8,563)	(34,867)
Profit/(Loss) from operations	(5,295)	(1,429)	(539)	(75)	(7,339)
Finance Costs (Interest)	(1,739)	(1,775)	(1,823)	(1,821)	(7,159)
Investment in assoc.	210	210	210	210	840
PPE/Intangible other charges	(1,476)	0	0	0	(1,476)
Restructuring	(400)	0	0	0	(400)
Income (Loss) before income taxes	(8,701)	(2,995)	(2,152)	(1,687)	(15,534)
Taxes					0
Net (Loss) / Income	(8,701)	(2,995)	(2,152)	(1,687)	(15,534)
EBITDA	(1,765)	2,501	3,391	3,855	7,981

Positive EBITDA projected from March 2024

- FY Gross Margin (excl. FV) AT 22% (37% Direct Margin when OH and Depreciation is excluded)
- SG&A reductions reflect changes in departmental structure and cost synergy initiatives

Quarter-on-Quarter EBITDA

- Q2 positive EBITDA improvement driven by revenue growth of 29% over Q1 (net revenue monthly average +\$9.5m), favorable margin product mix and 2% SG&A reduction
- Q2 to Q3 driven by increase in sales, notably from Jeeter
- Q3 to Q4 EBITDA increase mainly attributable to COGS and SG&A reductions

Direct Margin

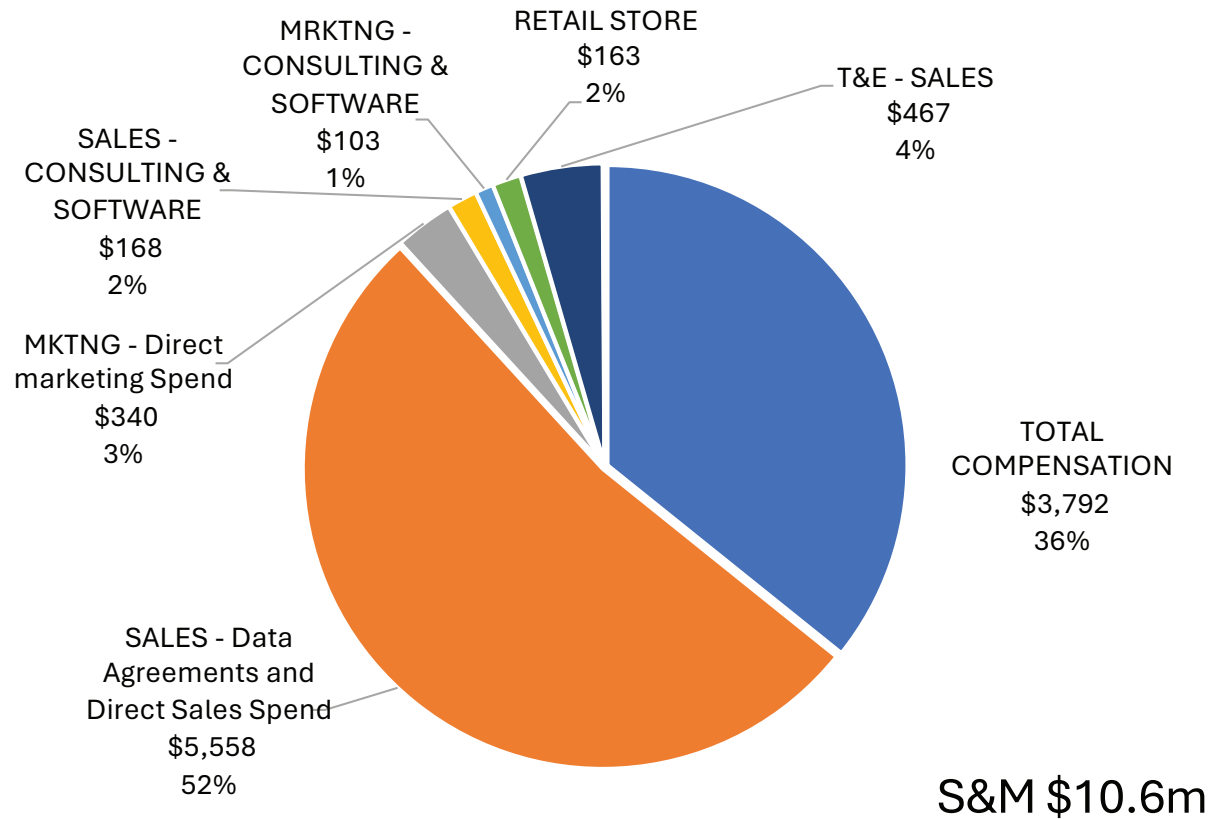


FY Direct Margin of \$46.3m is 37% of Net Revenue

- Recreational Direct Margin of 34% includes Royalties of \$4.7m
- Manufacturing Overhead and Depreciation represent 10% and 5% of Net revenue, respectively.

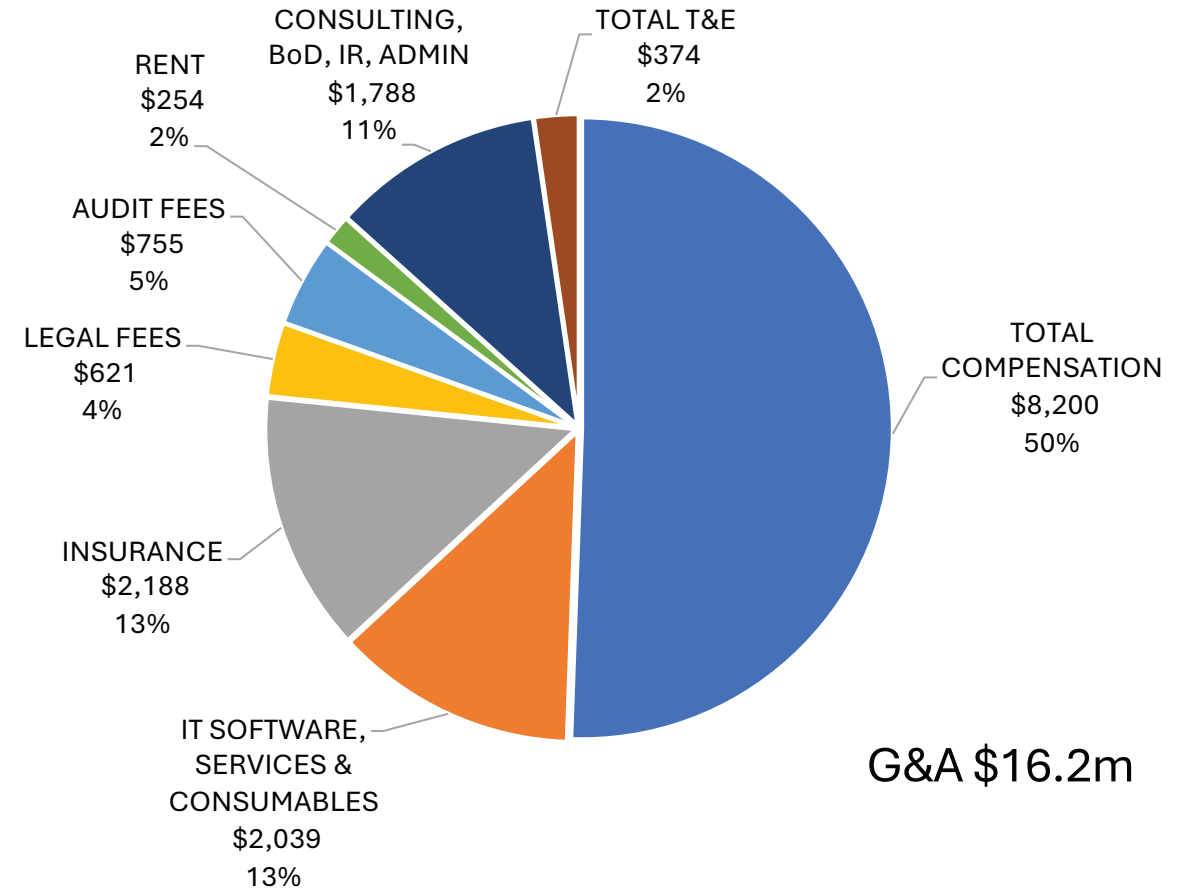
CHANNEL	PROVINCE	Q1			Q2			Q3			Q4			FY			CONTRIBUTION	
		REVENUE	MARGIN	MARGIN %	REVENUE	MARGIN	MARGIN %	REVENUE	MARGIN	MARGIN %	REVENUE	MARGIN	MARGIN %	REVENUE	MARGIN	MARGIN %	% OF REV	% OF MARGIN
Recreational	Dried Flower	\$ 6.9	\$ 2.9	42%	\$ 10.0	\$ 4.5	45%	\$ 10.8	\$ 4.8	45%	\$ 10.9	\$ 4.9	45%	\$ 38.6	\$ 17.1	44%	31%	37%
	Infused PR	\$ 3.5	\$ 0.8	23%	\$ 6.8	\$ 1.1	16%	\$ 9.1	\$ 1.2	13%	\$ 8.8	\$ 1.3	15%	\$ 28.2	\$ 4.4	16%	22%	10%
	Vape	\$ 4.0	\$ 1.5	37%	\$ 4.1	\$ 1.5	37%	\$ 4.3	\$ 1.6	37%	\$ 4.4	\$ 1.6	37%	\$ 16.8	\$ 6.2	37%	13%	13%
	Pre-roll	\$ 0.8	\$ 0.2	28%	\$ 1.3	\$ 0.4	34%	\$ 1.7	\$ 0.6	34%	\$ 1.9	\$ 0.7	35%	\$ 5.6	\$ 1.9	34%	5%	4%
	Vape Disposable	\$ 1.2	\$ 0.3	21%	\$ 0.7	\$ 0.1	20%	\$ 0.8	\$ 0.2	20%	\$ 0.8	\$ 0.2	20%	\$ 3.6	\$ 0.7	20%	3%	2%
	Hash	\$ 1.0	\$ 0.7	65%	\$ 1.2	\$ 0.7	64%	\$ 1.2	\$ 0.8	64%	\$ 1.3	\$ 0.8	64%	\$ 4.7	\$ 3.0	64%	4%	7%
	Pods	\$ 0.3	\$ 0.2	81%	\$ 0.2	\$ 0.2	81%	\$ 0.1	\$ 0.1	81%	\$ 0.1	\$ 0.1	80%	\$ 0.7	\$ 0.5	81%	1%	1%
	Diamonds	\$ 0.0	\$ 0.0	37%	\$ -	\$ -	*	\$ -	\$ -	*	\$ -	\$ -	*	\$ 0.0	\$ 0.0	37%	0%	0%
	Resin and Rosin	\$ 0.1	\$ 0.0	55%	\$ -	\$ -	*	\$ -	\$ -	*	\$ -	\$ -	*	\$ 0.1	\$ 0.0	55%	0%	0%
	Vape Battery	\$ 0.2	\$ (0.0)	-1%	\$ 0.1	\$ (0.0)	-2%	\$ 0.2	\$ (0.0)	-3%	\$ 0.2	\$ (0.0)	-3%	\$ 0.6	\$ (0.0)	-2%	1%	0%
RECREATIONAL		\$ 17.9	\$ 6.5	37%	\$ 24.4	\$ 8.6	35%	\$ 28.2	\$ 9.3	33%	\$ 28.4	\$ 9.6	34%	\$ 98.9	\$ 34.0	34%	79%	73%
B2B		\$ 5.2	\$ 1.1	22%	\$ 4.3	\$ 2.1	49%	\$ 4.5	\$ 2.2	48%	\$ 4.4	\$ 2.2	50%	\$ 18.5	\$ 7.6	41%	15%	16%
Export		\$ 0.7	\$ 0.4	65%	\$ 1.9	\$ 1.2	65%	\$ 1.8	\$ 1.2	65%	\$ 2.0	\$ 1.3	65%	\$ 6.3	\$ 4.1	65%	5%	9%
Others		\$ 0.3	\$ 0.1	35%	\$ 0.4	\$ 0.2	38%	\$ 0.4	\$ 0.2	38%	\$ 0.4	\$ 0.2	38%	\$ 1.6	\$ 0.6	37%	1%	1%
DIRECT MARGIN		\$ 24.1	\$ 8.2	34%	\$ 31.0	\$ 12.1	39%	\$ 35.0	\$ 12.8	37%	\$ 35.2	\$ 13.2	37%	\$ 125.3	\$ 46.3	37%	100%	100%
Manufacturing Overhead			\$ (2.9)	-12%		\$ (3.0)	-10%		\$ (3.0)	-9%		\$ (3.0)	-9%	\$ -	\$ (11.9)	-10%	0%	-26%
Depreciation			\$ (1.7)	-7%		\$ (1.7)	-6%		\$ (1.7)	-5%		\$ (1.7)	-5%	\$ -	\$ (6.8)	-5%	0%	-15%
GROSS PROFIT		\$ 24.1	\$ 3.6	15%	\$ 31.0	\$ 7.3	24%	\$ 35.0	\$ 8.1	23%	\$ 35.2	\$ 8.5	24%	\$ 125.3	\$ 27.5	22%	100%	59%

SG&A FY2024



Sales & Marketing represents 8% of Net Sales (11% of Rec Revenue)

- Compensation is 3% of Net Sales
- Sales Data Agreements and Direct Sales spend is 4% of Net Sales



General & Administration represents 13% of Net Sales

- Compensation is 6% of Net Sales
- Software and IT Services is 2% of Net Sales
- Insurance is 2% of Net Sales
- Legal, Audit and Consulting/Prof Fees is 2% of Net Sales

Balance Sheet



BALANCE SHEET	Q1 2024	Q2 2024	Q3 2024	Q4 2024
Current assets:				
Cash	2,385	(559)	(2,196)	950
Restricted Cash	521	521	521	521
Trade and other receivables	12,820	16,272	18,124	17,097
Biological Assets	4,230	4,266	4,268	4,255
Inventory-Cost	38,188	40,155	41,319	39,649
Inventory-FVA	13,417	13,417	13,417	13,417
Prepaid expenses and deposits	5,810	5,390	4,970	4,550
Other current assets	460	460	460	460
Total current assets	77,831	79,923	80,883	80,899
Non-current assets				
Property plant and equipment	72,962	69,632	66,302	62,972
Intangible assets	19,052	18,962	18,872	18,782
Goodwill	6,800	6,800	6,800	6,800
Other non-current assets	1,237	1,237	1,237	1,237
Total assets	177,882	176,554	174,095	170,691
Current liabilities				
Trade and accrued liabilities	35,050	34,477	33,047	32,285
Sales taxes payable	1,374	1,513	1,699	1,636
Senior loan	30,729	33,217	34,541	34,036
Total current liabilities	67,154	69,207	69,287	67,957
Term Debt - Other	16,278	16,041	15,804	15,567
Lease and other liabilities	14,873	14,423	13,973	13,523
Total liabilities	98,305	99,672	99,064	97,048
Shareholders equity				
Share capital	990,406	990,706	991,006	991,306
Retained earnings	(911,198)	(914,192)	(916,345)	(918,031)
Non-controlling interests	570	570	570	570
Reserve for foreign currency translations	(202)	(202)	(202)	(202)
Total shareholders equity	79,577	76,882	75,030	73,643
Total liabilities and shareholders equity	177,882	176,554	174,095	170,691

Cash Flow



Monthly lowest balance projected in September at **-\$2.2M**, assuming:

- Maximizing Loan advances from Cortland Revolving facility during the year
- Net Working Capital FY decrease includes \$5.7m of Excise duty payment (legacy outstanding balance) and clearing of 2023 +120 days aging trade payables (within Q1)
- Additional net funds in March of \$1m from the sale of the Edmonton facility
- Financing activities outflow represents mainly interest and payments on loans and prom notes

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	FY 2024
Cash, Beginning Balance	4,192	2,385	(559)	(2,196)	4,192
EBITDA	(1,765)	2,501	3,391	3,855	7,981
Non cash Adjustments	1,752	(15)	(15)	153	1,875
Net Working Capital changes	(5,714)	(6,086)	(4,473)	1,650	(14,622)
From (used in) Investing Activities	9,210	210	210	210	9,840
From (used in) Financing Activities	(5,290)	447	(750)	(2,722)	(8,316)
Increase/(decrease) in cash	(1,807)	(2,943)	(1,637)	3,146	(3,242)
Cash, Ending Balance	2,385	(559)	(2,196)	950	950

RISKS & OPPORTUNITIES

- Replace Cortland with lower cost debt facility
- Potential for return of portion of \$2.5M total CRA excise deposit, once EBITDA+ (ie Q2)
- Cost associated with replacing LED lights that are gradually reaching end of life at Ancaster
- Revenue sensitivity – each \$10M in net revenue represents approximately \$3-4M in EBITDA depending on mix

Commercial

2024 Key Drivers

- **Key Accounts**
- **Jeeter**
- **Innovation**
- **B2B and Export**

Key Accounts



Active Key Accounts - December Sales 2023

Rank	Key Accounts	Monthly Retail Sales	Share of National Retail Sales	BZAM Retail Sales	BZAM Share
1	High Tide (BZAM/FB Combined Sales)	\$42,000,000	9.12%	\$1,881,825	4.48%
2	IRCC	\$38,000,000*	8.25%	\$544,040	1.43%
3	NOVA	\$23,815,714	5.17%	\$1,194,861	5.02%
4	Fika/F&F/Ganjika	\$15,000,000*	3.26%	\$660,314	4.40%
5	Tokyo Smoke	\$11,500,000	2.50%	\$576,252	5.01%
6	One Plant	\$10,300,000*	2.24%	\$324,431	3.15%
7	Sessions	\$6,200,000	1.35%	\$105,590	1.70%
8	Inspired	\$5,100,000	1.11%	\$64,255	1.26%
9	True North	\$4,900,000	1.06%	\$150,000	3.06%
10	Delta 9	\$4,675,025	1.01%	\$136,345	2.92%
11	PlantLife	\$4,000,000	0.87%	\$152,649	3.82%
12	The Joint	\$4,000,000	0.87%	\$135,000	3.38%
13	Shiny Buds	\$2,777,824	0.60%	\$41,174	5.50%
14	Hunny Pot	\$3,100,000	0.67%	\$180,000	5.81%
15	Four 20 (NOV Data)	\$2,900,000	0.63%	\$26,442	0.91%
16	Lux Leaf	\$1,100,000	0.24%	\$42,000	3.82%
		\$179,368,563	38.93%	\$6,215,178	3.47%

*Estimated

Source: Key Account Sales Data

Key Accounts



Opportunity Key Accounts - December Sales 2023

Opportunity Accounts	Retail Sales
Canna Collective	\$20,000,000
Highlife	\$3,400,000
Discounted Cannabis	\$2,500,000
Cannabis House	\$2,200,000
The We Store	\$2,000,000
FORBES Group	\$2,000,000
Miss Jones	\$1,400,000
Trees Cannabis	\$1,400,000
CO-OP	\$1,100,000
Bud Supply	\$1,100,000
Firestone	\$1,100,000
MUSE	\$1,100,000
Growers Retail	\$1,000,000
Lucid Cannabis	\$1,000,000
Seed & Stone	\$800,000
Cannabis Xpress	\$720,000
Total	\$42,820,000

Based on internal estimates

Actions Underway

- Opportunity Accounts
- Improved Account Management
- Adding Final Bell to BZAM Key Accounts
- Increase Overall Market Share

Jeeter**BZAM™**

#1 Pre-Roll in the World!

Celebrated for its status as America's #1 cannabis lifestyle company and known for its best-selling pre-rolls, consumer pop-up activations and celebrity co-branded limited product drops, Jeeter is here to disrupt the Canadian market.



Jeeter Launch Plan



Q1 Product Launch

Product Name	Format	Size	THC	ON	BC	SK	MB
Baby Jeeter Mango Sherbs	Infused pre-roll	3 x 0.5g	34-40%	23-Feb			
Baby Jeeter Blue ZKZ	Infused pre-roll	5 x 0.5g	34-40%	23-Feb	15-Mar	25-Mar	25-Mar
Baby Jeeter Fire OG	Infused pre-roll	3 x 0.5g	34-40%	23-Feb			
Baby Jeeter Bubba OG	Infused pre-roll	5 x 0.5g	34-40%	23-Feb	15-Mar	25-Mar	25-Mar
Baby Jeeter Strawberry Sour Diesel	Infused pre-roll	5 x 0.5g	34-40%	23-Feb			
Baby Jeeter Mix Pack	Infused pre-roll	5 x 0.5g	34-40%	23-Feb	15-Mar	25-Mar	25-Mar

** 73% of General Admission infused pre-roll revenue at OCS is done by 6 SKUs – as per OCS data*

Roll Out Plan

- Jeeter personnel + BZAM sales team
- Jeeter university/night school
- Key Account focus – Top tier retailer chains
- Jeeter Mart + store takeovers and programming

Jeeter Launch Plan



Q2 Product Launch

Product Name	Format	Size	THC	ON	BC	SK	MB
Baby Jeeter Piña	Infused pre-roll	5 x 0.5g	34-40%	15-May	15-May	15-May	15-May

Q3 Product Launch

Product Name	Format	Size	THC	ON	BC	SK	MB
Baby Jeeter New Flavour #1*	Infused pre-roll	5 x 0.5g	34-40%	08-Jul	08-Jul	08-Jul	08-Jul
Baby Jeeter New Flavour #2*	Infused pre-roll	5 x 0.5g	34-40%	08-Jul	08-Jul	08-Jul	08-Jul
Baby Jeeter New Flavour #3*	Infused pre-roll	5 x 0.5g	34-40%	08-Jul		08-Jul	08-Jul
Baby Jeeter Summer Mixer*	Infused pre-roll	3 x 0.5g	34-40%	08-Jul	08-Jul	08-Jul	08-Jul
Jeeter XL*	Infused pre-roll	1 x 2g	34-40%	08-Jul		08-Jul	08-Jul
Jeeter XL*	Infused pre-roll	1 x 2g	34-40%	08-Jul		08-Jul	08-Jul

Q4 Product Launch

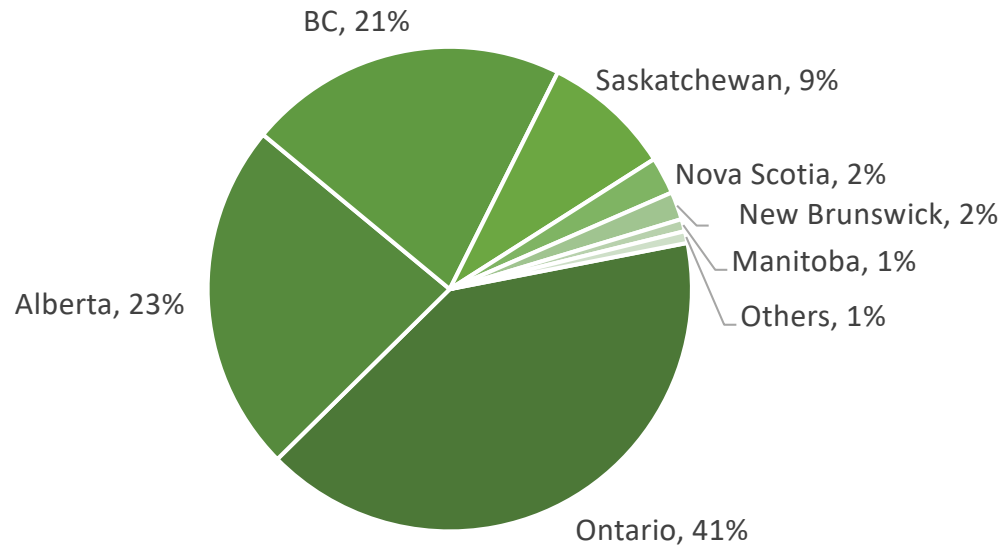
Product Name	Format	Size	THC	ON	BC	SK	MB
Jeeter Juice w/ Liquid Diamonds x3*	Vape	1g	90-96%	01-Oct	01-Oct	01-Oct	01-Oct

*Tentative; pending official board approval

Opportunity: Infused Pre-rolls

In 2023, Decibel owned the infused pre-roll category, which made up 64% of their sales...

Decibel Retail Sales by Province



- Forecasting Jeeter to reach about 1/3 of Decibel’s 2023 infused pre-roll sales in 2024, representing 16% of the total infused pre-roll segment in 2023
- Supported by high degree of buy in at the provincial board level based on Jeeter’s track record in the U.S.
- Extremely robust engagement at the retailer and key account level as we prep for the initial launch in Ontario in February

Decibel Retail Sales 2023						
Product Type	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Total	%
Infused Pre-rolls	40,763,027	59,331,676	69,709,731	61,831,292	231,635,726	64%
Vapes	30,863,917	30,420,940	27,350,544	24,846,870	113,482,271	31%
Pre-Rolls	1,867,058	1,962,273	1,510,572	1,533,676	6,873,579	2%
Flower	3,905,093	2,780,291	1,554,581	817,075	9,057,041	2%
Edibles	-	2,286	1,000,662	2,104,968	3,107,915	1%
Concentrates	584,889	217,679	108,154	33,153	943,875	0%
Total	77,399,095	94,497,465	101,126,091	91,133,880	364,156,531	100%

Source: Hifyre.com

Innovation



Cookies
Dual Chamber
Vape



Baby
Jeeter
Infused Pre-rolls



BZAM
DUNKD
Pre-rolls



BZAM
Liquid Blunt



Jeeter
Liquid Diamond
Vape



-ness
All-in-one Vape

Current Business

Company	Product Type	Number of Products	2024 Forecast (\$)
Cronos	1g 510 Vapes	11	\$13M
	All-in-one 0.5 Vapes	4	
	All-in-one 1g Vapes	1	
	1.2g 510 Vapes	6	
Pure Sunfarms	1g 510 Vapes	2	\$4M
	1g Infused Pre-roll Blunts	2	
	0.5g Infused Pre-rolls	2	
Organigram	1g 510 Vapes	2	\$900K
Galaxie	Bulk Distillate	N/A	\$400K

Opportunities

- Pure Sunfarms – In discussion about additional vapes (2 AIO + 510) and infused pre-rolls (2)
- Canopy Growth – In discussion to kick off all-in-one vapes (2) in Q2

International Export



Current Partners

Company	Country	Price CDN	Volume in KG	Total Sales
4C Labs	United Kingdom	\$3.50/gram	~400 kg/year	~1.40M
Dispensed	Australia	\$3.50/gram	~500 kg/year	~1.75M
Demecan	Germany	\$3.00/gram	~400 kg/year	~1.20M
Medicann	Australia	\$3.50/gram	Re-negotiating strain exclusivity and corresponding volume	

Opportunities

Company	Country	Volume in KG
Adjupharm	Germany	~200 kg/year – Finalizing agreement currently (\$3.00/gram)
4C Labs	United Kingdom	~120 kg/year – Stability testing in progress on craft flower (\$4.50/gram)
Sanity Group	Germany	~200 kg/year
Iuvo	Germany	~250 kg/year
Medleaf	New Zealand	~200-300 kg/year
Medipharm	Australia	EU-GMP Vapes
Growlab	United Kingdom	~200 kg/year
Subprobion	Poland	Q4 Possibility

Domestic Medical



Current Partners

Company	SKU Count	Comments
MyMedi	10	Previously Shopper's Drug Mart platform now owned by Avicanna
Abba Medix	8	Primarily focused on Canadian veterans and first responder patients
Herbal Dispatch	15	Focuses more on unique mainstream and premium-style products
Mendo Cannabis	11	Smaller, craft style medical platform

Opportunities

- Expand product offering on leading Canadian platform MyMedi (currently servicing ~30,000 patients)
- Add key SKUs from Final Bell portfolio onto existing partner platforms
- Add 2024 innovation SKUs onto existing partner platforms
- Explore additional platforms – Aurora, Medipharm

Marketing

BZAM™**Educational Sampling Program:**

Continue building on our sampling efforts where budtenders and buyers get early access to our products.

Targeted Digital Strategy:

Reach specific demographics with tailored marketing and offers. Leverage sales efforts with B2B e-mail automations for new product launches and campaigns.

Collaborations with Industry Influencers:

Expand our reach and engage in co-branding opportunities.

Targeted Community Engagement:

Engage with local communities through events and strategic partnerships with the goal of brand building and driving trial.

Interactive and Immersive:

Create interactive in-store displays and experiences with a focus on key account partnerships.



Operations & IT

Flower Output

Location	2023 KG	2024 KG
Ancaster	16,872	16,392
Saanichton	843	1,020
Total	17,715	17,412

- Ancaster, ON:
7 greenhouse bays x 5.5 harvests per year
- Saanichton, BC:
2 rooms x 6 harvests per year

Processing



Product (Units)	2023	2024
Edibles	3,623,614	5,090,286
Infused Pre-rolls	1,402,459	4,448,726
Vapes	3,051,898	4,092,100
Flower	2,079,715	1,569,171
Pre-rolls	2,000,527	637,993
Total Units	12,158,213	15,838,276

Ancaster/Bowmanville, ON:

Coated Infused Pre-rolls; Vapes; Infused Pre-rolls; Flower

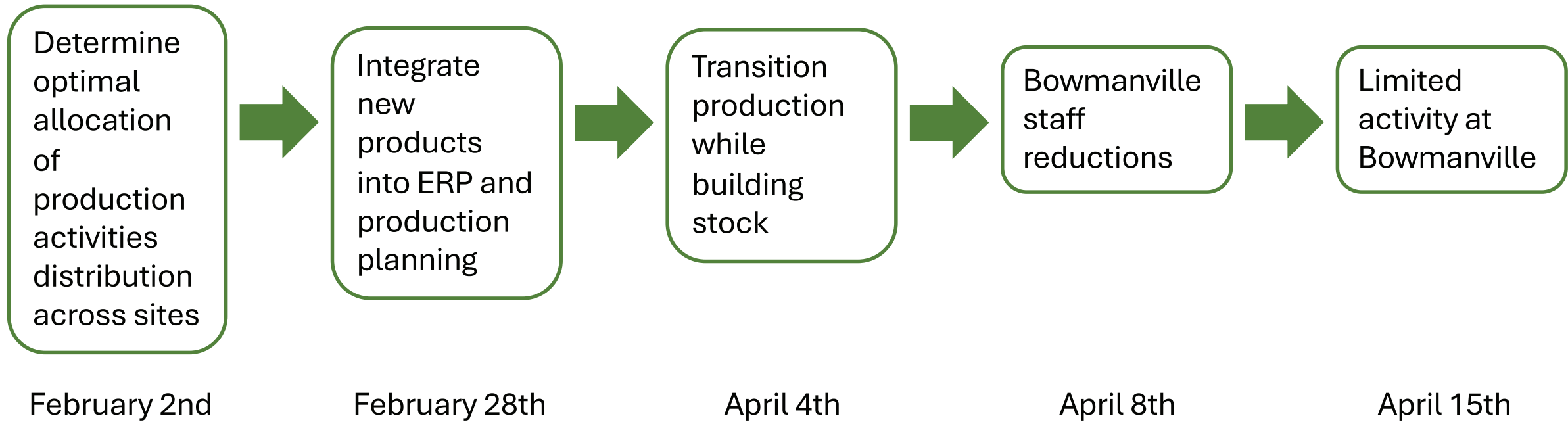
Vaudreuil, QC:

Hash; Vapes; Infused Pre-rolls;

Pitt Meadows, BC:

Edibles; Infused Pre-rolls (coated and uncoated); Vapes; Flower

Final Bell Integration



Completed: Headcount Reductions

- Realized \$1,437,300 in annualized savings from 17 reductions between the two entities in January 2024

People & Culture

2023 Wins



P&C	Base Pay	Pay Bands Fully Integrated & Cascaded	✓
	Annual Incentive	Incentive program rolled-out to all employees	✓
	Workday	Workday fully integrated to all employees and functions (Savings of over \$200K in 2024 due to integration)	✓
	Time-Off	Time-off (Vacation, STD, Sick Time, Personal etc.) updated and cascaded	✓
	Payroll & Benefits	Streamlined payroll frequencies and processing Implemented a better benefits value for less(~400K savings) with full Workday integration	✓
	Policies & Programs	All policies and programs integrated and implemented. Completed first compliance sign-off in 2023	✓

How P&C will make an impact in 2024

Integration & Support	Attract & Retain	Engagement & Culture	Automation & Data
<ul style="list-style-type: none"> • Yield savings by integrating payroll and benefits into Workday and iA, respectively • Combine programs, policies and processes to streamline activities and reduce duplication of work • Support current and new leaders in all areas of HR, such as: Org design, Employee Relations, Recruitment, coaching, strategic projects and Learning & Development 	<ul style="list-style-type: none"> • Continue to bet on internal recruitment resources (minimal spend on external agencies) • Build capabilities in interviewing techniques and selection criteria • Become more proactive with an 'always on' recruitment model for benchmark roles • Conduct 'stay' interviews with key talent quarterly • Reduce annualized voluntary turnover to below 20% (2023: 20.5%) 	<ul style="list-style-type: none"> • Run two Employee Voice Surveys in Q1 and Q3 with clear action items • Hold quarterly Town Halls for all employees to share and cascade information • Continue focus on key programs, such as: Goal Setting & Year-End Appraisals, Recognition, etc. • Build out and recalibrate purpose, values and principles for a unified BZAM post integration 	<ul style="list-style-type: none"> • Continue to look for opportunities to enhance automation and reduce manual work (i.e., probationary check-ins on Workday) • Leverage 'clean' data to inform on people decisions (i.e., turnover, succession planning, stay interviews) • Ensure payroll is stable with minimal errors • Enhance onboarding processes leveraging technology

This is Exhibit “7” referred to in the Affidavit of Kay Jessel sworn by Kay Jessel of the Municipality of West Vancouver, in the Province of British Columbia, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

DAVID IONIS

Kay Jessel
2985 Rosebery Ave
West Vancouver, BC, V7V 3A8
604.362.5255

West Vancouver, February 28th, 2024

Attn: The Board of Directors of BZAM Ltd.

Dear Board,

I write to tender my resignation as a director of BZAM Ltd. ("BZAM") effective immediately.

I am dismayed by this board's apparent intention of causing BZAM to seek protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("CCAA").

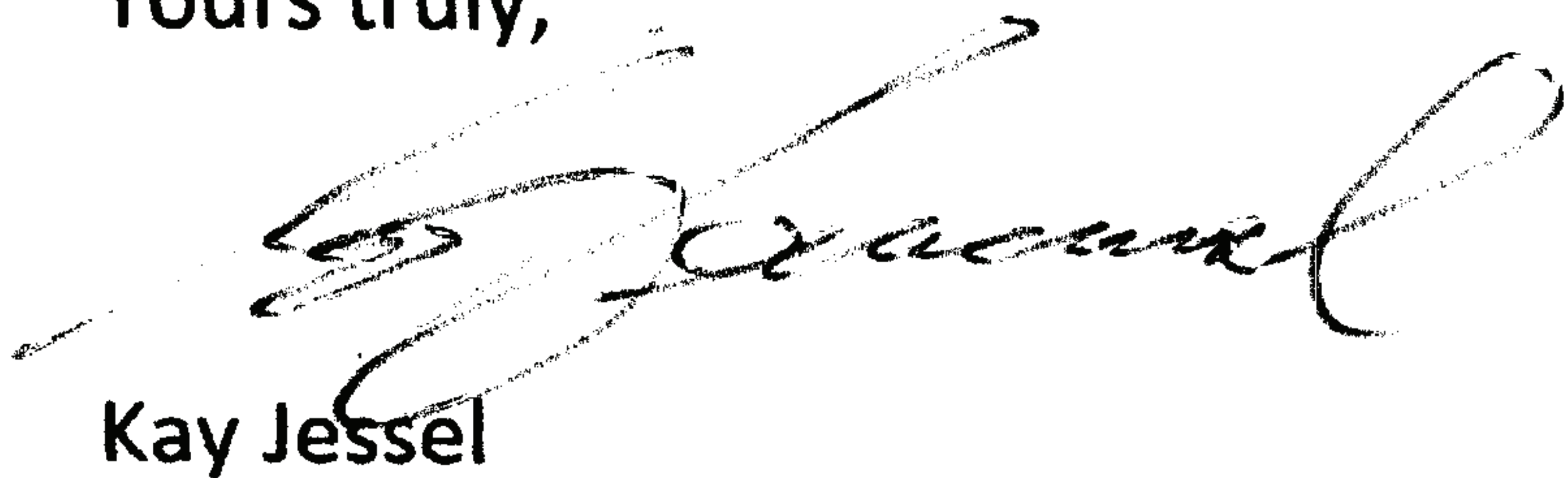
I have been provided with, and am aware of, no information that would indicate why BZAM would need to seek the protections under the CCAA. On the information available to me, BZAM is not insolvent, no creditors are threatening action, and BZAM is in a position to meet its obligations as a going concern. Furthermore, contrary to assertions in the materials provided to me in connection with the intended CCAA filing, there has been no effort to canvass alternatives to a CCAA filing to allow the board to make a reasoned determination that such a filing is necessary and in the company's best interests. No alternatives, including potential financing options, were presented to me since my appointment to the board in early January 2024.

As you know, under the *Canada Business Corporations Act*, RSC 1985, c C-44, a director has the duty to act honestly and in good faith with a view to the best interests of the corporation, and

to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

On the information available to me, I am unable to determine why this board would be pursuing a CCAA filing or how such an action could preserve or maximize the value of BZAM's business, or be in the best interests of BZAM or BZAM's shareholders or other stakeholders. The CCAA filing instead appears to be an improper use of the statute for the sole purpose of benefitting a related party. In these untenable circumstances, it is no longer possible for me to continue as a director of BZAM and I must tender my resignation.

Yours truly,

A handwritten signature in black ink, appearing to read "Kay Jessel", written in a cursive style.

Kay Jessel

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

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

Applicants

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

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Lawyers for Final Bell Holdings International Ltd.

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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

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

Applicants

AFFIDAVIT OF KEITH ADAMS

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

1. I am Chief Financial Officer ("**CFO**") of Final Bell Holdings International Ltd. ("**Final Bell**"), and, as such, have knowledge of the matters contained in this affidavit.
2. I was appointed CFO of Final Bell on November 9, 2023. I assumed the duties previously performed by Final Bell's Executive Director, Kay Jessel, who had served as interim CFO since March 7, 2023.
3. I am a Certified Public Accountant and Certified Management Accountant with over forty years of experience, including several executive roles in the cannabis integration and

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

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

Due Diligence on Final Bell Canada Sale to BZAM

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

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

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

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

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- (b) BZAM's representations concerning the available credit under its revolving facility with Cortland Credit Lending Corporation ("**Cortland**");
- (c) BZAM's representations concerning its outstanding excise tax and GST liabilities;
and
- (d) BZAM's representations about its cash flows through 2024 to fund its tax liabilities.

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

The Project Tower PowerPoint and Spreadsheets

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

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

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

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

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

Representations about BZAM's Cash Flows

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

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

Pro Forma Cash Flow Statement

In C\$000's

Pro-Forma Cash Flow Statement										
	2023	2023	2023	2023	2024	2024	2024	2024		
	Mar-31	Jun-30	Sep-30	Dec-31	Mar-31	Jun-30	Sep-30	Dec-31	FY 2023	FY 2024
Cash Flow from Operations										
Net Income	(\$21,583)	(\$65,503)	(\$19,293)	(\$5,501)	(\$704)	\$272	\$785	\$1,639	(\$111,879)	\$1,992
Add Back Non-Cash Items										
Bonus Accrual	\$475	\$386	\$0	\$150	(\$105)	\$195	\$195	\$195	\$1,011	\$480
Inventory Obsolescence	\$2,635	\$2,446	\$0	\$100	\$0	\$0	\$0	\$0	\$5,181	\$0
Depreciation	\$2,979	\$3,784	\$3,675	\$1,936	\$1,702	\$1,735	\$1,743	\$1,752	\$12,374	\$6,933
SBC	\$585	\$393	(\$265)	\$300	\$300	\$300	\$300	\$300	\$1,013	\$1,200
Share of Income/Loss on Investment in Assoc.	\$0	\$74	\$12	\$0	(\$210)	(\$210)	(\$210)	(\$210)	\$86	(\$840)
FFE/Intangible Other Changes	\$3,861	\$51,012	\$4,151	\$352	(\$293)	\$300	\$97	(\$307)	\$59,375	(\$201)
Interest	\$1,684	\$1,764	\$1,791	\$1,321	\$1,263	\$1,278	\$1,283	\$1,292	\$6,561	\$5,116
Working Capital Adjustments	\$288	\$4,633	\$12,305	(\$7,356)	(\$1,886)	(\$2,354)	(\$2,652)	(\$1,543)	\$9,869	(\$8,435)
Cash Flow from Operations (Outflow)	(\$9,075)	(\$1,011)	\$2,375	(\$8,698)	\$68	\$1,516	\$1,542	\$3,119	(\$16,409)	\$6,245
Cash Flows from investing activities										
Capital Expenditures	(\$117)	(\$404)	(\$56)	(\$74)	(\$56)	(\$86)	(\$55)	(\$51)	(\$651)	(\$248)
Wyld JV Cash Receipt	(\$41)	(\$41)	\$6	(\$42)	\$169	\$169	\$169	\$169	(\$118)	\$674
Asset Sale ¹	\$0	\$80	\$3,510	\$10,476	\$0	\$0	\$0	\$0	\$14,066	\$0
Cash Flow from Investing	(\$158)	(\$365)	\$3,460	\$10,361	\$112	\$82	\$114	\$118	\$13,297	\$426
Cash flows from financing activities										
Equity Raised	\$4,832	\$0	\$30	\$0	\$0	\$0	\$0	\$0	\$4,862	\$0
Term Debt - Cortland	\$0	\$0	(\$3,000)	(\$1,000)	\$0	\$0	\$0	\$0	(\$4,000)	\$0
Term Debt - Stone Pine	\$139	\$141	\$3,825	\$2,674	\$0	\$0	\$0	\$0	\$6,779	\$0
Edmonton Mortgage	\$0	\$0	\$0	(\$5,000)	\$0	\$0	\$0	\$0	(\$5,000)	\$0
Revolving Line of Credit (Incl. Interest)	(\$1,296)	\$2,158	(\$1,140)	(\$1,321)	(\$1,263)	(\$1,278)	(\$1,283)	(\$1,292)	(\$1,559)	(\$5,116)
Cash Flow from Financing Activities	\$3,675	\$2,299	(\$285)	(\$4,647)	(\$1,263)	(\$1,278)	(\$1,283)	(\$1,292)	\$1,042	(\$5,116)
Cash Beginning	\$6,915	\$3,333	\$4,479	\$10,030	\$7,045	\$5,962	\$6,283	\$6,656	\$6,915	\$7,045
Net cash inflow/(outflow)	(\$5,558)	\$923	\$5,550	(\$2,984)	(\$1,083)	\$320	\$373	\$1,945	(\$2,070)	\$1,555
Cash End	\$1,356	\$4,256	\$10,030	\$7,045	\$5,962	\$6,283	\$6,656	\$8,601	\$7,045	\$8,601

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

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

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

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

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

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

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

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

Representations about the Cortland Credit Facility

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

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

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

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

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

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

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

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

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

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

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

Representation about Excise Tax and GST Representations

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

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

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

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

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

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

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

Section 3.31

Tax Matters

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

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

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

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

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

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

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

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

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

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

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

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

Recommendation to Final Bell Board to Proceed with Transaction

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

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

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

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

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

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

The December 5 Share Exchange Agreement

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

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

- (a) ninety million (90,000,000) shares of BZAM at a deemed price of \$0.15 per share, for a total value of \$13,500,000; and
- (b) a secured promissory note in the amount of \$4,000,000 executed by FBC in favour of 14th Round Inc., a wholly-owned subsidiary of Final Bell, and guaranteed by BZAM; (the “**Secured Promissory Note**”) and
- (c) an unsecured promissory note in the amount of \$4,000,000 executed by FBC in favour of 14th Round Inc and guaranteed by BZAM (the “**Unsecured Promissory Note**”).

Cortland Requires Subordinate Promissory Note Despite Share Exchange Agreement

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

-16-

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

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

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

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

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

-17-

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

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

FBC’s Financial Position

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

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

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

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



Commissioner for Taking Affidavits
(or as may be)

BRENDAN BOHN

KEITH ADAMS

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



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

Project Tower

Business Combination Opportunity

November 2023

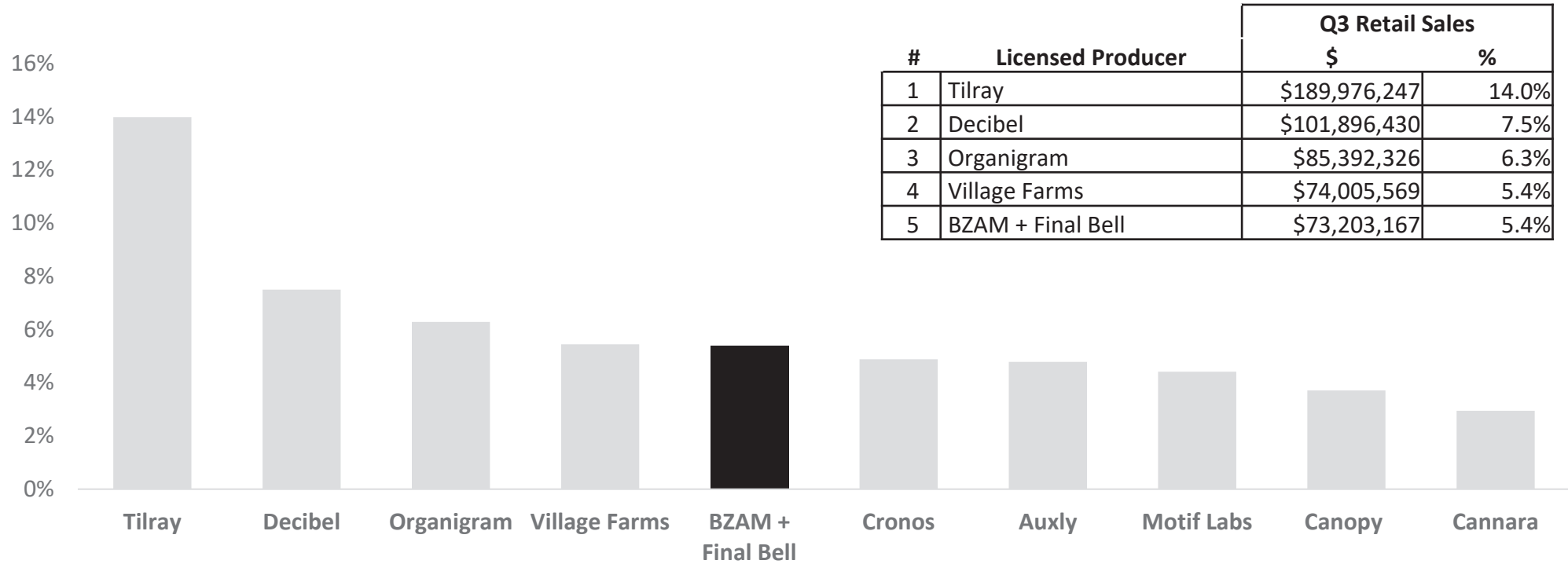
BZAM

Transaction Rationale



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

Top 5 LP with Significant Growth Potential



Multiple Avenues for Continued Growth

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

Key Success Factors



Revenue

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



Geographical Expansion

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

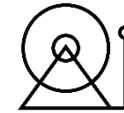


Operational Efficiencies

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

Combined Brand / Product Portfolio

BZAM



FINAL BELL

	 <p>THE GREEN ORGANIC DUTCHMAN - ESTABLISHED 2012 -</p> <p>Premium organic flower, and pre-rolls</p>	 <p>Highly dutch organic</p> <p>Affordable organic flower in big bags, pre-rolls & hash</p>	 <p>Premium flower, pre-rolls, and vapes</p>	 <p>SHERBINSKIS</p> <p>Premium vapes and infused pre-rolls</p>
	 <p>WYLD</p> <p>#1 Cannabis Edible in North America</p>	 <p>#1 Pre-roll in the World</p>		
	 <p>High quality vapes and infused pre-rolls</p>	 <p>Flavour-first flower, vapes and pre-rolls</p>	 <p>BEURRE BLANC.</p> <p>Premium infused pre-rolls and vapes</p>	 <p>Cannabis with a purpose</p>

Shared Culture of Innovation Leadership

Cross-border product development teams will create unparalleled innovation opportunities

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

Execution Excellence

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

Genetic Library and Flower development capabilities

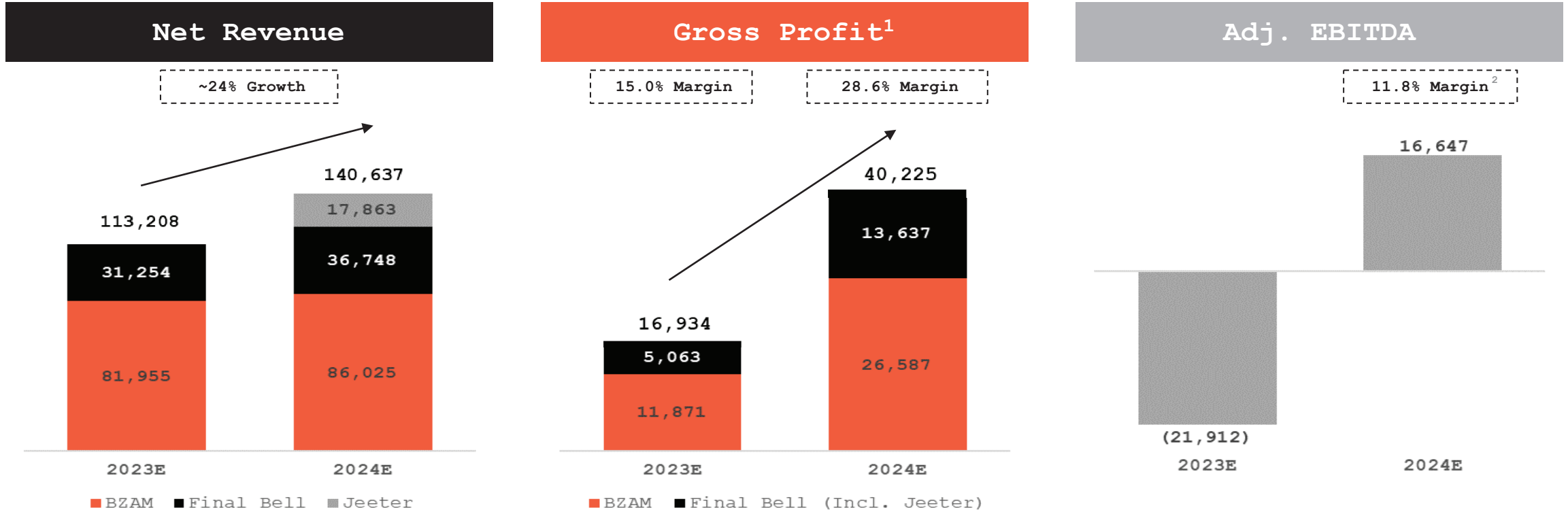
- ◆ Combined library includes hundreds of genetics, with the ability to breed new cultivars
- ◆ Deep experience in finding and accessing new genetics
- ◆ Perpetual harvest allows for constant trialing of new genetics

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

Proforma Financials

FY 2023 & 2024 Forecast

In C\$000's

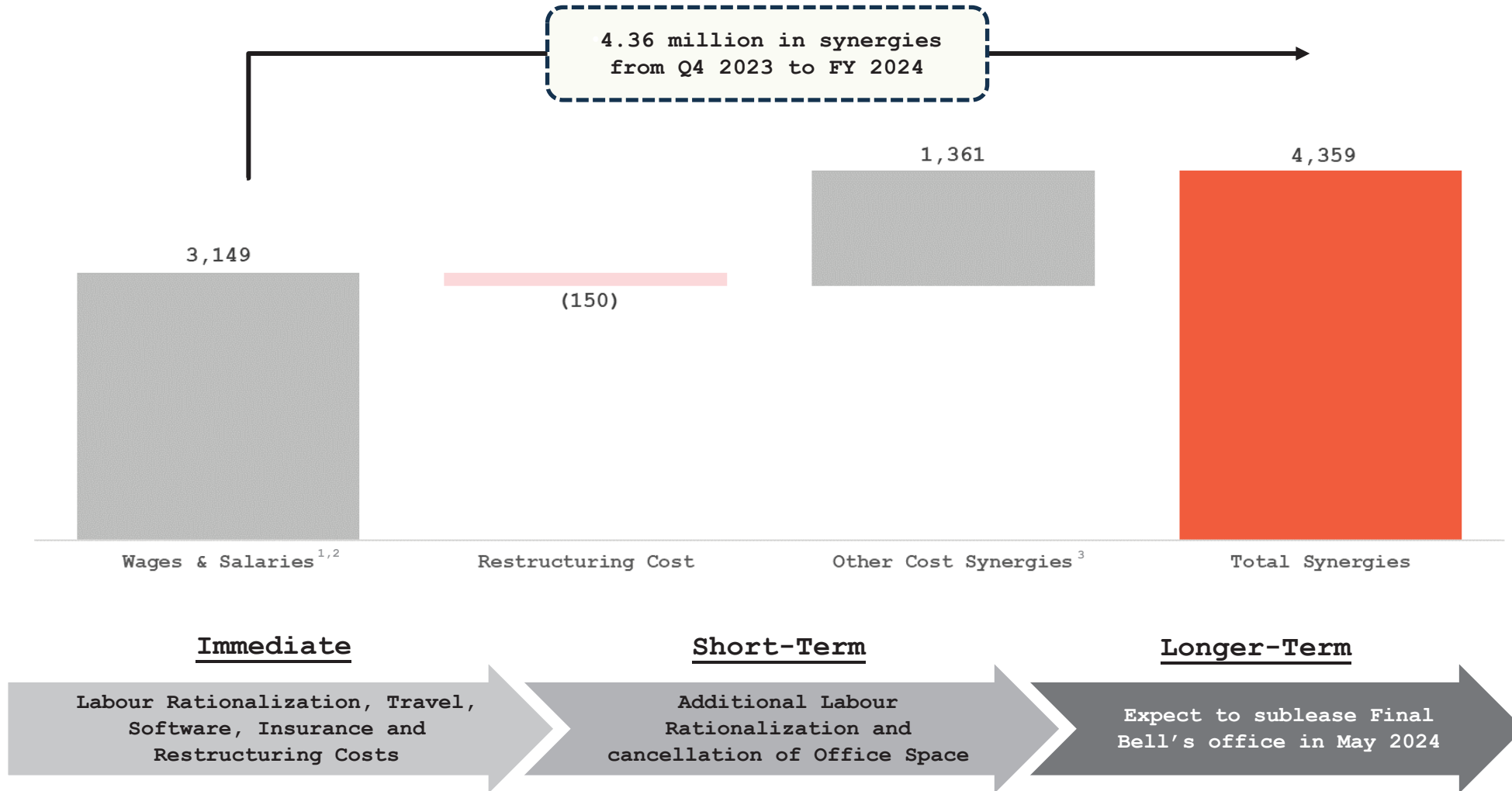


Stable, Consistent, and Predictable Revenue Growth with a Focus on Profitability

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

Synergy Opportunities

In C\$000's



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

Model Highlights

In C\$000's

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

Pro Forma Cash Flow Statement

In C\$000's

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

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

Pro Forma Balance Sheet

In C\$000's

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

Pro Forma Cortland Revolver Schedule

In C\$000's

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

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

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



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

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

Hi Keith, here is the excel.

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

can we get the model also please.

Keith Adams

CFO

415.320.8940

kadams@finalbell.com

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

Hi Keith,

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

Any thoughts for additional slides, just let us know.

Best,

Matt

--



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

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

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



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

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

Hi Keith,

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

Regards,
Sean.

Sean Bovingdon

CHIEF FINANCIAL OFFICER

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



PLEASE READ FOR VERY IMPORTANT INFO This email and any attachments are for the sole use of the intended recipients and contain confidential information. Any distribution, printing or other use by anyone else is prohibited. If you received this email in error or are not an intended recipient, please contact the sender and permanently delete this email and attachments.

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

Hi Matt,

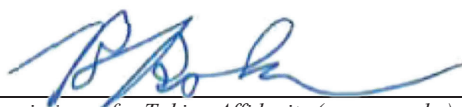
Please see the attached – this is the BZAM standalone model with accompanying 3 financial statements

Thank you,
Alex

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

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

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



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

The logo for BZAM, featuring the letters 'BZAM' in a large, bold, white, sans-serif font. The letters are set against a solid black horizontal bar that spans the width of the page. A small 'TM' trademark symbol is located at the bottom right of the black bar, to the right of the letter 'M'.

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

Unaudited Interim Condensed Consolidated Financial Statements

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

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

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

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

BZAM Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited)

(expressed in thousands of Canadian Dollars, except per share amounts.)

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

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

BZAM Ltd.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(CONTINUED)

(Unaudited)

(expressed in thousands of Canadian Dollars, except per share amounts.)

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

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

BZAM Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(expressed in thousands of Canadian Dollars, except number of shares.)

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

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

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

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

An unlimited number of Common Shares are authorized for issue.

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

BZAM Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(expressed in thousands of Canadian dollars)

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

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

BZAM Ltd.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022***(Unaudited)**(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)***1. NATURE OF ACTIVITIES**

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

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

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

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

2. BASIS OF PRESENTATION**[i] Going concern**

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

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

BZAM Ltd.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022**

(Unaudited)

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

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

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

[ii] Interim Financial Reporting

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

5. ASSETS HELD FOR SALE*Edmonton Facility*

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

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

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

Measurement of fair values

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

Impairment losses related to the assets held for sale

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

Midway Facility

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

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

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

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

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

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

6. LOANS

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

Revolver Loan

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

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

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

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

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

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

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

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

Mortgage Loan

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

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

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

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

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

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

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

BZAM Ltd.
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(Unaudited)

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

7. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

8. INTANGIBLE ASSETS AND GOODWILL

A continuity of the intangible assets is as follows:

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

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

9. BIOLOGICAL ASSETS

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

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

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

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

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

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

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

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

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

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

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

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

10. INVENTORIES

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

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

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

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

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

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

[a] Other

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

12. CONTINGENT CONSIDERATION*Galaxie Contingent Consideration*

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

BZAM Contingent Consideration

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

BZAM Milestone Shares

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

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(Unaudited)

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

13. LEASES

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

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

14. SHARE CAPITAL

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

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

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

[i] Authorized

An unlimited number of Common Shares.

[ii] Issued capital

- During the nine months ended September 30, 2023, in accordance with the earn-out provisions relating to the Galaxie Acquisition, the Company released 1,142,857 Common Shares (a portion of the Milestone Shares) to the Vendors. The Common Shares issued had a fair value of \$434 on the date of issue. The remaining 7,428,571 Milestone Shares were returned to treasury and cancelled.
- During the nine months ended September 30, 2023, pursuant to the terms of the definitive agreement for the BZAM Transaction, an aggregate of 1,120,226 Common Shares, being the BZAM Milestone Shares, were issued to Stone Pine. The BZAM Milestone Shares issued were determined to have a fair value of \$426 on the date of issue.
- During the nine months ended September 30, 2023, the Company issued an aggregate of 6,500,000 Common Shares to settle \$2,600 of indebtedness of the Company under the Galaxie Promissory Note and the Stone Pine Promissory Note, pursuant to loan settlement agreements with two of the Company's shareholders. At the date of settlement, the fair value of the shares issued was determined to be \$2,535.
- During the nine months ended September 30, 2023, 509,029 Common Shares of the Company, with a total value of \$235, were also issued to certain directors of the Company pursuant to the vesting of restricted share units ("RSUs"). There are no proceeds related to the conversion of such RSUs.
- During the nine months ended September 30, 2023, 93,714 Common Shares that were held in escrow as part of the Galaxie Acquisition, were returned to treasury and cancelled.

BZAM Ltd.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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- f) During the nine months ended September 30, 2023, 376,923 Common Shares were issued to settle \$123 in accounts payable balances.
- g) During the nine months ended September 30, 2023, 22,222,223 Common Shares were issued through a private placement for net proceeds of \$5,000 (with net proceeds of \$67 being allocated to 22,222,223 warrants that were issued together with each Common Share).
- h) During the nine months ended September 30, 2023, the Company closed the purchase of an aggregate of 270,000 Class A Shares in the capital of BCC from certain minority shareholders of BCC (the “BCC Shareholders”) pursuant to share purchase agreements entered into with each of the BCC Shareholders (the “Share Purchase”). As consideration for the Share Purchase, the Company: (i) issued an aggregate of 475,000 Common Shares to certain BCC Shareholders at a price of between \$0.18 and \$0.23 per Common Share; and (ii) paid an aggregate of \$15 to other BCC Shareholders who did not receive Common Shares. Closing of the Share Purchase has resulted in the Company owning 88.2% of BCC, which is a 30.5% increase of the Company’s prior ownership of BCC.

15. CONTRIBUTED SURPLUS**[a] Share based payments**

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

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

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

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

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

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

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

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

[b] Reserve for warrants

The following table reflects the continuity of warrants:

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

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

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

[c] Restricted share units

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

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

BZAM Ltd.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(Unaudited)

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

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

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

[d] Employee Stock Purchase Plan

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

16. SUPPLEMENTARY CASH FLOW INFORMATION

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

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

17. COMMITMENTS AND CONTINGENCIES

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

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

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

Please see Note 12 for contingent consideration obligations.

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

[b] Claims and litigation

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

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

18. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT**[a] Fair values**

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

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

[b] Fair value hierarchy

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

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

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

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

[c] Management of risks arising from financial instruments***[i] Market risk******Foreign currency risk***

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

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

[ii] Credit risk

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

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

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

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

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

[iii] Liquidity risk

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

BZAM Ltd.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022***(Unaudited)**(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)***19. CAPITAL MANAGEMENT**

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

20. OPERATING EXPENSES


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

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

21. EVENTS AFTER THE REPORTING PERIOD

- On October 27, 2023, the Company entered into a waiver agreement with its lender, waiving the covenant requiring positive EBITDA from July 1, 2023 until January 31, 2024.
- On October 27, 2023, the Company entered into a \$1,190 demand promissory note with Stone Pine ("the Fourth Stone Pine Promissory Note"). The Fourth Stone Pine Promissory Note bears interest at a rate of prime plus 8.0% per annum, and matures no earlier than January 31, 2025. It is subordinate to the Revolver Loan.
- On November 8, 2023, the Company entered into a \$600 demand promissory note with Stone Pine ("the Fifth Stone Pine Promissory Note"). The Fifth Stone Pine Promissory Note bears interest at a rate of prime plus 8.0% per annum, and matures no earlier than January 31, 2025. It is subordinate to the Revolver Loan.

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



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN



BZAMTM

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

Consolidated Financial Statements

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



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BZAM Ltd.

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Material Uncertainty Related to Going Concern

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

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

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

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

Description of the matter

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

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

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

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

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

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

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

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

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

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

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

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

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

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

Other Information

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions

are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

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

Vaughan, Canada
April 28, 2023

BZAM Ltd.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars, except common shares outstanding.)

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

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

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

(signed) "Bassam Alghanim"
Director

(signed) "Chris Schnarr"
Director

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

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

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

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

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

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

BZAM Ltd.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(expressed in thousands of Canadian Dollars, except number of shares.)

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

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

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

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

An unlimited number of common shares are authorized for issue.

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

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

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

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

BZAM Ltd.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021***(expressed in thousands of Canadian Dollars except per share amounts or as otherwise indicated.)***1. NATURE OF ACTIVITIES**

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

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

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

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

2. BASIS OF PRESENTATION**[i] Statement of compliance**

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

[ii] Going concern

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

As of December 31, 2022, the Company had positive working capital of \$45,449 (inclusive of non-cash contingent consideration of \$634) (December 31, 2021 - \$25,716) and an accumulated deficit of \$514,201 (December 31, 2021 - \$478,697). For the year ended December 31, 2022, the Company has incurred a net loss from continuing operations of \$36,359 (December 31, 2021 - \$39,544), inclusive of a non-cash impairment charge of \$29,004 (December 31, 2021 - reversal of previously recognized impairment charges of \$21,811). During the year ended December 31, 2022, the Company used cash in operating activities of \$8,994 (year ended December 31, 2021 - \$18,038) resulting primarily from the loss from operations of \$35,235 (year ended December 31, 2021 - \$28,741) offset by items not affecting cash such as changes in fair value of biological assets, depreciation, amortization and share based compensation. The Company has insufficient cash on

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

hand to fund its planned operations. The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient revenues and positive cash flows from its operating activities and/or obtain sufficient funding to meet its obligations, neither of which is guaranteed to occur. Achieving such revenues, positive cash flows from operating activities or funding may be influenced by matters that are not in the Company's control, and as such, there is no certainty that such revenues, cash flows, or funding will be realized. In addition, the Company currently does not have any commitments in place that would provide the level of revenues, cash flows, or funding required to provide sufficient funding to meet its obligations.

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

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

[iii] Basis of measurement

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

[iv] Use of estimates and judgments

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

(a) *Biological assets and inventory*

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

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

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

(i) *Cash generating units:*

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

(ii) *Impairment of non-financial assets:*

The process to calculate the recoverable amount of each cash generating unit ("CGU") requires use of valuation methods such as the discounted cash flow method which uses significant assumptions of key variables including estimated cash flows, discount rates and long-term growth rate. The Company applies judgment when determining which methods are most

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appropriate to estimate that value in use and fair value less costs of disposal for each CGU. Please see Notes 10 and 11 for details of the estimates and judgment applied by the Company in connection with the impairment of non-financial assets.

(c) ***Business combinations***

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

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

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

(e) ***Warrants***

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

(f) ***Leases***

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

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

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

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

[v] Basis of consolidation

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES**(a) Business combinations**

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

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

(b) Property, plant and equipment

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

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

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

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

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

(c) Intangible assets

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

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

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

(d) Impairment of non-financial assets

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

(e) Goodwill

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

(f) Inventories

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

(g) Biological assets

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

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of biological assets are recorded in a separate line on the consolidated statement of loss and comprehensive loss. Biological assets are measured at their fair value less costs to sell on the consolidated statement of financial position.

(h) Revenue

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

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

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

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

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

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

(i) Financial instruments

[i] Recognition and initial measurement

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

[ii] Classification and subsequent measurement

Financial Assets

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

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

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

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

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

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

Financial Assets – Subsequent measurement and gains and losses

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

Financial Liabilities

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

[iii] DerecognitionFinancial assets

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

Financial liabilities

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

Transaction Costs

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

[iv] Offsetting

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

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(j) Impairment of financial assets

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

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

(k) Investments in associates

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

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

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

(l) Research and development

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

(m) Taxes

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

Current taxes

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

Deferred taxes

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

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Refundable sales tax receivable

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

(n) Share based compensation

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

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

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

(p) Related party transactions

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

(q) Foreign currency transactions

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

(r) Foreign operations

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

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

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

An impairment loss is recognized for any initial or subsequent write-down of the assets held for sale (or disposal group) to FVLCS. A gain is recognized for any subsequent increases in FVLCS of assets held for sale (or disposal group), but not in

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excess of any cumulative impairment loss previously recognized for the asset's (or disposal group's) carrying value. A gain or loss not previously recognized by the date of the sale of the non-current assets (or disposal group) is recognized at the date of derecognition.

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

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

(t) New accounting pronouncements or policies adopted in 2022

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

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

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

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

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

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

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

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

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

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

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

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

The amendment narrowed the scope of certain recognition exceptions so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognized deferred tax for all temporary differences related to leases and

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decommissioning obligations and recognized the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendment is effective for annual periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments in the Company's consolidated financial statements.

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

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

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

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

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

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

- a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and,
- c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. BUSINESS COMBINATION

Acquisition of BZAM Holdings Inc.

On October 18, 2022, the Company entered into a share exchange agreement (the "BZAM Agreement") to purchase all of the issued and outstanding shares of BZAM Holdings Inc. ("BZAM", the "BZAM Transaction"). BZAM is a licensed producer of cannabis and cannabis related products focused on manufacturing and distribution. Pursuant to the terms of the BZAM Agreement, upon closing of the BZAM Transaction on November 3, 2022, the Company paid an aggregate purchase price of \$113,570 (the "Purchase Price"). The Purchase Price was comprised of: (a) 65,522,781 Common Shares valued at \$62,247; (b) a contingent consideration valued at \$50,552 (the "BZAM Contingent Milestone Shares"), subject to the achievement of certain net revenue and earnings before interest, taxes, depreciation and amortization targets over the twelve months ending December 31, 2023; and (c) 1,120,226 Common Shares (the "BZAM Milestone shares") valued at \$71

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

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

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

	Note	Number of Common Shares	Common Share price	Amount
Consideration paid/payable				
Common Shares issued	(i)	65,522,781	\$0.950	62,247
Contingent consideration				51,323
Total consideration paid/payable				113,570
Net assets acquired				
Cash and cash equivalents				1,210
Restricted cash				350
Trade receivables				7,994
Other current assets				989
Prepaid expenses and deposits				1,416
GST receivable				1,263
Inventories				30,072
Property, plant and equipment	9			47,818
Assets held for sale				5,573
Brands	10			3,130
Distribution Channels	10			13,400
Health Canada Licences	10			5,548
Goodwill	10			28,692
Accounts payable and accrued liabilities				(8,868)
Lease liabilities	15			(8,598)
Loans	8			(8,391)
NCI				(8,028)
Total identifiable net assets acquired				113,570
(i) Closing price of the Common Shares on November 3, 2022, being the date of closing the BZAM Transaction.				

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

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

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

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

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

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

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

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

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

Acquisition of Galaxie

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

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

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

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

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	Note	Common Shares issued	Common Share price	Amount
Consideration paid				
Common Shares issued	(i)	12,280,515	\$1.55	19,035
Contingent consideration	(ii)	8,571,428		5,235
Total consideration transferred				24,270
Net assets acquired				
Cash and cash equivalents				307
Trade receivables				1,366
Prepaid expenses and deposits				117
Due from related party				503
Inventories				1,172
Accounts payable and accrued liabilities				(2,490)
Property, plant and equipment				14,308
Brands				2,783
Health Canada Licence				4,432
Customer contracts				2,650
Goodwill				3,939
Lease liabilities				(3,665)
Loans				(1,152)
Total identifiable net assets acquired				24,270
(i) Closing price of TGOD Common Shares as at acquisition date				
(ii) Recorded at fair value, which was determined using the Black-Scholes Pricing Model.				

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

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

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

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

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

5. DISPOSAL OF HEMPOLAND

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

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

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

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

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

Cash flows from (used in) discontinued operations:

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

Loss on Disposal

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

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

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

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6. DISPOSAL OF MEXICO

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

7. ASSETS HELD FOR SALE

Galaxie Assets

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

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

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

Property, plant and Equipment	1,916
Intangible Assets	2,253
Assets held for sale	4,169

Lease Liability	3,669
Liabilities held for sale	3,669

Measurement of fair values

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

Maple Ridge Facility

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

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

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

Measurement of fair values

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

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8. LOANS

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

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

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

Revolver Loan

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

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

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

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

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

On November 29, 2021, the Revolver Loan was amended and restated where the lender agreed to provide an additional advance of \$3,000, increasing the term portion of the Revolver Loan from \$17,000 to \$20,000, in exchange for transaction fees of \$150, and 300,000 warrants entitling the holder to purchase one Common Share for a period of 60 months at a price

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of \$1.40 per warrant. As part of the November 29, 2021, amendment, the lender agreed to modify the financial covenants noted above. Furthermore, the timing of the financial covenant requiring achievement of positive EBITDA (as defined by the lender) on a monthly basis was extended to April 30, 2022 as well as the net proceeds to be used from the sale of the HemPoland decreased from \$6,000 to \$4,000 to repay amounts borrowed under the Revolver Loan.

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

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

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

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

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

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

BZAM Transaction

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

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

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

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

Promissory notes from related parties

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

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

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

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

9. SEGMENTED INFORMATION

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

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

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

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

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

	<u>December 31, 2022</u>
TGOD	\$ 82,311
BZAM	47,058
	<u>\$ 129,369</u>

[iii] Intangible assets and goodwill is as follows:

	<u>December 31, 2022</u>
TGOD	\$ 6,535
BZAM	50,482
	<u>\$ 57,017</u>

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10. PROPERTY, PLANT AND EQUIPMENT

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

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

Impairment of property, plant and equipment

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

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

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

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

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

Period ending	Recoverable amount [Value in Use]	Carrying Amount	Impairment for the year then ended
December 31, 2022	\$ 108,507	119,184	10,677
Total impairment for the year ended, December 31, 2022:			10,677
	Recoverable amount [Value in Use]	Carrying Amount	Impairment (recovery) for the period then ended
Valleyfield Assets	\$ 43,200	\$89,675	46,475
TGOD CGU	\$ 181,903	\$113,617	(68,286)
Total impairment recovery for the year ended, December 31, 2021:			(21,811)

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

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

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

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

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11. INTANGIBLE ASSETS AND GOODWILL

A continuity of the intangible assets is as follows:

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

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

Impairment of intangible assets and goodwill

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

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

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

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

12. BIOLOGICAL ASSETS

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

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

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

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

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

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

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

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

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

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

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- (1) The estimated net selling price per gram is based on expected market price less excise duties.
- (2) The estimated yield varies based on the Company's historical experience adjusted for future changes, if any.

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

13. INVENTORIES

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

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

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

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

14. OTHER ASSETS

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

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

[a] Other

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

[b] Deposits reimbursed

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

15. CONTINGENT CONSIDERATION*Galaxie Contingent Consideration*

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

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

BZAM Contingent Consideration

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

BZAM Milestone Shares

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

16. LEASES

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

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

[a] New leases

Puslinch Lease

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

5520 Explorer Drive lease

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

[b] Leases terminated

Valleyfield lease

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

6205 Airport Road lease

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

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17. SHARE CAPITAL

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

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

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

[i] Authorized

An unlimited number of Common Shares.

[ii] Issued capital

- a) During the year ended December 31, 2022, 90,400 Common Shares were issued under the Company's at-the-market prospectus supplement dated December 2, 2020 (the "ATM Supplement"), for gross proceeds of \$105 (net proceeds of \$102). On December 22, 2022, 12,707,500 Common Shares were issued under the Company's prospectus supplement to the short-form base shelf prospectus dated November 27, 2020, for gross proceeds of \$5,083 (net proceeds of \$4,693 with \$587 being allocated to 12,707,500 warrants that were issued together with each common share).
- b) During the year ended December 31, 2022, 50,000 Common Shares were issued to the lender of the Revolver Loan measured at total value of \$50 related to the modification (see Note 8).
- c) During the year ended December 31, 2022, 984 Common Shares of the Company were issued to former shareholders of HemPoland as a result of the conversion of 984 escrowed restricted share units ("RSUs"), with a total value of \$40, issued to such former shareholders. There are no proceeds related to the conversion of such escrowed RSUs.
- d) During the year ended December 31, 2022, 219,579 Common Shares of the Company, with a total value of \$615, were also issued to certain employees and directors of the Company pursuant to the vesting of RSUs. There are no proceeds related to the conversion of such RSUs.
- e) During the year ended December 31, 2022, 93,750 Common Shares were issued to settle \$75 in accounts payable balances.
- f) During the year ended December 31, 2022, 3,486,888 Common Shares were issued to settle outstanding BZAM minority shareholder loans (see Note 8).
- g) During the year ended December 31, 2022, 111 total fractional shares were cancelled in connection with the 10:1 share consolidation the Company enacted on November 8, 2022, whereby ten Common Shares were converted to one new Common Share.
- h) On November 17, 2021, 12,280,515 Common Shares were issued as part of the closing of the Galaxie Acquisition.
- i) As part of the closing of the Galaxie Acquisition, 8,571,429 Common Shares were held in an indemnity escrow account (the "Indemnity Escrow Account") upon closing of the acquisition, to be released to the former shareholders of Galaxie (the "Vendors") contingent upon achievement of certain financial milestones by December 31, 2022. On January 23, 2023, 1,142,857 Common Shares were issued to the Vendors, with the remaining 7,428,571 Common Shares held in the Indemnity Escrow Account returned to treasury and cancelled (See Note 25b – *Events After the Reporting Period*).
- j) During the year ended December 31, 2021, 2,103,546 Common Shares were issued under the Company's ATM Supplement, for gross proceeds of \$9,611 (net proceeds of \$9,322).
- k) During the year ended December 31, 2021, 2,419,860 Common Shares of the Company were issued as a result of the

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exercise of 2,419,860 previously issued warrants of the Company. The weighted average exercise price was \$3.10 per warrant, for aggregate gross proceeds of \$7,559.

- l) During the year ended December 31, 2021, 31,493 Common Shares of the Company were issued as a result of the conversion of 31,493 escrowed restricted share units ("RSUs") issued in connection with the HemPoland consideration. There are no proceeds related to the conversion of such escrowed RSU's.
- m) During the year ended December 31, 2021, 424,171 Common Shares of the Company were issued to settle \$704 of outstanding accounts payable.
- n) On September 30, 2021, 273,684 Common Shares of the Company were issued to the lender of the Revolver Loan in connection to the amendments to the agreement.
- o) During the year ended December 31, 2021, 193,790 Common Shares of the Company were issued as a result of the exercise of 193,790 previously issued equity settled RSUs of the Company that were issued at a weighted average fair value of \$3.00 per RSU. There are no proceeds related to the exercise of RSUs.

18. CONTRIBUTED SURPLUS

[a] Share based payments

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

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

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

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

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

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

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

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

[b] Reserve for warrants

The following table reflects the continuity of warrants:

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

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

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

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

[c] Restricted share units

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

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

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

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

[d] Employee Stock Purchase Plan

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

19. SUPPLEMENTARY CASH FLOW INFORMATION

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

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

20. COMMITMENTS AND CONTINGENCIES

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

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

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

Please see Note 15 for contingent consideration obligations.

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

[b] Other contractual commitments

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

[c] Claims and Litigation

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

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

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

21. INCOME TAXES

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

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

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

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

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

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

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

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

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

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

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

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

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22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

[a] Fair values

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

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

[b] Fair value hierarchy

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

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

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

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

[c] Management of risks arising from financial instruments

[i] Market risk

Foreign currency risk

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

Interest rate risk

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

[ii] Credit risk

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

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

The Company assesses the credit risk of trade receivables by evaluating the aging of trade receivables based on the invoice date and credit worthiness. The carrying amount of trade receivables is reduced through the use of an allowance

BZAM Ltd.

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FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

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

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

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

[iii] Liquidity risk

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

23. CAPITAL MANAGEMENT

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

24. OPERATING EXPENSES

Sales and marketing expenses included the following items:

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

BZAM Ltd.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

Research and development expenses included the following items:

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

General and administrative expenses included the following items:

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

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

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

25. RELATED PARTIES

Key Management Personnel

Key management personnel compensation comprised of the following:

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

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

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

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

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

BZAM Ltd.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

26. EVENTS AFTER THE REPORTING PERIOD

- a) On January 4, 2023 the Company issued an aggregate of 6,500,000 Common Shares to settle \$2,600 of indebtedness of the Company under the Promissory Notes, pursuant to loan settlement agreements with two of the Company's shareholders. The Common Shares issued are subject to a four-month plus one day statutory hold period.
- b) On January 23, 2023 in accordance with the earn-out provisions relating to the Galaxie Acquisition, the Company released 1,142,857 Common Shares from the Indemnity Escrow Account to the Vendors. The Common Shares issued had a fair value of \$434 on the date of issue. The remaining 7,428,571 Common Shares held in the Indemnity Escrow Account were returned to treasury and cancelled.

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

- c) In January 2023 the Company moved its Quebec operations which were previously in Valleyfield, Québec (the "Québec Facility"), to Vaudreuil, Québec.
- d) Subsequent to year end, on April 7, 2023, the Maple Ridge Facility which was classified as assets held for sale as at December 31, 2022, was conditionally sold for cash gross proceeds of \$4,000 which are payable 25% in May 2023 and 75% to be paid within one year. The sale has not closed as the conditions are still to be satisfied.

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



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

From: Keith Adams <kadams@finalbell.com>

Date: Tue, Nov 21, 2023 at 7:04 PM

Subject: Fw: Draft Deck

To: Robert Meyer <robert@finalbell.com>, Mihai Ionescu <mionescu@sangramoller.com>

Cc: Kiarash Hessami <khessami@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>, Christy Zhou <czhou@finalbell.com>

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

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

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

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

----- Forwarded Message -----

From: Keith Adams <kadams@finalbell.com>

To: Kiarash Hessami <khessami@finalbell.com>; Jimmy Nguyen <jnguyen@finalbell.com>; Matthew Milich <mmilich@bzam.com>

Sent: Tuesday, November 21, 2023 at 06:46:30 PM PST

Subject: Re: Draft Deck

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

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

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

Hi Keith, here is the excel.

From: Keith Adams <kadams@finalbell.com>

Date: Tuesday, November 21, 2023 at 2:04 PM

To: Matthew Milich <mmilich@bzam.com>, Kiarash Hessami <khessami@finalbell.com>, Jimmy Nguyen <jnguyen@finalbell.com>

Subject: Re: Draft Deck

can we get the model also please.

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

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

Hi Keith,

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

Any thoughts for additional slides, just let us know.

Best,

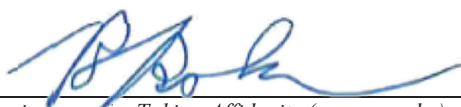
Matt

--



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

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



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

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

Hi Keith,

Hi Keith,

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

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

Regards,
Sean.

Sean Bovingdon
CHIEF FINANCIAL OFFICER

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



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

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

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

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

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

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

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

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

Get [Outlook for iOS](#)

Sean Bovingdon
CHIEF FINANCIAL OFFICER

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

BZAM.

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

Hi Matt & Sean,

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

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

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

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

Best,
Kiarash

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

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

Keith Adams
CFO
415.320.8940
kadams@finalbell.com

----- Forwarded Message -----

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

Hi Matt,

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

Many thanks.

Christy



Christy Zhou
Chief Legal Officer
Final Bell Canada

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



This message and its contents are confidential and/or legally privileged. If you've received this message in error, please notify the sender and delete immediately. Thank you.

--

Kiarash Hessami

Director of Corporate Accounting

+1 (604) 679-9660

Final Bell Holdings Inc.

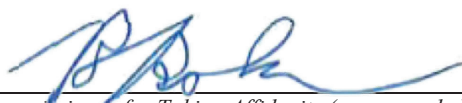
7731 Hayvenhurst Ave., Unit B

Van Nuys, CA 91406

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

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



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

DISCLOSURE LETTER
TO THE
SHARE EXCHANGE AGREEMENT
between
BZAM LTD.
and
FINAL BELL CANADA INC.
and
FINAL BELL HOLDINGS INTERNATIONAL LTD.

December 5, 2023

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

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

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

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

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

SIGNED on the date first written above.

BZAM LTD.



Name: Matt Milich

Title: Chief Executive Officer

Section 1.1

Permitted Encumbrances

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

Lands:

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

Section 3.2

Jurisdictions of Qualification

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

Section 3.8

Conduct of Purchaser's Business in Ordinary Course

Not applicable

Section 3.10

Litigation

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

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

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

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

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

The claimant, Ms. Stephenson, originally claimed \$3,000,000.00 against the Purchaser for breach of a fixed employment contract. The majority of Ms. Stephenson's claim is based on share options which (valued at \$1.15) are of no current value and are therefore worthless to her claim. However, if Ms. Stephenson establishes an employee relationship she may be entitled to compensation for the remainder of her fixed contract (2 years and 5 months) without any deduction for mitigation income. There is a serious risk that a court would find that the contract supports an employee relationship. If that happens Ms. Stephenson would be entitled to payment of the remainder of her fixed term contract, including any options that vest during that time. Ms. Stephenson's salary was \$180,000 with a target bonus of 50 percent. There are 29 months remaining on her contract. Accordingly, Ms. Stephenson could be entitled to up to \$652,500 based on her salary and bonus. If the Purchaser can show that no bonuses would have been awarded during her tenure, then the approximate damages would be \$435,000. Ms. Stephenson has done little to advance her claim in 4 years and the parties have only recently exchanged documents. As of November 29, Ms. Stephenson, through counsel has put forward a settlement offer of \$325,000 plus costs, which is less than the \$652,500 that has been provided for in BZAM's financial statements. It is the Purchaser's hope that this action will either be settled for a reasonable amount in the near future or administratively dismissed by the Court for delay within the year.

Section 3.11

Title to Assets

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

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

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

Section 3.12

No Options, etc.

Not applicable

Section 3.15(c)

Compliance with Law – Security Clearances under Cannabis Laws

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

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

Section 3.17

Required Purchaser Authorizations

- Standard filings required to be made with the CSE pursuant to Section 3 of CSE Policy 6.
- Health Canada security clearance of any individuals that will be joining the board of directors or as officers of the Purchaser that do not already have a security clearance under Health Canada.
- Notifications of the transaction will also be required to be given to the following provincial licensing boards (the “**Provincial Boards**”):
 - Alberta Gaming, Liquor and Cannabis, which may require financial background information with respect to incoming directors and officers.
 - Alcohol and Gaming Commission of Ontario.
 - The Société Québécoise du Cannabis.
 - Liquor, Gaming and Cannabis Authority of Manitoba.
- Standard filings with the applicable securities commissions in Canada with respect to the prospectus-exempt distribution of the Consideration Shares.

Section 3.18**Third Party Consents**

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

Section 3.19

Material Contracts

- Amended and restated credit agreement dated as of September 29, 2021, as amended by a first amendment dated as of November 30, 2021, a second amendment dated as of March 9, 2022, a third amendment dated as of April 29, 2022, a fourth amendment dated as of November 3, 2022, a fifth amendment dated as of June 30, 2023, and a sixth amendment dated as of August 30, 2023 between Cortland Credit Lending Corporation and The Green Organic Dutchman Ltd.
- Secured demand promissory note for \$2,500,000 issued by the Purchaser to Stone Pine Capital Ltd., dated March 3, 2023.
- Secured demand promissory note for \$1,325,000 issued by the Purchaser to Stone Pine Capital Ltd., dated August 30, 2023.
- Secured demand promissory note for \$1,190,000 issued by the Purchaser to Stone Pine Capital Ltd., dated October 27, 2023.
- Secured demand promissory note for \$600,000 issued by the Purchaser to Stone Pine Capital Ltd., dated November 8, 2023.
- Secured demand promissory note for \$2,000,000 issued by the Purchaser to Stone Pine Capital Ltd. dated November 30, 2023.
- Secured demand promissory note for \$900,000 issued by the Purchaser to Stone Pine Capital Ltd. dated December 4, 2023.
- Amended and Restated Joint Venture Agreement, dated July 1, 2023 and as thereafter amended, between Northwest Confections Canada Inc., and BZAM Management Inc.

Section 3.26**Owned Real Property**

- For the Property of 1915 Jerseyville Rd. W. Jerseyville, ON. L0R 1R0, Parcel Registration as: PT LT 24, Con 2 Ancaster, as in CD339207 (firstly), a charge on title exists for \$50,000,000.00 with the secured party Cortland Credit Lending Corporation. This is in connection with the credit facility provided to the Purchaser by Cortland.
- Property located at 8770 – 24th Street Sherwood Park, Edmonton, AB T6P 1X8, a charge on title exists for \$5,000,000.00 registered with Alberta Government Services Land Titles Office (Registration #212152636).

Section 3.27(a)**Purchaser Leases**

- Lease 5000 Chemin Murphy, Vaudreuil, QC, J7V 8P2
- Leases 19100 Airport Way, Units 517/518/519, Pitt Meadows, BC V3Y 0E2
- Lease 1759 Sean Heights, Saanichton, BC V8M 0A5
- Subleases 455 Fenelon, Suite #311/360, Dorval QC Suite #311
- Sublease 200 Burrard Street, Suite 1570, Vancouver, BC V6C 3L6
- Sublease 5520 Explorer Drive, Suite 402, Mississauga, Ontario L4W 5L1

Section 3.28(g)**Environmental Matters**

- Limited Phase One Environmental Site Assessment on 1995 & 1997 Jerseyville Road West, Ancaster, City of Hamilton, Ontario, conducted by Landtek Limited on January 19, 2017.
- Designated Substances and Hazardous Materials Survey for 1915 Jerseyville Road West, Ancaster, Ontario, prepared by the Ledcor Group dated November 6, 2017.¹
- Memorandum re Comments on the Environmental Impact Statement for 1916 Jerseyville Road, from Cathy Plosz, Planning and Economic Development Department of Hamilton Ontario to Alaina Baldassarra, Development Planning, Heritage and Design, dated November 23, 2017
- Designated Substances and Hazardous Materials Survey for 1995 Jerseyville Road West, Ancaster, Ontario, prepared by the Ledcor Group dated September 5, 2018.
- Environmental Compliance Approval by the Ontario Ministry of the Environment, Conservation and Parks issued July 31, 2019.

¹ Note: 1915, 1995 and 1997 Jerseyville Road West all refer to different entrances to the same property on Jerseyville Road West.

Section 3.29**Employee Matters**

(d) Outstanding Workplace Safety and Insurance Assessments, Penalties, etc.

- Not applicable

(g) Actions, Suits, Proceedings, etc.

- See Section 3.10

Section 3.30

Employee Benefit Plans

A. Employee Benefit Plan

- The Employee Benefit Plan information and details are as follows:
 - Purchaser's Share Option Plan dated May 12, 2021.
 - Purchaser's Amended and Restated Restricted Share Unit Plan dated October 9, 2020.
 - Annual Group Benefits with Industrial Alliance, Effective Date of May 1, 2023 Group Policy Number 27601 (the "**Industrial Alliance Policy**"): \$1,344,079 (taxes not included) based on current employee base and premiums negotiated.
 - Annual Health Care Spending Account (HCSA) and Wellness account, via the Industrial Alliance Policy, cost (note this expense is entirely based off usage and this is an annualized estimate based off 2023 usage):
 - HCSA Total = \$172,746
 - Wellness Total: \$66,851
 - Total: \$239,607
 - Based on the underlying assumptions of the HCSA, Wellness and Group Benefits, the total cost (taxes not includes) is: \$1,583,686
 - Telus Health, which acts as an Employee Family Assistance Program (EFAP) and Virtual Care is \$40,017

B. Retirement Plans

- Retirement Savings Plan with Industrial Alliance, Effective Date of May 1, 2023 Group Policy Number 44360 (the "**Retirement Plan**") has a total asset value of \$2,100,000 with an average employer annual cost, estimated off of 2023 contributions, of \$516,796.

Section 3.31**Tax Matters**

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

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

Section 3.34**No Broker**

Pursuant to an engagement letter dated November 23, 2023, Clarus Securities Inc. shall be paid a transaction fee equal to 3.0% of the purchase price, being equal to 2,700,000 Purchaser Shares.

This is Exhibit “9” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

FBC DISCLOSURE LETTER

Reference is made to the Share Purchase Agreement dated December 5, 2023 entered into among BZAM Ltd., Final Bell Canada Inc., Final Bell Holdings International Ltd., (the "**Agreement**").

Capitalized terms used in this FBC Disclosure Letter have the meanings specified in the Agreement unless otherwise required by the context of this FBC Disclosure Letter or unless such terms are otherwise defined in this FBC Disclosure Letter. References to Articles or Sections in this FBC Disclosure Letter are references to the relevant Articles or Sections of the Agreement unless otherwise required by the context of this Disclosure Letter.

Final Bell Canada Inc. and the FBC Shareholder are entitled to make certain disclosures in writing to the Purchaser pursuant to the terms of the Agreement; such disclosures are provided as of the date of this FBC Disclosure Letter (unless indicated otherwise) and are set forth in the attached Schedules. The Schedules form an integral part of this FBC Disclosure Letter for all purposes of it and are organized by reference to Sections of the Agreement.

The purpose of this FBC Disclosure Letter is to set out the qualifications, exceptions and other information called for in the Agreement. The Parties acknowledge and agree that this FBC Disclosure Letter and the information and disclosures contained in it do not constitute or imply, and will not be construed as: (i) any representation, warranty, covenant or agreement which is not expressly set out in the Agreement; (ii) an admission of any liability or obligation of Final Bell Canada Inc. or Final Bell Holdings International Ltd.; (iii) an admission that the information is material or a standard of materiality; or (iv) an addition or modification to the scope of any of the representations and warranties set out in the Agreement.

The disclosure of any information in this FBC Disclosure Letter that is not strictly required under the Agreement has been made for informational purposes only. The inclusion of an item in any Schedule of this Disclosure Letter is deemed to be made for purposes of each of the representations and warranties in the Agreement.

This FBC Disclosure Letter and all information contained in it is confidential information and is subject to the confidentiality and non-disclosure obligations contained in the Agreement.

Dated as of December 5, 2023

Schedule 4.2 – Jurisdictions**(i) Final Bell Canada Inc.**

- Ontario

(ii) Final Bell Corp.

- Canada
- Ontario (EP registered)
- Alberta (EP registered)
- Quebec (EP registered)

Schedule 4.5 – Conflicts with Contracts

- (i) Consent required from Golden Iris International Limited ("**GI**"), the senior lender under a senior secured loan agreement among the FBC Shareholder, the guarantors party thereto (which includes FBC) and GI, dated as of August 17, 2022 (the "**Senior Loan**").
- (ii) Termination right of Peace Naturals Project Inc. under the Fourth Amended and Restated Manufacturing Services Agreement dated August 25, 2023 between FBC and The Peace Naturals Project Inc. (PNP) in respect of a change of control (the "**Peace Naturals Agreements**").
- (iii) Termination right of Aphaea LLC under the Trademark License and Manufacturing Agreement dated November 2, 2021 between FBC and Aphaea, LLC. (Sherbinskis) in respect of a change of control (the "**Aphaea Agreement**").
- (iv) Consent required under the lease with respect to Unit 3, 1100 Bennett Road, Bowmanville, Ontario, the lease with respect to Unit 5, 1100 Bennett Road, Bowmanville, Ontario, and the sublease with respect to Units 1-3, 1100 Bennett Road, Bowmanville, Ontario (collectively, the "**Lease**") in respect of a change of control.
- (v) The Sales, Distribution and Marketing Agreement dated November 11, 2022 between Final Bell Corp. and Rose Lifescience Inc. provides that Final Bell Corp. and its affiliates shall not, at any time during the Term of this Agreement, either directly or indirectly, distribute Product into the legal recreational market in Quebec through any party other than Rose Lifesciences Inc. "Product" means the entire line of cannabis products and brands sold, distributed and controlled by Final Bell and any affiliate and other subsidiaries of Final Bell...with the exception of products that are manufactured pursuant to certain co-manufacturing services agreements.

Schedule 4.7 – Undisclosed Liabilities

- 1) Reimbursement of security posted by Starseed Medicinal Inc. with the Canada Revenue Agency at the time of the sale of Starseed Medicinal Inc. to Final Bell Canada Inc. – outstanding balance approximately CAD \$42,000.
- 2) Final Bell Canada Inc. currently owes approximately CAD \$535,630.50 in royalty payments under the Trademark License and Manufacturing Agreement dated November 2, 2021 and Amending Agreement to the Trademark License and Manufacturing Agreement dated May 5, 2022 between Final Bell Canada Inc. and Aphaea, LLC. (Sherbinskis).
- 3) Under the Trademark License and Manufacturing Agreement dated June 17, 2021 between Final Bell Canada Inc. and Little Farma Inc., Final Bell Canada Inc. owes a minimum quarterly royalty agreement that stood at CAD \$725,000 as of September 30, 2023 and will accrue at CAD \$100,000 a quarter until termination on February 28 2024. Settlement discussions are ongoing.

Schedule 4.8 – Bank Accounts

FINAL BELL CANADA INC.

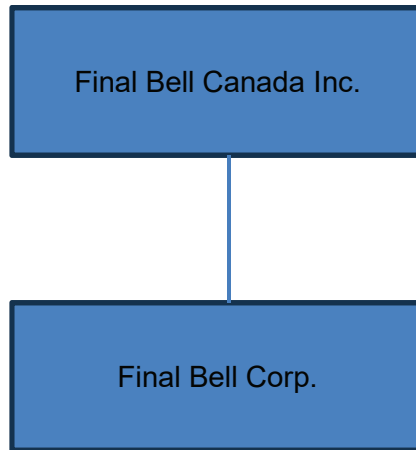
Alterna Savings – 319 Mcrae Avenue, Ottawa ON
Account #: 00646 842 100010733872

FINAL BELL CORP.:

Alterna Savings – 319 Mcrae Avenue, Ottawa ON
Account #: 00646 842 100010685467

Individuals authorized to draw on above accounts:
Jennifer Maccarone, Greg Boone

Schedule 4.9 – Organizational Chart



Schedule 4.11 – Transactions Out of the Ordinary Course

N/A

Schedule 4.12 – Litigation

- (i) Freyja Jorgensen v. Final Bell Canada, HRTO File No. 2023-53071, commenced May 31 2023. Freyja Jorgensen (the “Applicant”), a former employee of FBC, commenced a proceeding at the Human Rights Tribunal of Canada in the amount of CAD \$123,201. FBC has filed a response and estimates that its exposure is between CAD \$0 and CAD \$50,000.
- (ii) Thanasi Tambakos, Silvia Vassileva, Christian Tambakos, by his Litigation Guardian, Silvia Vassileva, and Gabriella Tambakos by her Litigation Guardian Silvia Vassileva v. Spectrum Cannabis Canada Ltd. (F.K.A. Mettrum Ltd.), Final Bell Corp. (F.K.A. Starseed Medicinal Inc., and Mettrum (Bennett North) Ltd.), Agripharm Corp., and Canopy Growth Corporation, CV-23-00695168-0000, issued February 23 2023. This action claims that the defendants were negligent in the cultivation, production, testing, processing, manufacture, distribution, marketing and sale of the medical marijuana products affected by a recall of products produced, marketed and sold by the defendant, Mettrum Ltd. The claim is for approximately CAD \$475,000.
- (iii) See Schedule 4.17(a)(ii)

**Schedule 4.17(a)(i) and (ii) – Correspondence or Notice from Health
Canada or other Governmental Authority**

Health Canada Compliance Email C-2023-02441 re: “Mochi” products, dated November 3, 2023.

Schedule 4.17(b) – Investigations, Inspections, Audits, and Other Proceedings

The CRA is currently auditing the income tax returns of Final Bell Corp. from January 1, 2020 to December 31, 2021. Final Bell Canada Inc. has provided notice to Starseed Holdings Inc. and to Entourage Health Corp. (formerly WeedMD Inc.) in accordance with indemnification provisions contained in the share purchase agreement dated March 15, 2021 that was entered into among Starseed Holdings Inc., WeedMD Inc. and Final Bell Canada Inc.

It is anticipated that any penalties or other costs incurred as a result of such audit relating to the period between January 1, 2020 and June 15, 2021 will be covered by the indemnification obligations of Starseed Holdings Inc. and Entourage Health Corp. (formerly WeedMD Inc.).

On November 27, 2023, the CRA notified Final Bell Corp. that it has been selected for an audit with respect to the administration of the Excise Act, 2001 for the period July 1, 2021 to June 30, 2023. The audit will consist of a review of the B300 Excise Duty Returns for such period.

See also Schedule 4.17(a)(i) and (ii).

Schedule 4.17(c) – Individuals Holding Security Clearances

- 1) Greg Boone, CEO
- 2) Jennifer Maccarone, COO
- 3) Christy Zhou, CLO
- 4) Roland Law, Quality Manager
- 5) Ruben Cuevas, Facilities Manager
- 6) Jennifer Graham, Sr. Project Manager
- 7) Adrian Joseph Caterina, Process Lead
- 8) Charley McEvoy, Operations Manager
- 9) Chas Sibbett, Operations Supervisor
- 10) Christopher Robert Valois, Process Lead
- 11) Dave Choi, VP Business Development
- 12) Harold MacDonald, Operations Consultant
- 13) Kelsey Erin Ujfalussy, Process Lead
- 14) Kevin Risko, Operations Supervisor
- 15) Neil Cadney Fuller, Senior Process Technician
- 16) Rebecca Theodoridis, QA Associate, AQAP
- 17) Robert Rivait, QA Associate
- 18) Roland Law, QAP
- 19) Steven White, Third Party Maintenance
- 20) Dion Linton, Senior Processing Technician

Schedule 4.18 – FBC Governmental Authorizations

1. Health Canada Licence No. LIC-ZOTV09QHPG-2022 issued to Final Bell Corp., effective October 25, 2022 to October 27, 2027, for (i) standard cultivation, (ii) standard processing, and (iii) sale for medical purposes, issued under the Cannabis Act.
2. Health Canada Licence No. LIC-E5FM5PUXBF-2020-5 issued to Final Bell Corp., effective March 24, 2022 to February 7, 2025, for research issued under the Cannabis Act.
3. Canada Revenue Agency Cannabis Licence No. 780639324 RD0001 issued under the Excise Act on November 22, 2023.
4. AGLC Cannabis Representative Registration issued to Final Bell Corp. on February 13, 2023.

Schedule 4.19 – FBC Required Authorizations

1. Approval of Health Canada to completion of the transaction in respect of the following Licenses:
 - a. LIC-ZOTV09QHPG-2022
 - b. LIC-E5FM5PUXBF-2020-5
2. Notice to Canada Revenue Agency in respect of Cannabis Licence number 780639324 RD0001 under the Excise Act.
3. Approval of AGLC in respect of the AGLC Cannabis Representative Registration issued to Final Bell Corp. on February 13, 2023
4. Notice to Ontario, and Saskatchewan cannabis boards in respect of the change of ownership of Final Bell Corp.

Schedule 4.20 – FBC Third Party Consents

Consent pursuant to the Lease.

Consent pursuant to the Senior Loan.

Consent and waiver of the termination right pursuant to the Peace Naturals Agreement.

Consent and waiver of the termination right pursuant to the Aphaea Agreement.

Schedule 4.21 – FBC Material Contracts

Final Bell Corp. and/or Final Bell Canada Inc. are party to the following Material Contracts:

1. The Trademark License and Manufacturing Agreement dated November 2, 2021 and Amending Agreement to the Trademark License and Manufacturing Agreement dated May 5, 2022 between Final Bell Canada Inc. and Aphaea, LLC. (Sherbinskis)
2. The Trademark License and Manufacturing Agreement dated June 17, 2021 between Final Bell Canada Inc. and Little Farma Inc.
3. The Brand License and Manufacturing Agreement dated February 9, 2023 between Final Bell Corp. and Cookies Creative Consulting, LLC.
4. The License and Services Agreement dated November 16, 2023 between Dreamfields Canada Operations Inc. and Final Bell Corp. (Jeeter)
5. The Offtake Supply Agreement dated February 9, 2023 between Final Bell Corp. and Noya Cannabis Inc.
6. The Preroll Input Supply Agreement dated December 22, 2022 between Final Bell Corp. and Noya Cannabis Inc.
7. The License and Services Agreement dated July 14, 2022 between Final Bell Corp. and PAX Labs (Canada) Inc.
8. The Fourth Amended and Restated Manufacturing Services Agreement dated August 25, 2023 between Final Bell Corp. and The Peace Naturals Project Inc.
9. The Amended and Restated Manufacturing Services Agreement dated April 29, 2022 between Final Bell Corp. and Greentec Holdings Ltd.
10. The Contract Manufacturing Agreement dated August 28, 2023 between Final Bell Corp. and Tweed Inc.
11. The Manufacturing Services Agreement dated December 12, 2022 between Final Bell Corp. and Organigram Inc.
12. The Manufacturing Services Agreement dated June 26, 2023 between Atlas Global Brands and Final Bell Corp.
13. The First Amended Manufacturing Services Agreement dated October 24, 2023 between Final Bell Corp. and Bzam Management Inc.
14. The Distribution agreement dated September 26, 2023 between Final Bell Corp. and Maqabim Distributors Ltd.
15. The Distribution Agreement dated July 4 2023 between Final Bell Corp. and Valiant Distribution Canada Inc.

16. The Distribution Agreement dated January 1, 2023 between Final Bell Corp. and 10926671 Canada Ltd. (Open Fields Distribution) (Manitoba)
17. The Distribution Agreement dated January 17, 2023 between Final Bell Corp. and Open Fields Distribution (Saskatchewan)
18. The Cannabis Product Supply Agreement dated April 4, 2022 between Final Bell Corp. and 9374-2187 Qc Inc. dba Medicibis.
19. The Sales, Distribution and Marketing Agreement dated November 11, 2022 between Final Bell Corp. and Rose Lifescience Inc.
20. The Genetic Purchase and Laboratory Services Agreement dated May 5, 2022 between Final Bell Corp. and 101265496 Saskatchewan Ltd. (Mother Labs).
21. The Offtake Supply Agreement dated March 1, 2023 between Final Bell Corp. and Lyonleaf Cannabis Inc.
22. The Processing Services Agreement dated September 17, 2021 between Final Bell Corp. and Cannapiece Corp.
23. The Final Bell Data Sharing Agreement dated July 1, 2022 between Final Bell Corp. and Cannabolic Marketing Corp. (CMC)
24. The Cabanalytics Data License Agreement dated May 1, 2022 between Final Bell Corp. and High Tide Inc.
25. The Data License Agreement dated October 1, 2022 between Final Bell Corp. and TS Programs Ltd.
26. The Amending Agreement to Data License Agreement dated January 1, 2023 between Final Bell Corp. and Hifyre Inc.
27. The Data License Agreement dated May 1, 2023 between Final Bell Corp. and Nova Cannabis Analytics Limited Partnership.
28. The Business Data License Agreement dated May 5, 2023 between Final Bell Corp. and Sparq Retail Cannabis Dispensary & Delivery.
29. Licensed Producer Supply Agreement for Non-Medical Cannabis between Final Bell Corp. and Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Administrator of the *Cannabis Distribution Act*, SBC 2018, c 28 (BCLDB) dated March 31, 2021.
30. The Master Cannabis Supply Agreement dated June 22, 2021 and Amending Agreement to Master Cannabis Supply Agreement re Insurance Requirements dated March 7, 2023 between Ontario Cannabis Retail Corporation, as purchaser, and Final Bell Corp., as supplier.
31. Cannabis Purchase and Sale Agreement dated September 27, 2022 between Final Bell Corp. and the Yukon Liquor Corporation.

32. The Term Sheet dated October 7, 2023 between Final Bell Corp. and Wagner Dimas.
33. The Leases set out in Schedule 4.28.
34. The share purchase agreement dated March 15, 2021 among Starseed Holdings Inc., WeedMD Inc. and Final Bell Canada Inc.
35. The Senior Loan.

Schedule 4.22 – Breach of Material Contracts

See Schedule 4.7.

Schedule 4.24 – FBC Insurance

Commercial General Liability policy effective from June 15, 2023 until June 15, 2024 with Strategic Underwriting Manager.

Product Recall Liability policy effective from June 15, 2023 until June 15, 2024 with Next Wave Insurance Canada.

Schedule 4.26 – FBC Intellectual Property**(i) Licensed Intellectual Property**

Mark	Registration / Application #	Jurisdictions	Owner
SHERBINSKIS	1987175	Canada	APHAEA, LLC
MOCHI	1868158	Canada	APHAEA, LLC
COOKIES	1881704	Canada	Cookies Creative Consulting & Promotions, LLC
COOKIES DESIGN	1881708	Canada	Cookies Creative Consulting & Promotions, LLC
C. BITE DESIGN	1881714	Canada	Cookies Creative Consulting & Promotions, LLC
BEURRE BLANC	2098405	Canada	Final Bell Holdings, LLC
FINAL BELL	2098408	Canada	Final Bell Holdings, LLC
PAX	1937404	Canada	Pax Labs, Inc.
PAX DESIGN	2142108	Canada	Pax Labs, Inc.
ERA PRO	1989692	Canada	Pax Labs, Inc.
ANIMAL	N/A	Canada	Final Bell Holdings International
SEV7N*	1977922	Canada	Seven Leaf Canada
SOVEREIGN*		Canada	Seven Leaf Canada

*Assigned to Final Bell Corp. June 15 2023. Subject to call right after September 30, 2025

In addition, Final Bell Corp. is in the business of providing manufacturing services to third parties and has entered into a number of co-manufacturing agreements in the ordinary course of its business pursuant to which licenses are granted to it in order to permit it to perform its obligations under such agreements.

(ii) Owned Intellectual Property

N/A

Schedule 4.28 – FBC Leases

- Lease agreement regarding Unit 4, 1100 Bennett Road, Bowmanville, Ontario dated August 1, 2013 between S&A Developments Limited (Landlord) and Mettrum Ltd. (Tenant), as amended pursuant to an amendment and extension of lease dated February 14, 2014 between S&A Developments Limited and Mettrum Ltd. (Original Tenant), as further amended by an amendment and assignment of lease dated November 8, 2016 among S&A Developments Limited (Landlord), Mettrum Ltd., Mettrum (Bennett North) Ltd., and Mettrum Health Corp. (Indemnifier), as further amended by an amendment dated December 2019 between S&A Developments Limited (Landlord), Starseed Medicinal Inc.. (Tenant, formerly known as Mettrum Ltd.), WeedMD Inc. (Indemnifier) and Final Bell Canada Inc. (Indemnifier and letter of credit provider), as further amended by an amendment and consent to transfer dated June 14, 2021 between S&A Developments Limited (Landlord), Final Bell Corp. (Tenant, formerly known as Starseed Medicinal Inc.), WeedMD Inc. (Indemnifier) and Final Bell Canada Inc. (Indemnifier and letter of credit provider), as may be further amended from time to time. The leased premises contain approximately 13,504 square feet.
 - Annual basic rent: \$380,160
 - Estimated additional rent: \$10 psf
- Sublease agreement dated August 27, 2021 between Gamma-Dynacare Medical Laboratories (Sublandlord), Final Bell Canada Inc. (Subtenant) and 14th Round Inc. (Indemnitor) with respect to the sublease of the property and premises known as the North Lab located at Units 1-3, 1100 Bennett Road, Bowmanville, Ontario on the ground floor containing approximately 12,305 square feet.
 - Annual basic rent: \$123,050
 - Estimated additional rent: \$10 psf
- Lease agreement dated March 3, 2023 between S&A Developments Limited (Landlord) and Final Bell Canada Inc. (Tenant) regarding Unit 5 (Meeting Rooms 1 & 2/Common Area), 1100 Bennett Road, Bowmanville, Ontario on the ground floor containing approximately 3,178 square feet.
 - Annual basic rent: \$57,204
 - Estimated additional rent: \$10 psf
- Residential Tenancy Agreement dated May 1, 2023 between Raquel Padilla, Kristin Padilla, Final Bell Corp., and Greg Boone
 - Annual monthly rent: \$3,100

Schedule 4.29 – FBC Ten Largest Customers and Suppliers**(i) Customers****Final Bell Canada Inc. - Largest Customers***Calendar YTD as of October 31, 2023*

Customer	Sales (\$CAD)
Ontario Cannabis Store	\$17,163,968
Peace Naturals Project Inc.	10,605,465
AGLC	2,187,234
British Columbia Liquor Distribution Branch	1,988,992
PAX Labs (Canada) Inc.	1,118,532
Organigram Inc.	825,081
Open Fields Distribution	766,467
NSLC Cannabis	680,103
Manitoba Liquor and Lotteries	361,019
PINNRZ	330,189
Cannabis New Brunswick.	197,407
Cannabis Yukon	176,080
Nuna Cannabis Store	144,719
Atlas / GreenSeal Cannabis Company	141,940
Avant Craft Cannabis Inc	125,136
Other	462,661
Total	\$37,274,993

(ii) Suppliers**Final Bell Canada Inc. - Largest Suppliers***Calendar YTD as of October 31, 2023*

Supplier	Invoices (\$CAD)
14th Round Inc	\$10,558,251
PINNRZ	2,921,164
Noya Cannabis (1826458 Ontario)	2,884,132
Valens Agritech	2,356,078
PAX Labs (Canada) Inc.	2,252,778
Nighthawk Cannabis Inc.	1,917,974
Long Employment Agency	1,196,467
Taima Extracts Inc	982,811
Lune Rise Farms Inc	898,542
LyonLeaf Cannabis Inc.	735,517
S & A DEVELOPMENTS LIMITED	666,573
CannaPiece Corp	543,459
High North Laboratories, Inc.	337,454
Health Canada	303,623
Medisun Inc	263,256
Other	6,414,211
Total	\$35,232,290

Schedule 4.31 – FBC List of Employees & Terms of Employment

First Name	Last Name	Start Date	Position	Promotion Date	Benefit Plan	Accrual Untaken (\$ amount)	Hourly Rate	Days Untaken
Jennifer	Maccarone	03-May-21	Chief Operating Officer		A	32364.65	96.15	42.08
Ruben	Cuevas	03-May-21	Facilities Manager		B	-59.04	38.46	
David	Choi*	03-May-21	VP of Bus. Dev.		A	12327.15	84.13	18.32
Greg	Boone	03-Jun-21	Chief Executive Officer		A	44006.74	115.38	47.68
Jennifer	Graham	01-Oct-21	Senior Manager, Product Commercialization		B	844.07	48.07	2.19
Samuel	Hunt	10-Jan-22	Territory Manager		B	64.67	38.94	0.2
Christy	Zhou	24-Jan-22	Chief Legal Officer		A	27103.08	105.77	32.03
Katherine	Sochon	15-Feb-22	Graphic Designer		B	2975.16	34.66	10.73
Bernadette	Saraceni	24-May-22	Senior Product Manager		B	5527.8	40.86	16.91
Harold	McDonald	31-Oct-22	Production Specialist		B	1626.81	43.27	4.7
Michelle	McNutt	02-Jan-23	Accounting Specialist		B	-164.91	26.44	
Lana	Mackenzie	01-Feb-23	VP Sales		A	3087.47	84.13	4.59
Mallory	Bodnar	01-Apr-23	Manager, Special Projects		B	279.18	43.27	0.8
Pooja	Patel	24-Apr-23	Sales Coordinator		B	880.57	36.06	3.05
Alicia	Hachey	31-Jul-23	Scheduler		B	-278.03	28.82	
Katrina	Skwara	14-Aug-23	Territory & Key Account Manager		B	850.02	43.75	2.43
Stephanie	Paraschos	06-Sep-23	HR Coordinator		B	429.95	31.25	1.72
Charley	McEvoy	17-May-21	Operations Manager	01-Nov-22	B	7788.15	40.87	23.82
John	Scanga	07-Jun-21	Supply Chain Manager		B	5476.58	36.06	18.98
Dion	Linton	15-Jun-21	Senior Processing Technician		B	699.17	20	4.37
Chas	Sibbett	15-Jun-21	Team Lead Solventless	15-Mar-21	B	561.02	33.65	2.08
Roland	Law	07-Jun-21	Quality Manager/QAP		B	2612.43	38.46	8.49
Rebecca	Theodoridis	05-Jul-21	Quality Assurance Associate/AQAP		B	2196.07	28.85	9.52
Kelsey	Ujfalussy	16-Aug-21	Process Lead	17-Aug-22	B	329.54	24.04	1.71
Adrian	Caterina	16-Aug-21	Process Lead	17-Aug-22	B	-696.9	24.04	
Chase	Douglas	23-Aug-21	Process Technician	05-Jun-23	B	247.6	20	1.55

First Name	Last Name	Start Date	Position	Promotion Date	Benefit Plan	Accrual Untaken (\$ amount)	Hourly Rate	Days Untaken
Elijah	Zdanowicz	07-Sep-21	Senior Process Technician	07-Feb-21	B	850.75	20	5.32
Taylor	Williams	01-Nov-21	Inventory Coordinator	07-Nov-22	B	1536.41	29.81	6.44
Mariana	Garcia	03-Jan-22	Process Technician	TBD	B	895.45	20	5.6
Connor	Lowe	12-Jan-22	Process Technician		B	535.54	18	3.72
Amanda	Sidock	17-Jan-22	Administrative / Customer Service	TBD	B	812.48	25	4.06
James	Doorenspleet	24-Jan-22	Shipping and Logistics Coordinator	01-Dec-22	B	-644.35	24.04	
Nathan	Johnston	07-Feb-22	Senior Process Technician	13-Feb-23	B	-42.97	20	
Dalton	Buzzell	07-Feb-22	Material Handler	07-Nov-22	B	7.47	20	0.05
Carly	Thistel	15-Feb-22	Operations Coordinator	03-Apr-23	B	308.89	26.44	1.46
Ben	Delbel	04-Apr-22	Process Technician		B	478.97	20	2.99
Kyle	Williams	18-Apr-22	Process Lead	19-Jun-23	B	676.71	20	4.23
Samuel	LeBlanc	25-Apr-22	Senior Process Technician	05-Jun-23	B	-17.94	20	
Chris	Valois	16-May-22	Process Technician	19-Jun-23	B	588.26	22.6	3.25
Neil	Fuller	24-May-22	Senior Process Technician	13-Feb-23	B	1440	20	9
Kevin	Risko	23-May-22	Process Technician	19-Jun-23	B	1468.47	33.65	5.45
Zachary	Eves	30-May-22	QA Associate	TBD	B	404.93	22.6	2.24
Giulia	Ricciardi	May 30, 2022	Administrative Coordinator	19-Jun-23	B	270.76	23.08	1.47
Robert	Rivait	02-Aug-22	Quality Assurance Associate		B	1997.37	28.85	8.65
Tyler	Kofman	03-Oct-22	Senior Process Technician	TBD	B	723.48	20	4.52
Patricia	Kaloo	24-Oct-22	Process Technician	TBD	B	-304.52	20	
Sarah	Dempsey	24-Oct-22	Team Lead	TBD	B	209.08	20	1.31
Julie	Modrezejevska	31-Oct-22	Customer Logistics Manager	05-Sep-23	B	1171.87	34.62	4.23
Morgan	Kelly	13-Mar-22	Inventory Technician		B	88.1	20	0.55
Ryan	Robinson	03-Jul-23	Process Technician		B	526.11	18	3.65
Savior	Udum	03-Jul-23	Process Technician		B	491.43	18	3.41
Brent	Lawlor	12-Jul-23	Logistics Coordinator		B	254.7	20	1.59
Kirk	Thompson	26-Jul-23	Process Technician		B	389.54	18	2.71
Justin	Lawlor	03-Oct-23	Process Technician		B	95.76	18	0.67

*Bonus entitlement – see agreement

Schedule 4.31(c) – FBC Employees with Negotiated Termination

Greg Boone – see agreement

Jennifer Maccarone – see agreement

Christy Zhou – see agreement

Dave Choi – see agreement

One employee is presently on salary continuance until December 31, 2023.

Schedule 4.31(j) – Actions, Suits or Proceedings

See Schedule 4.12.

Schedule 4.32 – FBC Employee Benefit Plans

Benefits at a glance

The following plan design applies to all alternates, except where differences are noted below.

Benefit Plan	Account	
2 Classes	001 - Final Bell Canada * FOR ILLUSTRATIVE PURPOSES ONLY *	
Class	A - Management	B - All Other Employees
Basic Life & Accidental Death & Dismemberment	2.0x annual earnings, \$500,000 maximum; NEL \$250,000 Reduces by 50% at age 65 Basic Life terminates at age 70 or earlier retirement (OER) AD&D Enhanced Plan II; terminates at age 70 OER	Flat \$50,000; NEL \$250,000 Reduces by 50% at age 65 Basic Life terminates at age 75 or earlier retirement (OER) AD&D Enhanced Plan II; terminates at age 71 OER
Dependent Life	Spouse: \$10,000; Each child: \$5,000 Live birth; 21/25 Terminates at age 70 OER	Spouse: \$10,000; Each child: \$5,000 Live birth; 21/25 Terminates at age 75 OER
Extended Health Care	<p>OVERALL: Nil deductible; Unlimited maximum; limits apply to some benefits; 100% coinsurance</p> <p>DRUGS: Prescription; Pay Direct Drug Card; Voluntary Generic; Unlimited maximum; 100% coinsurance; Nil deductible; nil per prescription deductible; no dispensing fee cap; vaccines; contraceptives</p> <p>PROFESSIONAL SERVICES: Enhanced; \$500 maximum per practitioner; 100% coinsurance</p> <p>HOSPITAL: private; 100% coinsurance</p> <p>VISION: \$250/2 years maximum; 1 eye exam/2 years; 100% coinsurance</p> <p>MEDICAL SERVICES & SUPPLIES: surgical stockings; orthopaedic shoes & orthotics; hearing aids; wigs</p> <p>POOLED: 100% coinsurance; Private Duty Nursing: \$10,000 per calendar year Out of Country: \$5,000,000 lifetime maximum; 60 days; Trip Cancellation</p> <p>Terminates at age 65 OER</p>	<p>OVERALL: Nil deductible; Unlimited maximum; limits apply to some benefits; 80% coinsurance</p> <p>DRUGS: Prescription; Pay Direct Drug Card; Mandatory Generic; Unlimited maximum; 80% coinsurance; Nil deductible; nil per prescription deductible; no dispensing fee cap; vaccines; contraceptives</p> <p>PROFESSIONAL SERVICES: Enhanced; \$500 maximum per practitioner; 80% coinsurance</p> <p>HOSPITAL: semi-private; 100% coinsurance</p> <p>VISION: \$250/2 years maximum; 1 eye exam/2 years; 100% coinsurance</p> <p>MEDICAL SERVICES & SUPPLIES: surgical stockings; orthopaedic shoes & orthotics; hearing aids; wigs</p> <p>POOLED: 100% coinsurance; Private Duty Nursing: \$10,000 per calendar year Out of Country: \$5,000,000 lifetime maximum; 60 days; Trip Cancellation</p> <p>Terminates at age 75 OER</p>
Dental	Nil deductible; Recall 1/6 months; Current fee guide Basic Services: 100% coinsurance; 6 units plus 1 per recall scaling; child & adult fluoride Major Services: 50% coinsurance; unlimited maximum Orthodontic services: NA Terminates at age 65 OER	Nil deductible; Recall 1/6 months; Current fee guide Basic Services: 80% coinsurance; 6 units plus 1 per recall scaling; child & adult fluoride Major Services: 50% coinsurance; \$1,500/calendar year maximum combined with basic Orthodontic services: NA Terminates at age 75 OER
Long Term Disability	66.7% of the first \$5,000; 50.0% of remaining to a maximum of \$10,000; NEL \$3,500; 119 days; 2 year own occupation; Primary offsets; To age 65 Non-taxable Terminates at age 65 less the elimination period OER	66.7% of the first \$5,000; 50.0% of remaining to a maximum of \$6,000; NEL \$3,500; 112 days; 2 year own occupation; Primary offsets; To age 65 Non-taxable Terminates at age 65 less the elimination period OER
Health Care Spending Account	\$500 allocation per employee	NA
Included	Manulife Vitality; Cost Plus	Manulife Vitality; Cost Plus

Premium Summary – Alternate Plans*

Benefit Plan	Manulife Proposed Monthly Premium
2 Classes	
Account 001 - Class A	\$2,384.58
Account 001 - Class B	\$974.61
Total	\$3,359.19
Please note: Based on a 16 Months renewal period.	

* Premiums do not include any optional benefits

** plus sales taxes (if applicable)

Full updated documents for Policy (124167) Plan Sponsor (Final Bell Canada Inc.) AIM-2023-11690 have been provided.

One employee is presently on salary continuance until December 31, 2023.

Schedule 4.33 – FBC Outstanding Tax Matters

See schedule 4.17(b)

Schedule 4.36 – No Predecessors

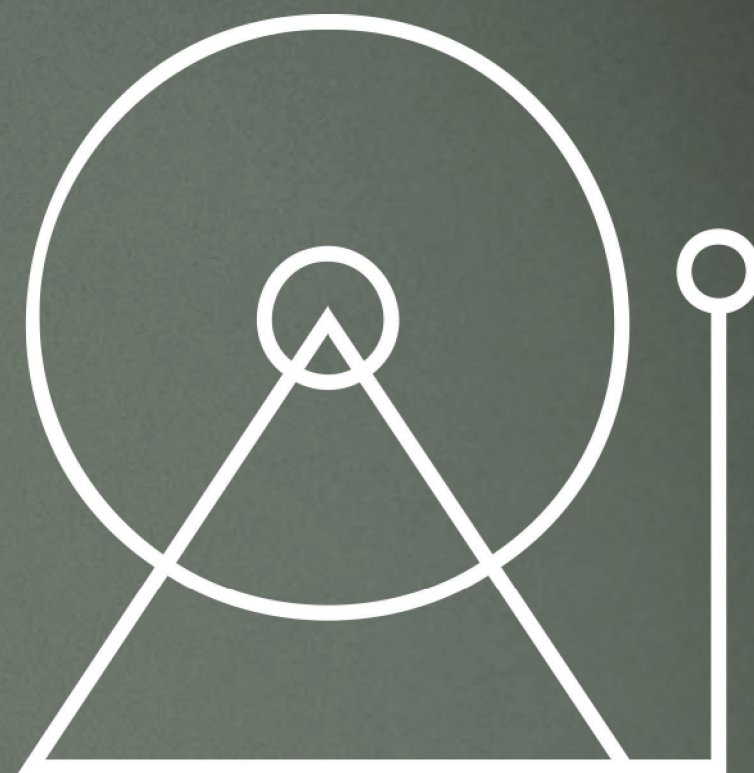
FBC is guarantor to the obligations of the FBC Shareholder under the Senior Loan.

This is Exhibit “10” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN



FINAL BELL














BZAM Due Diligence Readout

BZAM BACKGROUND

- BZAM Ltd. was incorporated on November 16, 2016.
- Holds licenses to produce and sell cannabis products within Canada.
- The Company owns cultivation facilities near Hamilton, Ontario and in Edmonton, Alberta and has operating licenses for cultivation and processing in British Columbia and Québec.
- Is pursuing an international growth strategy through the distribution of cannabis derived medical products in Germany, Australia and the UK.
- BZAM is currently the 6th largest licensed producer and is projected to become the 5th largest through the combination with FB Canada with a clear path to becoming a top 3 player.
- Cultivation, production, and sales infrastructure has led to the successful launch of hundreds of SKUs across multiple categories.
- BZAM.CN is currently listed on the CSE and is trading at \$0.14

Combined Brand / Product Portfolio

BZAM + FINAL BELL

	 Flavour-first flower, vapes and pre-rolls	 High quality vapes and infused pre-rolls	 Affordable organic flower in big bags, pre-rolls & hash	 Premium flower, pre-rolls, and vapes	 Premium vapes and infused pre-rolls
	 Premium organic flower, and pre-rolls	 #1 Cannabis Edible in North America	 Affordable flower for everyday use	 #1 Pre-roll in the World	
	 Small-batch, craft flower from Canada's most famous grower	 Small-batch, hand dried, cold cured and hand trimmed	 Premium infused pre-rolls and vapes	 Cannabis with a purpose	

BZAM | FINAL BELL

DEAL RATIONALE

The rationale for this deal is as follows:

1. FB Canada has been a significant cash drain on our group, mainly in the form of accruing intercompany balances as they've scaled their business. The combined entity will continue to procure all packaging and hardware through 14R but will gain access to banking facilities necessary to pay us as their supplier. This transaction will transform the cash flow profile of FBHI.
2. The enlarged BZAM will increase their business with 14R, as 14R will gradually produce all packaging and hardware for the enlarged group - not just for the current FB Canada SKU's.
3. This deal creates a new dominant player in Canada, with a portfolio of leading brands, efficient manufacturing technology and supply chain management.
4. FBHI will stand to make significant profits on brand royalties (animal, dosist, etc.) and 14R supplies.
5. As a non-control investor, we have immediate access to liquidity shareholding when markets improve.
6. This is an important demonstration of FBHI's ability to build a capital-efficient business of scale and substance.
7. This transaction creates a pathway for us to exit plant-touching businesses and become eligible for a potential U.S. listing or trade sale to non-cannabis buyers.

The proposed deal is structured as follows:

1. Execute a share swap: 100% of FB Canada for 90m new shares in BZAM, which equates to 33% ownership of the enlarged entity. This will make us the second largest shareholder, Stone Pine Capital (37% post deal).
2. BZAM will assume a total of CAD 8m in debt owing to FBHI/14R, split into CAD 4m AP which will be repaid over 120 days and CAD 4m senior secured note due 3/31/25.
3. We will be entitled to one board seat. The BZAM board will be reduced to 5 in total, one being the Chairman, Bessam (owner of Stone Pine), one being our nominee and 3 being independents.

Both sides are keen to execute this transaction before the annual cannabis trade show MJ Biz, end of November.

DUE DILIGENCE ANALYSIS

In conducting this due diligence analysis, we focused on four key questions that we believe are integral in assessing this transaction:

1. What are the quality of BZAM's earnings and operating cash?
2. Does BZAM have necessary capital resources available?
3. What are the dilution risks in FBHI's ownership in BZAM?
4. Are there any other potential risks that need to be identified?

Summary of key findings:

1. Our trend analysis of historical BZAM financials showed positive growth in earnings and is further demonstrated in the pro-forma statements including FB Canada and the Jeeter launch. The spike in growth is justified through \$4.4M in cost saving synergies found through labour, lease, and restructuring costs. We noted that projected revenues are conservative by not accounting for international revenues or including FBHI brands in new markets. Positive EBITDA figures in early 2024 eliminate the covenant compliance risk on the Cortland Credit Facility loan. We concluded that operating cash flows and quality of earnings are reasonable to have a fully funded plan.
2. The revolving Cortland loan has available funds of \$6.0M which can be drawn. BZAM has necessary eligible inventory and accounts receivable to access the full amount of the revolving loan if needed. Stone Pine's promissory notes are due on demand once the credit facility has been repaid. BZAM has sufficient debt capacity based on the payment proposal presented, however FBHI will want to position pari-passu to the Stone Pine notes in order to have security against the proposed promissory note of \$4.0M.
3. The 90M shares issued to FBHI will result in a 33% ownership in BZAM and allow access to earnings without any cash being needed. Based on exercise prices and BZAM.CN's current trading price of \$0.14, we've identified a total of 1.2M options which may be exercised and dilute FBHI's holdings down by 0.1%. There are currently no other debt or equity instruments outstanding which pose a threat of dilution. Current trading volumes of BZAM.CN are low and therefore the stock is considered to have limited liquidity for the time being.
4. Working capital management and the risks associated with integration may lead for the financial projections to be lower than expected. There is currently no reason to believe that any of these risks will occur or that they will have a material effect on FBHI.

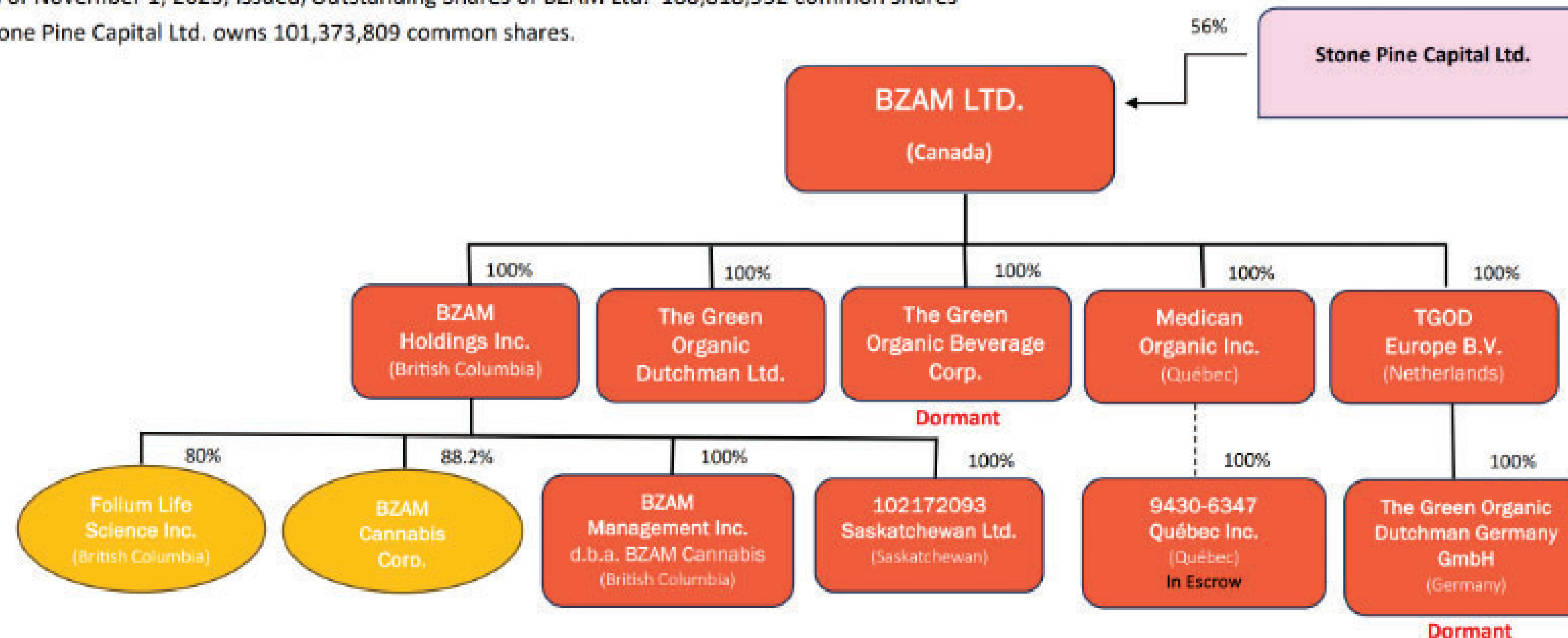


CORPORATE RECORDS – ORG. CHART

BZAM Holdings (“BZAM”) merged with The Green Organic Dutchman Holdings Ltd. (“TGOD”) in November 2022. The combined entity resulting from the Transaction became the sixth largest Canadian cannabis company based on June to August 2022 retail sales, with scale and breadth across major provinces and a complete portfolio of market leading brands and products.

Stone Pine Capital Ltd. is the largest shareholder holding 56% of the common shares outstanding and having outstanding debt owing of \$5,615,000

As of November 1, 2023, Issued/Outstanding Shares of BZAM Ltd: 180,818,952 common shares
Stone Pine Capital Ltd. owns 101,373,809 common shares.



SECURITIES/SHAREHOLDER INFORMATION – FBHI PROPOSED HOLDINGS

		Total Outstanding	<i>FBHI Ownership %</i>
Common Shares		180,818,952	
FBHI Issuance	90,000,000		
Post FBHI Issuance		270,818,952	33.2%
RSUs issued to employees [1]	187,500		
Stock Options [2]	976,354		
Diluted Common Shares		271,982,806	33.1%
			<i>Change of 0.1%</i>

[1] 10,000,000 RSUs are allowed to be issued under the current RSU plan

[2] Current number of exercisable options were included. Rest of options have not fully vested and are out of the money.

CORPORATE FINANCE – CAPITAL RESOURCES

BZAM's current sources of debt:

Lender	Type	Interest Rate	Amount	Amount Used	Amount Available
Cortland Credit Lending Corporation ^[1]	Term Loan	greater of i) 12% and ii) TD Prime Rate + 8.05%	\$ 21,000,000	\$ 21,000,000	\$ -
Cortland Credit Lending Corporation ^[1]	Revolver Loan	greater of i) 12% and ii) TD Prime Rate + 8.05%	\$ 13,000,000	\$ 6,963,000	\$ 6,037,000
Stone Pine Capital Ltd. ^[2]	Secured Demand Promissory Note	10%	\$ 2,500,000	\$ 2,500,000	\$ -
Stone Pine Capital Ltd. ^[2]	Secured Demand Promissory Note	10%	\$ 1,325,000	\$ 1,325,000	\$ -
Stone Pine Capital Ltd. ^[2]	Secured Demand Promissory Note	greater of i) 12% and ii) TD Prime Rate + 8.05%	\$ 1,190,000	\$ 1,190,000	\$ -
Stone Pine Capital Ltd. ^[2]	Secured Demand Promissory Note	greater of i) 12% and ii) TD Prime Rate + 8.05%	\$ 600,000	\$ 600,000	\$ -
Totals			\$ 33,578,000	\$ 33,578,000	\$ 6,037,000

[1] The Cortland Credit Facility:

- Maximum credit facility of \$34,000,000 consisting of current term loan amount of \$21,000,000 and a current revolving amount of \$6,963,000
- \$6,037,000 is still available to be drawn from the Revolver Loan.
- The credit facility is secured against the real property of BZAM.
- The credit facility has a liens with the Edmonton facility that is currently listed for sale based on the 6th amendment signed 8.30.2023.
- The sale of this facility is estimated to complete at \$10,476,000 of which, \$3,000,000 will be used to repay the overadvance of the revolver loan, \$1,000,000 to pay down the term loan, and any net proceeds (if any) can be received by Stone Pine.
- The resulting outcome of the Edmonton facility sale will be a current term loan amount of \$20,000,000 and a maximum revolving limit of \$14,000,000. The revolving loan has been tested and BZAM is able to maximize this amount if needed based on eligible inventory and eligible accounts receivable.
- The Cortland loan matures on 3/24/2024, **however, BZAM has confidence in the renewal as it is a policy of the lender to renew the term every 15 months.**
- If BZAM allows the loan to mature, the Stone Pine PNotes will be callable on demand once all interest payments and principal outstanding are repaid.
- Current interest rates are the greater of i) 12% and ii) TD Prime Rate (7.2%) + 8.05%.

[2] Stone Pine PNotes:

- Held by BZAM's largest investor and Chairman.
- PNotes are secured against BZAM's subsidiaries.
- **Each note is due on demand, however, cannot be recalled unless the principal and all outstanding interest of the Cortland Credit Facility has been fully repaid.**
- Stone Pine has the rights to any net proceeds (if any) from the Edmonton facility sale once all aforementioned payments are made to Cortland.
- The 3rd and 4th PNotes have been signed and issued subsequent to the 9.30.2023 financial statements.
- The first two PNotes bare interest at 10% while the last two PNotes have the same interest rates as Courtland.

[3] FBHI will be asking to structure its \$4,000,000 secured promissory note to be pari-passu with the Stone Pine note and have the right to be amended if the Stone Pine notes ever are. FBHI should also add a clause to have the outstanding accounts payable amount (if any) automatically converted to a secured promissory note if the Cortland loan is ever repaid in full.

FINANCIAL INFORMATION – TRENDED INCOME STATEMENT (\$K)

CDN\$	Actual	Actual	Actual	Pro-Forma Combined Forecast				Actual	Actual	YTD	Fcst	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2021	2022	2023	2024
Income Stmt												
Gross Revenue	35.0	30.0	29.6						39.2	68.8	94.6	0.0
Less: Excise Tax/Duties	(10.9)	(10.7)	(9.2)						(8.9)	(19.5)	(30.8)	0.0
<i>Jeeter Net Revenue</i>				0.0	3.2	4.0	4.3	6.3				17.8
<i>FB Canada Net Revenue</i>				9.8	8.2	9.4	9.8	9.4				36.8
<i>BZAM Net Revenue</i>				18.1	20.4	21.3	21.9	22.4				86.0
Total Net Revenue	24.1	19.3	20.4	27.9	31.8	34.7	36.0	38.1	30.3	49.3	63.8	140.6
% growth		-20%	6%	37%	14%	9%	4%	6%		63%	29%	120%
Cost of Sales (COS)	(21.0)	(16.2)	(20.6)	(21.4)	(22.8)	(24.9)	(25.8)	(27.0)	(22.5)	(45.2)	(57.8)	(100.5)
GM before Bio Assets and Non-recurring	3.1	3.1	(0.2)	6.5	9.0	9.8	10.2	11.1	7.8	4.1	6.0	40.1
% of Revenue	12.9%	16.1%	-1.0%	23.3%	28.3%	28.2%	28.3%	29.1%	25.7%	8.3%	9.4%	28.5%
Inventory Value Adj to FV	(4.6)	(7.9)	(7.2)						(8.2)	(23.6)	(19.7)	0.0
Change in FV of Biological Assets	4.5	6.6	6.8						12.0	26.2	17.9	0.0
COGS Adjustments	(0.1)	(1.3)	(0.4)	0.0	0.0	0.0	0.0	0.0	3.8	2.6	(1.8)	0.0
GM \$K	3.0	1.8	(0.6)	6.5	9.0	9.8	10.2	11.1	11.6	6.7	4.2	40.1
GM %	12.4%	9.3%	-2.9%	23.3%	28.3%	28.2%	28.3%	29.1%	38.3%	13.6%	6.6%	28.5%
Opex	14.6	12.1	13.0	7.6	7.0	7.3	7.2	7.2	40.4	42.0	39.7	28.7
Operating Income	(11.6)	(10.3)	(13.6)	(1.1)	2.0	2.5	3.0	3.9	(28.8)	(35.3)	(35.5)	11.4
Other I&E												
Foreign Exchange				0.2					(0.6)	(0.6)	0.0	0.0
Interest Expense	(1.7)	(1.8)	(1.8)	1.3	1.3	1.3	1.3	1.3	(6.1)	(5.1)	(5.3)	5.2
Accretion expense				0.5					(5.5)	(1.5)	0.0	0.0
Tax	0.0								0.0	0.0	0.0	0.0
Revaluation of Contingent Consideration	(3.5)	19.4							1.9	38.0	15.9	0.0
Impairment	(1.7)	(70.1)	(2.0)						16.7	(31.5)	(73.8)	0.0
Loss on disposal									(17.7)	(1.2)	0.0	0.0
Loss from Discontinued Operations									(2.8)	(0.4)	0.0	0.0
Misc	(0.8)	(2.7)	(0.2)	(6.2)	(4.0)	(3.5)	(3.5)	(3.6)	(11.6)	(6.4)	(3.7)	(14.6)
Total O I&E	(7.7)	(55.2)	(4.0)	(4.4)	(2.7)	(2.2)	(2.2)	(2.3)	(25.1)	(8.1)	(66.9)	(9.4)
Net Loss	(19.3)	(65.5)	(17.6)	(5.5)	(0.7)	0.3	0.8	1.6	(42.3)	(36.8)	(102.4)	2.0
EBITDA												
Net Income	(19.3)	(65.5)	(17.6)	(5.5)	(0.7)	0.3	0.8	1.6	(42.3)	(36.8)	(102.4)	2.0
Add Back: Loss from Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.8	0.4	0.0	0.0
Add Back: Depr & Amort	12.2	12.2	12.2						12.2	12.2	36.6	0.0
Foreign Exchange	0.0	0.0	0.0	(0.2)	0.0	0.0	0.0	0.0	0.6	0.6	0.0	0.0
Interest Expense	1.7	1.8	1.8	(1.3)	(1.3)	(1.3)	(1.3)	(1.3)	6.1	5.1	5.3	(5.2)
Revaluation of Contingent Consideration	3.5	(19.4)	0.0	0.0	0.0	0.0	0.0	0.0	(1.9)	(38.0)	(15.9)	0.0
Impairment	1.7	70.1	2.0	0.0	0.0	0.0	0.0	0.0	(16.7)	31.5	73.8	0.0
Loss on disposal	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	17.7	1.2	0.0	0.0
Biological assets inventory reval	0.1	1.3	0.4	0.0	0.0	0.0	0.0	0.0	(3.8)	(2.6)	1.8	0.0
Inventory Provisions at Cost	3.3	3.3							3.3	3.3	6.6	0.0
Share-based Compensation	3.4	3.4							3.4	0.6	6.8	0.0
Non-recurring Restructuring Costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.6	0.0	0.0
Misc	(10.5)	(7.2)	(6.2)	6.2	4.9	4.9	5.0	5.0	(4.0)	(0.1)	(23.9)	19.8
Adj EBITDA	(3.9)	0.0	(7.4)	(0.8)	2.9	3.9	4.5	5.3	(22.6)	(18.0)	(11.3)	16.6

Revenue

- Conservative revenue numbers used.
- Potential international revenue has not been forecasted.
- FBHI brands in new markets have not been forecasted.

Gross Margin

- Positive forecasted gross margin numbers while using conservative revenue projections.

Operating Expenses

- \$4.4M in cost saving synergies found through labour, lease, and restructuring costs

FINANCIAL INFORMATION – TRENDED BALANCE SHEET (\$K)

CDN\$	Actual	Actual	Actual	Pro-Forma Combined Forecast				Actual	Actual	YTD	Fcst	
	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2021	2022	2023	2024
ASSETS												
Cash + Restricted Cash	2.1	3.0	5.6	7.7	6.6	6.9	7.3	9.2	4.3	5.0	5.6	9.2
Receivables	14.7	10.8	11.0	18.3	20.0	22.1	22.8	23.4	9.1	10.3	11.0	23.4
Biological Assets	5.0	4.8	5.1	4.8	4.0	4.1	4.0	4.1	3.1	4.6	5.1	4.1
Inventory	46.7	43.8	38.2	51.0	50.5	50.1	50.0	47.6	20.9	52.4	38.2	47.6
Prepaid expenses and deposits	3.4	3.3	5.5	4.5	4.5	4.5	4.5	4.5	1.5	3.4	5.5	4.5
Receivables from Related Parties	0.6	0.0	1.8	0.0	0.0	0.0			0.1	0.6	1.8	0.0
Assets held for sale	8.0	6.8	10.4	0.0	0.0	0.0			13.6	9.7	10.4	0.0
Other Current Assets	2.0	1.7	0.0	1.0	1.1	1.1	1.1	1.0	2.5	1.6	0.0	1.0
Total Current Assets	82.5	74.2	77.6	87.3	86.7	88.8	89.7	89.8	55.1	87.6	77.6	89.8
Property, Plant & Equip (PP&E)	125.7	90.7	75.8	75.0	73.5	72.0	70.4	68.9	118.0	129.4	75.8	68.9
Intangibles	27.7	19.8	19.3	20.2	20.1	20.0	20.0	19.9	15.6	28.3	19.3	19.9
Goodwill	28.7	0.0	0.0	0.0					4.0	28.7	0.0	0.0
Other	0.4	0.4	0.4	2.6	2.7	2.7	2.7	2.7	1.6	0.4	0.4	2.7
Total Non-current Assets	182.5	110.9	95.5	97.8	96.3	94.7	93.1	91.5	139.2	186.8	95.5	91.5
Total Assets	265.0	185.1	173.1	185.1	183.0	183.5	182.8	181.3	194.3	274.4	173.1	181.3
Liabilities												
Accts Pay and Accrued Liabilities	27.2	27.6	33.7	36.5	34.6	34.2	32.3	29.4	17.7	29.5	33.7	29.4
Sales Tax Payable	3.0	3.1	3.4	5.5	5.5	5.6	5.7	5.7	0.6	1.5	3.4	5.7
Due to Related Parties			1.0								1.0	
Current Portion of Loans	31.6	32.3	31.3	27.0	27.5	28.0	28.3	28.1	2.0	5.4	31.3	28.1
Current Portion of Leases	1.7	1.8	2.4						1.0	1.5	2.4	0.0
Loan Payable to disposal group		0.0		4.0	4.0	4.0	4.0	4.0	5.5		0.0	4.0
Liabilities held for sales	3.7	0.0							2.6	3.7	0.0	0.0
Current Portion of Contingent Consideration	19.4	0.0								0.6	0.0	0.0
Total Current Liabilities	86.6	64.8	71.8	73.0	71.6	71.8	70.3	67.2	29.4	42.2	71.8	67.2
Lease Liabilities	10.4	12.4	11.4	15.0	14.7	14.4	14.1	13.8	6.5	10.6	11.4	13.8
Loans	5.0	5.0	5.0	12.5	12.5	12.5	12.5	12.5	18.2	27.2	5.0	12.5
Contingent Consideration									3.4	16.1	0.0	0.0
Total Non-Current	15.4	17.4	16.4	27.5	27.2	26.9	26.6	26.3	28.1	53.9	16.4	26.3
Total Liabilities	102.0	82.2	88.2	100.5	98.8	98.7	96.9	93.5	57.5	96.1	88.2	93.5
Shareholder Equity	157.3	99.5	82.7	82.4	82.0	82.6	83.7	85.6	137.7	171.6	82.7	85.6
Non-Controlling Interest (NCI)	5.7	3.4	2.2	2.2	2.2	2.2	2.2	2.2	(0.9)	6.7	2.2	2.2
Shareholder Equity	163.0	102.9	84.9	84.6	84.2	84.8	85.9	87.8	136.8	178.3	84.9	87.8
Total Liabilities & Shareholder Equity	265.0	185.1	173.1	185.1	183.0	183.5	182.8	181.3	194.3	274.4	173.1	181.3

Cash

- Positive increase in ending cash being driven from operating cash flows

Working Capital

- Room for better AR and AP figures. Changes to collection and repayment policies can positively impact available cash
- High inventory numbers put company at risk of asset impairment. Higher turnover ratio would lead to more cash.

Debt

- \$6,037,000 revolver loan funds still available to be drawn from which lowers the risk of FBHI cash collections on BZAM invoices.

FINANCIAL INFORMATION – WORKING CAPITAL (\$K)

CDN\$	Actual	Actual	Actual	Pro-Forma Combined Forecast				Actual	Actual	YTD	Fcst	
Working Capital Summary	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2021	2022	2023	2024
Receivables	14.7	10.8	11.0	18.3	20.0	22.1	22.8	23.4	9.1	10.3	11.0	23.4
Biological Assets	5.0	4.8	5.1	4.8	4.0	4.1	4.0	4.1	3.1	4.6	5.1	4.1
Inventory	46.7	43.8	38.2	51.0	50.5	50.1	50.0	47.6	20.9	52.4	38.2	47.6
Receivables from Related Parties	0.6	0.0	1.8	0.0	0.0	0.0	0.0	0.0	0.1			
Other Current Assets	2.0	1.7	0.0	1.0	1.1	1.1	1.1	1.0	2.5			
Prepaid expenses and deposits	3.4	3.3	5.5	4.5	4.5	4.5	4.5	4.5	1.5	3.4	5.5	4.5
Accts Pay and Accrued Liabilities	(27.2)	(27.6)	(33.7)	(36.5)	(34.6)	(34.2)	(32.3)	(29.4)	(17.7)	(29.5)	(33.7)	(29.4)
Sales Tax Payable	(3.0)	(3.1)	(3.4)	(5.5)	(5.5)	(5.6)	(5.7)	(5.7)	(0.6)	(1.5)	(3.4)	(5.7)
Total Working Capital	42.2	33.7	24.5	37.6	40.0	42.1	44.4	45.5	18.9	39.7	22.7	44.5
Change	0.3	(8.5)	(9.2)	13.1	2.4	2.1	2.3	1.1		20.8	(17.0)	21.8
Working Capital Changes												
Receivables	4.4	(3.9)	0.2	7.3	1.7	2.1	0.7	0.6		1.2	0.7	12.4
Biological Assets	0.4	(0.2)	0.3	(0.3)	(0.8)	0.1	(0.1)	0.1		1.5	0.5	(1.0)
Inventory	(5.7)	(2.9)	(5.6)	12.8	(0.5)	(0.4)	(0.1)	(2.4)		31.5	(14.2)	9.4
Receivables from Related Parties	0.0	(0.6)	1.8							(0.1)	0.0	
Other Current Assets	0.4	(0.3)	(1.7)	1.0	0.1	(0.0)	0.0	(0.1)		(2.5)	0.0	
Prepaid expenses and deposits	0.0	(0.1)	2.2	(1.0)	0.0	0.0	0.0	0.0		1.9	2.1	(1.0)
Accts Pay and Accrued Liabilities	2.3	(0.4)	(6.1)	(2.8)	1.9	0.4	1.9	2.9		(11.8)	(4.2)	4.3
Sales Tax Payable	(1.5)	(0.1)	(0.3)	(2.1)	0.0	(0.1)	(0.1)	0.0		(0.9)	(1.9)	(2.3)
Total Working Capital Changes	0.3	(8.5)	(9.2)	14.9	2.4	2.1	2.3	1.1	0.0	20.8	(17.0)	21.8
Net Revenue	24.1	19.3	20.4	27.9	31.8	34.7	36.0	38.1	30.3	49.3	63.8	140.6
A/R balance	14.7	10.8	11.0	18.3	20.0	22.1	22.8	23.4	9.1	10.3	11.0	23.4
D/SO	54.9	50.4	48.5	59.0	56.6	57.3	57.0	55.3	108.1	75.2	46.6	15.0
Inventory Balance	46.7	43.8	38.2	51.0	50.5	50.1	50.0	47.6	20.9	52.4	38.2	47.6
DOH	174.4	204.2	168.5	164.5	142.9	129.9	125.0	112.4	248.3	382.6	161.7	121.9
Raw materials and packaging	5.3	6.5	5.8						2.6	7.1	5.8	0.0
Work-in-progress	35.5	32.5	27.9						15.0	39.0	27.9	0.0
Finished Goods	5.9	4.7	4.6						3.4	6.2	4.6	0.0
Total Inventory	46.7	43.7	38.3	0.0					21.0	52.3	38.3	0.0

- Inventory holdings of 168.5 Days on Hand (DOH) of inventory with a significant amount in WIP. This is down \$14m YoY but still represents a large number.
- WIP includes flower which has been grown and harvested
- BZAM's target is to have DOH of 150.0, which is still high and has room to be further refined

FINANCIAL INFORMATION – FINANCIAL STATEMENTS AND MD&A

Q3 2023

- Unpublished in draft form

Q2 2023

- Q2 2023 MANAGEMENT DISCUSSION & ANALYSIS

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- Q2 2023 FINANCIAL STATEMENTS

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- Q2 2023 MANAGEMENT'S INFORMATION CIRCULAR

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Q1 2023

- Q1 2023 MANAGEMENT DISCUSSION & ANALYSIS

[READ MORE →](#)

- Q1 2023 FINANCIAL STATEMENTS

[READ MORE →](#)

Q4 2022

- Q4 2022 MD&A

[READ MORE →](#)

- Q4 2022 FINANCIAL STATEMENTS

[READ MORE →](#)

SUMMARY

- FBHI will eliminate the cash drain from FB Canada and begin to generate more cash flows in 14R.
- The relationship with BZAM will permit FBHI to benefit from their strong market position and increase production demands.
- Aligns with FBHI's strategic pathway to exit the plant-touching business
- BZAM's strong operational cash flow projections combined with access to readily available capital, demonstrate their ability to execute on their business plan.
- FBHI will seek to obtain pari-passu to Stone Pine in order to secure the investment in BZAM.
- FBHI's 33% ownership in BZAM will enable access to profits without the need for additional capital.

This is Exhibit “11” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

BZAM LTD.

- and -

FINAL BELL CANADA INC.

- and -

FINAL BELL HOLDINGS INTERNATIONAL LTD.

SHARE EXCHANGE AGREEMENT

December 5, 2023

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SHARE EXCHANGE AGREEMENT

This **SHARE EXCHANGE AGREEMENT** is dated December 5, 2023 and made among:

BZAM LTD., a corporation incorporated under the laws of Canada (the “**Purchaser**”);

FINAL BELL CANADA INC., a corporation incorporated under the laws of Ontario (“**FBC**”); and

FINAL BELL HOLDINGS INTERNATIONAL LTD., a corporation incorporated under the laws of British Columbia (the “**FBC Shareholder**”).

RECITALS:

- (A) The Purchaser is a company whose common shares are listed on the CSE (as hereinafter defined).
- (B) The FBC Shareholder is the beneficial and legal owner of all of the issued and outstanding FBC Shares (as defined herein).
- (C) The Purchaser wishes to purchase and acquire all of the issued and outstanding FBC Shares from the FBC Shareholder in exchange for the Consideration Shares (as hereinafter defined), upon and subject to the terms and conditions set forth in this Agreement.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties (each, a “**Party**” and, together, the “**Parties**”) covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement the following words and phrases will have the following meanings:

“**Accounts Payable**” means all accounts payable, trade payables, obligations to make payment, book payables and other amounts, due, owing or accruing due, together with any security interest, letters of credit or other credit support documents granted by any FBC Entity as security therefor.

“**Accounts Receivable**” means all accounts receivable, trade receivables, rights to receive payment, book debts and other amounts, due, owing or accruing due to any FBC Entity, together with any security interest, letters of credit or other credit support documents granted in favour of any FBC Entity as security therefor.

“**Acquisition Proposal**” has the meaning set forth in Section 9.9(a).

“Affiliate” with respect to any specified Person at any time, means each Person directly or indirectly, through one or more intermediaries, controlling, controlled by or under direct or indirect common control with, such specified Person at such time.

“Agreement” means this Share Exchange Agreement and all of the schedules, exhibits and other documents attached hereto or delivered pursuant to the terms hereof, as it may from time-to-time be supplemented or amended.

“Anti-Corruption Legislation” has the meaning set forth in Section 4.34(a).

“Applicable Securities Laws” means all applicable Canadian securities laws relevant to the issuance of securities of the Purchaser or the purchase and sale of the FBC Shares pursuant to the terms of this Agreement, including the published rules and policies of the CSE.

“Authorization” means, with respect to any Person, any Order, permit, approval, consent, waiver, licence or other authorization issued, granted, given or authorized by, or made applicable under the authority of, any Governmental Authority having jurisdiction over the Person.

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks in the City of Toronto, Ontario, Canada are closed during regular banking hours.

“Cannabis and cannabis” includes cannabis products as defined in the Cannabis Regulations with reference to Schedule 4 of the Cannabis Act and industrial hemp as defined in the Industrial Hemp Regulations made under the Cannabis Act.

“Cannabis Laws” means, collectively: (i) the laws of Canada and each of the provinces and territories therein applicable to the production, manufacture, cultivation, importation, exportation, advertisement, marketing, promotion, sale and/or distribution of cannabis and/or related products, including, without limitation, the *Cannabis Act* (Canada), the Cannabis Regulations and the *Excise Act, 2001* (Canada); and (ii) the respective regulations and rules made and forms prescribed under such laws, together with all applicable and legally enforceable published policy statements, orders and rulings of the applicable Governmental Authority in each such jurisdiction.

“Cannabis Regulations” mean the *Cannabis Regulations* (Canada), as amended from time to time.

“Claims” means claims, demands, complaints, grievances, actions, applications, suits, causes of action, charges, indictments, prosecutions, information or other similar processes.

“Closing” has the meaning set forth in Section 6.1.

“Closing Date” has the meaning set forth in Section 6.1.

“Closing Period” means the period between the close of business on the Execution Date and the Closing.

“Confidentiality Agreement” means the confidentiality agreement between FBC Shareholder and the Purchaser dated October 31, 2023.

“Consideration Shares” has the meaning set forth in Section 2.2(b).

“Contract” means any contract, agreement, option, lease, license, deed, mortgage, note, indenture, commitment or other instrument of any kind, whether written or oral, and other legal binding agreements, arrangements, understandings, commitments and undertakings, to which a Person is a party or a beneficiary or pursuant to which any of its property or assets are or may be affected.

“CSE” means the Canadian Securities Exchange.

“Damages” means any losses, liabilities, damages or out-of-pocket expenses (including reasonable legal fees and expenses) whether resulting from an action, suit, proceeding, arbitration, claim or demand that is instituted or asserted by a third Person, including a Governmental Authority, or a cause, matter, thing, act, omission or state of facts not involving a third Person.

“Disclosure Letters” means, collectively, the FBC Disclosure Letter and the Purchaser Disclosure Letter.

“Drop Dead Date” means January 30, 2024, or such other date as the Parties may mutually approve in writing.

“Effective Time” means 9:00 a.m. (Eastern Time) on the Closing Date (or such other time as may be agreed to by the Parties).

“Employee” means any full-time or part-time employee of any FBC Entity including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“Employee Contracts” means any written or verbal employment Contract for employment between FBC and any Employee.

“Employee Plans” has the meaning set forth in Section 4.32(a).

“Environmental Authorization” means all Authorizations issued pursuant to any Environmental Laws in connection with the operation of the FBC Business or the ownership and use by any FBC Entity of the property and assets (including the Leased Properties) of FBC.

“Environmental Claim” means any Claim alleging or asserting any violation of any Environmental Law or Environmental Authorization, or liability for response costs or remedial action under an Environmental Law related to any Environmental Release.

“Environmental Laws” mean all Laws, regulations, ordinances or written decisions relating to environmental matters and relating to the protection of workers and public health, including any Laws having as a purpose or effect the protection of the environment, ground water, endangered species of flora and fauna, air, land or natural resources (including soil, land surface or subsurface strata, surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere)), the prevention or reduction to acceptable levels of pollution and emissions or the provision of remedies in respect of damage arising therefrom and the generation, use, handling, release, treatment, storage, disposal or transportation of Environmentally Hazardous Substance.

“Environmental Release” means any emission, discharge, release, deposit, issuance, spray, injection, abandonment, escape, spill, leak, seepage, disposal or exhaust (other than exhaust from a vehicle) of an Environmentally Hazardous Substance, or other occurrence or event defined as such in any Environmental Laws.

“Environmentally Hazardous Substance” means any material or substance that could reasonably be expected to impair the quality of the environment or that causes or could reasonably be expected to cause an adverse effect on the environment for any use which can be made of it and as to which liabilities or standards of conduct are imposed pursuant to Environmental Laws, including any material or substance that is deemed pursuant to any Environmental Law to be “hazardous”, “toxic”, “deleterious”, “caustic”, “dangerous”, a “contaminant”, a “hazardous waste”, a “source of contaminant”, a “pollutant”, or words of similar meaning and regulatory effect under any Environmental Law, and any of the following substances: asbestos, urea formaldehyde, hydrocarbons, lead and polychlorinated biphenyls and any material or equipment containing one of these substances.

“Equity Interests” of a Person means options, warrants, calls, pre-emptive rights, subscriptions or other rights, restricted share awards, restricted share unit awards, agreements, arrangements, understandings or commitments of any kind relating to the issued or unissued shares in the capital of such Person, or other equity interests of such Person.

“Execution Date” means the date of this Agreement.

“Exemptions” has the meaning set forth in Section 2.7(a).

“FB Indemnified Losses” has the meaning set forth in Section 10.1(b).

“FB Indemnified Parties” has the meaning set forth in Section 10.1(b).

“FB Payment Plan” means the payment plan in connection with the unsecured promissory note in the principal amount of \$4,000,000 owed by FBC to the FBC Affiliated Vendor, guaranteed by the Purchaser, which shall be payable in accordance with Schedule A of this Agreement and subject to any additional terms as may be determined by the parties, acting reasonably.

“FBC” has the meaning set forth in the preamble of this Agreement.

“FBC Affiliated Vendor” means 14th Round Inc., which is a wholly-owned subsidiary of the FBC Shareholder.

“FBC Books and Records” means all books of account, financial statements, tax records, personnel records of Employees, historic documents relating to the FBC Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information relating to any FBC Entity (whether in written, electronic or other form).

“FBC Business” means the business carried on by the FBC Entities on the Execution Date in Canada, consisting of operating the FBC Facilities.

“FBC Disclosure Letter” means the disclosure letter delivered by the FBC Shareholder to the Purchaser on the Execution Date.

“FBC Entities” means FBC and Final Bell Corp.

“FBC Facilities” means the licensed cannabis facility and office space located at 1100, Unit 3, Bennett Rd, Bowmanville, Ontario L1C 3K.

“FBC Financial Statements” means, collectively, (a) the unaudited financial statements of FBC for the twelve months ended December 31, 2022, and (b) the unaudited interim financial statements of FBC for the nine months ended September 30, 2023, all prepared in accordance with IFRS.

“FBC IP” has the meaning set forth in Section 4.26(a).

“FBC Material Authorizations” has the meaning set forth in Section 4.18.

“FBC Material Contracts” has the meaning set forth in Section 4.21.

“FBC Promissory Note” means the secured promissory note in the form set out as Schedule B of this Agreement, executed by FBC in favor of the FBC Affiliated Vendor on Closing, guaranteed by the Purchaser, in the aggregate principal amount of \$4,000,000, owed by FBC to the FBC Affiliated Vendor, bearing interest at zero percent (0%) and with a maturity date no earlier than March 31, 2025. For greater

clarity: (i) this note shall rank pari passu with all secured debts owed by the Purchaser to Stone Pine and bear the same maturity date as the secured debts owed by the Purchaser to Stone Pine and to the Senior Lender; and (ii) all such secured debts owed to Stone Pine and the FBC Affiliated Vendor shall be subordinated to the secured debts owed to the Senior Lender, in accordance with the terms of the Subordination Agreement and the Intercreditor Agreement.

“FBC Reference Date” means September 30, 2023.

“FBC Shareholder” has the meaning set forth in the preamble to this Agreement.

“FBC Shares” means: (i) 295 class A common shares; (ii) the 295 class B common shares; (iii) the 30 class C common shares; (iv) the 100 class D common shares; (v) 100 class E common shares; (vi) the 30 class F common shares; (vii) 100 class G common shares; (viii) 20 class H common shares; and (ix) the 30 class I common shares in the capital of FBC, and FBC Share means any one of them.

“FBC Specified Representations” has the meaning set forth in Section 7.1(a).

“Fundamental Representations” means the representations and warranties of the FBC Shareholder set forth in Sections 5.1, 5.2, and 5.3.

“Golden Iris Release” means the agreement evidencing the release of the FBC Entities as guarantors of the loan between the FBC Shareholder and Golden Iris International Ltd, and related general security agreement and PPSA registration.

“Governmental Authority” means any (a) multinational, federal, provincial, territorial, state, municipal, local or other governmental or public department, central bank, court, commission, board, arbitrator, tribunal, bureau or agency, domestic or foreign, (b) any subdivision or authority of any of the above, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or tax authority under or for the account of any of the above.

“GST/HST” means goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada).

“Healthcare Data Requirements” has the meaning set forth in Section 3.33(a) or Section 4.35, as applicable.

“IFRS” means generally accepted accounting principles in Canada from time to time including, for the avoidance of doubt, the standards prescribed in Part I of the CPA Canada Handbook – Accounting (which incorporates International Financial Reporting Standards, as issued by the International Accounting Standards Board) as the same may be amended, supplemented or replaced from time to time.

“Indebtedness” means with respect to FBC, (i) any liability for borrowed money (including bank loans, lines of credit and loans from related parties), or evidenced by an instrument for the payment of money, or incurred in connection with the acquisition of any property, products, services, assets or securities (including “earnouts”, holdbacks, vendor notes or any other similar form of contingent or deferred payment obligation, and any conditional sale or other title retention agreement), or relating to a capitalized lease obligation, (ii) any change of control payments, bonuses, severance, termination and retention obligations, and similar amounts for which FBC becomes liable in connection with the Transaction contemplated by this Agreement, (iii) profit sharing bonus accruals; bonuses and incentives payable; and all accrued but unpaid salaries, wages and benefits, accrued matching RRSP contributions, accrued profit sharing payments, banked vacation pay and banked hours, and (iv) the employer portion of any payroll Taxes payable in connection with any amounts referred to in clause (ii) or (iii).

“Indemnified Loss” shall mean a Purchaser Indemnified Loss or a FB Indemnified Loss, as the case may be.

“Indemnified Party” shall mean a Purchaser Indemnified Party or a FB Indemnified Party, as the case may be.

“Industrial Hemp Regulations” mean the Industrial Hemp Regulations made under the *Cannabis Act*, as amended from time to time.

“Information Technology” means computer hardware, software in source code and object code form (including documentation, interfaces and development tools), websites, databases, telecommunications equipment and facilities and other information technology systems owned, licensed, used or held by a Person.

“Intellectual Property” means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the applicable Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, slogans, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of, and symbolized by, and all registrations, applications and renewals for, any of the foregoing, (b) internet domain names, whether or not trademarks, web addresses, web pages, websites and related content and URLs, (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights and (d) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority-issued indicia of invention ownership (including inventor’s certificates, petty patents and patent utility models).

“Intercreditor Agreement” means the intercreditor agreement to be entered into between Stone Pine and the FBC Affiliated Vendor, with respect to: (i) the ranking of any secured debts owed by the Purchaser to Stone Pine to be *pari passu* with the FBC Promissory Note; and (ii) the acknowledgement of the subordination following Closing, of all secured debts owed by the Purchaser to the FBC Affiliated Vendor and the FBC Affiliated Vendor, to the secured debts owed by the Purchaser to the Senior Lender.

“ITA” means the *Income Tax Act (Canada)*, RSC 1985, c 1 (5th Supp).

“Laws” means any and all (a) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and municipal by-laws of any Governmental Authority and (b) Orders.

“Leased Properties” means the lands and premises set out and described in Section 4.29(a) of the FBC Disclosure Letter by reference to their municipal address and proper legal description.

“Leases” means the leases and offers to lease in respect of the Leased Properties set out and described in Section 4.29(a) of the FBC Disclosure Letter.

“Liabilities” means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“Lien” means any lien, claim, charge, pledge, hypothecation, security interest, mortgage, restriction, assignment, trust or deemed trust, title defect or objection, title retention agreement, option or encumbrance of any nature or kind whatsoever, whether contractual, statutory or otherwise arising, any other encumbrance of any nature or any arrangement or condition which, in substance, secures payment or performance of an obligation.

“Lock-up Agreement” means an agreement to be entered into between the Purchaser and the FBC Shareholder pursuant to which the FBC Shareholder will covenant not to sell, transfer or otherwise dispose of:

- i. with respect to 1/3 of the Consideration Shares, for a period ending on the 4-month plus a day anniversary of the date of issuance of such Purchaser Shares;
- ii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 8-month anniversary of the Closing Date; and
- iii. with respect to an additional 1/3 of the Consideration Shares, for a period ending on the 12-month anniversary of the Closing Date.

“Material Adverse Effect” means, (a) in respect of a Party, any effect or change that is, individually or together with other effects or changes, materially adverse to (1) the results of operations and financial condition of the business of such Party and, if applicable, its subsidiaries, taken as a whole, or; (2) the Party’s ability to consummate the transactions contemplated by this Agreement, and (b) in respect of the Party’s assets, an effect that is individually or together with other effects or changes, materially adverse to such assets, taken as a whole; provided that a “Material Adverse Effect” does not include any effect or change arising from (i) any change affecting the cannabis industry as a whole, (ii) changes in applicable Laws, (iii) changes in IFRS, (iv) any change in general economic, business, regulatory, political (including the outbreak or escalation of war or acts of terrorism) or market conditions or in national or global financial or capital markets, (v) any natural disaster, or (vi) this Agreement or the completion of the transactions contemplated by this Agreement other than, in respect of each of clauses (i), (ii), (iii), (iv), and (v), any such effect that specifically relates to or disproportionately affects in an adverse manner the Party’s business.

“Merged Entity” means the Purchaser and the resulting group of subsidiaries following the completion of the Transaction contemplated by this Agreement.

“Misrepresentation” means an untrue statement of a material fact or an omission to state a material fact required or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made.

“Order” means any award, decision, injunction, judgment, order, ruling, subpoena or verdict entered, issued, made or rendered by any Governmental Authority.

“Ordinary Course” means, with respect to an action taken by a Person, that such action is (i) consistent with the past practices of the Person and is taken in the ordinary course of business of the normal operations of the Person or its business, and (ii) would be similar in nature to actions customarily taken in the ordinary course of the day to day operations of other Persons that are in the same line of business as such Person.

“Parties” means, collectively, the Purchaser, FBC and the FBC Shareholder and **Party** means any one of them.

“Permitted Encumbrances” means (a) Liens for Taxes, assessments or governmental charges or levies which relate to obligations not yet due or delinquent, the validity of which are being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with IFRS have been made in the FBC Books and Records or the Purchaser Books and Records, as the case may be, (b) easements, servitudes, encroachments and other minor imperfections of title which do not, individually or in the aggregate, detract from the value of or impair the use or marketability of any real property, (c) undetermined or inchoate Liens arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Laws or of which written notice has not been given in accordance with applicable Laws, (d) Liens set out and described in Section 4.11 of the FBC Disclosure Letter or Section 1.1 of the Purchaser Disclosure Letter but only to the extent such Liens conform to their description in such Disclosure Letter and (e) Liens that would not reasonably be expected to have a Material Adverse Effect.

“Person” includes an individual, sole proprietor, corporation, body corporate, partnership, joint venture, association, trust, unincorporated organization or any other entity, or any trustee, executor, administrator or other legal representative thereof.

“Personal Information” means information about an identifiable individual other than such individual’s business contact information where such business contact information is collected, used or disclosed for the purposes of contacting such individual in that individual’s capacity as an employee or an official of an organization and for no other purpose.

“Pre-Closing Tax Period” means any Tax or fiscal period ending on or before the Closing, and with respect to a Straddle Period, the portion of a Straddle Period up to and immediately prior to the Closing.

“Privacy Laws” means the *Personal Information Protection and Electronic Documents Act* (Canada) and any similar Laws relating to the collection, use, disclosure or storage of Personal Information applicable in Canada.

“Purchase Price” has the meaning set forth in Section 2.2.

“Purchased FBC Shares” means the FBC Shares to be purchased by the Purchaser pursuant to Article 2, being all of the issued and outstanding shares in the capital of FBC.

“Purchaser” has the meaning set forth in the preamble of this Agreement.

“Purchaser Books and Records” means all books of account, financial statements, tax records, personnel records of the Purchaser Employees, historic documents relating to the assets or business of the Purchaser Entities, sales and purchase records, cost and pricing information, customer and supplier lists and files, referral sources, research and development reports and records, production reports and records, equipment logs, operating guides and manuals, business reports, plans and projections and all other documents, files, correspondence and other information of a Purchaser Entity (whether in written, electronic or other form).

“Purchaser Disclosure Letter” means the disclosure letter delivered by the Purchaser to the FBC Shareholder on the Execution Date.

“Purchaser Disclosure Record” means all documents filed by or on behalf of the Purchaser on the System for Electronic Document Analysis Retrieval prior to the date hereof that are publicly available on the date hereof.

“Purchaser Employee” means any full-time or part-time employee of the Purchaser or any Purchaser Entity, including any such employee on disability (long-term or short-term), workplace safety and insurance, workers’ compensation, pregnancy or parental or other statutory or approved leave.

“Purchaser Employee Contracts” means any written or verbal employment Contract for employment between any Purchaser Entity and any other Person engaged in the business of any Purchaser Entity.

“Purchaser Employee Plans” has the meaning set forth in Section 3.30(a) of this Agreement.

“Purchaser Entities” means, collectively, the Purchaser and its subsidiaries.

“Purchaser Financial Statements” means the audited consolidated financial statements of the Purchaser for the years ended December 31, 2022 and 2021, and the unaudited financial statements of the Purchaser for the three and nine months ended September 30, 2023, all prepared in accordance with IFRS.

“Purchaser Indemnified Losses” has the meaning set forth in Section 10.1(a).

“Purchaser Indemnified Parties” has the meaning set forth in Section 10.1(a).

“Purchaser IP” has the meaning set forth in Section 3.24(a).

“Purchaser Leased Properties” means the lands and premises leased by the Purchaser as set out the Purchaser Disclosure Record.

“Purchaser Leases” means the leases and offers to lease in respect of the Purchaser Leased Properties set out and described in Section 3.27(a) of the Purchaser Disclosure Letter.

“Purchaser Material Authorizations” has the meaning set forth in Section 3.16.

“Purchaser Material Contracts” has the meaning set forth in Section 3.19.

“Purchaser Owned Properties” means the lands and premises owned by the Purchaser as set out the Purchaser Disclosure Record.

“Purchaser Reference Date” means September 30, 2023.

“Purchaser Shares” means common shares in the capital of the Purchaser, and Purchaser Share means any one of them.

“Purchaser Specified Representations” has the meaning set forth in Section 8.1(a).

“Release Date” has the meaning set forth in Section 6.5(a).

“SEDAR” means the System for Electronic Document Analysis and Retrieval, the electronic filing system for the disclosure documents of issuers across Canada.

“Senior Lender” means the Purchaser’s Canadian senior secured lender.

“Stone Pine” means Stone Pine Capital Ltd.

“Stone Pine Amendments” means any amendments to any documents evidencing secured debts owed by the Purchaser to Stone Pine, to reflect the amendment of the maturity date under such documents to March 31, 2025, cross-call provisions, prepayments to be made under such documents to require concurrent prepayments to be made under the FBC Promissory Note, and such other matters as may be agreed to by the Parties, acting reasonably.

“Straddle Period” means any taxation period of FBC ending after the Closing Date that commenced before the Closing Date. Where necessary to allocate Taxes under this Agreement with respect to a Straddle Period: (i) the amount of any real property, personal property, ad valorem, intangible, and other Taxes imposed on a periodic basis for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be equal to the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediate preceding period) multiplied by a fraction, the numerator of which is the number of calendar days during the Straddle Period that are in the Pre-Closing Tax Period and the denominator of which is the number of calendar days in the entire Straddle Period, and (ii) the amount of any Taxes (other than Taxes allocable under clause (i) of this definition) for such Straddle Period that are allocable to the Pre-Closing Tax Period shall be computed on the basis of a “closing of the books,” as if such taxable period ended as of the end of the day on the Closing Date and all such Taxes were calculated in accordance with the past practices of FBC in preparing Tax Returns, except to the extent otherwise required by applicable Law; provided, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period beginning after the Closing Date in proportion to the number of calendar days in each period.

“Subordination Agreement” means the subordination agreement to be entered into between the Senior Lender and the FBC Affiliated Vendor, with respect to the subordination following Closing, of all secured debts owed by the Purchaser to the FBC Affiliated Vendor, to the secured debts owed by the Purchaser to the Senior Lender.

“Tax” means any taxes, duties, fees, premiums, assessments, imposts, levies and other similar charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions.

“Tax Return” means any return (including any information return), report, statement, schedule, notice, election, designation, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection or payment of any Tax, or in connection with the administration, implementation or enforcement of, or compliance with, any Law relating to any Tax.

“Transaction” means, collectively, the purchase and sale of the Purchased FBC Shares, the issuance of the Consideration Shares, and all other transactions contemplated by this Agreement.

“Transaction Documents” means this Agreement, the FBC Promissory Note, the FB Payment Plan, the Subordination Agreement, the Intercreditor Agreement, the Lock-Up Agreement and all other agreements, certificates and other instruments or documents given pursuant to this Agreement.

1.2 Gender and Number

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, (a) words in the singular number include the plural and are to be construed as if the plural had been used and *vice versa*, and (b) words importing the use of any gender include all genders where the context or party referred to so requires, and the rest of the sentence is to be construed as if the necessary grammatical changes had been made.

1.3 Certain Phrases and Calculation of Time

In this Agreement, unless otherwise specified:

- (a) the words “including” and “includes” mean “including (or includes) without limitation”;
- (b) “Article” and “Section” followed by a number mean and refer to the specified Article or Section of this Agreement;
- (c) the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”; if the last day of any such period is not a Business Day, such period will end on the next Business Day; and
- (d) when calculating the period of time “within” which or “following” which any act or event is required or permitted to be done, notice given or steps taken, the date which is the reference date in calculating such period is to be excluded from the calculation. If the last

day of any such period is not a Business Day, such period will end on the next Business Day.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this Agreement.

1.5 Disclosure Letters and Exhibits

The Disclosure Letters and the exhibits attached to this Agreement are incorporated by reference into this Agreement and form an integral part hereof.

1.6 Purpose of the Disclosure Letters

The purpose of the Disclosure Letters is to set out the qualifications, exceptions and other information called for in this Agreement. The disclosure of any fact or item in any section of a Disclosure Letter shall be deemed to be an exception to (or, as applicable, a disclosure for purposes of) (i) the representations and warranties of FBC and the FBC Shareholder or the Purchaser, as the case may be, that are contained in the corresponding Section of this Agreement; and (ii) any other representations and warranties of the FBC and the FBC Shareholder or the Purchaser, as the case may be, contained in this Agreement, where it is reasonably apparent that such matter is pertinent to such other representation or warranty.

1.7 Currency

In this Agreement, unless otherwise specified, all references to dollars or to \$ are references to Canadian dollars.

1.8 Knowledge

Where any representation or warranty in this Agreement is expressly qualified by reference to the knowledge of a Party (or similar phrases), it is deemed to refer to the actual knowledge of such Party or, if such Party is not an individual, of any officer or director of such Party, in each case after due inquiry.

1.9 Accounting Terms

All accounting and financial terms and references not defined in this Agreement are to be interpreted in accordance with IFRS.

1.10 Instruments and Statutes

Any agreement, instrument or statute (including any specific provision) defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute (including any specific provision and in the case of a statute any regulations promulgated thereunder) as amended, restated, replaced, modified, qualified or supplemented, including (in the case of agreements and instruments) by waiver or consent and (in the case of statute) by succession of comparable successor statutes and all attachments thereto and instruments incorporated therein.

1.11 Governing Law; Venue

This Agreement shall be governed by and interpreted and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein without regard to applicable choice of law provisions thereof. The Parties agree that any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby will be brought in a suitable court located

in the Province of British Columbia and each Party irrevocably submits to the exclusive jurisdiction of those courts.

ARTICLE 2 SHARE EXCHANGE

2.1 Purchase and Sale

Subject to the terms and conditions hereof, the FBC Shareholder covenants and agrees to sell, assign and transfer to the Purchaser and the Purchaser covenants and agrees to purchase from the FBC Shareholder, the Purchased FBC Shares at the Closing.

2.2 Purchase Price

In consideration for the acquisition of the Purchased FBC Shares, the Purchaser will pay a purchase price (the "**Purchase Price**") equal to the sum of the following:

- (a) Cash – The payment on Closing of \$100 in cash.
- (b) Consideration Shares – The issuance on Closing of ninety million (90,000,000) Purchaser Shares (the "**Consideration Shares**"), to the FBC Shareholder, at a deemed price per Purchaser Share of \$0.15.

2.3 Hold Period

The FBC Shareholder acknowledges that in addition to what is contemplated under the Lock-up Agreement, all Purchaser Shares comprising the Consideration Shares may be subject to a restrictive hold period of four (4) months plus a day in length, if determined to be applicable by a Governmental Authority under Applicable Securities Laws.

2.4 Allocation of Purchase Price

The Parties agree to allocate the Purchase Price on a basis to be agreed between the Parties prior to Closing. In conjunction therewith, each of the Parties will review with their respective legal, accounting and financial advisors the most tax effective structure for allocating the Purchase Price with respect to the Transaction. The Parties agree to execute and file all Tax Returns, and prepare all financial statements, on the basis of such allocation and agree not to take any position inconsistent therewith in any Tax Return, in any Tax refund claim, in any litigation or otherwise.

2.5 *Intentionally Deleted*

2.6 Purchase of Entire Interest

It is the understanding of the parties hereto that this Agreement provides for the purchase of all of the issued and outstanding FBC Shares at the Effective Time, whether same are owned as at the date hereof or to be acquired after the date hereof and prior to the Effective Time, and the FBC Shareholder therefore covenants and agrees with the Purchaser that, if prior to the Effective Time, it acquires any further FBC Shares, in addition to those set forth in this Agreement, then such FBC Shares shall be subject to the terms of this Agreement, and FBC Shares shall be delivered or such rights shall be transferred to the Purchaser at the Effective Time, without the payment of any additional or further consideration.

2.7 Delivery of Purchased FBC Shares

Subject to the fulfilment of all of the terms and conditions hereof (unless waived as herein provided), at the Effective Time, the FBC Shareholder shall be deemed to have delivered to the Purchaser certificates or equivalents representing all of the FBC Shares to the Purchaser.

2.8 Acknowledgements

The FBC Shareholder hereby acknowledges and agrees with the Purchaser as follows:

- (a) The transfer of the FBC Shares to the Purchaser, and the issuance of the Consideration Shares to the FBC Shareholder will be made pursuant to appropriate exemptions (the “**Exemptions**”) from the prospectus (or equivalent) requirements of applicable securities laws;
- (b) As a consequence of acquiring the Consideration Shares pursuant to the Exemptions:
 - (i) the Purchaser is relying on an exemption from the requirements to provide the FBC Shareholder with a prospectus and to, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by the Applicable Securities Laws, including statutory rights of rescission or damages, will not be available to the FBC Shareholder;
 - (ii) the FBC Shareholder may not receive information that might otherwise be required to be provided to the FBC Shareholder, and the Purchaser is relieved from certain obligations that would otherwise apply under the *Securities Act* (Ontario) if the Exemptions were not being relied upon by the Purchaser;
 - (iii) there is no government or other insurance covering the Consideration Shares;
 - (iv) there are risks associated with the acquisition of the Consideration Shares; and
 - (v) no securities commission, stock exchange or similar regulatory authority has reviewed or passed on the merits of an investment in the Consideration Shares;
- (c) The FBC Shareholder is knowledgeable of, or has been independently advised as to, the applicable Law of that jurisdiction which applies to the sale of the FBC Shares and the issuance of the Consideration Shares, which may impose restrictions on the resale of such Consideration Shares in that jurisdiction and it is the responsibility of the FBC Shareholder to become aware of what those resale restrictions are, and to comply with them before selling or distributing any of the Consideration Shares, as applicable; and
- (d) The Consideration Shares may be subject to certain resale restrictions under applicable Law, and the FBC Shareholder agrees to comply with such restrictions and acknowledges that the certificates for the Consideration Shares may bear an applicable legend or legends respecting restrictions on transfers as required under applicable Law if and as required by Section 2.7 of this Agreement (or legend notation on each applicable Consideration Share, if applicable, issued electronically in a direct registration system), and that the FBC Shareholder have been advised to consult its own legal advisor with respect to applicable resale restrictions and that each is solely responsible for complying with such restrictions.

2.9 Joint Tax Election

The Purchaser and the FBC Shareholder, within 10 Business Days after the Closing Date (or at such later date as may be requested by the FBC Shareholder), shall jointly make and execute an election (a “**Section**

85 Election”), in the prescribed form and within the prescribed time limits, to have section 85 of the Tax Act apply in respect of the disposition of the FBC Shares by the FBC Shareholder in consideration for, inter alia, the Consideration Shares issuable to the FBC Shareholder and, in this regard, the aggregate “elected amount” for purposes of a Section 85 Election will be an amount determined by the FBC Shareholder within the limits prescribed under the Tax Act. The FBC Shareholder will be solely responsible for filing the Section 85 Elections within the time prescribed by the Income Tax Act. The Purchaser shall reasonably cooperate with the FBC Shareholder if it determines that a Section 85 Election which has been filed should be amended, supplemented or replaced.

2.10 Agreement to be Bound

Each Person who becomes a FBC Shareholder subsequent to the Execution Date, or acquires additional FBC Shares subsequent to the Execution Date, must concurrently with becoming a FBC Shareholder or acquiring such additional FBC Shares execute and deliver to the Purchaser an agreement in form and substance satisfactory to the Purchaser, agreeing to be bound by this Agreement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser makes the following representations to the FBC Shareholder, and acknowledges and agrees that the FBC Shareholder is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

3.1 Incorporation, Corporate Power and Registration

- (a) The Purchaser is a corporation validly existing and in good standing under the federal laws of Canada and has all necessary corporate power, authority and capacity to own or lease its property and to carry on its business as presently conducted.
- (b) Subject to Section 3.2, neither the nature of the Purchaser Entities’ business nor the location or character of the assets owned or leased by the Purchaser Entities requires any Purchaser Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

3.2 Qualification

Each Purchaser Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter. The jurisdictions set out in Section 3.2 of the Purchaser Disclosure Letter include all jurisdictions in which (a) the nature of the Purchaser Entities’ business makes such qualification necessary, (b) the Purchaser Entity owns or leases any material property or assets which form part of the Purchaser Entity’s business or (c) the Purchaser Entity conducts the Purchaser Entity’s business, in each case except as would not have a Material Adverse Effect.

3.3 Due Authorization and Enforceability of Obligations

- (a) The Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.
- (b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser.

- (c) This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against it in accordance with its terms except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by the Purchaser or necessary to the ownership of the assets owned by the Purchaser Entities or the operation of the Purchaser Entities' business;
- (b) result in or require the creation of any Lien upon any of the assets owned by the Purchaser Entities;
- (c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or
- (d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to the Purchaser Entities.

3.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by the Purchaser of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a material breach or a material violation of, or materially conflict with, any Purchaser Material Contract; or
- (b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any Purchaser Material Contract, or (ii) the acceleration of any debt or other obligation of the Purchaser, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any Purchaser Entity.

3.6 Purchaser Financial Statements

The Purchaser Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

- (a) the financial position of the Purchaser Entities on a consolidated basis as at such dates; and
- (b) the results of operation and changes in financial position of the Purchaser Entities on a consolidated basis for the periods then ended.

3.7 No Undisclosed Liabilities

Since the Purchaser Reference Date, no Purchaser Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities

reflected or reserved against in the applicable Purchaser Financial Statements; (b) current liabilities incurred since the Purchaser Reference Date in the Ordinary Course; or (c) liabilities that are not material to any Purchaser Entity, taken as a whole.

3.8 Conduct of Purchaser's Business in Ordinary Course

Except as set out in Section 3.8 of the Purchaser Disclosure Letter or as set out in the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the Purchaser Reference Date, the Purchaser Entities' business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing, the Purchaser Entities have not, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) sold, transferred or otherwise disposed of any assets other than inventory sold in the Ordinary Course;
- (b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;
- (c) made any capital expenditures in excess of \$250,000;
- (d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds \$250,000;
- (e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value to a Purchaser Entity;
- (f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (g) made any bonus or other extraordinary payment to a Purchaser Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (h) suffered any extraordinary loss, damage or destruction in respect of any of its assets, whether or not covered by insurance;
- (i) terminated or suffered the termination of, any Purchaser Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;
- (j) declared or paid any dividends or declared or made any other distribution on the Purchaser Shares or other securities of any of the Purchaser Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchaser Shares or other securities of the Purchaser Entities;
- (k) written off as uncollectible any accounts receivable or any part thereof;
- (l) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;
- (m) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;

- (n) compromised or settled any litigation or governmental action relating to assets owned or used by a Purchaser Entity (including the Purchaser Owned Properties and Purchaser Leased Properties);
- (o) cancelled or reduced any insurance coverage on its business, property and assets;
- (p) made any change in any method of accounting or auditing practice except in each case as required by IFRS;
- (q) made any change in the method of billing or the credit terms made available to its customers;
- (r) amended its organizational documents or structure; or
- (s) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

3.9 Capitalization of the Purchaser

The authorized capital of the Purchaser consists of an unlimited number of Purchaser Shares. As at the Execution Date, there are 180,818,952 Purchaser Shares issued and outstanding. In addition, as at the Execution Date, there are issued and outstanding (i) options to purchase, in the aggregate, 6,240,000 Purchaser Shares, (ii) warrants exercisable for, in the aggregate, 48,096,811 Purchaser Shares and (iii) restricted share units entitling certain employees of the Purchaser to, in the aggregate, 187,500 Purchaser Shares. Except as set forth in this Section 3.9, no other Purchaser Shares are issued and outstanding as at such date and there are no existing Equity Interests in, the Purchaser or any of its subsidiaries obligating the Purchaser or such subsidiary to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, the Purchaser or such subsidiary or securities convertible into or exchangeable for such shares or Equity Interests or other securities. All of the outstanding Purchaser Shares were duly authorized and validly issued, and are fully paid and non-assessable.

3.10 Litigation

Except as set out in Section 3.10 of the Purchaser Disclosure Record, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any arbitration, administrative or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, current or pending, or, to the knowledge of the Purchaser, threatened against the Purchaser Entities' business or any of the Purchaser Entities' assets, including the Purchaser Owned Properties, the Purchaser Leased Properties, or the Purchaser IP, or in respect of any employment matters.

3.11 Title to Assets

Except as set out in Section 3.11 of the Purchaser Disclosure Letter, each Purchaser Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the Purchaser Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

3.12 No Options, etc.

Except as set out in Section 3.12 of the Purchaser Disclosure Record, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition from the Purchaser Entities of

any of the property and assets other than pursuant to purchase orders for inventory sold in the Ordinary Course.

3.13 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of the Purchaser Entities are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

3.14 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the Purchaser Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the Purchaser Books and Records, copies of which have been provided to the FBC, and are not subject to any defence, counterclaim or set off.

3.15 Compliance with Law

- (a) Each Purchaser Entity:
- (i) is conducting its business in compliance with all applicable Laws, in all material respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating to in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business;
 - (ii) has not received, since the Purchaser Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the Purchaser Entities' business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the Purchaser Entities' business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any Purchaser Material Authorization; and
 - (iii) has, or has had on its behalf, since the Purchaser Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the Purchaser Entities' business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the Purchaser Entities'

business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).

- (b) To the knowledge of the Purchaser, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws.
- (c) The individuals listed in Section 3.15(c) of the Purchaser Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual's respective association with any Purchaser Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance
- (d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all cannabis products sold or stored by the Purchaser Entities:
 - (i) meet the applicable specifications for the product;
 - (ii) are fit for the purpose for which they are intended by the Purchaser Entities, and of merchantable quality;
 - (iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with the Purchaser Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;
 - (iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;
 - (v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the Purchaser Material Authorizations in accordance in all material respects with the terms of such Authorization; and
 - (vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).
- (e) All of the marketing and promotion activities of all Purchaser Entities relating to the Purchaser Entities' business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.
- (f) (i) Each Purchaser Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any Purchaser Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the Purchaser's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any Purchaser Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.

- (g) Each Purchaser Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states)

3.16 Governmental Authorizations

The Purchaser Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Purchaser Owned Properties and Purchaser Leased Properties). All such Authorizations are set out in Purchaser Disclosure Record (the “**Purchaser Material Authorizations**”). Each Purchaser Material Authorization is valid, subsisting and in good standing. The Purchaser is not in default or breach of any Purchaser Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the Purchaser, threatened to revoke or limit any Purchaser Material Authorization.

3.17 Required Purchaser Authorizations

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 3.17 of the Purchaser Disclosure Letter.

3.18 Third Party Consents

There is no requirement for any Purchaser Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a Purchaser Material Contract binding on or affecting the Purchaser Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 3.18 of the Purchaser Disclosure Letter.

3.19 Material Contracts

Except for the Contracts listed in the “Material Contracts” section of the Purchaser’s annual information form dated April 18, 2022, and as otherwise set out under Section 3.19 of the Purchaser Disclosure Letter (collectively, the “**Purchaser Material Contracts**”), no Purchaser Entity is a party to or bound by any Contract material to its business or the ownership of its assets including:

- (a) any distributor, sales or advertising Contract;
- (b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by a Purchaser Entity of more than \$250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of a Purchaser Entity;
- (c) any Contract that expires, or may be renewed at the option of any Person other than a Purchaser Entity so as to expire, more than one year after the Execution Date;

- (d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;
- (e) any Contract for capital expenditures in excess of \$250,000 in the aggregate;
- (f) any confidentiality, secrecy or non-disclosure Contract or any Contract limiting the freedom of a Purchaser Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on its business;
- (g) any Contract pursuant to which a Purchaser Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (h) any Contract with any Affiliate of a Purchaser Entity or any other Person with whom a Purchaser Entity does not deal at arm's length within the meaning of the ITA;
- (i) any Contract relating to grants or other forms of assistance received by a Purchaser Entity from any Governmental Authority;
- (j) any Contract pursuant to which any Purchaser Entity grants or receives a licence to use any Purchaser IP, other than: (A) those in which grants of Purchaser IP rights are incidental to such Contract; (B) those granting rights to Purchaser IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;
- (k) any Contract pursuant to which any Purchaser Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;
- (l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other Person in excess of \$250,000 in the aggregate;
- (m) any Contract for Indebtedness of a Purchaser Entity in excess of \$250,000 in the aggregate; or
- (n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all Purchaser Material Contracts are available in the Purchaser Disclosure Record.

3.20 No Breach of Material Contracts

Each of the Purchaser Entities has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any Purchaser Material Contract. Each of the Purchaser Material Contracts is in full force and effect, unamended, to the knowledge of the Purchaser, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any Purchaser Material Contract. To the knowledge of the Purchaser, all of the covenants to be performed and the obligations to be fulfilled by any party to such Purchaser Material Contract, including the applicable Purchaser Entity, have been fully performed and fulfilled in all material respects. No consent or notice is required for a valid assignment to the Purchaser of any Purchaser Material Contract.

3.21 Related Party Transactions

Except as set out the Purchaser Disclosure Record or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting the Purchaser Entities have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by a Purchaser Entity to any Affiliate of a Purchaser Entity in relation to such Contracts are recorded on the Purchaser Books and Records at their fair market value.

3.22 Insurance

The Purchaser Entities maintain such policies of insurance as are appropriate to their business and assets, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. No Purchaser Entity is in default in any material respect with respect to any of the provisions contained in the insurance policies.

3.23 Books and Records

- (a) All accounting and financial Purchaser Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such Purchaser Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the FBC in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the Purchaser Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the Purchaser Entities.
- (b) Purchaser Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by Purchaser's current Information Technology.

3.24 Intellectual Property

- (a) The Purchaser Disclosure Record sets out a true, correct and complete description of (i) all of the registered Intellectual Property owned or used by a Purchaser Entity in connection with a Purchaser Entity's business (collectively, the "**Purchaser IP**"), and (ii) all licenses or similar agreements or arrangements to which any Purchaser Entity is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of a Purchaser Entity's business as presently conducted.
- (b) One of the Purchaser Entities is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the Purchaser IP, free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities have not assigned, licensed or otherwise conveyed any of the Purchaser IP.
- (c) The Purchaser Entities have maintained or caused to be maintained the rights to any of the registered Purchaser IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered Purchaser IP owned by a Purchaser Entity and subject to expiration on or prior to the Closing Date.
- (d) The Purchaser IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the Purchaser IP. In the past five years, no Purchaser Entity has received written notice of any alleged infringement or misappropriation from any Person

with respect to the Purchaser IP. During such period, no Purchaser Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.

- (e) The Purchaser Entities have the full right and authority to use the Purchaser IP in connection with the conduct of their business in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The Purchaser IP is sufficient to conduct the Purchaser Entities' business as presently conducted. All licenses to which a Purchaser Entity is a party relating to Purchaser IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of a Purchaser Entity thereunder. No royalty or other fees is required to be paid by any Purchaser Entity to use and exploit any of the Purchaser IP rights and, to the Purchaser's knowledge, there are no restrictions on the ability of any Purchaser Entity to use any of the Purchaser IP rights
- (f) To the knowledge of the Purchaser, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the Purchaser IP.
- (g) To the knowledge of the Purchaser, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of a Purchaser Entity owns or has claimed an ownership interest in any of the Purchaser IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (h) Each Purchaser Entity has used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect Purchaser IP and confidential information relating thereto. To the knowledge of the Purchaser, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent the Purchaser Entities from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

3.25 Information Technology

- (a) The Information Technology owned, licensed, used or held for use in connection with the Purchaser Entities' businesses is sufficient for the conduct of the Purchaser Entities' businesses in the Ordinary Course after Closing. The Purchaser Entities use reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.
- (b) In the past three years, no notice of a defect or default has been sent or received by a Purchaser Entity in respect of any license or lease under which the Purchaser Entities receive Information Technology.

3.26 Owned Property

Except as set out in Section 3.26 of the Purchaser Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Purchaser Entities are the absolute registered and beneficial owner of, and have good and marketable title to, the Purchaser Owned Properties free and clear of all Liens other than Permitted Encumbrances. The Purchaser Entities are not the owner of, or party to any agreement, option or right to own, any real property or any interest in any real property used in connection with the Purchaser Entities' business, other than the Purchaser Owned Properties.

3.27 Leases and Leased Property

- (a) Except as set out in Section 3.27(a) of the Purchaser Disclosure Letter, no Purchaser Entity is a party to, or under any agreement to become a party to, any real property lease other than the Purchaser Leases. Each Purchaser Lease is in good standing, creates a good and valid leasehold estate in favour of the Purchaser Entities in the Purchaser Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Purchaser Lease pursuant to which a Purchaser Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any Purchaser Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Purchaser Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable Purchaser Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the Purchaser, all of the covenants to be performed by any party (other than the applicable Purchaser Entity) under the Purchaser Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable Purchaser Entity of any of the Purchaser Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Purchaser Leased Property.
- (b) Each applicable Purchaser Entity has adequate rights of ingress and egress to, from and over the Purchaser Leased Properties in the Ordinary Course and the Purchaser Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the Purchaser, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any Purchaser Entity to carry on business in the Ordinary Course.

3.28 Environmental Matters

- (a) The Purchaser Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Purchaser Owned Properties.
- (b) Except as permitted under applicable Laws, no Purchaser Entity has used or permitted to be used at any of the Purchaser Owned Properties or Purchaser Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the Purchaser there has not been any such use.
- (c) Except as permitted under Environmental Laws, no Purchaser Entity has caused or permitted, and the Purchaser does not have any knowledge of any Environmental Release on or from the Purchaser Owned Properties or Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any Purchaser Entity.
- (d) No Purchaser Entity has been required in writing by any Governmental Authority to: (i) alter any of the Purchaser Owned Properties or Purchaser Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which,

in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.

- (e) There are no pending or, to the knowledge of the Purchaser, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties.
- (f) Neither the Purchaser nor any Purchaser Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any Purchaser Entity or the Purchaser Entities' business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the Purchaser nor any Purchaser Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the Purchaser, no Purchaser Entity nor the Purchaser Entities' business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.
- (g) Section 3.28(g) of the Purchaser Disclosure Letter contains a complete and accurate list of all reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any Purchaser Entity or any Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the Purchaser or the Purchaser Entities have been provided to FBC. To the knowledge of the Purchaser, there are no other reports or material documents relating to environmental matters affecting any Purchaser Entity or any of the Purchaser Owned Properties or Purchaser Leased Properties currently or formerly owned, leased or used by any Purchaser Entity or over which any Purchaser Entity has or had charge, management or control which have not been made available to FBC.
- (h) To the knowledge of the Purchaser, there are not any underground storage tanks located on the Purchaser Owned Properties or Purchaser Leased Properties.
- (i) No Authorizations issued to any Purchaser Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.
- (j) No unbudgeted work or additional expenditure is required or planned in relation to the Purchaser Entities' business, the Purchaser Owned Properties, the Purchaser Leased Properties or any other assets of any Purchaser Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

3.29 Employee Matters

- (a) No Purchaser Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any Purchaser Entity.

- (b) Except as disclosed in Section 3.29(b) of the Purchaser Disclosure Letter, there are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any Purchaser Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the Purchaser Entities' business which are currently outstanding.
- (c) To the knowledge of the Purchaser, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for a Purchaser Entity and no Purchaser Entity is unionized and does not have an employee association.
- (d) Each Purchaser Entity has observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.
- (e) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon the Purchaser Entities to do or refrain from doing any act or which place a financial obligation upon a Purchaser Entity.
- (f) In the past three years, no Purchaser Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.
- (g) Except as set out in 3.29(g) of the Purchaser Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the Purchaser Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the Purchaser any investigation by) any Governmental Authority, pending, or, to the knowledge of the Purchaser, threatened against or affecting the Purchaser Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Purchaser Entities or the Purchaser Entities' business. To the knowledge of the Purchaser, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any Purchaser Entity in respect of employment matters.
- (h) All Purchaser Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements
- (i) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the Purchaser Entities, threatened against or directly or indirectly affecting a Purchaser Entity's business, a Purchaser Entity or any of their respective operations. No Purchaser Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Purchaser Employees. There are no charges or complaints pending, or to the knowledge of the Purchaser, threatened with respect to or relating to a Purchaser Entity before any Governmental Authority in relation to unlawful employment practices. No Purchaser Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of a Purchaser Entity or any of its business concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the Purchaser Entity, threatened.

3.30 Employee Benefit Plans

- (a) Section 3.30 of the Purchaser Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any Purchaser Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any Purchaser Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Purchaser Employee Contracts containing any such provisions (collectively, the “**Purchaser Employee Plans**”). None of the Purchaser Employee Plans is a registered pension plan under the ITA.
- (b) Each Purchaser Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Purchaser Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any Purchaser Entity pursuant to the terms of any Purchaser Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.
- (d) There is no pending termination or winding-up procedure in respect of any of the Purchaser Employee Plans, and no event has occurred or circumstance exists under which any of the Purchaser Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.
- (e) No Purchaser Employee Plan has a deficit and the liabilities of all Purchaser Entities in respect of all Purchaser Employee Plans are properly accrued and reflected in the Purchaser Financial Statements in accordance with IFRS.
- (f) The Purchaser Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Purchaser Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the Purchaser, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.
- (g) No promises or commitments have been made by any Purchaser Entity to amend any Purchaser Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.
- (h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Purchaser Employee Plan.

- (i) No Purchaser Entity has any obligation to provide retirement benefits for any current, former or retired employees of any Purchaser Entity or to any other Person.
- (j) None of the Purchaser Employee Plans require or permit retroactive increases or assessments in premiums or payments.
- (k) No Purchaser Entity contributes, nor is any Purchaser Entity required to contribute, to any multi-employer pension or benefit plan. None of the Purchaser Employee Plans is a multi-employer pension or benefit plan.
- (l) Each of the Purchaser Employee Plans can be amended or terminated without restrictions and any applicable Purchaser Entities have the unrestricted power and authority to amend or terminate the Purchaser Employee Plans.

3.31 Tax Matters

- (a) Other than as set out in Section 3.31 of the Purchaser Disclosure Letter, the Purchaser Entities have paid or made arrangements for the payment of all Taxes in respect of any Pre-Closing Tax Period.
- (b) All Tax Returns of the Purchaser Entities that are required to be filed prior to the Closing Date have or will have been timely filed. All material Taxes shown to be due on such Tax Returns have or will be timely paid on or before the Closing Date. Each such Tax Return is true, correct and complete in all material respects.
- (c) The Purchaser Entities have properly withheld and paid or remitted to the relevant Governmental Authority, in all material respects, all Taxes required to have been withheld and paid or remitted.
- (d) No written agreement or document extending the period of assessment or collection of any Tax payable which relates to the assets of the Purchaser Entities or the Purchaser Entities' businesses is currently in effect.
- (e) The Purchaser is duly registered for HST under Part IX of the *Excise Tax Act* (Canada).
- (f) The Purchaser is a "taxable Canadian corporation" and a "public corporation" within the meaning of the ITA.

3.32 Anti-Corruption

- (a) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under Anti-Corruption Legislation.

- (b) None of the Purchaser Entities nor any of their respective directors, officers, employees or other Person acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the knowledge of the Purchaser, no change, fact, event, circumstance, condition or omission has occurred that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

3.33 Privacy Laws

- (a) Each Purchaser Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the Purchaser Entities in connection with the operation of the Purchaser Entities' business (the "**Healthcare Data Requirements**"). No Purchaser Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the Purchaser Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.
- (b) The Purchaser Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.
- (c) No Purchaser Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

3.34 No Broker

Other than as set out in Section 3.34 of the Purchaser Disclosure Letter, the Purchaser has carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the FBC Shareholder.

3.35 Reporting Issuer

The Purchaser is a reporting issuer not in default (or the equivalent) under Applicable Securities Laws in each of the provinces and territories of Canada, and the Purchaser Shares are listed for trading on the CSE. No order ceasing or suspending trading in any securities nor prohibiting the sale of any securities of the Purchaser has been issued by any Governmental Authority or is outstanding against the Purchaser and, to the knowledge of the Purchaser, no investigation or proceeding for such purposes are pending or threatened. To the knowledge of the Purchaser it is not, and will not be at the time of Closing, in default under any of its obligations as a reporting issuer with securities regulatory authorities or the CSE.

3.36 Consideration Shares

The Consideration Shares to be issued pursuant to this Agreement will, immediately following their issuance to the FBC Shareholder, (a) be duly and validly authorized and issued as fully paid and non-assessable Purchaser Shares in accordance with applicable Law and (b) be subject to resale restrictions, as applicable under Applicable Securities Laws. Subject to the truth of the representations and warrants of the FBC

Shareholder, the distribution of the Consideration Shares to the FBC Shareholder will be exempt from the prospectus requirements of Applicable Securities Laws.

3.37 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES CONCERNING FBC

The FBC Shareholder makes the following representations to the Purchaser solidarily and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

4.1 Incorporation, Corporate Power and Registration

- (a) Each FBC Entity is a corporation or sole proprietorship, as applicable, validly existing and in good standing under its jurisdiction of incorporation (or existence, as applicable) and has all necessary corporate power, authority and capacity to own or lease its property and to carry on the FBC Business as presently conducted.
- (b) Subject to 4.2, neither the nature of the FBC Business, nor the location or character of the assets owned by any FBC Entity, requires any FBC Entity to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than in jurisdictions where it is duly registered, licensed or otherwise qualified for such purpose and other than jurisdictions where the failure to be so registered, licensed or qualified does not have a Material Adverse Effect.

4.2 Qualification

Each FBC Entity is qualified, licensed or registered to carry on business in the jurisdictions set out in Section 4.2 of the FBC Disclosure Letter. The jurisdictions set out in Section 4.2 of the FBC Disclosure Letter include all jurisdictions in which (a) the nature of the assets owned by each FBC Entity or the FBC Business makes such qualification necessary, (b) each FBC Entity owns or leases any material property or assets which form part of FBC Business, or (c) the FBC Business is conducted, in each case except as would not have a Material Adverse Effect.

4.3 Due Authorization and Enforceability of Obligations

- (a) FBC has all necessary corporate power, authority and capacity to enter into this Agreement and to carry out its obligations under this Agreement.
- (b) The execution and delivery of this Agreement and the Transaction Documents, and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of FBC.
- (c) This Agreement constitutes a valid and binding obligation of FBC enforceable against it in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.4 No Conflict with Authorizations, Laws, etc.

Except as would not, individually or in the aggregate, have a Material Adverse Effect, the execution, delivery and performance by FBC of this Agreement and each of the Transaction Documents to which it is a party do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a breach or a violation of, conflict with, or cause the termination or revocation of, any Authorization held by any FBC Entity or necessary to the ownership and use of the assets owned by any FBC Entity or the operation of the FBC Business;
- (b) result in or require the creation of any Lien upon any of the assets owned by any FBC Entity, other than in respect of the FBC Promissory Note;
- (c) result in a breach or a violation of, or conflict with, any judgement, order or decree of any Governmental Authority; or
- (d) result in a material breach or a material violation of, or materially conflict with, any Law applicable to any FBC Entity.

4.5 No Conflict with Contracts

Except as would not, individually or in the aggregate, have a Material Adverse Effect, or as otherwise set forth in Section 4.5 of the FBC Disclosure Letter, the execution, delivery and performance by FBC of this Agreement and each of the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not (or would not with the giving of notice, the passage of time or the happening of any other event or circumstance):

- (a) result in a material breach or a material violation of, or materially conflict with, any FBC Material Contract; or
- (b) result in or give any Person the right to cause (i) the termination, cancellation, amendment or renegotiation of any FBC Material Contract, (ii) the acceleration of any debt or other obligation of any FBC Entity, or (iii) the forfeiture or other loss, in whole or in part, of any benefit which would otherwise accrue to any FBC Entity.

4.6 FBC Financial Statements

The FBC Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly in all material respects:

- (a) the financial position of the FBC Entities on a consolidated basis as at such dates; and
- (b) the results of operation and changes in financial position of the FBC Entities on a consolidated basis for the periods then ended.

4.7 No Undisclosed Liabilities and Indebtedness

Since the FBC Reference Date, no FBC Entity has any liabilities of the type required to be reflected as liabilities on a balance sheet prepared in accordance with IFRS, except for: (a) liabilities reflected or reserved against in the applicable FBC Financial Statements; (b) current liabilities incurred since the FBC Reference Date in the Ordinary Course; or (c) liabilities that are not material to any FBC Entity, taken as a whole, and liabilities listed in Section 4.7 of the FBC Disclosure Letter. Other than the amounts owed under the FBC Promissory Note and pursuant to the FB Payment Plan, there shall be no outstanding Indebtedness owing by FBC to the FBC Shareholder or any Affiliates of the FBC Shareholder at Closing,

provided that, notwithstanding anything in this Agreement to the contrary, any new Accounts Payable that are generated in the Ordinary Course, and approved in advance in writing by the Purchaser, following the date hereof and through to the Closing Date, payable to FBC Shareholder or its Affiliates, shall be for the account of the Purchaser and the Purchaser shall pay such Accounts Payable when due.

4.8 Bank Accounts and Powers of Attorney

Section 4.8 of the FBC Disclosure Letter sets forth a correct and complete listing of the name, address and bank account numbers for each bank or other financial institution in which any FBC Entity has an account or safe deposit box and the names of all individuals authorized to draw on the account(s) or that have access to the safety deposit box(s). No FBC Entity has granted any Person a power of attorney.

4.9 Subsidiaries

Section 4.9 of the FBC Disclosure Letter sets forth a complete and accurate organizational chart of the FBC Entities. All of the issued and outstanding shares of each FBC Entity other than FBC have been issued in accordance with all applicable laws (including Applicable Securities Laws). Other than the FBC Entities, no FBC Entity has any subsidiaries (as such term is defined in Applicable Securities Laws).

4.10 Capitalization of FBC

- (a) The authorized capital of FBC consists of an unlimited number of FBC Shares.
- (b) As at the Execution Date, the only issued and outstanding shares in the capital of FBC are the Purchased FBC Shares. In addition, as at the Execution Date, no options, warrants or other rights to purchase or acquire shares or other securities of FBC and no securities or obligations convertible into or exchangeable for shares or other securities of FBC have been authorized or agreed to be issued.
- (c) Except as set forth in this Section 4.10, no other FBC Shares are issued and outstanding and there are no existing Equity Interests in, FBC or any of its subsidiaries obligating FBC to issue, transfer, register or sell or cause to be issued, transferred, registered or sold any shares in the capital of, or voting debt securities of, or other Equity Interest in, FBC or securities convertible into or exchangeable for such shares or Equity Interests or other securities.
- (d) All of the outstanding FBC Shares were duly authorized and validly issued and are fully paid and non-assessable.
- (e) All transfer restrictions affecting the transfer of the Purchased FBC Shares to the Purchaser will have been complied with or effectively waived on Closing.
- (f) None of the FBC Entities is a reporting issuer (as such term is defined in the *Securities Act* (Ontario)) and there is no published market for the Purchased FBC Shares.
- (g) No FBC Entity is party to, or subject to, or affected by, any unanimous shareholders' agreement or declaration; and (ii) there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the securities of any FBC Entity.

4.11 Conduct of Business in Ordinary Course

Except as set out in Section 4.11 of the FBC Disclosure Letter or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, since the FBC Reference Date, the FBC Business has been carried on in the Ordinary Course. Without limiting the generality of the foregoing,

no FBC Entity has, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

- (a) sold, transferred or otherwise disposed of any assets, other than inventory sold in the Ordinary Course;
- (b) granted or suffered any Lien upon any assets other than Permitted Encumbrances and unsecured current obligations and liabilities incurred in the Ordinary Course;
- (c) made any capital expenditures in excess of \$250,000;
- (d) paid any secured or unsecured obligation or liability (whether accrued, absolute, contingent or otherwise) which, individually or in the aggregate, exceeds \$250,000;
- (e) cancelled any debts or claims owed to it or amended, terminated or waived any rights of value pertaining it;
- (f) made any payment to an officer, director, former director or other related party other than at the regular rates payable by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (g) made any bonus or other extraordinary payment to an Employee, officer, director, former director or related party other than regular amounts payable to each such Person by way of salary or other remuneration or for the reimbursement of expenses incurred in the Ordinary Course;
- (h) suffered any extraordinary loss, damage or destruction in respect of the FBC Business or any of its assets, whether or not covered by insurance;
- (i) terminated or suffered the termination of, any FBC Material Contract other than due to its expiration in accordance with its terms and not as a result of the potential completion of the transactions contemplated by the Agreement;
- (j) declared or paid any dividends or declared or made any other distribution on the Purchased FBC Shares or other securities of any of the FBC Entities and has not, directly or indirectly, redeemed, purchased or otherwise acquired any of the Purchased FBC Shares or other securities of the FBC Entities;
- (k) written off as uncollectible any Accounts Receivable or any part thereof;
- (l) suffered any material shortage or any cessation or material interruption of inventory shipments, supplies or ordinary services;
- (m) made any forward commitments either in excess of the requirements for normal operating purposes or at prices higher than the current market prices;
- (n) compromised or settled any litigation or governmental action relating to assets owned or used by a FBC Entity (including the Leased Properties);
- (o) cancelled or reduced any insurance coverage on its business, property or assets;
- (p) made any change in any method of accounting or auditing practice except in each case as required by IFRS;

- (q) made any change in the method of billing or the credit terms made available to its customers;
- (r) amended its organizational documents or structure; or
- (s) authorized, agreed or otherwise committed, whether or not in writing, to do any of the foregoing.

4.12 Litigation

Except as set out in Section 4.12 of the FBC Disclosure Letter, or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, there are no actions, suits, proceedings, grievances, arbitrations, investigations, audits or other alternative dispute resolution processes at law or in equity, by any Person (including any FBC Entity or the FBC Shareholder), nor any arbitration, administrative or other proceeding by or before any Governmental Authority, current or pending, to the knowledge of the FBC Shareholder, threatened against any FBC Entity or any property or assets used by any FBC Entity, including the Leased Properties, or FBC IP, or in respect of any regulatory matters or employment matters.

4.13 Title to Assets

Each FBC Entity has good and marketable title to, and legal and beneficial ownership of, its properties and assets (whether immovable, movable, real, personal or mixed and whether tangible or intangible) that it purports to own including all the properties and assets reflected as being owned by the FBC Entities in their respective financial books and records free and clear of all Liens except for Permitted Encumbrances.

4.14 No Options, etc.

Except for the Purchaser under this Agreement, no Person has any written or oral agreement, option, understanding or commitment, or any right or privilege (whether by law, contractual or otherwise) capable of becoming such for the purchase or other acquisition of any FBC Entity or any of the property and assets of any FBC Entity, other than pursuant to purchase orders for inventory sold in the Ordinary Course.

4.15 Condition of Assets

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the buildings, structures, fixtures, vehicles, equipment and other tangible personal property of FBC or leased for use by FBC are structurally sound, in good operating condition and repair having regard to their use and age and are adequate and suitable for the uses to which they are being put, and none of such buildings, structures, fixtures, vehicles, equipment or other property are in need of maintenance or repairs except for ordinary routine maintenance and repairs that are not material in nature or cost.

4.16 Collectability of Accounts Receivable

The Accounts Receivable are recorded in the FBC Books and Records and are good and collectible at the aggregate recorded amounts, except to the extent of any reserves and allowances for doubtful accounts provided for such Accounts Receivable in the FBC Books and Records, copies of which have been provided to the Purchaser, and are not subject to any defence, counterclaim or set off.

4.17 Compliance with Law

- (a) Each of the FBC Entities:
 - (i) is, other than as disclosed in Section 4.17(i) of the FBC Disclosure Letter, conducting the FBC Business in compliance with all applicable Laws, in all material

respects, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the FBC Business;

- (ii) has not received, since the FBC Reference Date, any correspondence or notice from Health Canada or any other Governmental Authority, other than as disclosed in Section 4.17(ii) of the FBC Disclosure Letter, (A) alleging or asserting any material violation or noncompliance (or any investigation, inspection, audit, or other proceeding by any Governmental Authority involving allegations of any material violation) in respect of the FBC Business with applicable Laws, including the Cannabis Laws, any and all Laws prescribed by and in respect of the Cannabis Laws and all other Laws relating in whole or in part to the production, handling, storage, processing, packaging, labelling, importing, selling, and distributing of Cannabis (including all Cannabis products and derivatives), medical records, medical information privacy, personal information, employment, employment practices, labour (including pay equity and wages, termination and severance, and unfair labour practice), health and safety and Environmental Laws which are applicable to the FBC Business, or any Authorization; or (B) have existed or currently exist that could lead to a loss, suspension, or modification of, or a refusal to issue or renew, any FBC Material Authorization; and
 - (iii) has, or has had on its behalf, since the FBC Reference Date, filed, declared, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments relating to the FBC Business as required by any applicable Laws or Authorizations and to keep its Authorizations relating to the FBC Business in good standing and that all such reports, documents, forms, notices, applications, records, Claims, submissions and supplements or amendments were complete and correct in all material respects on the date filed (or were corrected or supplemented by a subsequent submission).
- (b) To the knowledge of the FBC Shareholder, no investigation, inspection, audit or other proceeding by any Governmental Authority involving allegations of any material violation of any Law is currently threatened, including, without limitation, any Cannabis Laws, other than as disclosed in Section 4.17(b) of the FBC Disclosure Letter.
 - (c) The individuals listed in Section 4.17(c) of the FBC Disclosure Letter hold security clearances as required under the Cannabis Laws and otherwise have all qualifications, including training, experience and technical knowledge required by applicable Laws (including, without limitation, Cannabis Laws) with respect to each individual's respective association with any FBC Entity, and none of these individuals have previously had security clearances suspended, cancelled or revoked by Health Canada or have had Health Canada reject an application by such individual for security clearance.
 - (d) Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Cannabis products sold by any FBC Entity, directly or indirectly, or stored in inventory for any FBC Entity:
 - (i) meet the applicable specifications for the product;
 - (ii) are fit for the purpose for which they are intended, and of merchantable quality;

- (iii) have been cultivated, processed, packaged, labelled, imported, tested, stored, transported and delivered in accordance in all material respects with FBC Material Authorizations and all applicable Laws, including, without limitation, Cannabis Laws;
 - (iv) are not adulterated, tainted or contaminated and do not contain any substance not permitted by applicable Laws;
 - (v) have been cultivated, processed, packaged, labelled, imported, tested, stored and transported in facilities authorized by the FBC Material Authorizations in accordance in all material respects with the terms of such Authorization; and
 - (vi) (A) are not the object of any claims pursuant to any recall or product warranty or with respect to the production, distribution or sale of defective or inferior products or with respect to any warnings or instructions concerning such products; (B) have not caused or been reported to have caused an adverse reaction or serious adverse reaction, as each such term is defined in the *Cannabis Regulations* (Canada).
- (e) All of the marketing and promotion activities of all FBC Entities relating to the FBC Business complies with all applicable Laws in all material respects, including, without limitation, Cannabis Laws.
 - (f) (i) Each FBC Entity has, at all times, complied with and is currently in compliance with the terms of all Authorizations, including, without limitation, all licences held by any FBC Entity that have been issued pursuant to the Cannabis Laws; and (ii) to the FBC Shareholder's knowledge, no amendments to the Authorizations (including, without limitation, the licences held by any FBC Entity as issued pursuant to the Cannabis Laws) are required or contemplated during the 12-month period following the Closing Date.
 - (g) Each FBC Entity has only carried on business, affairs or operations or maintained any activities in Canada and only to the extent such business, affairs or operations or activities are legal in Canada, or any province or territory thereof, and has not engaged in the production, cultivation, marketing, distribution or sale of cannabis (as defined in the *Cannabis Act* (Canada)) or any products derived from or intended to be used in connection with cannabis or services intended to relate to cannabis in the United States of America or any other jurisdictions to the extent such activities remain prohibited under applicable Law (which, for greater certainty, will include the United States of America for so long as the production, cultivation, advertisement, marketing, promotion, sale or distribution of cannabis or related products remains prohibited by federal Laws and irrespective of whether such activities are permitted under the Laws of certain states).

4.18 Governmental Authorizations

The FBC Entities own, possess or lawfully use all material Authorizations which are necessary to conduct their business or for the ownership and use of their assets (including the Leased Properties). All such Authorizations are set out in Section 4.18 of the FBC Disclosure Letter (the "**FBC Material Authorizations**"). Each FBC Material Authorization is valid, subsisting and in good standing. FBC is not in default or breach of any FBC Material Authorization in any material respect and no proceedings are pending or, to the knowledge of the FBC Shareholder, threatened to revoke or limit any FBC Material Authorization.

4.19 Required Authorizations

There is no requirement for any FBC Entity, FBC or the FBC Shareholder to make any filing with, give any notice to, or obtain any Authorization of, any Governmental Authority or stock exchange in connection with

or as a condition to the lawful completion of, the Transaction, except for the filings, notifications and Authorizations set out in Section 4.19 of the FBC Disclosure Letter.

4.20 Third Party Consents

There is no requirement for any FBC Entity to make any filing with, give any notice to, or obtain any consent of, any Person who is a party to a FBC Material Contract binding on or affecting the FBC Entities in connection with or as a condition to the lawful completion of, the transactions contemplated by this Agreement or any of the Transaction Documents, except for the filings, notifications and consents set out in Section 4.20 of the FBC Disclosure Letter.

4.21 Material Contracts

Except for the FB Payment Plan and the FBC Promissory Note to be entered into at Closing and the Contracts set out in Section 4.21 of the FBC Disclosure Letter (collectively, the “**FBC Material Contracts**”), FBC is not a party to or bound by any Contract material to it including:

- (a) any distributor, sales or advertising Contract;
- (b) any Contract for the purchase or sale of materials, supplies, equipment or services (i) involving in the case of any such Contract, the payment by any FBC Entity of more than \$250,000 in aggregate in any 12-month period or (ii) which contains minimum purchase commitments or requirements or other terms that restrict or limit the purchasing or selling ability of any FBC Entity;
- (c) any Contract that expires, or may be renewed at the option of any Person other than any FBC Entity so as to expire, more than one year after the Execution Date;
- (d) any promissory note, loan agreement or other Contract for the borrowing of money, any currency exchange, commodities or other hedging or swap agreement or any leasing transaction of the type required to be capitalized in accordance with IFRS;
- (e) any Contract for capital expenditures in excess of \$250,000 in the aggregate;
- (f) any confidentiality, secrecy or non-disclosure Contract limiting the freedom of any FBC Entity to engage in any line of business, compete with any Person, solicit any Person, operate its assets at maximum production capacity or otherwise restricting its ability to carry on business;
- (g) any Contract pursuant to which any FBC Entity is a lessor or lessee of any machinery, equipment, motor vehicles, office furniture, fixtures or other personal property;
- (h) any Contract with any Person with whom any FBC Entity or the FBC Shareholder do not deal at arm’s length within the meaning of the ITA;
- (i) any Contract relating to grants or other forms of assistance received by any FBC Entity from any Governmental Authority;
- (j) any Contract pursuant to which any FBC Entity grants or receives a licence to use any FBC IP, other than: (A) those in which grants of FBC IP rights are incidental to such Contract; (B) those granting rights to FBC IP that is generally commercially available; or (C) Contracts for sales of products and non-exclusive licences entered into in the Ordinary Course;
- (k) any Contract pursuant to which any FBC Entity has entered into a material joint venture, strategic alliance, partnership or similar arrangement with any Person;

- (l) any agreement of guarantee, support, indemnification, assumption or endorsement of, or any similar commitment with respect to, the obligations, liabilities (whether accrued, absolute, contingent or otherwise) or Indebtedness of any other Person in excess of \$250,000 in the aggregate;
- (m) any Contract for Indebtedness of a FBC Entity in excess of \$250,000 in the aggregate; or
- (n) any Contract made outside of the Ordinary Course.

True, correct and complete copies of all FBC Material Contracts have been provided to the Purchaser.

4.22 No Breach of Material Contracts

Each FBC Entity has performed in all material respects all of the obligations required to be performed by it pursuant to, and is not alleged to be in default or breach of, any FBC Material Contract, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. Each of the FBC Material Contracts is in full force and effect, unamended, to the knowledge of the FBC Shareholder, no party is in material breach of any of its covenants thereunder and there exists no default or event of default or event, occurrence, condition or act which, with the giving of notice, the lapse of time or the happening of any other event or circumstance, would reasonably be expected to become a material breach of, or a default or event of default under, any FBC Material Contract, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. To the knowledge of the FBC Shareholder, all of the covenants to be performed and the obligations to be fulfilled by any party to such FBC Material Contract, including the applicable FBC Entity, have been fully performed and fulfilled in all material respects, other than as disclosed in Section 4.22 of the FBC Disclosure Letter. No consent or notice is required for a valid assignment to the Purchaser of any FBC Material Contract.

4.23 Related Party Transactions

Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all Contracts, binding upon or affecting any FBC Entity have been entered into on an arm's length basis (within the meaning of the ITA) and any amounts due and payable by any FBC Entity in relation to such Contracts are recorded on the FBC Books and Records at their fair market value.

4.24 Insurance

Each FBC Entity maintains such policies of insurance as are appropriate to the FBC Business and the Leased Properties, in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. Section 4.24 of the FBC Disclosure Letter is a list of insurance policies which are maintained by or on behalf of all FBC Entities setting out, in respect of each policy, a description of the type of policy, the name of insurer, the coverage, the expiration date, the annual premium and any pending claims. No FBC Entity is in default in any material respect with respect to any of the provisions contained in such insurance policies or has failed to give any material notice or to present any material claim under any insurance policy in a due and timely fashion. True, correct and complete copies of all insurance policies held by or on behalf of all FBC Entities and the most recent inspection reports received from insurance underwriters have been delivered to the Purchaser.

4.25 Books and Records

- (a) All accounting and financial FBC Books and Records have been fully, properly and accurately kept and are complete in all material respects. Such FBC Books and Records are not recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which are not or will not be available to the Purchaser in the Ordinary Course after Closing. All corporate proceedings and actions reflected in the FBC

Books and Records have been conducted or taken in compliance with all applicable Laws and in accordance with the constating documents of the FBC Entities.

- (b) FBC Books and Records stored on computer-related or other electronic media are appropriately organized and indexed and no data conversions, translations or technology upgrades are required before such data can be accessed, read, searched and used by FBCs current Information Technology.

4.26 Intellectual Property

- (a) Section 4.26(a) of the FBC Disclosure Letter sets out a true, correct and complete list, and, where appropriate, a description of (i) all of the registered Intellectual Property owned or used by all FBC Entities (collectively, the “**FBC IP**”) and (ii) all licenses or similar agreements or arrangements to which FBC is a party, either as licensee or licensor, with respect to Intellectual Property necessary for the carrying on of the FBC Business as presently conducted.
- (b) The applicable FBC Entity is the exclusive owner of all right, title and interest in and to, or possesses the exclusive right to use the FBC IP, free and clear of all Liens other than Permitted Encumbrances. No FBC Entity has assigned, licensed or otherwise conveyed any of the FBC IP.
- (c) Each applicable FBC Entity has maintained or caused to be maintained the rights to any of the registered FBC IP in full force and effect and, without limiting the generality of the foregoing, have renewed or have made application for renewal of any registered FBC IP subject to expiration on or prior to the Closing Date.
- (d) The FBC IP has not been used, not used, enforced or not enforced in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any of the FBC IP. In the past five years, no FBC Entity has received written notice of any alleged infringement or misappropriation from any Person with respect to the FBC IP. During such period, no FBC Entity has infringed and is not currently infringing on the Intellectual Property of any other Person in any material respect.
- (e) The applicable FBC Entity has the full right and authority to use, and the Purchaser will be entitled to continue to use after the Closing Date, the FBC IP in the manner presently conducted, and such use or continuing use does not infringe upon or violate any rights of any other Person. The FBC IP is sufficient to conduct the FBC Business as presently conducted. All licenses to which any applicable FBC Entity is a party relating to FBC IP are in good standing, binding and enforceable in accordance with their respective terms and no default exists on the part of any FBC Entity thereunder. No royalty or other fees is required to be paid by any FBC Entity to use and exploit any of the FBC IP rights and, to the FBC Shareholder’s knowledge, there are no restrictions on the ability of any FBC Entity to use any of the FBC IP rights.
- (f) To the knowledge of the FBC Shareholder, no Person is infringing, misappropriating or otherwise violating, or threatening to do any of the foregoing, with respect to the FBC IP.
- (g) To the knowledge of the FBC Shareholder, subject to and in compliance with applicable Laws, no current or former officer, employee or independent contractor of any FBC Entity owns or has claimed an ownership interest in any of the FBC IP, nor has any right to a royalty or other consideration as a result of its marketing, licensing or assignment.
- (h) All applicable FBC Entities have used commercially reasonable efforts (including measures to protect secrecy and confidentiality, where appropriate) to protect FBC IP and confidential

information relating thereto. To the knowledge of the FBC Shareholder, there has not been any material unauthorized disclosure of Intellectual Property such as to prevent any FBC Entity from obtaining or enforcing any right that it could otherwise have obtained or enforced with respect to such Intellectual Property.

4.27 Information Technology

- (a) The Information Technology owned, licensed, used or held for use in connection with the FBC Business is sufficient for the conduct of the FBC Business in the Ordinary Course after Closing. Each FBC Entity uses reasonable means, consistent with industry practice, to protect the security and integrity of all such Information Technology.
- (b) In the past three years, no notice of a defect or default has been sent or received by any FBC Entity in respect of any license or lease under which any FBC Entity receives Information Technology.

4.28 Leases and Leased Property

- (a) No FBC Entity is a party to, or under any agreement to become a party to, any real property lease other than the Leases, true, correct and complete copies of which have been provided to the Purchaser. Each Lease is in good standing, creates a good and valid leasehold estate in favour of the applicable FBC Entity in the Leased Properties thereby demised and is in full force and effect without amendment. With respect to each Lease pursuant to which a FBC Entity is tenant (i) all base rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of any FBC Entity's obligations has been granted by the lessor, (iii) there exists no event of default or event, occurrence, condition or act which, with the giving of notice, the passage of time or the happening of any other event or circumstance, would become a default under the Lease or give rise to a right of amendment, cancellation or termination of the Lease or restrict the ability of the applicable FBC Entity to exercise any of its rights as lessee thereunder, including any rights of renewal or first rights of refusal contained therein, (iv) to the knowledge of the FBC Shareholder, all of the covenants to be performed by any party (other than the applicable FBC Entity) under the Lease have been fully performed in all material respects, and (v) the use and occupation by the applicable FBC Entity of any of the Leased Properties is not in breach, violation or non-compliance of or with any Laws in any material respect and is in material compliance with all applicable provincial plans, official plans, zoning by-laws, by-laws, development approvals and building permits of any applicable Governmental Authority, including any site plan agreements and any other agreements or approvals relating to the use and operation of the Leased Property. Section 4.28(a) of the FBC Disclosure Letter contains a list of all of the Leases setting out, in respect of each Lease, the identity of the lessor and the lessee, a description of the leased premises (by municipal address and proper legal description), the term of the Lease, the rental payments under the Lease (specifying any breakdown of base rent and additional rents), any rights of renewal and the term thereof, and any restrictions on assignment.
- (b) Each applicable FBC Entity has adequate rights of ingress and egress to, from and over the Leased Properties in the Ordinary Course and the Leased Properties have adequate access to and use of all necessary electrical utilities, local power grids, ground water, municipal water, waste water treatment and natural gas supply. To the knowledge of the FBC Shareholder, there is no plan, study, notice of intent or pending by-law which, if implemented, would materially and adversely affect the ability of any FBC Entity to carry on business in the Ordinary Course.

4.29 Customers and Suppliers

Section 4.29 of the FBC Disclosure Letter sets out a true, correct and complete list of the ten largest customers (or, if the FBC Entities have fewer than ten customers, all of the customers) and ten largest suppliers of the FBC Entities by dollar amount for the 12-month period ending the FBC Reference Date. Such list includes the approximate value of the sales and purchases for each such customer and supplier during that time. To the knowledge of the FBC Shareholder, no such supplier or customer has any intention to change its relationship or the terms upon which it conducts business with FBC Business.

4.30 Environmental Matters

- (a) The FBC Entities are, and at all times have been, in compliance with all Environmental Laws. There are no Environmentally Hazardous Substances located in the ground or in groundwater under any of the Leased Properties.
- (b) Except as permitted under applicable Laws, no FBC Entity has used or permitted to be used at any of the Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any FBC Entity for the disposal of Environmentally Hazardous Substances, and to the knowledge of the FBC Shareholder there has not been any such use.
- (c) Except as permitted under Environmental Laws, no FBC Entity has caused or permitted, and the FBC Shareholder does not have any knowledge of any Environmental Release on or from the Leased Properties or any property or facility that was at any time owned, occupied, operated, managed, used or controlled by any FBC Entity.
- (d) No FBC Entity has been required in writing by any Governmental Authority to: (i) alter any of the Leased Properties in a material way in order to be in compliance with Environmental Laws; or (ii) perform any environmental closure, decommissioning, rehabilitation, clean-up, restoration, post-remedial investigations or corrective action on, about or in connection with any such property; which, in each case, has not been complied with or cured to the satisfaction of such Governmental Authority, or which remains outstanding and unresolved.
- (e) There are no pending or, to the knowledge of the FBC Shareholder, Environmental Claims, threatened Environmental Claims, threatened claims, proceedings or restrictions of any nature arising or resulting from any environmental liabilities or under or pursuant to any Environmental Laws with respect to or affecting any FBC Entity or any Leased Properties.
- (f) Neither the FBC Shareholder nor any FBC Entity has received written notice, orders or directions, from any Person, including any Governmental Authority, alleging that any FBC Entity or the FBC Business has been or is in violation or potentially in violation of, or liable under, any Environmental Laws, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws, or received any written request for information relating to an actual or potential violation of or liability under Environmental Laws, which in either case remains outstanding or unresolved, or would not reasonably be expected to have a Material Adverse Effect and neither the FBC Shareholder nor any FBC Entity have settled any allegation of non-compliance short of prosecution. To the knowledge of the FBC Shareholder, no FBC Entity nor the FBC Business is subject to any investigation with respect to an action or potential violation of or liability under any Environmental Laws, which matter remains outstanding or unresolved.
- (g) There are not any reports or material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests relating to environmental matters affecting any FBC Entity or any Leased Properties currently or formerly owned, leased or used by any FBC Entity or over which any FBC Entity has or

had charge, management or control. Complete and accurate copies of all such reports and material documents, including Environmental Authorizations, environmental audits, site assessments, risk assessments, studies or tests in the possession or control of the FBC Shareholder or the FBC Entities have been provided to Purchaser. To the knowledge of the FBC Shareholder, there are no other reports or material documents relating to environmental matters affecting any FBC Entity or any of the Leased Properties currently or formerly owned, leased or used by any FBC Entity or over which any FBC Entity has or had charge, management or control which have not been made available to Purchaser.

- (h) To the knowledge of the FBC Shareholder, there are not any underground storage tanks located on the Leased Properties.
- (i) No Authorizations issued to any FBC Entity pursuant to Environmental Laws will become void or voidable as a result of the completion of the Transactions.
- (j) No unbudgeted work or additional expenditure is required or planned in relation to the FBC Business, the Leased Properties, or any other assets of any FBC Entity to ensure compliance with applicable Environmental Laws or Authorizations issued pursuant to applicable Environmental Laws.

4.31 Employee Matters

- (a) No FBC Entity is a party to, subject to, or affected by any certification order or any collective agreement and no Person holds bargaining rights with respect to any employees of any FBC Entity.
- (b) Section 4.31 of the FBC Disclosure Letter includes a complete list of all Employees. The list includes each Person's:
 - (i) position or title with all applicable FBC Entities;
 - (ii) material terms and conditions of employment, including reference to any Employee Plans to which such Person participates and a summary of such Person's benefits thereunder;
 - (iii) current wages, salaries or hourly rate of pay and bonus (whether monetary or otherwise) paid since the beginning of the most recently completed financial year or payable in the current financial year to such Person;
 - (iv) the date upon which the wage, salary, rate or bonus in Section 4.31(b)(iii) became effective;
 - (v) the date upon which such Person was first hired or engaged;
 - (vi) the Employee Plans in which the Person participates; and
 - (vii) accrued vacation, if any.
- (c) Except as disclosed in Section 4.31(c) of the FBC Disclosure Letter, no employee of any FBC Entity has any written agreement as to length of notice or termination payment required to terminate his or her employment, other than such as results by Law from the employment of an employee without an agreement as to notice or termination, and there are no outstanding amounts owed to any Employees pursuant to any employment, consulting or similar type agreement relating to any FBC Entity.

- (d) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing by any FBC Entity pursuant to any workplace safety and insurance legislation, and there are no orders under applicable occupational health and safety legislation relating to the FBC Business which are currently outstanding.
- (e) To the knowledge of the FBC Shareholder, there are no ongoing union certification drives. There are no pending proceedings for certifying a union for any FBC Entity and no FBC Entity is unionized or has an employee association.
- (f) No complaint, grievance, claim, proceeding, civil action, work order or investigation has been filed, made or commenced against any FBC Entity in respect of, concerning or affecting any of the Employees.
- (g) All FBC Entities have observed and complied, in all material respects, with the provisions of all applicable Laws respecting employment, including employment standards Laws as well as Laws relating to human rights, occupational health and safety, workplace safety and insurance, labour relations and pay equity.
- (h) There are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any obligation upon any FBC Entity to do or refrain from doing any act or which place a financial obligation upon any FBC Entity.
- (i) In the past three years, no FBC Entity has received any written remedial order, notice of offence or conviction under occupational health and safety, pay equity or employment standards Laws.
- (j) Except as set out in Section 4.31(j) of the FBC Disclosure Letter, there are no actions, suits or proceedings, at law or in equity, by any Person (including the FBC Entities), nor any action, suit, arbitration, administrative proceeding or other proceeding by or before (or to the knowledge of the FBC Shareholder any investigation by) any Governmental Authority, pending, or, to the knowledge of the FBC Shareholder, threatened against or affecting the FBC Entities in respect of employment matters, that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the FBC Entities or the FBC Business. To the knowledge of the FBC Shareholder, no event has occurred or circumstance exists which is reasonably be expected to give rise to or serve as a valid basis for the commencement of any such action, suit, investigation, arbitration, administrative proceeding or other proceedings by or against any FBC Entity in respect of employment matters.
- (k) All FBC Entities have developed and implemented all necessary employee policies, which implementation includes employee training with respect to harassment, occupational health and safety and accessibility for people with disabilities requirements.
- (l) There is no labour strike, picketing, slow down, work stoppage or lock out, existing, pending, or to knowledge of the FBC Shareholder, threatened against or directly or indirectly affecting any FBC Entity or its operations. No FBC Entity has, in the past three years, experienced any labour strike, picketing, slowdown, work stoppage, lock out or other collective labour action by or with respect to its Employees. There are no charges or complaints pending, or threatened with respect to or relating to any FBC Entity before any Governmental Authority in relation to unlawful employment practices. No FBC Entity has received any written notice from any such Governmental Authority responsible for the enforcement of labour or employment Laws of an intention to conduct an investigation of any FBC Entity concerning its employment practices, wages, hours and terms and conditions of employment and no such investigation is, to the knowledge of the FBC Shareholder, threatened.

4.32 Employee Benefit Plans

- (a) Section 4.32 of the FBC Disclosure Letter sets out a true, correct and complete list and, where appropriate, a description of all retirement, pension, supplemental pension, savings, retirement savings, retiring allowance, bonus, profit sharing, stock purchase, stock option, phantom stock, share appreciation rights, deferred compensation, severance or termination pay, life insurance, medical, hospital, dental care, vision care, drug, sick leave, short term or long term disability, salary continuation, unemployment benefits, vacation, incentive, compensation or other employee benefit plan, program, arrangement, policy or practice whether written or oral, formal or informal, funded or unfunded, registered or unregistered, insured or self-insured that is maintained or otherwise contributed to, or required to be contributed to, by or on behalf of any FBC Entity for the benefit of current, former or retired employees, directors, officers, shareholders, independent contractors or agents of any FBC Entity other than government sponsored pension, employment insurance, workers compensation and health insurance plans, but excluding for the avoidance of doubt any Employee Contracts containing any such provisions (collectively, the “**Employee Plans**”). None of the Employee Plans is a registered pension plan under the ITA.
- (b) Each Employee Plan has been maintained and administered in compliance with its terms and with the requirements of all applicable Laws in all material respects. Each Employee Plan that is required to be registered under applicable Laws is duly registered with the appropriate Governmental Authorities.
- (c) All contributions or premiums required to be paid, deducted or remitted and all obligations required to be performed by any FBC Entity pursuant to the terms of any Employee Plan or by applicable Laws, have been paid, deducted, remitted or performed, as the case may be, in a timely fashion, and in all material respects, and there are no outstanding defaults or violations with respect to same.
- (d) There is no pending termination or winding-up procedure in respect of any of the Employee Plans, and no event has occurred or circumstance exists under which any of the Employee Plans would reasonably be expected to be declared terminated or wound-up, in whole or in part.
- (e) No Employee Plan has a deficit and the liabilities of all FBC Entities in respect of all Employee Plans are properly accrued and reflected in the FBC Financial Statements in accordance with IFRS.
- (f) The FBC Entities have delivered true, correct and complete copies of each of the following to the Purchaser: the text of all Employee Plans (where no text exists, a summary has been provided) and any related trust agreements, insurance contracts or other material documents governing those plans all as amended to the Execution Date and, to the knowledge of the FBC Shareholder, no fact, condition or circumstances exists or has occurred since the date of those documents which would materially affect or change the information contained in them.
- (g) No promises or commitments have been made by any FBC Entity to amend any Employee Plan, to provide increased benefits or to establish any new benefit plan, except as required by applicable Laws.
- (h) The transactions contemplated in this Agreement and in each of the Transaction Documents will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Employee Plan.

- (i) No FBC Entity has any obligation to provide retirement benefits for any current, former or retired employees of any FBC Entity or to any other Person.
- (j) None of the Employee Plans require or permit retroactive increases or assessments in premiums or payments.
- (k) No FBC Entity contributes, nor is any FBC Entity required to contribute, to any multi-employer pension or benefit plan. None of the Employee Plans is a multi-employer pension or benefit plan.
- (l) Each of the Employee Plans can be amended or terminated without restrictions and any applicable FBC Entities have the unrestricted power and authority to amend or terminate the Employee Plans.

4.33 Tax Matters

- (a) Each of the FBC Entities have (i) properly completed, maintained appropriate supporting documentation for, and timely filed all Tax Returns required to be filed by it on or prior to the date hereof, and all such Tax Returns are true, correct and complete in all respects, (ii) has timely paid all Taxes required to be paid by it for which payment was due, (iii) has established an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portions thereof prior to the FBC Reference Date (which accrual or reserve as of the FBC Reference Date is fully reflected on the face of the FBC Financial Statements (rather than in any notes thereto) and will establish an adequate accrual or reserve for the payment of all Taxes payable in respect of the periods or portion thereof through the Closing Date), (iv) has no liability for Taxes in excess of the amount so paid or accruals or reserves so established, other than as set out in Section 4.33 of the FBC Disclosure Letter, and (v) since the FBC Reference Date, has not incurred any liability for Taxes outside the ordinary course of business. The FBC Entities have provided to the Purchaser correct and complete copies of all Tax Returns with respect to the FBC Entities, that were filed or received for all taxable years remaining open under the applicable statute of limitations.
- (b) Except as set forth in Schedule 4.33 of the FBC Disclosure Letter: (A) the FBC Entities are not delinquent in the payment of any Tax or in the filing of any Tax Returns and no claims for assessment or collection of Taxes or for deficiencies for any Tax have been threatened, claimed, proposed or assessed against the FBC Entities or any of its officers, employees or agents in their capacity as such; and (B) there is no action by any Governmental Authority pending or, to FBC's knowledge threatened, against the FBC Entities.
- (c) Any government assistance and Tax refunds claimed or received by any FBC Entity, including under section 125.7 and subsection 153(1.02) of the ITA, and all subsidies, government assistance and Tax refunds claimed or received by any FBC Entity were claimed and received in accordance with applicable Law and no FBC Entity is liable to repay any such amounts.
- (d) No claim has ever been made by a Governmental Authority in the United States in respect of Taxes and no FBC Entity is liable for Tax in the United States.
- (e) Each of FB and FBC is registered under Part IX of the Excise Tax Act, R.S.C., 1985, c. E-15, in respect of GST/HST, and FB and FBC's registration numbers are 787522945RT0001 and 78063924RT0001, respectively.
- (f) No FBC Entity has entered into or been contractually obligated to enter into a "reportable transaction" within the meaning of section 237.3 of the Tax Act or "notifiable transaction" within the meaning of section 237.4.

4.34 Anti-Corruption

- (a) No FBC Entity nor, to its knowledge, any of their respective shareholders, directors, officers, employees or other Persons acting on their behalf has, directly or indirectly: (i) made or authorized any contribution, payment, loan, reward, benefit or gift of funds or property or anything else of value to any official, employee or agent of any Governmental Authority or public international organization, or to any Person for the benefit of any Governmental Authority or public international organization or public international organizations; (ii) for the purpose of bribing any Governmental Authority established or maintained accounts which do not appear in any of the books and records that they are required to keep in accordance with applicable accounting and auditing standards, made transactions that are not recorded or that are inadequately identified, recorded non-existent expenditures, entered liabilities with incorrect identification of their object, knowingly used false documents, or intentionally destroyed accounting books and records earlier than permitted by law; or (iii) made any contribution to any candidate for public office; where either the payment or the purpose of such contribution, payment, loan, reward or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act*, the *US Foreign Corrupt Practices Act of 1977*, the *UK Bribery Act, 2010* and any related or similar rules, regulations or guidelines made, issued, administered or enforced by any Governmental Authority thereunder and any other applicable Laws of similar purpose and scope (collectively, “**Anti-Corruption Legislation**”).
- (b) Neither any FBC Entity nor the FBC Shareholder, nor, to its knowledge, any of their directors, officers, employees or other Persons acting on their behalf has breached or violated in any material respect any Law regulating lobbying, accounting, bids or conflicts of interest. To the FBC Shareholder’s knowledge, no change, fact, event, circumstance, condition or omission has occurred in respect of the FBC Business that would reasonably be expected to result in the Purchaser from being suspended or debarred from doing business with a Governmental Authority or otherwise prevent the Purchaser from bidding on or applying for Contracts with a Governmental Authority after Closing.

4.35 Privacy Laws

- (a) Each FBC Entity has complied and is complying with and is complying with all applicable Privacy Laws, including in connection with its collection, maintenance, use, disclosure, processing or transmission of Personal Information, including medical records, patient information or other personal information made available to or collected by the FBC Entities in connection with the operation of the FBC Business (the “**Healthcare Data Requirements**”). No FBC Entity has received written complaint or notice of any breach or violation by it of any such Privacy Laws. All Personal Information of the FBC Entities: (i) has been collected, used or disclosed with the consent of each individual to which such Personal Information relates (if such consent was required under applicable Privacy Laws); (ii) has been used only for the purposes for which the Personal Information was initially collected or for a subsequent purpose for which consent was subsequently obtained; and (iii) has been collected, used or disclosed for a purpose in respect of which consent may, under applicable Privacy Laws, be implied.
- (b) The FBC Entities have taken commercially reasonable steps to implement appropriate confidentiality, security and other protective measures required by Healthcare Data Requirements.
- (c) No FBC Entity has disclosed, made available or provided Personal Information to third parties for any purpose except in compliance with, or as required by, applicable Laws.

4.36 No Predecessors

Except as set out in Section 4.36 of the FBC Disclosure Letter, FBC has not merged with any corporation, or by amalgamation, dissolution, arrangement or otherwise, in such a manner that FBC is or may become liable for any liabilities (contingent or otherwise) of any kind whatsoever of that corporation.

4.37 No Broker

The FBC Entities have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

4.38 Government Grants and Subsidies

FBC has not received any refundable or non-refundable grants and subsidies received by any FBC Entity from any Governmental Authority, including pursuant to any program set up in connection with the COVID-19 pandemic, and such list shall include the amounts in question, the date on which funds were received, the name of the programs in question as well as whether such funds are refundable or non-refundable.

4.39 Material Facts

This Agreement does not, nor does any Transaction Document, contain any untrue statement of a material fact nor omits to state a material fact necessary in order to make the statements contained therein or herein not misleading in light of the circumstances under which they were made.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE FBC SHAREHOLDER

The FBC Shareholder makes the following representations to the Purchaser on a solidary basis and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the execution, delivery and performance of this Agreement:

5.1 Authorization

The FBC Shareholder has the capacity to enter into this Agreement and each Transaction Document to which it is a party, to perform all of its agreements and obligations hereunder and thereunder in accordance with their terms and to consummate the Transactions. The FBC Shareholder has the capacity to sell to the Purchaser all of its FBC Shares without any restriction other than restrictions on sales of securities under Applicable Securities Laws. The FBC Shareholder has duly executed and delivered this Agreement and each Transaction Document to which it is a party and, assuming the due authorization, execution and delivery by all parties thereto (other than the FBC Shareholder), this Agreement and the Transaction Documents constitute valid and binding obligations of the FBC Shareholder, enforceable against the FBC Shareholder in accordance with their respective terms, except as such enforceability may be subject to applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and similar Laws affecting the enforcement of creditors' rights and remedies generally and by general principles of equity.

5.2 Title

The FBC Shareholder is the record and beneficial owner of the FBC Shares and has good and marketable title to such FBC Shares, free and clear of all Liens, including pre-emptive rights, rights of first refusal or "put" or "call" rights created by statute, any FBC Entity's constating documents or otherwise. The FBC Shareholder does not, nor does any other Person, own or have any interest in any shares in the capital of any FBC Entity other than the FBC Shareholder's ownership of the FBC Shares. Immediately following the Closing, the Purchaser will be the legal and beneficial owner of, and have good and marketable title to, all of the issued and outstanding FBC Shares, free and clear of all Liens. Except pursuant to this Agreement,

there is no agreement pursuant to which the FBC Shareholder has, directly or indirectly, granted any option, warrant or other right to any Person to acquire any FBC Shares.

5.3 Consents

Except as set out in Section 4.19 and 4.20 of the FBC Disclosure Letter, no consent, waiver, approval, order or authorization of, or registration, declaration or filing with, or notice to any Governmental Authority or any other Person is required by, or with respect to, the valid and lawful authorization, execution, delivery and performance by the FBC Shareholder of this Agreement or the consummation of the Transactions.

5.4 No Brokers

The FBC Shareholder have carried on all negotiations relating to this Agreement and the Transaction directly and without intervention on its behalf of any other party in such manner as to give rise to any valid claim for a brokerage commission, finder's fee or other like payment against the Purchaser.

5.5 Conflicts

The execution, delivery and performance by the FBC Shareholder of this Agreement and the Transaction Documents to which it is party and the consummation of the Transactions do not and will not conflict with or result in any material violation of or material default under (with or without notice or lapse of time, or both) or give rise to a right of termination, cancellation, modification or acceleration of any material obligation or loss of any material benefit under, or result in the imposition or creation of any Lien upon the FBC Shares or any of the FBC Shareholder's properties or assets (tangible or intangible) under, (a) any agreement of the FBC Shareholder, (b) any Authorization held by the FBC Shareholder that is necessary to the ownership by the FBC Shareholder of the FBC Shares or to the FBC Business, or (c) any Law applicable to the FBC Shareholder.

5.6 Litigation

No Claim is pending or, to the FBC Shareholder's knowledge, threatened, against the FBC Shareholder with respect to its execution, delivery and performance of this Agreement or any Transaction Document to which such FBC Shareholder is to be a party or the consummation of the Transactions. No Claim is pending or, to the FBC Shareholder's knowledge, threatened against it before any arbitrator or court or other Governmental Authority which (a) if adversely determined, would be reasonably likely to result in payments, penalties or fines payable by any FBC Shareholder, or (b) challenges the validity of this Agreement or any Transaction Document or any action taken or to be taken in connection herewith or therewith, including the FBC Shareholder; sale and transfer of the FBC Shares hereunder.

ARTICLE 6 CLOSING

6.1 Closing

Unless this Agreement is earlier terminated in accordance with its terms, the Transaction will be consummated as soon as practicable after all the conditions established in Article 7 and Article 8 of this Agreement have been satisfied or waived. The closing of the Transaction (the "**Closing**") will be completed at the Effective Time on the fifth (5th) Business Day following the date on which the conditions set out in Article 7 and Article 8 of this Agreement have been satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at such time) or such other date prior to the Drop Dead Date as may be agreed to by the Parties (the "**Closing Date**"), at the offices of Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, Ontario, or at such other location and time as is mutually agreed to by the Purchaser and the FBC Shareholder. Notwithstanding the location of the Closing, each Party agrees that the Closing may be completed by undertakings or the email

exchange of documents between the respective legal counsel for the Purchaser and the FBC Shareholder, provided such undertakings and exchanges are satisfactory to each Party's respective legal counsel.

6.2 Effective Time

The transfer of the FBC Shares is deemed to take effect at the Effective Time on the Closing Date.

6.3 FBC Closing Documents

At the Closing, FBC and the FBC Shareholder will deliver, or cause to be delivered, to the Purchaser the documents set forth in Section 7.1, and such other documents as the Purchaser may reasonably require to effect the Transaction.

6.4 Purchaser Closing Documents

At the Closing, the Purchaser will deliver, or cause to be delivered, to FBC and the FBC Shareholder the documents set forth in Section 8.1, and such other documents as FBC and the FBC Shareholder may reasonably require to effect the Transaction.

6.5 Survival of Representations and Warranties

- (a) The representations and warranties made by each Party and contained in this Agreement (which for clarity, are made as of the date of this Agreement to be brought down only to the Closing Date), or contained in any document or certificate given in order to carry out the transactions contemplated hereby shall survive the Closing until the 12 month anniversary of the Closing Date (the "**Release Date**"). A Party has no obligation or liability for indemnification under this Agreement or otherwise with respect thereto after the Release Date. All of the covenants contained in this Agreement that by their nature are required to be performed after the Closing shall survive the Closing until fully performed or fulfilled.
- (b) Notwithstanding Section 6.5(a), any representation, warranty, covenant or obligation, and any obligation or liability for indemnification or otherwise with respect thereto, that would otherwise terminate on the Release Date will continue to survive if a notice of Claim shall have been given under Section 10.3, on or prior to the Release Date until the related claim for indemnification has been satisfied or otherwise resolved, but such survival shall only be with respect to the matters covered by such notice of Claim.

ARTICLE 7 PURCHASER'S CONDITIONS PRECEDENT

7.1 Purchaser's Conditions

The obligation of the Purchaser to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties contained in Section 4.1 [*Incorporation, Corporate Power and Registration*], Section 4.3 [*Due Authorization and Enforceability of Obligations*], Section 4.10 [*Capitalization of the Purchaser*], Section 4.13 [*Title to Assets*] (collectively, the "**FBC Specified Representations**") and in Article 5 shall be true and correct as of the Closing Date other than for *de minimis* inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of FBC and the FBC Shareholder

contained in this Agreement (other than the FBC Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of FBC and the FBC Shareholder to be so true and correct (read for purposes of this Section 7.1(a) without any materiality, a Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect, and (iii) each of FBC, the FBC Shareholder, and the three individuals set out in the last sentence of Section 10.2(f), shall have each executed and delivered a certificate to that effect;

- (b) each of FBC and the FBC Shareholder shall have fulfilled, performed or complied with in all material respects all covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and each of FBC and the FBC Shareholder shall have executed and delivered a certificate of a senior officer to that effect;
- (c) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;
- (d) the consents, approvals and notices listed in Sections 4.19 and 4.20 of the FBC Disclosure Letter shall have been obtained on terms acceptable to the Purchaser, acting reasonably;
- (e) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;
- (f) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to FBC;
- (g) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, (ii) the right of the Purchaser to acquire the FBC Shares, or (iii) the Purchaser from operating the FBC Business after Closing on substantially the same basis as currently operated;
- (h) each of FBC and the FBC Shareholder shall have delivered or caused to be delivered to the Purchaser the following:
 - (i) certified copies of (A) the notice of articles, articles and/or by-laws, as applicable, of such Party, (B) as applicable, the resolutions of the shareholders and/or the board of directors of such Party approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to the Purchaser, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to such Party issued by appropriate government officials of its jurisdiction of incorporation;
 - (iii) executed copies of the Transaction Documents executed by FBC and/or the FBC Shareholder, as applicable;
 - (iv) the certificates referred to in Sections 7.1(a) and 7.1(b);

- (v) certificate(s) representing the FBC Shares, duly endorsed in blank for transfer or accompanied by duly executed stock transfer powers or other evidence authorizing the transfer of the FBC Shares to the Purchaser acceptable to the Purchaser, acting reasonably;
 - (vi) a direction with respect to the registration of the Consideration Shares; and
 - (vii) the FBC Books and Records.
- (i) the CSE shall not oppose the issuance of the Consideration Shares or the completion of the Transaction as contemplated herein;
 - (j) the issuance and delivery of the Consideration Shares to the FBC Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;
 - (k) FBC and the FBC Shareholder shall have delivered a copy of the FBC Financial Statements in a form and substance satisfactory to the Purchaser, acting reasonably;
 - (l) FBC and the FBC Shareholder shall have arranged for the irrevocable transfer and assignment to FBC of any asset or entity which is necessary or incidental to the ongoing operation of the FBC Business and that is held by a party not dealing at arm's length with FBC as at the Execution Date, other than in respect of ongoing brand licensing agreements between the Merged Entity and FBC Shareholder following Closing;
 - (m) employment agreements executed by Greg Boone and Jennifer Maccarone with the Merged Entity, in form and substance agreed to by the parties thereto, acting reasonably;
 - (n) executed resignations effective as at the Closing Date for all of the directors and officers (with the exception of Greg Boone and Jennifer Maccarone) of FBC;
 - (o) executed releases from each of the directors and officers of FBC of Claims they may have against FBC arising out of any cause existing as at or prior to Closing, in form and substance agreed to by the Purchaser and the FBC Shareholder, acting reasonably;
 - (p) executed release from the FBC Shareholder, and all subsidiaries of the FBC Shareholder except for the FBC Entities, of any and all amounts owed to it by the FBC Entities, save and except for the amounts owed under the FBC Promissory Note and as part of the FB Payment Plan;
 - (q) the executed Subordination Agreement;
 - (r) the executed Intercreditor Agreement;
 - (s) the executed Stone Pine Amendments;
 - (t) the executed Golden Iris Release;

- (u) the executed Lock-up Agreement from the FBC Shareholder;
- (v) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2;
- (w) all other documentation and evidence reasonably requested by the Purchaser in order to establish the due authorization and completion by FBC and the FBC Shareholder of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of FBC and the FBC Shareholder required to effectively carry out their respective obligations under this Agreement.

7.2 Waiver

The conditions set forth in this Article 7 are for the exclusive benefit of the Purchaser and may be waived by the Purchaser in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the Purchaser to Closing.

7.3 Covenant of FBC and the FBC Shareholder

Each of FBC and the FBC Shareholder covenants to deliver all of the Closing documentation required to be delivered by each such party as set out in Section 7.1 that is within its control.

ARTICLE 8 FBC SHAREHOLDER'S CONDITIONS PRECEDENT

8.1 FBC Shareholder's Conditions

The obligation of FBC Shareholder to complete the Transaction will be subject to the satisfaction of, or compliance with, at or before the Closing, the conditions precedent set forth below:

- (a) (i) the representations and warranties of the Purchaser contained in Sections 3.1 [*Incorporation, Corporate Power and Registration*], 3.3 [*Due Authorization and Enforceability of Obligations*], 3.9 [*Capitalization of the Purchaser*], 3.35 [*Reporting Issuer*] and 3.36 [*Consideration Shares*] (the "**Purchaser Specified Representations**") shall be true and correct as of the Closing Date other than for de minimis inaccuracies (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date; and (ii) the representations and warranties of the Purchaser contained in this Agreement (other than the Purchaser Specified Representations) shall be true and correct as of the Closing Date (except for representations and warranties expressly stated to relate to a specified date, in which case such representations and warranties shall be true and correct as of such specified date) with the same force and effect as if such representations and warranties had been made on and as of such date, except to the extent that the failure of such representations and warranties of the Purchaser to be so true and correct (read for purposes of this Section 8.1(a) without any materiality, Material Adverse Effect or similar qualification), individually or in the aggregate, has not had or would not reasonably be likely to have a Material Adverse Effect; and (iii) the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;
- (b) the Purchaser shall have fulfilled, performed or complied with in all material respects all other covenants contained in this Agreement to be fulfilled, performed or complied with by it at or prior to Closing, and the Purchaser shall have executed and delivered a certificate of a senior officer to that effect;

- (c) the CSE has provided any necessary approval in respect of the Transaction and this Agreement and the Purchaser Shares (including the Consideration Shares) shall have been conditionally approved for listing, subject to customary conditions, on the CSE following completion of the Transactions contemplated herein;
- (d) the consents, approvals and notices listed in Section 3.17 and Section 3.18 of the Purchaser Disclosure Letter shall have been obtained on terms acceptable to the FBC and the FBC Shareholder, acting reasonably;
- (e) the consents, approvals and notices listed in Sections 4.19 and 4.20 of the FBC Disclosure Letter shall have been obtained on terms acceptable to the FBC Shareholder, acting reasonably;
- (f) the executed Subordination Agreement;
- (g) the executed Intercreditor Agreement;
- (h) the executed Stone Pine Amendments;
- (i) effective on the Closing Date, change of corporate name of FBC to a name which excludes the use of "Final Bell";
- (j) the entering into of licensing arrangements between the Merged Entity and the FBC Shareholder for certain brands owned by the FBC Shareholder and/or its Affiliates, to be utilized by FBC for a target license fee of at least 10% and higher for certain brands, net of customary taxes and fees owed for licenses of this nature, and on such other terms as acceptable to the Parties thereto;
- (k) any approval of the directors and/or shareholders of the Purchaser relating to the Transaction required pursuant to applicable Law or the rules, policies or guidelines of CSE, if applicable, shall have been obtained;
- (l) since the Execution Date, there shall not have occurred any Material Adverse Effect with respect to the Purchaser;
- (m) no Law is in effect nor shall there be any Order issued and in effect by any Governmental Authority to enjoin or prohibit (i) any of the transactions contemplated by this Agreement or any of the Transaction Documents, or (ii) the right of the FBC Shareholder to sell the FBC Shares;
- (n) the Purchaser shall have delivered or caused to be delivered to FBC and the FBC Shareholder the following:
 - (i) certified copies of (A) the articles and by-laws of the Purchaser, (B) the resolutions of the board of directors of the Purchaser approving the entering into and completion of the transactions contemplated by this Agreement, and (C) a list of the officers and directors authorized to sign agreements together with their specimen signatures, all in form and substance satisfactory to FBC and the FBC Shareholder, acting reasonably;
 - (ii) a certificate of status, compliance, good standing or like certificate with respect to the Purchaser issued by appropriate government officials of its jurisdiction of incorporation dated within five (5) Business Days of the Closing Date;
 - (iii) executed copies of the Transaction Documents executed by the Purchaser;

- (iv) the certificates referred to in Sections 8.1(a) and 8.1(b); and
- (v) the Consideration Shares;
- (o) the Purchaser Shares shall continue to be listed for trading on the CSE;
- (p) the issuance and delivery of the Consideration Shares to the FBC Shareholder pursuant to this Agreement shall be exempt from the prospectus requirements of Applicable Securities Laws, and no prospectus is required nor are any other documents required to be filed, proceedings taken, or approvals, permits, consents, orders, or authorizations of any regulatory authorities obtained under Applicable Securities Laws to permit the issue and delivery of such securities by the Purchaser, it being noted that within 10 days after the date of the issuance of such securities, the Purchaser may be required to file a report on Form 45-106F1 prepared and executed in accordance with National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, accompanied by the prescribed fees, if any, with respect to some or all of the issuances of securities contemplated under this Agreement;
- (q) executed resignations and releases of Greg Boone as director of the FBC Shareholder, and Jennifer Maccarone as Chief Operating Officer of the FBC Shareholder, of any Claims they may have against FBC Shareholder for any matter, in form and substance agreed to by the FBC Shareholder, acting reasonably;
- (r) executed releases from each of the directors and officers of FBC of Claims they may have against FBC Shareholder arising out of any cause existing at or prior to Closing, in form and substance agreed to by the Purchaser and the FBC Shareholder, acting reasonably;
- (s) the FBC Shareholder shall be entitled to nominate one (1) individual to the board of directors of the Merged Entity effective as of the Closing Date, subject to compliance with the regulations of the CSE and applicable securities laws, and the receipt of all applicable regulatory approvals on or before the Closing Date;
- (t) each of the Parties shall have agreed to allocation of the Purchase Price pursuant to Section 2.2; and
- (u) all other documentation and evidence reasonably requested by FBC and the FBC Shareholder in order to establish the due authorization and completion by the Purchaser of the Transaction contemplated by this Agreement, including the taking of all corporate proceedings by the board of directors and shareholders of the Purchaser required to effectively carry out their respective obligations under this Agreement.

8.2 Waiver

The conditions set forth in this Article 8 are for the exclusive benefit of FBC and the FBC Shareholder and may be waived by FBC and the FBC Shareholder in writing in whole or in part on or before the Closing, and the Closing will be deemed to mean a waiver of all conditions of the FBC and the FBC Shareholder to Closing.

8.3 Covenant of the Purchaser

The Purchaser covenants to deliver all of the Closing documentation set out in Section 8.1 that is within its control.

ARTICLE 9 COVENANTS

9.1 FBC Conduct of Business Prior to Closing

During the Closing Period, FBC shall:

- (a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;
- (b) not, without the prior written consent of the Purchaser, enter into any contract in respect of its business or assets, other than in the ordinary course of business;
- (c) maintain payables and other liabilities at levels consistent with past practice;
- (d) not, without the prior written consent of the Purchaser, engage in any extraordinary material transactions;
- (e) not, without the prior written consent of the Purchaser, make any distributions, dividends or special bonuses;
- (f) not, without the prior written consent of the Purchaser, repay any shareholders' loans;
- (g) make all commercially reasonable efforts to preserve the goodwill of FBC and its relationships with customers, suppliers, and others having business dealings with FBC;
- (h) not, without the prior written consent of the Purchaser, hire, engage, or retain any new employees or independent contractors to be employed, engaged or retained in connection with the FBC Business that provides for annual remuneration in an amount exceeding \$90,000 for each employee or independent contractor;
- (i) not, without the prior written consent of Purchaser, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;
- (j) continue in full force all of its existing insurance policies;
- (k) comply in all material respects with all Laws applicable to the FBC Business; and
- (l) apply for, and maintain in good standing, all permits and authorizations relevant to the FBC Business.

9.2 Purchaser Conduct of Business Prior to Closing

During the Closing Period, the Purchaser shall:

- (a) carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Closing and the Transaction;
- (b) not, without the prior written consent of FBC, enter into any contract in respect of its business or assets, other than in the ordinary course of business;
- (c) maintain payables and other liabilities at levels consistent with past practice;

- (d) not, without the prior written consent of FBC, engage in any extraordinary material transactions;
- (e) not, without the prior written consent of FBC, make any distributions, dividends or special bonuses;
- (f) not, without the prior written consent of FBC, repay any shareholders' loans;
- (g) make all commercially reasonable efforts to preserve the goodwill of the Purchaser and its relationships with customers, suppliers, and others having business dealings with the Purchaser;
- (h) not, without the prior written consent of FBC, hire, engage, or retain any new employees, directors or independent contractors to be employed, engaged or retained in connection with the Purchaser Entities' business that provides for annual remuneration in an amount exceeding \$90,000 for each employee, director or independent consultant, as applicable, or increase the remuneration of any employees or directors;
- (i) not, without the prior written consent of FBC, terminate any employees or transfer employees to any other positions, or take any action to materially amend any Contract with any employee;
- (j) continue in full force all of its existing insurance policies;
- (k) comply in all material respects with all Laws applicable to the Purchaser Entities' business; and
- (l) apply for, and maintain in good standing, all permits and authorizations relevant to the Purchaser Entities' business.

9.3 Actions to Satisfy Closing Conditions

- (a) FBC and the FBC Shareholder shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 7.1.
- (b) The Purchaser shall take all such actions as are within its power to control and shall use commercially reasonable efforts to cause other actions to be taken which are not within its power to control, so as to ensure compliance with all of the conditions set forth in Section 8.1.

9.4 Consents, Approvals and Authorizations

- (a) FBC and the FBC Shareholder shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 4.19 or Section 4.20 of the FBC Disclosure Letter. Such consents shall be on such terms as are acceptable to the Purchaser and the FBC Shareholder, acting reasonably.
- (b) The Purchaser shall use commercially reasonable efforts to obtain, prior to Closing, all consents, approvals, waivers or other authorizations listed in Section 3.17 or Section 3.18 of the Purchaser Disclosure Letter. Such consents shall be on such terms as are acceptable to FBC and the FBC Shareholder, acting reasonably.

- (c) Each Party hereby covenants that it shall promptly prepare, file and diligently pursue until received all necessary Authorizations and make such necessary filings as are required to be obtained under applicable Law or the rules, policies and guidelines of the CSE with respect to this Agreement and the Transaction. Each Party shall offer the other Parties a reasonable opportunity to review and comment on any such filing or other such submission.
- (d) FBC and the FBC Shareholder represent and warrant that any information or disclosure relating to FBC that is furnished in writing by FBC for inclusion in any filing or submission made pursuant to this Section 9.4 will comply in all material respects with all applicable laws (including Applicable Securities Laws), and, without limiting the generality of the foregoing, that any filing or submission made pursuant to this Section 9.4 shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that FBC of the FBC Shareholder shall not be responsible for the accuracy of any information relating to the Purchaser that is furnished in writing by the Purchaser for inclusion in any filing or submission made pursuant to this Section 9.4).
- (e) Each Party shall keep the other Parties fully informed regarding the status of such consents, approvals and authorizations, and the other Parties, their representatives and counsel shall have the right to participate in any substantive discussions with any other applicable Governmental Authority in connection with the Transaction and provide input into any applications for approval and related correspondence, which will be incorporated by such Party, acting reasonably. A Party will provide notice to the other Parties (and their counsel) of any proposed substantive discussions with any applicable Governmental Authority in connection with the Transaction. Promptly after any such consent, approval and authorization has been obtained by a Party and any such filing has been made by such Party, such Party shall notify the other Parties of same.
- (f) Without limiting the generality of the foregoing, the Purchaser shall promptly make all filings required by the CSE to obtain applicable Authorizations. If the approval of the CSE is conditional on the making of customary deliveries to the CSE, the Purchaser shall ensure that such filings are made as promptly as practicable and in any event within the time frame contemplated in the conditional approval letter from the CSE. The Purchaser shall offer FBC and the FBC Shareholder a reasonable opportunity to review and comment on any such filing.

9.5 Access for Investigation

- (a) The Purchaser will permit FBC, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the business of the Purchaser and to all the Purchaser Books and Records and to the properties and assets of Purchaser. Purchaser will also provide FBC and the FBC Shareholder with any financial and operating data and other information with respect to Purchaser as FBC or the FBC Shareholder reasonably requests to enable FBC or the FBC Shareholder to confirm the accuracy of the matters represented and warranted by Purchaser in Article 3.
- (b) FBC will permit the Purchaser, until the Closing Date, to have reasonable access during normal business hours to any real property used in connection with the FBC Business and to all the FBC Books and Records and to the properties and assets of FBC. FBC will also provide the Purchaser with any financial and operating data and other information with respect to FBC or the FBC Business as the Purchaser reasonably requests to enable the Purchaser to confirm the accuracy of the matters represented and warranted by FBC or the FBC Shareholder in Articles 4 and 5.

9.6 Delivery of Books and Records and Cooperation

At Closing, the FBC Shareholder will cause to be delivered to the Purchaser all of the FBC Books and Records, including copies of all of its insurance policies. The Purchaser shall cooperate with and assist FBC Shareholder in the filing of any Tax Returns with respect to Taxes of FBC for any Pre-Closing Tax Period, including allowing the FBC Shareholder reasonable access to all relevant FBC Books and Records following Closing.

9.7 Notification of Untrue Representation or Warranty or Breach

During the Closing Period, each Party will promptly notify the other Parties in writing if any such Party acquires knowledge of any fact or condition that causes or constitutes a breach of any of the representations and warranties set forth herein, or if such Party acquires knowledge of the occurrence of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition, or if the respective Disclosure Letters require updating. During the Closing Period, each Party will promptly notify the other Parties of the occurrence of any breach of any covenant set forth herein or of the occurrence of any event of which it has knowledge that would reasonably be expected to make the satisfaction of the conditions to Closing set forth herein impossible, or of any update to the respective Disclosure Letters. For clarity, no notice given pursuant to this Section 9.6 shall be deemed to cure any breach of, affect or otherwise diminish any representation or warranty made in this Agreement unless the non-breaching Parties specifically agrees thereto in writing.

9.8 Disclosure of Confidential Information

The Parties acknowledge that the Confidentiality Agreement continues to apply and that any information provided by one Party to the other Parties that is non-public and/or proprietary in nature shall be subject to the terms of the Confidentiality Agreement.

9.9 Exclusive Dealing

Each Party agrees that, during the period from the date this Agreement is entered into to earlier of: (i) the Closing; and (ii) the termination of this Agreement, each Party will not, nor will they permit any Affiliates, associates, agents, consultants, advisors or representatives of any such Party to:

- (a) directly or indirectly, solicit any proposal relating to the acquisition by any third party of all or any portion of the securities of the Party or the Parties' assets (an "**Acquisition Proposal**");
- (b) directly or indirectly, engage in or continue any discussions or negotiations with any other Person regarding any such Acquisition Proposal, or otherwise encourage or facilitate any efforts by any other Person to engage in such an Acquisition Proposal;
- (c) sell, transfer or dispose of any of its material assets or businesses; or
- (d) with respect to the FBC Shareholder, sell, transfer or dispose of the Purchased FBC Shares.

9.10 Public Communications

- (a) The Purchaser and FBC Shareholder shall agree on the text of press releases by which each of the Purchaser and FBC Shareholder will announce (i) the execution of this Agreement and (ii) the completion of the Transaction contemplated herein. A Party must not issue any press release or make any other public statement or disclosure with respect to this Agreement or the transactions contemplated herein without the consent of the other

Party (which consent shall not be unreasonably withheld, conditioned or delayed), and neither Party shall make any filing with any Governmental Authority (except as contemplated by this Section 9.9) with respect to this Agreement or the transactions contemplated herein without the consent of the other Party (which consent shall not be unreasonably withheld, conditioned or delayed); provided that any Party that is required to make disclosure by Laws shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.

- (b) Without limiting the generality of the foregoing and for greater certainty, each of the Parties acknowledges and agrees that the Purchaser and the FBC Shareholder shall file, in accordance with Applicable Securities Laws, this Agreement, together with a material change report related thereto, under the Purchaser's profile on SEDAR.

9.11 Tax Matters

- (a) FBC shall be responsible for all Tax Returns for all FBC Entities for any Pre-Closing Tax Period for which Tax Returns have not been filed as of the Closing Date. Each such Tax Return shall be prepared in a manner consistent with (i) Law, (ii) the FBC Financial Statements, and (iii) the past practices and procedures of FBC, and each such Tax Return shall be accompanied with a statement setting forth the amount of Taxes on such Tax Return that are attributable to the Pre-Closing Tax Period for which the FBC is responsible for pursuant to Section 9.11(c). FBC shall provide to the Purchaser a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities. The Purchaser shall notify FBC in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. FBC shall consider in good faith all such comments.
- (b) The Purchaser will cause to be prepared and filed on a timely basis all Tax Returns for all FBC Entities for all Straddle Periods. The Purchaser shall prepare each such Tax Return on a basis consistent with (i) Law, (ii) the FBC Financial Statements, and (iii) the past practices and procedures of FBC. The Purchaser shall provide to FBC a draft of each such Tax Return no later than 30 days prior to the due date for filing such Tax Return with the appropriate Governmental Authorities, together with a statement setting forth the amount of Taxes on such Tax Returns that are attributable to a Pre-Closing Tax Period for which FBC is responsible for pursuant to Section 9.11(c). FBC shall notify the Purchaser in writing within 15 days after delivery of such Tax Return if it has any reasonable comments with respect to items set forth in such Tax Return. The Purchaser shall consider in good faith all such comments.
- (c) Except as required by Law, the Purchaser and a FBC Entity shall not, without the prior written consent of the FBC Shareholder (not to be unreasonably withheld, conditioned or delayed), refile, amend or otherwise modify any Tax Return filed for any Pre-Closing Tax Period.

**ARTICLE 10
INDEMNITY**

10.1 Indemnification

- (a) Subject to subsection (c) below, the FBC Shareholder shall indemnify and save harmless the Purchaser and its respective directors, officers, agents, employees and shareholders (collectively referred to as the "**Purchaser Indemnified Parties**"), harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense ("**Purchaser Indemnified Losses**") which may be made or brought against the Purchaser Indemnified Party or which the Purchaser Indemnified Party may suffer or incur as a result of, in respect of or arising out of:
- (i) any non-performance or non-fulfilment of any covenant or agreement on the part of FBC or the FBC Shareholder contained in this Agreement that are required to be performed on or before Closing and not waived or in any document given by the FBC Shareholder in order to carry out the transactions contemplated hereby;
 - (ii) any Misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by FBC or the FBC Shareholder contained in this Agreement or contained in any document or certificate given by the FBC Shareholder in order to carry out the transactions contemplated hereby; and
 - (iii) all costs and expenses including, without limitation, reasonable legal fees incidental to or in respect of the foregoing.
- (b) Subject to subsection (c) below, the Purchaser hereby agrees to indemnify and save the FBC Shareholder and its respective directors, officers, agents, employees and shareholders (collectively referred to as the "**FB Indemnified Parties**"), harmless from and against any claims, demands, actions, causes of action, damage, loss, deficiency, cost, liability and expense ("**FB Indemnified Losses**") which may be made or brought against the FB Indemnified Party or which the FB Indemnified Party may suffer or incur as a result of, in respect of or arising out of:
- (i) any non-performance or non-fulfilment of any covenant or agreement on the part of the Purchaser in this Agreement or in any document given in order to carry out the transactions contemplated hereby;
 - (ii) any misrepresentation, inaccuracy, incorrectness or breach of any representation or warranty made by the Purchaser contained in this Agreement or contained in any document or certificate given in order to carry out the transactions contemplated hereby; and
 - (iii) all costs and expenses including, without limitation, reasonable legal fees incidental to or in respect of the foregoing.
- (c) The obligations of indemnification in respect of subsections 10.1(a) and 10.1(b), will be subject to the limitations set out under Section 10.2.
- (d) The amount of the FBC Shareholder's liability for any Claim in respect of the FBC Shareholder's indemnification obligations set forth in this Section 10.1(a) shall be fully and finally satisfied as follows: (i) by return to the Purchaser of such number of Consideration Shares issued to the FBC Shareholder as are equal to any remaining amount owing to the Purchaser by the FBC Shareholder, calculated in accordance with Section 10.1(f) or; (ii) at the option of the FBC Shareholder, in cash.

- (e) Notwithstanding the foregoing Section 10.1(d), if it is determined that: (i) the return of any of the Consideration Shares to satisfy indemnification obligations owed pursuant to this Section 10.1 constitutes an “issuer bid” under National Instrument 62-104 – *Take-Over Bids and Issuer Bids*; or (ii) a relevant prospectus exemption is not available to allow for the sale of the Consideration Shares back to the Merged Entity to address any indemnification obligations owed pursuant to this Section 10.1; then any such any indemnification obligations owed will be settled by the FBC Shareholder in cash.
- (f) If applicable, the number of Consideration Shares to be returned in accordance with Section 10.1(c), shall be determined by dividing (i) the applicable amount of the FBC Shareholder’s liability for such Claim by (ii) the higher of the deemed issue price per Consideration Share set out in Section 2.2(b) (as adjusted for any stock splits, combinations and the like) and the market price of the Consideration Shares at the time of the Claim in respect of the FBC Shareholder’s indemnification obligations, rounded down to the nearest whole share.

10.2 Limitations on Indemnification

- (a) Notwithstanding the foregoing, no obligation to indemnify a Purchaser Indemnified Party for Purchaser Indemnified Losses, or a FB Indemnified Party for FB Indemnified Losses, under this Agreement will arise in respect of subsections 10.1(a) and 10.1(b), as applicable, until the aggregate amount of all of Purchaser Indemnified Losses or FB Indemnified Losses, as the case may be, in respect of which a claim for indemnity has been made exceeds the sum of \$300,000 (the “**Liability Deductible**”) and, in such case, such indemnity shall only apply to the amount in excess of the Liability Deductible.
- (b) The maximum aggregate liability of any Indemnified Party under this Agreement for Indemnified Losses suffered is limited to 20% of the Purchase Price, other than for a claim by the Purchaser pursuant to Section 10.1 hereof in respect of one or more Fundamental Representations in which case the maximum liability for such Indemnified Losses shall be 50% of the Purchase Price, subject to the Liability Deductible.
- (c) Neither the Purchaser nor the FBC Shareholder will have any liability for, or obligation with respect to, any special, indirect, consequential, punitive or aggravated Damages resulting from any Claims, unless: (a) such Damages have been awarded to a third Person by a court of competent jurisdiction; and (b) in the case of any special or consequential Damages, to the extent that such Damages have been determined by a court of competent jurisdiction to be reasonably foreseeable.
- (d) The limitations set forth above in Sections 10.2(a) and (b) shall not apply with respect to any portion of Damages that have been determined by a court of competent jurisdiction to have resulted primarily and directly from the fraud or the willful misconduct of a Party or its officers, directors, employees, agents, affiliates, representatives, successors or assigns.
- (e) If the amount of Indemnified Losses incurred by an Indemnified Party at any time subsequent to the making of a payment pursuant to an Indemnity claim is reduced by any recovery, settlement or otherwise under any insurance coverage or under any claim, recovery, settlement or payment by or against any other Person, the Indemnified Party will promptly repay to the Indemnifying Party the amount of the reduction (less any costs, expenses (including Taxes) or premiums incurred in connection therewith). Upon making full payment of an Indemnity Claim, the Indemnifying Party will, to the extent of the payment, be subrogated to all rights of the Indemnified Party against any third party that is not an affiliate of the Indemnified Party in respect of Indemnified Losses to which the indemnify payment relates. Until the Indemnified Party recovers full payment of its Indemnified Losses, any and all claims of the Indemnifying Party against any such third

party on account of the payment for Indemnity Losses will be postponed and subordinated in right of payment to the Indemnified Party's right against that third party.

- (f) Notwithstanding anything to the contrary in this Agreement, the FBC Shareholder shall not be liable under this Article 10 for any Purchaser Indemnified Losses pursuant to Section 10.1(a)(ii) if the Purchaser Indemnified Party seeking indemnification for such losses had knowledge of or FBC had knowledge of any such Misrepresentation, inaccuracy, incorrectness or breach on or before Closing. For clarity, the term "knowledge" as used in the paragraph as relating to FBC shall mean the knowledge of Greg Boone, Jennifer Maccarone, or Qingru Zhou.

10.3 Indemnification Procedures

- (a) In the case of Claims made by a third party with respect to which indemnification is sought, the Indemnified Party shall give prompt notice, and in any event within 15 days, to the Indemnifying Party of any such Claims made upon it. If the Indemnified Party fails to give such notice, such failure shall not preclude the Indemnified Party from obtaining such indemnification but its right to indemnification may be reduced to the extent that such delay prejudiced the defence of the Claim or increased the amount of liability or cost of defence.
- (b) The Indemnifying Party shall have the right, at its sole expense, to have carriage of any negotiations with respect to, and to dispute and contest any Claims provided that it so notifies the Indemnified Party within 10 Business Days of receiving such notice and provided further that such dispute is prosecuted or negotiations conducted by the Indemnifying Party reasonably and in good faith.
- (c) The Indemnifying Party and the Indemnified Party shall cooperate with each other in any proceedings with respect to any Claims.
- (d) The rights and benefits provided in this Article 10 are supplemental to any other rights, actions or causes of action which may arise pursuant to any other Section of this Agreement.
- (e) Any Claim pursuant to the provisions of this Article 10 must be commenced within the time periods provided for herein.
- (f) The amount of any loss or Damage which may be claimed by a party pursuant to the provisions of this Article 10 shall be calculated after giving effect to any insurance proceeds received by the Indemnifying Party in relation to the subject matter of the Claim.

ARTICLE 11 TERMINATION

11.1 Termination

This Agreement may be terminated at any time prior to the Closing by:

- (a) mutual written agreement of the Parties;
- (b) the written notice of the Purchaser to FBC and the FBC Shareholder if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(b) shall not be available to the Purchaser if the failure of the Purchaser to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to the Drop Dead Date;

- (c) the written notice of the Purchaser to FBC and the FBC Shareholder if there has been a violation or breach by FBC or the FBC Shareholder of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 7.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the Purchaser or, in the case of a covenant breach, cured by FBC and the FBC Shareholder to the reasonable satisfaction of the Purchaser within ten (10) Business Days after notice of such breach is given by the Purchaser (except that no cure period will be provided for a breach by FBC or the FBC Shareholder that, by its nature, cannot be cured);
- (d) the written notice of the FBC Shareholder to the Purchaser if the Closing shall not have occurred on or before the Drop Dead Date, provided that the right to terminate this Agreement under this Section 11.1(d) shall not be available to the FBC Shareholder if the failure of FBC or the FBC Shareholder to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date;
- (e) the written notice of the FBC Shareholder to the Purchaser if there has been a violation or breach by the Purchaser of any representation, warranty, covenant or agreement set forth in this Agreement such that any condition specified in Section 8.1 would be incapable of being satisfied by the Closing Date or if any such condition is otherwise incapable of being satisfied by the Closing Date, and such violation or breach is not waived by the FBC Shareholder or, in the case of a covenant breach, cured by the Purchaser to the reasonable satisfaction of the FBC Shareholder within ten (10) Business Days after notice of such breach is given by the FBC Shareholder (except that no cure period will be provided for a breach by the Purchaser that by its nature cannot be cured); or
- (f) any of the Parties if: (i) there shall be any applicable Law that makes consummation of the Transaction contemplated by this Agreement illegal or otherwise prohibited; or (ii) any Governmental Authority shall have issued an Order restraining or enjoining the Transaction contemplated by this Agreement, and such Order shall have become final and non-appealable.

11.2 Agreement of No Further Force or Effect

In the event of the termination of this Agreement by a Party as provided in Section 11.1, written notice thereof shall forthwith be given by the terminating Party to the other Parties, and this Agreement shall thereupon terminate and will be of no further force or effect, except as otherwise expressly contemplated hereby and provided that the provisions of Article 1, Section 9.8, Section 9.10, Article 12, and this Section 11.2 shall survive any termination hereof; and provided further that (a) such termination shall not relieve any Party of any liability for any breach of this Agreement (other than non-willful breaches of representations, warranties and covenants, as to which no Party shall be liable hereunder) and (b) upon such termination, the Parties shall comply with all of the provisions of the Confidentiality Agreement.

11.3 Remedies; Injunctive Relief

The Parties agree that irreparable harm would occur for which money Damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the Parties agree that, in the event of any breach or threatened breach of this Agreement by a Party, the non-breaching Party will be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance, and the Parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at law. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at Law or equity to each of the Parties.

**ARTICLE 12
GENERAL****12.1 Expenses**

Except as otherwise expressly provided in this Agreement, all costs and expenses (including the fees and disbursements of legal counsel, brokers, investment advisers, consultants and accountants) incurred in connection with this Agreement and the transactions contemplated herein are to be paid by the Party incurring such expenses.

12.2 Assignment

No Party to this Agreement may assign any of its respective rights under this Agreement without the prior consent of each of the other Parties. Any attempt to assign any of the rights, duties or obligations in this Agreement without such written consent is void. This Agreement and each of the terms and provisions hereof will enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, personal representatives, successors and permitted assigns, as applicable.

12.3 Notices

Any notice required or permitted to be given under this Agreement will be in writing and may be given by delivering, sending by email or other means of electronic communication capable of producing a printed copy, or sending by overnight courier, the notice to the following address or number:

If to the Purchaser:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, BC V3Y 0E2

Attention: Matt Milich, Chief Executive Officer
Email: mmilich@bzam.com

If to FBC (prior to closing) or the FBC Shareholder:

Final Bell Holdings International Ltd.
#1000, 925 West Georgia Street
Vancouver, British Columbia V7C 3L2

Attention: Robert Meyer, Chief Executive Officer
Email: robert@finalbell.com

(or to such other address or number as any Party may specify by notice in writing to another Party).

Any notice delivered or sent by email or other means of electronic communication capable of producing a printed copy on a Business Day will be deemed conclusively to have been effectively given on the day the notice was sent or, if such day is not a Business Day, on the next following Business Day. Any notice sent by overnight courier will be deemed conclusively to have been effectively given on the second Business Day after it is deposited with the courier service.

12.4 Severability

If any covenant or other provision of this Agreement is invalid, illegal, or incapable of being enforced by reason of any rule of law or public policy, then such covenant or other provision will be severed from and will not affect any other covenant or other provision of this Agreement, and this Agreement will be construed

as if such invalid, illegal, or unenforceable covenant or provision had never been contained in this Agreement. All other covenants and provisions of this Agreement will, nevertheless, remain in full force and effect and no covenant or provision will be deemed dependent upon any other covenant or provision unless so expressed herein.

12.5 Entire Agreement

This Agreement, the Confidentiality Agreement and the exhibits and schedules attached hereto contain the entire agreement among the Parties with respect to the subject matter hereof, and expressly supersede and terminate all prior offers, arrangements and understandings, both written and oral, expressed or implied, with respect thereto.

12.6 Waiver

The failure or delay by a Party in enforcing, or insisting upon strict performance of, any provision of this Agreement does not constitute a waiver of such provision or in any way affect the enforceability of this Agreement (or any of its provisions) or deprive a Party of the right, at any time or from time to time, to enforce or insist upon strict performance of that provision or any other provision of this Agreement. Any waiver by a Party of any provision of this Agreement is effective only if in writing and signed by a duly authorized representative of such Party.

12.7 Further Assurances

The Parties will execute and deliver all such further documents, do or cause to be done all such further acts and things, and give all such further assurances as may be necessary to give full effect to the provisions and intent of this Agreement.

12.8 Third Party Beneficiaries

Except as otherwise expressly provided in this Agreement, the Parties do not intend that this Agreement benefit or create any legal or equitable right, remedy or cause of action in, or on behalf of, any Person other than a Party and no Person, other than a Party, is entitled to rely on the provisions of this Agreement in any proceeding.

12.9 Amendment

This Agreement may not be amended except by an instrument in writing signed by each of the Parties.

12.10 Counterparts

This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument and delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the Execution Date.


12.11 Language

The Parties acknowledge that it is their express wish that this agreement and all documents related thereto be drawn up in the English language only. Les parties reconnaissent qu'il est de leur volonté expresse que la présente convention et tous les documents s'y rapportant soient rédigés en anglais seulement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

BZAM LTD.

By: 
Name: Matt Milich
Title: Chief Executive Officer

FINAL BELL CANADA INC.

By: _____
Name:
Title:

FINAL BELL HOLDINGS INTERNATIONAL LTD.

By: _____
Name:
Title:

IN WITNESS WHEREOF each of the Parties has duly executed this Agreement as of the Execution Date.

BZAM LTD.

By: _____
Name: Matt Milich
Title: Chief Executive Officer

FINAL BELL CANADA INC.

By: _____
DocuSigned by:
Greg Boone
18FDE32FA8CC488
Name: Greg Boone
Title: GB

FINAL BELL HOLDINGS INTERNATIONAL LTD.

By: _____
DocuSigned by:
Kay Jesse
FE82A36B667C4D2
Name: Kay Jesse
Title: Executive Director

SCHEDULE A

FB Payment Plan

PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$4,000,000.00

•, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of 14th Round Inc. (the "**Lender**"), in immediately available funds, at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 or such other location as the Lender shall designate in writing, four million dollars (\$4,000,000.00) advanced by the Lender to the Borrower on •, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall mature on December 15, 2024 and shall be payable in accordance with the payment schedule at Exhibit "A" hereto.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to zero percent (0%) per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**".

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

If the Borrower fails to pay any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: _____

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

14TH ROUND INC.

By: _____

Name:

Title:

GUARANTEE AGREEMENT

The undersigned hereby declares that it has read the promissory note between Final Bell Canada Inc. (the "**Borrower**") and 14th Round Inc. (the "**Lender**") dated as of ●, 2023 (the "**Note**"), and agrees that it is liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Lender, the prompt payment and performance when due, owing, and so obliged, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the payment obligations of the Borrower under the Note (the "**Obligations**") and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Lender in endeavoring to collect or secure performance of all or any part of the Obligations from, or in prosecuting any action against, the Borrower of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). This Guarantee is a guarantee of payment, performance and collection. The Guarantor hereby waives any right to require the Lender to sue the Borrower or any other person obligated for all or any part of the Guaranteed Obligations.

In addition, to the extent that the Borrower is unable to make payments to the Lender as a result of banking or other similar restrictions, the undersigned agrees to make such payments in accordance with the Borrower's payment obligations.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note.

For the purposes of any notice to be sent in accordance with the Note, the undersigned's address shall be:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, British Columbia
V3Y 0E2

Attention: Matt Milich, Chief Executive Officer

BZAM LTD.

Per: _____

Name:

Title:

Exhibit "A"

Due Date	Amount
15-Jan-24	\$333,333
15-Feb-24	\$333,333
15-Mar-24	\$333,333
15-Apr-24	\$333,333
15-May-24	\$333,333
15-Jun-24	\$333,333
15-Jul-24	\$333,333
15-Aug-24	\$333,333
15-Sep-24	\$333,333
15-Oct-24	\$333,333
15-Nov-24	\$333,333
15-Dec-24	\$333,333
	\$4,000,000

**SCHEDULE B
FBC PROMISSORY NOTE**

SECURED DEMAND PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$4,000,000.00

•, 2023

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of 14th Round Inc. (the "**Lender**"), in immediately available funds, at 1000 Cathedral Place, 925 West Georgia Street, Vancouver, British Columbia, V6C 3L2 or such other location as the Lender shall designate in writing, four million dollars (\$4,000,000.00) advanced by the Lender to the Borrower on •, 2023 (the amount advanced under this Note being the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall be due and payable on demand; *provided that*, the Lender agrees and acknowledges that the Lender shall not be permitted to make demand hereunder until at least March 31, 2025.

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from the date of advance at a rate per annum equal to zero percent (0%) per annum, such interest to be calculated monthly and payable on the last day of each calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**". For greater certainty, no payments on account of the Principal Amount shall be required to be made by the Borrower until demand by the Lender for payment in full of the Indebtedness hereunder.

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

The Indebtedness hereunder is secured by a security interest in the collateral specified in the security agreement dated on or about the date hereof by and between the Borrower and Lender (the "**Security Agreement**"). In accordance with the terms of an intercreditor agreement entered into between Stone Pine Capital Ltd. and the Lender, and a subordination agreement entered into between Cortland Credit Lending Corporation and the Lender: (i) the Security Agreement and Indebtedness are hereby postponed and subordinated in right of payment to the prior payment in full of any and all Senior Indebtedness, except and to the extent as may be expressly permitted by the terms of such Senior Indebtedness; and (ii) the Security Agreement and the Indebtedness shall rank pari passu with all secured debts owed by the BZAM Ltd. and its subsidiaries, to Stone Pine. For the purposes of this Note, "**Senior Indebtedness**" shall mean all amounts due in connection with indebtedness of the Merged Entity under the amended and restated credit agreement dated September 29, 2021 (as amended) to the Senior Lender and the other lenders party thereto.

If the Borrower fails to pay on demand any amounts due and payable hereunder, and such default remains uncured for five (5) Business Days from written notice of such default, all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may

exercise any right, power or remedy granted to the Lender pursuant to this Note, the Security Agreement, or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the other Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

The Borrower acknowledges that the security granted pursuant to the Security Agreement secures all Indebtedness evidenced by this Note.

This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By: _____

Name:

Title:

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

14TH ROUND INC.

By: _____

Name:

Title:

GUARANTEE AGREEMENT

The undersigned hereby declares that it has read the promissory note between Final Bell Canada Inc. (the "**Borrower**") and 14th Round Inc. (the "**Lender**") dated as of ●, 2023 (the "**Note**"), and agrees that it is liable for, and, as a primary obligor and not merely as surety, absolutely, unconditionally and irrevocably guarantees to the Lender, the prompt payment and performance when due, owing, and so obliged, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, all of the payment obligations of the Borrower under the Note (the "**Obligations**") and all costs and expenses including, without limitation, all court costs and reasonable attorneys' and paralegals' fees and expenses paid or incurred by the Lender in endeavoring to collect or secure performance of all or any part of the Obligations from, or in prosecuting any action against, the Borrower of all or any part of the Obligations (such costs and expenses, together with the Obligations, collectively the "**Guaranteed Obligations**"). This Guarantee is a guarantee of payment, performance and collection. The Guarantor hereby waives any right to require the Lender to sue the Borrower or any other person obligated for all or any part of the Guaranteed Obligations, or otherwise to enforce its payment against the Collateral securing all or any part of the Guaranteed Obligations.

In addition, to the extent that the Borrower is unable to make payments to the Lender as a result of banking or other similar restrictions, the undersigned agrees to make such payments in accordance with the Borrower's payment obligations.

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Note.

For the purposes of any notice to be sent in accordance with the Note, the undersigned's address shall be:

BZAM Ltd.
19100 Airport Way, Unit 518
Pitt Meadows, British Columbia
V3Y 0E2

Attention: Matt Milich, Chief Executive Officer

BZAM LTD.

Per: _____

Name:

Title:

This is Exhibit “12” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

PROMISSORY NOTE

VANCOUVER, BRITISH COLUMBIA

Cdn. \$8,000,000.00

January 5, 2024

FOR VALUE RECEIVED, and subject to the terms and conditions set forth in this note (this "**Note**"), Final Bell Canada Inc. (the "**Borrower**"), hereby unconditionally promises to pay to the order of Final Bell Holdings Inc. (the "**Lender**"), in immediately available funds, at 7720 Airport Business Park Way, Van Nuys, California, 91406, United States of America or such other location as the Lender shall designate in writing, eight million dollars (\$8,000,000.00) (the "**Principal Amount**"), and to pay interest on the unpaid Principal Amount hereof at the rates and as specified below. Repayment shall be made in lawful currency of the United States, at the daily exchange rate published by the Bank of Canada applicable to any payment date. The Borrower and the Lender acknowledge that the Borrower has made a payment equal to \$525,559, in connection with amounts owing under this Note.

The aggregate advanced and unpaid Principal Amount of this Note, together with all accrued and unpaid interest thereon, shall mature on June 15, 2027 (the "**Maturity Date**").

The Borrower agrees to pay interest to the Lender on the advanced and unpaid Principal Amount of this Note from (a) the date of the advance through to March 31, 2025, at a rate per annum equal to zero percent (0.0%) per annum; and (b) April 1, 2025 through to the Maturity Date, at a rate per annum equal to ten percent (10.0%) per annum (plus any additional interest as provided for in par. (c) below), such interest to be calculated monthly in arrears and payable on the 15th day of each subsequent calendar month. The advanced and unpaid Principal Amount, together with all interest accrued and unpaid thereon are hereinafter referred to as the "**Indebtedness**".

The Principal Amount of this Note shall be paid, together with interest, on the 15th day of each month, commencing January 15, 2024, as follows:

- (a) From January 1, 2024 to June 30, 2024, \$1,000,000 of the Principal Amount shall be paid in monthly installments in accordance with the payment schedule provided at Exhibit A; and
- (b) From July 1, 2024 and ending on the Maturity Date, the remaining \$7,000,000 of the Principal Amount shall be paid in equal monthly installments of \$194,444.44, with blended payments of principal and interest, in the same amount, commencing with the payment due on April 15, 2025, provided that with respect to payments made pursuant to this par. (b):
 - (i) in the event that positive Quarterly Operating Cashflow (as hereinafter defined) of the Borrower is insufficient to pay such monthly installments in the amount set forth in par. (b) from July 2024 through to March 2025, the Principal Amount shall not be payable until such time as positive Quarterly Operating Cashflow of the Borrower is sufficient to pay monthly installments in the amount set forth in par. (b), in which case the Borrower will make a balloon payment on the Maturity Date for the balance of the Principal Amount outstanding at such time plus all accrued unpaid interest; and
 - (ii) in the event that positive Quarterly Operating Cashflow of the Borrower remains insufficient to pay such monthly installments in the amount set forth in par. (b) from April 2025 through to the Maturity Date, no such monthly payment shall be payable until such time as positive Quarterly Operating Cashflow of the Borrower is sufficient to pay monthly installments in the amount set forth in par. (b), in which case the Borrower will make a balloon payment on the Maturity Date for the balance of the Principal Amount outstanding at such time plus all accrued unpaid interest; and

Notwithstanding subpar. (i) and subpar. (ii) above, the Borrower shall make, and the Lender shall be entitled to receive, the Minimum 2024 Payment (as hereinafter defined) as payment of principal and interest, as applicable, towards the Note.

- (c) From April 1, 2025, to the extent that a required monthly payment referred to in par. (b) is not paid, the unpaid balance of such monthly payment (each, a "**Balance**") shall immediately accrue interest at a rate of 18% per annum in respect of any such unpaid Balance. Monthly installments may be adjusted such that the outstanding Principal Amount at such time shall be payable in equal monthly installments (or otherwise) through to and including the Maturity Date, as may be agreed to by the Lender and the Borrower.

The following terms shall have the following meanings for the purposes of this Note:

1. "**Minimum 2024 Payment**" means an amount equal to \$79,167, plus interest in accordance with the terms of this Note, payable on a monthly basis.
2. "**Quarterly Operating Cashflow**" shall be defined as: (i) the Borrower's net income; *plus* (ii) depreciation and amortization; *minus* (iii) net working capital and adjustments (to add back all non-cash items and all non-recurring, one-time expenses); and *minus* (iv) all capital expenditures, in each case without duplication, as set forth in the most recently completed quarterly financial statements of the Borrower.

The Borrower agrees to provide the Lender with (i) annual financial statements of the Borrower prepared in accordance with IFRS as prepared to support the audited financial statements of the Borrower's parent, BZAM Ltd. ("**BZAM**") as soon as available, but in any event within 120 days after the end of each fiscal year the Borrower, and (ii) quarterly interim financial statements of the Borrower prepared in accordance with IFRS as prepared to support the unaudited interim financial statements of BZAM as soon as available, but in any event within 60 days after the end of each fiscal quarter, all in reasonable detail, fairly presenting in all material respects the financial position and results of operations of Borrower in order to determine Quarterly Operating Cashflow (for clarity, such financial statements shall at minimum include an income statement, balance sheet and cashflow statement, together with an adjusted EBITDA calculation consistently prepared in accordance with the methodologies utilized in BZAM's publicly filed MD&A).

The Borrower may prepay the Principal Amount of this Note in whole or in part at any time or from time to time without premium or penalty by giving three (3) Business Days' notice to the Lender; *provided that* each prepayment shall be accompanied by payment of all accrued and unpaid interest to the date of such prepayment. For this Note, "**Business Day**" means a day other than a Saturday, a Sunday, or any other day on which the principal chartered banks located in Vancouver, British Columbia are not open for business.

If the Borrower fails to pay any amounts due and payable hereunder, and such default remains uncured for thirty (30) days from written notice of such default (the "**Cure Period**"), all outstanding obligations payable by the Borrower under this Note shall begin to accrue interest at a rate of 18% per annum (which interest, for clarity, shall constitute Indebtedness) and shall be immediately due and payable, and the Lender may exercise any right, power or remedy granted to the Lender pursuant to this Note or otherwise available to it by law, either by suit in equity or by action at law, or both.

The books and records of the Lender shall constitute *prima facie* evidence of the amount of principal and interest outstanding under this Note from time to time.

The Borrower hereby waives demand and presentment for payment, notice of non-payment, protest and notice of protest of this Note. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power or privilege hereunder shall operate as a waiver thereof or a consent thereto; nor shall a single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. All payments under this Note shall be made without offset, counterclaim or deduction of any kind.

The Borrower may not assign this Note or any of its respective rights or obligations under this Note without the prior written consent of the Lender, which consent may be withheld in the sole discretion of such party. The Lender may assign this Note or any rights and obligations under this Note at its sole discretion. Any such assignment of this Note must be made in accordance with applicable securities laws.

All notices under this Note must be in writing and addressed to the other party at its address set forth below (or to any other address that the receiving party has designated). Unless otherwise agreed herein, all notices must be delivered by overnight courier or electronic mail. Notice will be deemed given upon the first to occur of (i) the day of confirmation of delivery by the courier; or (ii) the day of confirmed electronic transmission to the addressee of the notice if sent during regular business hours, or the following business day if sent after regular business hours:

To the Borrower: Final Bell Canada Inc.

Canada
Attn: Chief Executive Officer
Email:

With a copy to:

Cortland Credit Lending Corporation
c/o Cortland Credit Group Inc.
200 Bay St., Suite 3230
Royal Bank Plaza South Tower
Toronto, ON, M5J 2J2

Attention: Bruce Sherk
Telephone: (416) 407-4440
Email: bsherker@cortlandcredit.ca

To the Lender: Final Bell Holdings Inc.
7720 Airport Business Park Way
Van Nuys, California, 91406
USA
Attn: Chief Executive Officer
Email: ir@finalbell.com


This Note shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

This Note and any amendments, waivers, consents, acknowledgements or supplements may be executed in number of counterparts and by different parties hereto in separate counterparts, each of which, when so executed and delivered, shall be deemed an original, but all of which counterparts together shall constitute but one agreement. Counterparts may be executed in original or facsimile form or similar method of electronic transmission. Upon the request of the Lender, the Borrower shall deliver, or cause to be delivered, a manually executed, original counterpart of any electronic signature to this Note or any other documents reasonably requested by the Lender in connection herewith.

[Remainder of page intentionally left blank.]

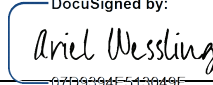
IN WITNESS WHEREOF, the undersigned has executed this Note as of the date first written above.

FINAL BELL CANADA INC.

By:  _____
Name: Greg Boone
Title: President

AGREED TO AND ACCEPTED as of the above original issue date of this Note.

FINAL BELL HOLDINGS INC.

By:  _____
Name: Ariel wessling
Title: VP of Finance


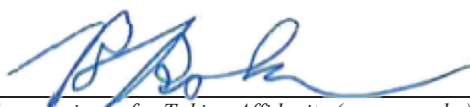
By:  _____
Name: Jordan Gielchinsky
Title: President

Exhibit "A"

Due Date	Amount
15-Jan-24	\$79,167
15-Feb-24	\$79,167
15-Mar-24	\$ 79,167
15-Apr-24	\$79,167
15-May-24	\$79,167
15-Jun-24	\$79,167
	\$1,000,000

* Amounts have been adjusted in respect of pre-payments in the amount of \$525,559 as accepted by the Lender.

This is Exhibit “13” referred to in the Affidavit of Keith Adams sworn by Keith Adams, of the City of Los Angeles, in the State of California, in the United States of America, before me at the City of Toronto, in the Province of Ontario, on March 18, 2024 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

BRENDAN BOHN

FORM 7

MONTHLY PROGRESS REPORT

Name of Listed Issuer: BZAM Ltd. (the “Issuer”).

Trading Symbol: BZAM

Number of Outstanding Listed Securities: 273,578,952

Date: February 7, 2024

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

On January 8, 2024, the Issuer announced that further to the news release dated December 6, 2023, it has completed the acquisition of all the issued and outstanding shares of Final Bell Canada Inc. (“FBC”) from Final Bell Holdings International Ltd. (“FBHI”), the (“Transaction”). The Transaction combines BZAM’s cultivation, production and sales infrastructure with the portfolio of international brands that FBC is bringing to the market.

Under the terms of the Agreement, FBHI, the sole shareholder of FBC, will receive 90,000,000 common shares of the Issuer (the “BZAM Shares”) at a deemed price of \$0.15 per BZAM Share, representing approximately one-third of the issued and outstanding shares of the Issuer following the close of the Transaction.

The BZAM Shares issued to FBHI are subject to a lock-up, with 1/3 of the BZAM Shares being released on the 4-month, 8-month, and 12-month anniversaries of the date of issuance of such shares. As part of the Transaction, FBC will retain an unsecured promissory note issued to FBHI, or an affiliate, in the amount of \$8 million, bearing zero percent interest until March 31, 2025 and ten percent interest thereafter until the maturity date of June 15, 2027.

On January 9, 2024, following the completion of the Transaction, the Issuer, through its wholly-owned subsidiary The Green Organic Dutchman Ltd, had entered into a Second Amended and Restated Credit Agreement (the “SARCA”) with its Canadian lender to incorporate the assets of FBC into the security collateral and, amongst other things: (i) amend the EBITDA financial covenant to take effect on a rolling three month average basis; (ii) repay \$1 million on the fixed portion of the facility from the proceeds of sale of the Edmonton property, such repayment amount then becoming available under the revolving portion of the facility and (iii) allow for the unsecured promissory note issued to FBHI, the prior affiliate of FBC. All other terms of its amended and restated credit agreement dated September 29, 2021 (as amended) not specifically amended will remain materially the same as before.

2. Provide a general overview and discussion of the activities of management.

There were certain changes to the board of directors of the Issuer (the “Board”) and management of the Issuer in connection with the closing of the Transaction. Greg Boone has joined the Issuer as President, Jennifer Maccarone has joined as Vice President of Operations, while Christy Zhou assumes the role of Chief Legal Officer at BZAM. In addition, FBHI appointed a nominee, being Kay Jessel, to the Board.

On January 25, 2024, the Issuer announced that Sean Bovingdon, Chief Financial Officer, will be leaving his position on April 30, 2024 to pursue other opportunities. He will remain in his role to ensure a smooth transition. In connection with the transition, Mr. Bovingdon stepped down from the Board effective immediately. Matt Milich, the Issuer’s Chief Executive Officer, has been appointed to the Board, who joined the existing BZAM Board members Bassam Alghanim, remaining as Chair of the Board, Chris Schnarr, Wendy Kaufman, Sherry Tross, Keith Merker and Kay Jessel.

In addition to the activity set forth herein, the Issuer’s management continues to review its business and opportunities available in the marketplace to maximize shareholder value. Aside from completing the Transaction set forth in item#1, no decisions related to any strategic transactions or changes to its operations have been reached at this time. There can be no assurance as to what, if any, transactions or alternatives might be pursued by the Issuer at this time.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

There were no new products or services that were offered during the month.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

There were no products or services that were discontinued during the month.

5. Describe any new business relationships entered into between the Issuer, the Issuer’s affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

Aside from the business relationships entered into in the normal course of business from time to time during the last month, and business relationships held by FBC as a result of the acquisition of FBC, the Issuer has no further new business relationships to report.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer’s affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None noted.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer’s assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was

determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

Aside from the Transaction noted in Item #1, there were no acquisitions or dispositions of assets by the Issuer during the month.

8. Describe the acquisition of new customers or loss of customers.

There were no material acquisitions of new customers or losses of customers during the month.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

In connection with the Transaction, the Issuer acquired rights to certain trademarks licensed by FBC for use in Canada, including trademarks associated with the brands COOKIES, SHERBINSKIS, and JEETER.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

In addition to the changes to the executive team noted in Item #2, as a result of the Transaction, the Issuer has executed on planned structural cost reductions across the business in order to maintain efficient operations. As a result, due to position redundancy, the Issuer has proceeded in the termination of specific employees across the organization.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None noted.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None noted.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

Aside from the indebtedness incurred and/or repaid in the normal course of business, the Issuer has no further indebtedness to report.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds
Common Shares	60,000	Issuance of Common Shares underlying RSUs	No proceeds on issuance.
Common Shares	2,700,000	Consideration to Clarus Securities, exclusive financial advisor to the Issuer, with compensation of 3% of the purchase price, upon successful completion of the Transaction.	No proceeds on issuance.
Common Shares	90,000,000	BZAM Shares in connection with the closing of the Transaction.	Deemed issuance price \$13,500,000. No proceeds on issuance.

15. Provide details of any loans to or by Related Persons.
None Noted.
16. Provide details of any changes in directors, officers or committee members.
Please refer to Item #2.
17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The trends and risks which are likely to impact the Issuer are detailed in the Issuer's most recently filed quarterly management's discussion and analysis for the three and nine months ended September 30, 2023 and in the Issuer's other public filings; all of which are available under the Issuer's SEDAR+ profile at www.sedarplus.ca, and which are incorporated into this report by reference thereto.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: February 7, 2024

Matt Milich
Name of Director or Senior Officer

/s/ "Matt Milich"
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer BZAM Ltd.	For Month End 24/01/31	Date of Report YY/MM/D 24/01/07
Issuer Address 518 – 19100 Airport Way		
City/Province/Postal Code Pitt Meadows, BC V3Y 0E2	Issuer Fax No. ()	Issuer Telephone No. (905) 304-4201
Contact Name Matt Milich	Contact Position CEO	Contact Telephone No. 905-304-4201
Contact Email Address mmilich@bzam.com	Web Site Address www.bzam.com	

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

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

Applicants

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF KEITH ADAMS

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Lawyers for Final Bell Holdings International Ltd.

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MOTION RECORD

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