



COURT FILE
NUMBER 25-3002847

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PROCEEDING IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF INFARM INDOOR URBAN FARMING CANADA
INC.

DOCUMENT SECOND REPORT OF THE PROPOSAL TRUSTEE
DECEMBER 21, 2023

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT
PROPOSAL TRUSTEE
KSV Restructuring Inc.
324-8th Avenue SW, Suite 1165
Calgary, AB
T2P 2Z2

Attention: David Sieradzki/Andrew Basi
Telephone: (416) 932-6030/ (587) 287-2670
Facsimile: (416) 932-6266
Email: dsieradzki@ksvadvisory.com/abasi@ksvadvisory.com

PROPOSAL TRUSTEE'S COUNSEL
Fasken Martineau DuMoulin LLP
3400 First Canadian Center, 350 7 Ave SW
Calgary, AB
T2P 3N9

Attention: Robyn Gurofsky/Anthony Mersich
Telephone: (403) 261-9469/(587)233 4124
Facsimile: (403) 261-5351
E-Mail: rgurofsky@fasken.com / amersich@fasken.com

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1.0 Introduction

1. This second report (this **“Second Report”**) is filed by KSV Restructuring Inc. (**“KSV”**) in its capacity as proposal trustee (in such capacity, the **“Proposal Trustee”**) in connection with a Notice of Intention to Make a Proposal (**“NOI”**) filed on October 26, 2023 (the **“Filing Date”**) by Infarm Urban Farming Canada Inc. (the **“Company”** or **“Infarm”**) pursuant to Section 50.4(1) of the Bankruptcy and Insolvency Act, R.S.C 1985, c. B-3, as amended (the **“BIA”**).
2. On November 2, 2023, Infarm filed an application, returnable on November 10, 2023, seeking various relief supported by the affidavit of Amit Matthew Shoresch sworn on November 2, 2023 (the **“Shoresch Affidavit”**). In conjunction with the Company’s application, the Proposal Trustee filed its first report to court dated November 8, 2023 (the **“First Report”**).
3. On November 10, 2023, the Court of King’s Bench of Alberta (Commercial List) (the **“Court”**) granted an order (the **“November 10th Order”**), among other things:
 - a) extending the time for the Company to file a proposal to January 9, 2024; and
 - b) approving an administrative charge as security for the professional fees of the Company’s counsel, the Proposal Trustee and its counsel for an amount not to exceed \$250,000.

A copy of the November 10th Order is attached hereto as Appendix “A”.

4. This Second Report is submitted by the Proposal Trustee in conjunction with the Company’s application scheduled for January 8, 2024 for an order to extend the stay of proceedings (the **“Proceedings”**) and the period in which the Company can make a proposal to its creditors for 45 days up to and including February 23, 2024.

1.1 Purposes of this Second Report

1. The purpose of this Second Report is to provide the Court with further information related to the relief sought by the Company. The Second Report specifically provides information regarding:
 - a) the Proposal Trustee’s activities since the First Report;

- b) the Company's activities since the First Report;
- c) the Company's actual performance to-date versus the initial cash flow statement for the period commencing on October 26, 2023 and ending January 28, 2024 (the "**Initial Cash Flow Statement**") filed in the Proceedings pursuant to section 50.4(2)(a) of the BIA;
- d) the Proposal Trustee's comments and report on the Company's amended and extended cash flow statement (the "**Second Cash Flow Statement**") for the period commencing on December 18, 2023 and ending March 17, 2024 (the "**Second Cash Flow Period**"); and
- e) the Company's application for an Order (the "**Second Extension Order**") extending the stay of proceedings and the period in which the Company can make a proposal to its creditors, up to and including February 23, 2024.

1.2 Scope and Terms of Reference

1. In preparing this Second Report, the Proposal Trustee has relied upon the Company's unaudited financial information, books and records, information available in the public domain and discussions with the Company's management and legal counsel.
2. The Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Second Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own due diligence.
3. An examination of the Second Cash Flow Statement as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Second Report is based upon the Company's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Proposal Trustee expresses no opinion or other form of assurance on whether the Second Cash Flow Statement will be achieved.

4. This Second Report should be read in conjunction with the First Report and materials filed by the Company, including the Affidavit of Erez Golonska, sworn December 21, 2023 (the “**Golonska Affidavit**”, together with the Shores Affidavit, the “**Management Affidavits**”), filed in support of the Company’s application returnable January 8, 2024. Capitalized terms not defined in this Second Report have the meanings ascribed to them in the Management Affidavits.

1.3 Currency

1. Unless otherwise noted, all currency references in this Second Report are in Canadian dollars.

1.4 Court Materials

1. Court materials filed in these Proceedings are available on the Proposal Trustee’s website at: www.ksvadvisory.com/experience/case/infarm (the “**Case Website**”).

2.0 Activities of the Company and Proposal Trustee

2.1 Activities of the Company

1. Since the issuance of the First Report, the Company’s activities have included, among other things:
 - a. continuing to manage operations in the normal course as forecasted in the Initial Cash Flow Statement, and to meet post-filing obligations as they come due since the Filing Date;
 - b. providing the Proposal Trustee with access to Infarm’s premises, property and books and records. This includes providing access to the Appraiser (as defined below) to perform an appraisal of the tangible assets located at the Company’s leased premises in Hamilton, Ontario;
 - c. communicating with various stakeholders and creditors regarding the Proceedings, in consultation with the Proposal Trustee;
 - d. attending weekly meetings with the Proposal Trustee to discuss the Company’s weekly receipts and disbursements and operational status;

- e. engaging in discussions and preparations with the Proposal Trustee for an eventual transaction involving the Company's business and assets in Canada, which is contemplated to be initiated after the closing of the sale of the Infarm GmbH assets (the "**European Transaction**"), which management advises is expected to close on or before January 15, 2024;
- f. engaging in discussions with Triplepoint Capital LLC ("**TPC**"), the Company's principal secured creditor, regarding a possible credit bid for some or all of the Company's property and assets;
- g. engaging a new distributor in Canada;
- h. disclaiming a lease of premises that the Company no longer occupies;
- i. working with the Proposal Trustee in preparing the Second Cash Flow Statement; and
- j. working with its restructuring counsel, McMillan LLP ("**McMillan**"), and the Proposal Trustee to prepare materials for the Second Extension Order.

2.2 Activities of the Proposal Trustee

1. Since its appointment, the Proposal Trustee has performed the following key activities:
 - a. filing a copy of the November 10th Order with the Official Receiver;
 - b. continuing to review and evaluate the state of the Company's business and financial affairs in accordance with section 50.4(7)(b)(ii) of the BIA;
 - c. holding on-going meetings with management to discuss the restructuring process and duties of the Company;
 - d. corresponding and holding numerous discussions with management and McMillan;
 - e. corresponding and holding numerous discussions with various stakeholders, and/or respective legal counsel to stakeholders, including creditors, suppliers, customers and others;
 - f. engaging Infinity Asset Solutions Inc. (the "**Appraiser**") to conduct an appraisal of the tangible assets located at the Company's premises in Hamilton, Ontario;

- g. corresponding with the UK Administrator to discuss the progress of the European Transaction and other matters related to the UK Proceedings integral to Infarm's ongoing restructuring process. The Proposal Trustee has also reviewed the UK Administrator's pre-filing sale process to market Infarm GmbH, which included the shares and certain assets of the Company. This review included discussions with the UK Administrator and reviewing copies of the sale process materials, timelines, internal memoranda and other relevant sale process information, including the results thereof;
- h. assessing and thereafter approving the disclaimer by the Company of the lease dated April 8, 2023 between the Company and Canada Life Assurance Company as lessor in respect of an unoccupied space located in Edmonton, Alberta;
- i. assisting the Company in preparing the Second Cash Flow Statement;
- j. maintaining the Case Website for these Proceedings; and
- k. preparing this Second Report.

3.0 Cash Flow

3.1 Performance Against the Cash Flow Statement

1. In accordance with section 50.4(7)(b)(ii) of the BIA, the Proposal Trustee has continued to monitor the Company's business and financial affairs since the Filing Date.
2. The Company has remained current in respect of its obligations that have arisen since the Filing Date. There have been no disruptions to the Company's business and operations during this time.
3. A process has been established with the Company to review weekly cash flow variances. A comparison of Infarm's actual receipts and disbursements to the Cash Flow Statement for the period from the Filing Date to December 17, 2023 (the "**First Reporting Period**") is attached hereto as Appendix "B". A summary of the comparison is as follows:

First Reporting Period		Actual	Cash Flow Statement	Favourable / (Unfavourable) Variance
Opening Cash	\$	14,890	\$ 14,000	\$ 890
Receipts		679,136	530,457	148,679
Operating Disbursements		753,560	937,818	184,258
Net Cashflow from Operations		(74,424)	(407,361)	332,937
Non-Operating Disbursements		206,053	315,000	108,947
Net Cashflow		(280,477)	(722,361)	441,884
Interim Financing Advances		273,079	741,541	468,462
Ending Cash Balance	\$	7,491	\$ 33,180	\$ (25,689)

Proposal Trustee's Comments

4. For the First Reporting Period, cash receipts were \$148,679 more than forecasted in the Cash Flow Statement. This variance is primarily a result of the Company cancelling a letter of credit facility and the redemption of a GIC investment that was held as security, generating a cash inflow of \$457,000. However, the Company's collected revenue was \$390,855 less than forecasted in the Cash Flow Statement. Based on discussions with management, the variance was predominantly attributed to product quality issues within the cultivation facility, leading to disruptions in the overall production process. The Company is actively working to address this matter and has engaged a third party to resolve the issue. Another contributing factor to the lower-than-projected revenue is a significant outstanding receivable from a major customer. The Company has indicated that discussions are underway with the customer, and they anticipate collecting the outstanding balance in January 2024.
5. For the Post-Filling Reporting Period, operating disbursements were \$184,258 less than forecasted in the Cash Flow Statement and non-operating disbursements were \$108,947 less than forecasted in the Cash Flow Statement. The Proposal Trustee has reviewed the variances with the Company and the variances are largely attributable to timing differences,

lower than anticipated capital expenditures and professional fees that were paid by retainers provided pre-filing.

6. Interim financing requirements were \$468,462 less than forecasted and this was largely attributable to the Company redeeming a GIC, as discussed above. Interim financing has been provided by TPC and thus far in the Proceedings, TPC has not sought a Court ordered charge in relation to advances made.

3.2 The Second Cash Flow Statement

1. The Company prepared the Second Cash Flow Statement, on a weekly basis, for the Second Cash Flow Period from December 18, 2023 to March 3, 2024. The Second Cash Flow Statement has been prepared by the Company using probable and hypothetical assumptions set out therein (the “Probable and Hypothetical Assumptions”). The Second Cash Flow Statement is attached to this Second Report as Appendix “C”.
2. The Proposal Trustee’s review of the Second Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to information supplied to the Proposal Trustee by management of the Company. Since hypothetical assumptions need not be supported, the Proposal Trustee’s procedures with respect to such assumptions were limited to evaluating whether they were consistent with the purposes of the Second Cash Flow Statement. The Proposal Trustee has also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Second Cash Flow Statement. Based on the Proposal Trustee’s review, nothing has come to its attention that causes it to believe that, in all material respects:
 - a) the Probable and Hypothetical Assumptions are not consistent with the purpose of the Second Cash Flow Statement;
 - b) as at the date of this Second Report, the Probable and Hypothetical Assumptions developed by management are not suitably supported and consistent with the Company’s plans or do not provide a reasonable basis for the Second Cash Flow Statement; or
 - c) the Second Cash Flow Statement does not reflect the Probable and Hypothetical Assumptions.

4.0 Company's Request for an Extension

1. The Company is seeking an extension of the time required to file a proposal from January 9, 2024 to February 23, 2024. As disclosed in the Golonska Affidavit, the Company anticipates receiving a credit bid from TPC, its primary secured creditor; however, this has been delayed as a result of delays in closing the European Transaction. The Proposal Trustee is advised that the European Transaction will close prior to January 15, 2024. The Company now requires additional time to receive and evaluate the forthcoming credit bid. The Proposal Trustee supports the extension request for the following reasons:
 - a) the Company is acting in good faith and with due diligence;
 - b) the extension will enhance the likelihood of the Company completing its restructuring;
 - c) the extension should not adversely affect or prejudice any group of creditors as the Company is projected to have funding to pay post-filing services and supplies in the amounts contemplated by the Second Cash Flow Statement; and
 - d) it will provide the Company the additional time required to further advance the restructuring, which is in the interest of all stakeholders and is expected to result in an outcome more favourable than a bankruptcy of the Company.

5.0 Conclusion and Recommendation

1. Based on the foregoing, the Proposal Trustee respectfully recommends that this Honourable Court grant the relief sought by the Company.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
in its capacity as trustee in the proposal of
Infarm Indoor Urban Farming Canada Inc.
and not in its personal capacity**

Appendix “A”

COURT FILE NO. 25-3002847/B301-002847
ESTATE NO. 25-3002847
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



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IN THE MATTER OF THE NOTICE OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C.
1985, c B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF INFARM INDOOR URBAN
FARMING CANADA INC.

APPLICANT INFARM INDOOR URBAN FARMING CANADA INC.

**DOCUMENT ORDER (NOI EXTENSION AND ADMINISTRATION
CHARGE)**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

McMILLAN LLP
1700, 421 – 7th Avenue SW
Calgary, AB T2P 4K9

Attention: Adam Maerov/Preet Saini
Telephone: 403.215.2752 / 403.531.4716
Facsimile: 403-531-4720
Email: adam.maerov@mcmillan.ca
preet.saini@mcmillan.ca
File Number: 300427

DATE ON WHICH ORDER WAS PRONOUNCED: November 10, 2023
LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton Law Courts
NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice
Dunlop

UPON THE APPLICATION of Infarm Indoor Urban Farming Canada Inc. ("**Infarm Canada**") for an order extending the time for Infarm Canada to file a proposal, and the corresponding stay of proceedings, until January 9, 2024, and granting the Administration Charge (as defined herein); AND UPON reviewing the Affidavit of Amit Matthew Shoresworn on November 2, 2023; AND UPON hearing submissions by counsel for Infarm Canada, counsel for KSV Restructuring Inc. in its capacity as proposal trustee of Infarm Canada ("**Proposal Trustee**"), counsel for TriplePoint Capital LLC and any other counsel or other interested parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

STAY EXTENSION

2. Pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c B-3, as amended (the "**BIA**"), the time for Infarm Canada to file a proposal, and the corresponding stay of proceedings provided for in section 69 of the BIA, be and is extended until and including January 9, 2024.

ADMINISTRATION CHARGE

3. Legal counsel to Infarm Canada, McMillan LLP, and the Proposal Trustee and its legal counsel, Fasken Martineau DuMoulin LLP (collectively, the "**Professionals**"), as security for their respective professional fees and disbursements incurred both before and after the commencement of these NOI proceedings and before or after the granting of this Order, shall be entitled to the benefit of, and are hereby granted, a first ranking charge (the "**Administration Charge**") on all of Infarm Canada's present and after acquired assets, property and undertakings (the "**Property**"), which charge shall not exceed **\$250,000** as security for the Professionals' professional fees and disbursements incurred at normal rates and charges.

PRIORITY OF THE ADMINISTRATION CHARGE

4. The filing, registration or perfection of the Administration Charge shall not be required, and the Administration Charge shall be enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.
5. The Administration Charge shall constitute a security and charge on the Property and such Administration Charge shall rank in priority to all other security interests, trusts, liens, charges, deemed trusts, encumbrances and claims of secured creditors, statutory or otherwise in favour of any person, including liens and trusts created by federal and provincial legislation (collectively, the "**Encumbrances**").
6. Except as otherwise provided herein, or as may be approved by this Honourable Court, Infarm Canada shall not grant any Encumbrances over the Property that rank in priority to, or *pari passu* with, the Administration Charge, unless Infarm Canada obtains the prior written consent of the Professionals or further order of this Court.
7. The Administration Charge shall not be rendered invalid or unenforceable and the rights and remedies of the Professionals thereunder shall not otherwise be limited or impaired in any way by:
 - (a) the pendency of these proceedings and any declarations of insolvency in these proceedings;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") that binds Infarm Canada, and notwithstanding

any provision to the contrary in any Agreement:

- (i) neither the creation of the Administration Charge nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, shall create or be deemed to constitute a new breach by Infarm Canada of any Agreement to which they, or any one of them, is a party;
- (ii) none of the Professionals shall have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Administration Charge; and
- (iii) the payments made by Infarm Canada pursuant to this Order and the granting of the Administration Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

MISCELLANEOUS MATTERS

- 8. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order, and to assist Infarm Canada or the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to Infarm Canada and the Proposal Trustee, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist Infarm Canada or the Proposal Trustee and their respective agents in carrying out the terms of this Order.
- 9. Infarm Canada or the Proposal Trustee shall be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

SERVICE OF ORDER

- 10. Service of this Order shall be deemed good and sufficient:
 - (a) by serving same on the persons who were served with notice of this Application and any other parties attending or represented at the hearing of the Application; and
 - (b) by posting a copy of this Order on the Proposal Trustee's website at <https://www.ksvadvisory.com/experience/case/infarm-urban-farming>.
- 11. Service of this Order on any other person is hereby dispensed with.
- 12. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.



Justice of the Court of King's Bench of Alberta

Appendix “B”

Post Filing Reporting Period In CAD	Actual	Cash Flow Statement	Favourable / (Unfavourable) Variance
Opening Cash	\$ 14,890	\$ 14,000	\$ 890
Receipts			
Collection of Outstanding Receivables	135,147	237,443	(102,296)
Collection of New Revenue	4,456	293,015	(288,559)
Other Miscellaneous	539,532	-	539,532
Total Receipts	679,135	530,458	148,677
Operating Disbursements			
Wages, Salaries, and Benefits	227,480	172,800	(54,680)
Utilities	1,773	60,150	58,377
Other Operating Expenses	359,439	540,000	180,561
Rent	164,868	164,868	-
Total Operating Disbursements	753,560	937,818	184,258
Net Cashflow From Operations	(74,425)	(407,360)	332,935
Non-Operating Disbursements			
Other Disbursements	44,160	-	(44,160)
Anticipated Capital Expenditure	161,893	220,000	58,107
Legal Counsel Fees	-	35,000	35,000
Trustee Fees	-	50,000	50,000
Trustee's Legal Counsel Fees	-	10,000	10,000
Total Non-Operating Disbursements	206,053	315,000	108,947
Total Disbursements	959,613	1,252,818	293,205
Net Cash Flow	(280,478)	(722,360)	441,882
Interim Financing			
Interim Financing Advances	273,079	741,541	468,462
Ending Cash Balance	\$ 7,491	33,181	\$ (25,690)

Appendix “C”

Infarm Indoor Urban Farming Canada Inc.
Cash Flow Forecast
December 18, 2023 to March 17, 2024

For the week ending, In CAD	Notes	Forecast Week 1 24-Dec-23	Forecast Week 2 31-Dec-23	Forecast Week 3 7-Jan-24	Forecast Week 4 14-Jan-24	Forecast Week 5 21-Jan-24	Forecast Week 6 28-Jan-24	Forecast Week 7 4-Feb-24	Forecast Week 8 11-Feb-24	Forecast Week 9 18-Feb-24	Forecast Week 10 25-Feb-24	Forecast Week 11 3-Mar-24	Forecast Week 12 10-Mar-24	Forecast Week 13 17-Mar-24	Total
Opening cash balance	1	11,626	51,187	90,492	139,209	139,209	88,325	97,595	-	-	-	47,504	-	-	11,626
Cash Receipts															
Collection of outstanding receivables	2	38,749	29,021	13,691	9,903	13,725	16,309	8,661	17,705	11,511	24,544	45,396	22,449	29,456	281,121
Collection of new revenue	2	51,187	39,305	64,803	69,249	69,249	27,340	47,393	50,357	50,357	53,474	53,474	53,474	53,474	662,605
		89,937	68,326	62,407	74,706	82,974	43,649	56,054	68,062	61,868	78,018	98,871	75,924	82,930	943,726
Cash Disbursements															
Operating Expenses															
Wages, salaries, and benefits	3	65,000	-	65,000	-	65,000	-	85,000	-	65,000	-	65,000	-	-	390,000
Utilities	4	-	1,965	-	-	-	1,965	-	-	-	-	-	-	-	5,895
Other operating expenses	5	35,923	35,923	116,963	52,414	32,414	32,414	70,088	30,515	30,515	30,515	72,807	33,234	33,234	605,957
Rent	6	-	-	82,434	-	-	-	82,434	-	-	-	82,434	-	-	247,302
Other Disbursements		100,923	37,888	264,397	52,414	97,414	34,379	217,522	30,515	95,515	30,515	222,206	33,234	33,234	1,250,154
Anticipated capital expenditures	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Repayment		-	-	-	21,867	36,445	-	-	21,867	36,445	-	21,867	-	-	138,489
Interest & principal		-	-	-	21,867	36,445	-	-	21,867	36,445	-	21,867	-	-	138,489
Total disbursements		100,923	37,888	264,397	74,281	133,859	34,379	217,522	52,381	131,959	30,515	244,073	33,234	33,234	1,388,643
Professional Costs	8														
Company counsel legal fees		-	-	-	35,000	-	-	-	35,000	-	-	-	35,000	-	105,000
Trustee fees		-	-	-	35,000	-	-	-	35,000	-	-	-	35,000	-	105,000
Trustee's counsel fees		-	-	-	10,000	-	-	-	10,000	-	-	-	10,000	-	30,000
Total Professional Costs		-	-	-	80,000	-	-	-	80,000	-	-	-	80,000	-	240,000
Net cash flow		(10,986)	30,438	(201,990)	(79,575)	(50,884)	9,270	(161,468)	(64,319)	(70,091)	47,504	(145,202)	(37,310)	49,696	(684,917)
Interim financing															
Interim financing advances / (repayments)	9	50,547	8,867	250,706	79,576	-	-	63,873	64,319	70,091	-	97,698	37,310	-	722,987
Closing cash (operating line) balance		51,187	90,492	139,209	139,209	88,325	97,595	-	-	-	47,504	-	-	49,696	49,696

Management of Infarm Indoor Urban Farming Canada Inc. ("Infarm" or the "Company") has prepared this forecasted cash-flow statement (the "Cash Flow Forecast") based on probable and hypothetical assumptions detailed in Notes 1 to 9. The Cash Flow Forecast has been prepared solely for the purpose of supporting the Notice of Intention to Make a Proposal ("NOP") filed by each of the Companies on October 26, 2023. As such, readers are cautioned that it may not be appropriate for their purposes. The Cash Flow Forecast of the Companies is prepared in accordance with the provisions of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on the Cash-flow Statement.

Dated at the City of Calgary in the Province of Alberta, this 20th day of December 2023.

Infarm Indoor Urban Farming Canada Inc.

Per:

Amit Shores

Amit Shores
Director

KSV Restructuring Inc.

Per:

Andrew Basi
Andrew Basi, CPA, CA, OIRP, CIT
Managing Director

Infarm Indoor Urban Farming Canada Inc.
Notes to the Cash Flow Forecast
December 18, 2023 to March 17, 2024

Note 1

The Company maintains a checking account with Royal Bank of Canada. The opening balance represents the funds in the account on December 18, 2023. Week 1 includes the period of December 18 to 24, 2023

Note 2

The Company has two customers that account for all of the cash receipts. Cash receipts are forecasted on the basis of historical collections and anticipated sales.

Note 3

Wages, salaries, and benefits have been estimated based on the Companies' current staffing levels. The Company uses a 3rd party payroll provider.

Note 4

Utilities are based on current billing arrangements.

Note 5

Operating expenses include raw materials, seeds fertilizer, packaging, growing medium, transportation costs, custom fees for import and export, insurance and building operating costs. The amounts projected in this Cash Flow Forecast are based on recent historical results.

Note 6

The Company pays property tax on a monthly basis in addition to lease costs to the landlord.

Note 7

Capital expenditure is forecasted for the purchase of new machinery and upgrades to existing equipment.

Note 8

Professional costs are estimated based on the expectations of the professionals involved and are subject to change based on the on the issues that arise in the restructuring. The Company has obtained a court ordered administration charge in the amount of \$250,000 as security for payment of the professional fees.

Note 9

It is the Company's expectations that interim financing will continue to be made by TriplePoint Capital LLC during the restructuring proceedings.

Infarm Indoor Urban Farming Canada Inc.
Cash Flow Forecast
December 18, 2023 to March 17, 2024

For the week ending, In CAD	Notes	24-Dec-23	Forecast Week 1	Forecast Week 2	Forecast Week 3	Forecast Week 4	Forecast Week 5	Forecast Week 6	Forecast Week 7	Forecast Week 8	Forecast Week 9	Forecast Week 10	Forecast Week 11	Forecast Week 12	Forecast Week 13	Total
Opening cash balance	1	11,626		51,187	90,492	139,209	139,209	88,325	97,595	-	-	-	47,504	-	-	11,626
Cash Receipts																
Collection of outstanding receivables	2	38,749	29,021		13,691	9,903	13,725	16,309	8,661	17,705	11,511	24,544	45,396	22,449	29,456	281,121
Collection of new revenue	2	51,187	39,305	48,717	64,803	64,803	69,249	27,340	47,393	50,357	50,357	53,474	53,474	53,474	53,474	662,605
		89,937	68,326	62,407	74,706	74,706	82,974	43,649	56,054	68,062	61,868	78,018	98,871	75,924	82,930	943,726
Cash Disbursements																
Operating Expenses																
Wages, salaries, and benefits	3	65,000	-	-	65,000	-	65,000	-	65,000	-	-	-	65,000	-	-	390,000
Utilities	4	-	1,965	-	-	-	-	1,965	-	-	-	-	1,965	-	-	5,895
Other operating expenses	5	35,923	35,923	116,963	116,963	52,414	32,414	32,414	70,088	30,515	30,515	30,515	72,807	33,234	33,234	606,957
Rent	6	-	-	82,434	82,434	-	-	-	82,434	-	-	-	82,434	-	-	247,302
		100,923	37,888	264,397	52,414	97,414	34,379	217,522	30,515	95,515	30,515	222,206	33,234	33,234	33,234	1,250,154
Other Disbursements																
Anticipated capital expenditures	7	-	-	-	-	21,867	36,445	-	-	21,867	36,445	-	21,867	-	-	138,489
Debt Repayment		-	-	-	-	21,867	36,445	-	-	21,867	36,445	-	21,867	-	-	138,489
Interest & principal		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements		100,923	37,888	264,397	74,281	133,859	34,379	217,522	52,381	131,959	30,515	244,073	33,234	33,234	33,234	1,388,643
Professional Costs	8															
Company counsel legal fees		-	-	-	-	35,000	-	-	-	35,000	-	-	-	35,000	-	105,000
Trustee fees		-	-	-	-	35,000	-	-	-	35,000	-	-	-	35,000	-	105,000
Trustee's counsel fees		-	-	-	-	10,000	-	-	-	10,000	-	-	-	10,000	-	30,000
Total Professional Costs		-	-	-	-	80,000	-	-	-	80,000	-	-	-	80,000	-	240,000
Net cash flow		(10,986)	30,438	(201,990)	(79,575)	(50,884)	9,270	(161,468)	(64,319)	(70,091)	47,504	(145,202)	(37,310)	49,696	(684,917)	
Interim financing																
Interim financing advances / (repayments)	9	50,547	8,867	250,706	79,576	-	-	-	63,873	64,319	70,091	-	97,698	37,310	-	722,987
Closing cash (operating line) balance		51,187	90,492	139,209	139,209	88,325	97,595	-	-	-	-	47,504	-	-	49,696	49,696

Management of Infarm Indoor Urban Farming Canada Inc. ("Infarm" or the "Company") has prepared this forecasted cash-flow statement (the "Cash Flow Forecast") based on probable and hypothetical assumptions detailed in Notes 1 to 9. The Cash Flow Forecast has been prepared solely for the purpose of supporting the Notice of Intention to Make a Proposal ("NOI") filed by each of the Companies on October 26, 2023. As such, readers are cautioned that it may not be appropriate for their purposes. The Cash Flow Forecast of the Companies is prepared in accordance with the provisions of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Trustee's Report on the Cash-flow Statement.

Dated at the City of Calgary in the Province of Alberta, this 20th day of December 2023.

Infarm Indoor Urban Farming Canada Inc.

Per:

Amit Shores

Amit Shores
Director

KSV Restructuring Inc.

Per:

Andrew Basi, CPA, CA, CIRP, LIT
Managing Director

Infarm Indoor Urban Farming Canada Inc.
Notes to the Cash Flow Forecast
December 18, 2023 to March 17, 2024

Note 1

The Company maintains a checking account with Royal Bank of Canada. The opening balance represents the funds in the account on December 18, 2023. Week 1 includes the period of December 18 to 24, 2023

Note 2

The Company has two customers that account for all of the cash receipts. Cash receipts are forecasted on the basis of historical collections and anticipated sales.

Note 3

Wages, salaries, and benefits have been estimated based on the Companies' current staffing levels. The Company uses a 3rd party payroll provider.

Note 4

Utilities are based on current billing arrangements.

Note 5

Operating expenses include raw materials, seeds fertilizer, packaging, growing medium, transportation costs, custom fees for import and export, insurance and building operating costs. The amounts projected in this Cash Flow Forecast are based on recent historical results.

Note 6

The Company pays property tax on a monthly basis in addition to lease costs to the landlord.

Note 7

Capital expenditure is forecasted for the purchase of new machinery and upgrades to existing equipment.

Note 8

Professional costs are estimated based on the expectations of the professionals involved and are subject to change based on the on the issues that arise in the restructuring. The Company has obtained a court ordered administration charge in the amount of \$250,000 as security for payment of the professional fees.

Note 9

It is the Company's expectations that interim financing will continue to be made by TriplePoint Capital LLC during the restructuring proceedings.

District of: Alberta
Division No. 02 - Calgary
Court No. 25-3002847
Estate No. 25-3002847

_ FORM 29 _
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Infarm Indoor Urban Farming Canada Inc.
of the City of Calgary, in the Province of Alberta

The attached statement of projected cash flow of Infarm Indoor Urban Farming Canada Inc., as of the 20th day of December 2023, consisting of a signed pdf copy of a weekly cash flow statement for the period ending March 17, 2024., has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: ☒ the management and employees of the insolvent person or ☐ the insolvent person. 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 projection. We have also reviewed the support provided by:

☒ management or ☐ the insolvent person for the probable assumptions and preparation and presentation of the projection.

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 projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection 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 projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Calgary in the Province of Alberta, this 20th day of December 2023.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



David Sieradzki - Licensed Insolvency Trustee

1165, 324-8th Avenue S.W.

Calgary AB T2P 2Z2

Phone: (416) 932-6262 Fax: (416) 932-6266

District of: Alberta
Division No. 02 - Calgary
Court No. 25-3002847
Estate No. 25-3002847

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Notice of Intention to Make a Proposal of
Infarm Indoor Urban Farming Canada Inc.
of the City of Calgary, in the Province of Alberta

Purpose:

A signed pdf copy of a weekly cash flow statement for the period ending March 17, 2024.

Projection Notes:

A signed pdf copy of a weekly cash flow statement for the period ending March 17, 2024.

Assumptions:

A signed pdf copy of a weekly cash flow statement for the period ending March 17, 2024.

Dated at the City of Calgary in the Province of Alberta, this 20th day of December 2023.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



David Sieradzki - Licensed Insolvency Trustee
1165, 324-8th Avenue S.W.
Calgary AB T2P 2Z2
Phone: (416) 932-6262 Fax: (416) 932-6266

District of: Alberta
Division 02 - Calgary
No. Court 25-3002847
No. Estate 25-3002847
No.

FORM 30

Report on Cash-Flow Statement by the Person Making the
Proposal (Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Notice of Intention to Make a
Proposal of Infarm Indoor Urban Farming Canada Inc.
of the City of Calgary, in the Province of Alberta

I, Infarm Indoor Urban Farming Canada Inc., have developed the assumptions and prepared the
attached statement of projected cash flow of the insolvent person, as of the 20th day of
December, 2023.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection
described in the notes attached, and the probable assumptions are suitably supported and consistent
with the plans of the insolvent person and provide a reasonable basis for the projection. All such
assumptions are disclosed in the notes attached.

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

The projection has been prepared solely for the purpose described in the notes attached, using a
set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are
cautioned that it may not be appropriate for other purposes.

Dated at the City of East Hills in the State of New York, USA this 20th day of December 2023.

Amit Shoreslu

Infarm Indoor Urban Farming Canada Inc.
Debtor

Per: Amit Matthew Shoreslu, Director