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COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

EDMONTON

APPLICANTS

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF FREEDOM CANNABIS INC.**

DOCUMENT

**THIRD REPORT OF THE MONITOR**

**OCTOBER 4, 2024**

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**APPENDIX “A” – CASH FLOW FORECAST FOR THE PERIOD FROM SEPTEMBER 30,  
2024 TO DECEMBER 29, 2024**

## I. INTRODUCTION

1. On August 8, 2024 (the “**Filing Date**”), Court of the King’s Bench of Alberta (the “**Court**”) granted an order (the “**Initial Order**”) granting Freedom Cannabis Inc. (“**Freedom**” or the “**Applicant**”) protection pursuant to the *Companies’ Creditors Arrangement Act* (the “**CCAA**”) and appointing KPMG Inc. (“**KPMG**”) as Monitor of the Applicant in the CCAA proceedings (in such capacity, the “**Monitor**”). Among other things, the Initial Order granted: (a) a stay of proceedings in respect of the Applicant, and certain subsidiaries of the Applicant and their respective directors and officers, until and including August 18, 2024, and (b) various charges in the CCAA proceedings, including an Administration Charge, a Directors’ Charge, and a DIP Lender’s Charge (collectively, the “**Charges**”).
2. On August 15, 2024, the Court issued an Amended and Restated Initial Order (the “**ARIO**”) that, among other things:
  - (a) increased the quantum of the Administration Charge to \$0.5 million;
  - (b) increased the quantum of the Directors’ Charge to \$1.5 million;
  - (c) increased the quantum of DIP Lender’s Charge to the maximum principal amount of \$1.5 million plus interest, fees, and expenses; and
  - (d) extended the stay of proceedings established by the Initial Order until and including September 18, 2024.
3. On September 18, 2024, the Court issued an order (the “**Stay Extension Order**”) extending the stay of proceedings to and including October 11, 2024 (the “**Stay Period**”).
4. To date, KPMG, first in its capacity as Proposed Monitor, and then its capacity as Monitor, has provided this Court with three reports: (i) the Pre-filing Report of the Monitor, dated August 6, 2024, (ii) the First Report of the Monitor, dated August 13, 2024, and (ii) the Second Report of the Monitor, dated September 11, 2024 (the “**Second Report**”). The Second Report contained information on, *inter alia*, an overview of the activities of the Applicant, including the Applicants’ actual receipts and disbursements, the Applicant’s request to extend the Stay Period, and the Monitor’s associated conclusions.

5. Copies of materials and documents filed in connection with these CCAA proceedings are available on the Monitor’s website at <https://kpmg.com/ca/freedom> (the “**Case Website**”) In addition, KPMG has arranged for a toll-free hotline (1-833-668-2933) and an email address [freedom@kpmg.ca](mailto:freedom@kpmg.ca) through which creditors of the Applicant or other interested parties can make inquiries related to the CCAA proceedings.

## II. PURPOSE OF REPORT

6. The purpose of this report (the “**Third Report**”) is to provide the Court with information pertaining to:
- (a) an overview of the activities of the Applicant and the Monitor since the date of the Second Report;
  - (b) the Applicant’s actual receipts and disbursements for the period from August 8, 2024 to September 29, 2024 (the “**Reporting Period**”), including a comparison of actual to forecast results;
  - (c) the cash flow projections for the Applicant (the “**Updated Cash Flow Forecast**”) for the period from September 30, 2024 to December 29, 2024 (the “**Forecast Period**”); and
  - (d) the recommendation by the Monitor that this Court make an order (the “**Second Stay Extension Order**”), among other things, extending the Stay Period to and including December 19, 2024.

## III. TERMS OF REFERENCE

7. In preparing the Third Report, KPMG has relied solely on information and documents provided to it by the Applicant and its respective advisors, including unaudited, draft and/or internal financial information, financial projections prepared by the Applicant, discussions with management of the Applicant, and the affidavit of the Applicant’s executive (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in the Third Report, KPMG has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided.

However, KPMG has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards (“GAAS”) pursuant to the *Chartered Professional Accountant of Canada Handbook* and, as such, KPMG expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

8. Capitalized terms used but not defined in the Third Report are defined in the Affidavit of Mr. JohnFrank Potestio sworn October 2, 2024 (the “**October 2 Potestio Affidavit**”), filed by the Applicant as part of its materials in support of the Second Stay Extension Order. The Third Report should be read in conjunction with the October 2 Potestio Affidavit as certain information contained in the October 2 Potestio Affidavit has not been included herein in order to avoid unnecessary duplication.
9. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

#### **IV. ACTIVITIES OF THE APPLICANT**

10. Since the date of the Second Report, the Applicant, with the assistance of the Monitor, has been managing its operations in the normal course and working to stabilize the business as a result of the CCAA proceedings.
11. As outlined in the October 2 Potestio Affidavit, the activities of the Applicant have included:
  - (a) communicating with, providing information to, and answering questions of, creditors, employees, and other stakeholders regarding the CCAA proceedings;
  - (b) managing key relationships with customers and suppliers, and operating the business in accordance with the terms of the ARIO;
  - (c) working with and corresponding regularly with representatives of the Monitor regarding numerous matters in the CCAA proceedings, including the management of the Applicant’s cash flow;

- (d) continuing discussions with the DIP Lender, in consultation with the Monitor, towards finalizing the terms of a Stalking Horse Agreement for the sale of the Applicant as a going concern;
- (e) engaging in discussions with the Monitor and DIP Lender regarding the development of a sale and investment solicitation process (“SISP”);
- (f) engaging in discussions with the DIP Lender in respect of Freedom’s business and next steps in the CCAA proceedings; and
- (g) corresponding and working with the Applicant’s landlord to facilitate a resolution to the Lease dispute, as outlined in the October 2 Potestio Affidavit, and source alternative operational facility space.

## **V. ACTIVITIES OF THE MONITOR**

12. Since the date of the Second Report, the Monitor’s activities have included:

- (a) maintaining the Case Website where all Court documents and other material documents pertaining to the CCAA proceedings are available in electronic form;
- (b) monitoring the Applicant’s cash flows and allowing for payments in accordance with the terms of the ARIO;
- (c) corresponding regularly with the DIP Lender with respect to the Applicant’s actual results as compared to the cash flow forecast included in the DIP Term Sheet;
- (d) assisting the Applicant with its communications with stakeholders, including vendors and key partners;
- (e) participating in discussions and negotiations on the terms of the Stalking Horse Agreement and the SISP with the DIP Lender and its legal counsel, and the Applicant and its legal counsel;

- (f) participating in discussions with the Applicant and the DIP Lender in regards to Freedom's leased operating premises located at 9827-279 Street in Acheson, Alberta (the "**Leased Premises**");
- (g) engaging with the Monitor's legal counsel, Blake, Cassels & Graydon LLP regarding matters related to the CCAA proceedings, including the review of the pre-filing security of JL Legacy Inc.;
- (h) attending before the Court for the Stay Extension Order;
- (i) reviewing materials filed by the Applicant in connection with the Second Stay Extension hearing; and
- (j) preparing this Third Report.

## **VI. RECEIPTS AND DISBURSMENTS FOR REPORTING PERIOD**

- 13. As noted in the Second Report, the Monitor has implemented procedures for monitoring the Applicant's receipts and disbursements on a weekly basis, including a review of forecast to actual variance analyses.
- 14. Set out below is a summary of the Applicant's actual to forecast results for the Reporting Period:

<b>Freedom Cannabis Inc.</b> <b>8-Week Cash Flow through to September 29, 2024</b> <b>In C\$; unaudited</b>			
	<b>8-Week Forecast</b>	<b>8-Week Actuals</b>	<b>13-Week Variance</b>
<b>Receipts</b>			
Accounts Receivable/Other Receipts	4,933,139	4,734,292	(198,847)
<b>Total Receipts</b>	<b>4,933,139</b>	<b>4,734,292</b>	<b>(198,847)</b>
<b>Disbursements</b>			
COGS	2,282,583	2,866,425	(583,842)
Salary & Wages	725,367	552,296	173,072
Professional Fees	622,656	355,474	267,182
Rent	174,194	88,710	85,484
Operating Expenses	429,734	375,494	54,240
Excise Tax	-	-	-
Sales Tax	211,104	-	211,104
DIP Commitment Fee	-	-	-
<b>Total Disbursements</b>	<b>4,445,637</b>	<b>4,238,398</b>	<b>207,239</b>
<b>Net Operating Cash Flow</b>	<b>487,502</b>	<b>495,893</b>	<b>8,391</b>
<b>Opening Cash</b>	-	-	-
Net Cash Flow	487,502	495,893	8,391
DIP funding	1,500,000	1,000,000	(500,000)
<b>Ending Cash</b>	<b>1,987,502</b>	<b>1,495,893</b>	<b>(491,609)</b>

15. Total receipts for the period were approximately \$4.7 million from accounts receivable (as compared to a forecast of \$4.9 million) and the Applicant made payments totalling approximately \$4.2 million (as compared to a forecast of \$4.4 million), for net operating cash flow of \$0.5 million. The net operating cash flow was consistent with the forecast.
16. During the Reporting Period, the Applicant received an advance of \$1 million under the DIP Facility as compared to a forecast of \$1.5 million. The variance is attributed to timing.
17. In accordance with the ARIO, and in consultation with the Monitor and DIP Lender, the Applicants made payments totalling approximately \$0.15 million to certain suppliers on account of pre-filing amounts which are critical to the Applicant's business and operations continuing as a going concern during the Reporting Period.

## **VII. UPDATED CASH FLOW FORECAST**

18. The Applicant, in consultation with the Monitor, has prepared the Updated Cash Flow Forecast for the purpose of projecting its estimated liquidity during the Forecast Period. A copy of the Updated Cash Flow Forecast, accompanying notes and a report containing



prescribed representations regarding the preparation of the Updated Cash Flow Forecast are attached hereto as **Appendix “A”**.

19. The Updated Cash Flow Forecast has been prepared by the Applicant on a conservative basis using probable and hypothetical assumptions set out in the notes to the Updated Cash Flow Forecast.
20. The Monitor’s review of the Updated Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Applicant. Since the probable and hypothetical assumptions need not be supported, the Monitor’s procedures with respect to these assumptions were limited to evaluating whether they were consistent with the purpose of the Updated Cash Flow Forecast. The Monitor also reviewed the support provided by the Applicant for the probable and hypothetical assumptions, and the preparation and presentation of the Updated Cash Flow Forecast.
21. Forecast operating cash receipts over the Forecast Period total approximately \$7 million related to the collection of accounts receivable, including from future sales.
22. Forecast operating disbursements over the Forecast Period total approximately \$9.7 million and primarily consist of production and operating costs (\$3.7 million), employee costs (\$1.2 million), excise taxes for accrued or collected amounts after the date of the Initial Order (\$3.1 million), other general operating expenses (\$1 million) and professional fees (\$0.5 million).
23. The Updated Cash Flow Forecast assumes that the interest expense on the outstanding balances under the DIP Facility is accrued throughout the Forecast Period.
24. As at September 30, 2024, the Applicant had a cash balance of approximately \$1.5 million and had drawn \$1.0 million on the DIP Facility. Net negative operating cash flow is forecast to be approximately \$2.8 million over the Forecast Period.
25. Accordingly, the Updated Cash Flow Forecast projects the use of cash on hand as of the beginning of the Forecast Period and additional borrowings under the DIP Facility in the amount of \$2.0 million (excluding accrued interest) over the Forecast Period. These

amounts may differ due to the timing of receipts and disbursements during the Forecast Period. Accordingly, borrowings under the DIP Facility are projected to increase to \$3.0 million (excluding accrued interest) by the end of the Forecast Period.

26. The Monitor notes that the Updated Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

## **VIII. STAY EXTENSION**

27. The current Stay Period expires on October 11, 2024. The Applicant is seeking an extension of the Stay Period to December 19, 2024.
28. The Monitor supports the Applicant's request for an extension of the Stay Period to December 19, 2024 for the following reasons:
  - (a) the Applicant is acting in good faith and with due diligence;
  - (b) the extension of the Stay Period will provide the Applicant, in consultation with the Monitor, time to advance discussions with the landlord for the Leased Premises or seek an alternative facility to conduct its operations, as outlined in the October 2 Potestio Affidavit;
  - (c) the extension of the Stay Period will provide the Applicant and the DIP Lender, in consultation with the Monitor, with additional time to finalize the particulars of the Stalking Horse Agreement and thereafter seek approval for a SISP, with a view to maximizing creditor and stakeholder recoveries; and
  - (d) granting an extension of the Stay Period should not materially prejudice any creditor of the Applicant as the Updated Cash Flow Forecast reflects that the Applicant is projected to have sufficient funding to continue to operate in the normal course through the proposed stay extension period.

## **IX. CONCLUSIONS AND RECOMMENDATIONS**

29. For the reasons set out in the Third Report, the Monitor is of the view that the relief requested by the Applicant is both appropriate and reasonable in the circumstances. The Monitor is also of the view that the Applicant is acting in good faith and with due diligence.
30. Based on the foregoing, the Monitor respectfully recommends that this Court approve the relief sought by the Applicant in the proposed Stay Extension Order.

All of which is respectfully submitted this 4<sup>th</sup> day of October 2024.

**KPMG Inc.**  
**In its capacity as Monitor of**  
**Freedom Cannabis Inc.**  
**And not in its personal or corporate capacity**

Per:



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**Pritesh Patel**  
**CIRP, LIT**  
Senior Vice President



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**Tim Montgomery**  
**CIRP, LIT**  
Vice President

## **Appendix “A”**

**COURT OF KING'S BENCH OF ALBERTA**

**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  
FREEDOM CANNABIS INC.**

**(collectively the "Applicant" or the "Debtor")**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT  
(paragraph 10(2)(b) of the CCAA)**

The management of the Debtor has developed the assumptions and prepared the attached statement of projected cash flow as of the 3<sup>rd</sup> day of October 2024, consisting of the period from September 30, 2024, to December 29, 2024 (the '**Updated Cash Flow Forecast**').

The hypothetical assumptions are reasonable and consistent with the purpose of the Updated Cash Flow Forecast described in the notes therein, and the probable assumptions are suitably supported and consistent with the plans of the Debtor and provide a reasonable basis for the Updated Cash Flow Forecast. All such assumptions are disclosed in the notes therein.

Since the Updated Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The Updated Cash Flow Forecast has been prepared solely for the purpose described in the notes therein, using the probable and hypothetical assumptions set out therein. Consequently, readers are cautioned that the Updated Cash Flow Forecast may not be appropriate for other purposes.

Dated at Edmonton, in the Province of Alberta, this 3<sup>rd</sup> day of October 2024.

**Freedom Cannabis Inc.**



**John Frank Potestio**  
Chief Executive Officer

## **13-Week Updated Cash Flow Forecast Notes and Summary of Assumptions**

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**In the matter of a Plan of Compromise or Arrangement of Freedom Cannabis Inc. (collectively the “Applicant” or the “Debtor”)**

### **Disclaimer**

Since the Updated Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Updated Cash Flow Forecast period will vary from the Updated Cash Flow Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty, or other assurance that any of the estimates, forecasts or projections will be realized.

The Updated Cash Flow Forecast is presented in Canadian dollars. All defined terms that are not otherwise defined herein are to have the same meaning ascribed to them in the Third Report of the Monitor dated October 4, 2024.

### **Note 1 Purpose of the Updated Cash Flow Forecast**

The purpose of the Updated Cash Flow Forecast is to present the estimated cash receipts and disbursements of the Applicant for the period from September 30, 2024 to December 29, 2024 (the “Forecast Period”). The Updated Cash Flow Forecast has been prepared by the Applicant, in consultation with the Monitor. Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

### **Note 2 Accounts Receivable**

Current accounts receivable is forecast to be collected based on the payment terms for individual customers.

### **Note 3 Sales**

Sales are based on the Applicant’s latest sales forecast by customer and forecast to be collected based on the payment terms for individual customers.

### **Note 4 COGS**

COGS include, but are not limited to, inventory purchases and production costs. Supplier terms are assumed to be cash on delivery.

### **Note 5 Salary and Wages**

Payroll expenses include salaries and wages and payroll taxes and remittances paid to the Applicants’ employees. Payroll expenses are forecasted based on current headcount levels and are paid bi-weekly.

**Note 6      Professional Fees**

Includes professional fees of the Monitor, counsel to the Monitor, and counsel to the Applicant in connection with the CCAA proceedings.

**Note 7      Rent**

Post filing rent at the Debtors leased facility.

**Note 8      Operating expenses**

Operating expenses include post-filing amounts owing to Health Canada, consultants, insurance and utilities.

**Note 9      Excise Taxes**

Excise taxes are accrued or collected amounts after the date of the Initial Order.

**Note 10     Sales taxes**

Sales taxes are accrued or collected amounts after the date of the Initial Order.

**Note 11     DIP Financing**

The Updated Cash Flow Forecast reflects advances under the DIP Facility in the Forecast period of \$2 million. The interest rate on the principal outstanding amount of the DIP advances is 15% and is accrued.

Freedom Cannabis Inc.  
13-Week Cash Flow Projections (in \$CAD)

Freedom Cannabis Inc. 13-Week Cash Flow In CS; unaudited														
Week Ending	Forecast 1 6-Oct-24	Forecast 2 13-Oct-24	Forecast 3 20-Oct-24	Forecast 4 27-Oct-24	Forecast 5 3-Nov-24	Forecast 6 10-Nov-24	Forecast 7 17-Nov-24	Forecast 8 24-Nov-24	Forecast 9 1-Dec-24	Forecast 10 8-Dec-24	Forecast 11 15-Dec-24	Forecast 12 22-Dec-24	Forecast 13 29-Dec-24	13-Week Total
<b>Receipts</b>														
Accounts Receivable	383,931	172,523	145,172	265,367	117,152	139,288	-	60,477	21,654	-	-	-	-	1,305,565
Sales Revenue	-	-	330,000	375,100	473,410	473,410	524,210	619,210	574,110	626,468	626,468	520,418	519,043	5,661,844
<b>Total Receipts</b>	<b>383,931</b>	<b>172,523</b>	<b>475,172</b>	<b>640,467</b>	<b>590,561</b>	<b>612,698</b>	<b>524,210</b>	<b>679,687</b>	<b>595,764</b>	<b>626,468</b>	<b>626,468</b>	<b>520,418</b>	<b>519,043</b>	<b>6,967,409</b>
<b>Disbursements</b>														
COGS	278,028	278,028	278,028	278,028	278,028	325,990	325,990	325,990	325,990	253,285	253,285	253,285	253,285	3,707,240
Salary & Wages	158,376	-	169,169	-	169,169	-	169,169	-	169,169	-	169,169	-	169,169	1,173,388
Professional Fees	-	57,209	-	57,209	-	80,670	-	104,131	-	88,068	-	72,005	-	459,292
Rent	50,000	-	-	-	85,000	-	-	-	85,000	-	-	-	-	220,000
Operating Expenses	110,504	110,912	85,128	85,128	110,504	114,444	38,661	38,661	98,286	30,928	106,712	30,928	30,928	991,724
Excise Tax	1,077,007	-	-	-	1,054,738	-	-	-	933,337	-	-	-	-	3,065,082
Sales Tax	-	-	-	-	64,580	-	-	-	47,680	-	-	-	-	112,340
<b>Total Disbursements</b>	<b>1,673,915</b>	<b>446,149</b>	<b>532,325</b>	<b>420,366</b>	<b>1,762,118</b>	<b>521,103</b>	<b>533,819</b>	<b>468,781</b>	<b>1,659,442</b>	<b>372,281</b>	<b>529,165</b>	<b>356,218</b>	<b>453,382</b>	<b>9,729,066</b>
<b>Net Operating Cash Flow</b>	<b>(1,289,985)</b>	<b>(273,626)</b>	<b>(57,153)</b>	<b>220,101</b>	<b>(1,171,557)</b>	<b>91,595</b>	<b>(9,609)</b>	<b>210,906</b>	<b>(1,063,678)</b>	<b>254,186</b>	<b>97,302</b>	<b>164,200</b>	<b>65,661</b>	<b>(2,761,657)</b>
<b>Opening Cash</b>	1,495,893	205,908	432,283	375,130	595,231	173,674	265,268	255,659	466,565	152,887	407,073	504,375	668,575	1,495,893
Net Cash Flow	(1,289,985)	(273,626)	(57,153)	220,101	(1,171,557)	91,595	(9,609)	210,906	(1,063,678)	254,186	97,302	164,200	65,661	(2,761,657)
DIP funding	-	500,000	-	-	750,000	-	-	-	750,000	-	-	-	-	2,000,000
<b>Ending Cash</b>	<b>205,908</b>	<b>432,283</b>	<b>375,130</b>	<b>595,231</b>	<b>173,674</b>	<b>265,268</b>	<b>255,659</b>	<b>466,565</b>	<b>152,887</b>	<b>407,073</b>	<b>504,375</b>	<b>668,575</b>	<b>734,236</b>	<b>734,236</b>
<b>DIP Facility</b>														
Opening Balance	1,000,000	1,002,885	1,507,212	1,511,538	1,515,865	2,272,356	2,278,846	2,285,337	2,291,827	3,050,481	3,059,135	3,067,788	3,076,442	1,000,000
DIP Funding	-	500,000	-	-	750,000	-	-	-	750,000	-	-	-	-	2,000,000
Accrued Interest	2,885	4,327	4,327	4,327	6,490	6,490	6,490	6,490	8,654	8,654	8,654	8,654	8,654	85,096
<b>Ending Balance</b>	<b>1,002,885</b>	<b>1,507,212</b>	<b>1,511,538</b>	<b>1,515,865</b>	<b>2,272,356</b>	<b>2,278,846</b>	<b>2,285,337</b>	<b>2,291,827</b>	<b>3,050,481</b>	<b>3,059,135</b>	<b>3,067,788</b>	<b>3,076,442</b>	<b>3,085,096</b>	<b>3,085,096</b>

John Frank Potestio  
Chief Executive Officer



**COURT OF KING'S BENCH OF ALBERTA**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
FREEDOM CANNABIS INC.**

**(collectively the "Applicant" or the "Debtor")**

**MONITOR'S REPORT ON CASH FLOW STATEMENT**  
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash flow of the Debtor prepared as of the 3<sup>rd</sup> day of October 2024, consisting of the period from September 30, 2024 to December 29, 2024 (the "**Updated Cash Flow Forecast**"), has been prepared by management of the Debtor, in consultation with the Monitor for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Updated Cash Flow Forecast.

Our review and consultation consisted of inquiries, analytical procedures and discussions related to information supplied by management and employees of the Debtor. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Updated Cash Flow Forecast. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Updated Cash Flow Forecast.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Updated Cash Flow Forecast;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Debtor or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the hypothetical assumptions; or
- c) the Updated Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

Since the Updated Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Updated Cash Flow Forecast will be achieved.

The Updated Cash Flow Forecast has been prepared solely for the purpose described in the notes thereto and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 3<sup>rd</sup> day of October 2024.

**KPMG Inc.**  
**In its capacity as Proposed Monitor of**  
**Freedom Cannabis Inc.**  
**And not in its personal or corporate capacity**

A handwritten signature in black ink, appearing to read 'P. Patel', with a long horizontal stroke extending to the right.

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**Pritesh Patel, CIRP, LIT**  
Senior Vice President