



COM Feb 22, 2024



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 THIRD REPORT OF THE PROPOSAL TRUSTEE
FEBRUARY 20, 2024

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT
PROPOSAL TRUSTEE
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1.0 Introduction

1. This third report (this “**Third 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 Indoor 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 of King’s Bench of Alberta (Commercial List) (the “**Court**”) dated November 8, 2023 (the “**First Report**”).
3. On November 10, 2023, the Court granted an order, among other relief, extending the time for the Company to file a proposal to January 9, 2024.
4. On December 22, 2023, Infarm filed an application, returnable on January 8, 2024, seeking various relief supported by the affidavit of Erez Galonska sworn on December 21, 2023 (the “**Galonska Affidavit**”). In conjunction with the Company’s application, the Proposal Trustee filed its second report to the Court dated December 22, 2023 (the “**Second Report**”).
5. On January 8, 2024, the Court granted an order (the “**Second Extension Order**”), among other relief, extending the time for the Company to file a proposal to February 23, 2024. A copy of the Second Extension Order is attached hereto as Appendix “A”.
6. This Third Report is submitted by the Proposal Trustee in conjunction with the Company’s application scheduled for February 22, 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 April 8, 2024.

1.1 Purpose of this Third Report

1. The purpose of this Third Report is to provide the Court with further information related to the relief sought by the Company. The Third Report specifically provides information regarding:
 - a) the Company's activities since the Second Report;
 - b) the Proposal Trustee's activities since the Second Report;
 - c) the Company's actual performance to date versus the second cash flow statement for period commencing on December 18, 2023 and ending March 17, 2024 ("the **Second 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 "**Third Cash Flow Statement**") for the period commencing on February 12, 2024 and ending May 12, 2024 (the "**Third Cash Flow Period**");
 - e) the Company's application for an Order (the "**Third 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 April 8, 2024; and
 - f) the Proposal Trustee's rationale for recommending that the Court issue an Order extending the stay of proceedings and the period in which the Company can make a proposal to its creditors up to and including April 8, 2024.

1.2 Scope and Terms of Reference

1. In preparing this Third 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 Third 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 Third 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 Third 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 Third Cash Flow Statement will be achieved.
4. This Third Report should be read in conjunction with the Second Report and materials filed by the Company, including the Affidavit of Erez Golanska (the "**Golanska Affidavit**"), sworn February 13, 2024, filed in support of the Company's application returnable February 22, 2024. Capitalized terms not defined in this Third Report have the meanings ascribed to them in previously filed materials in these Proceedings.

1.3 Currency

1. Unless otherwise noted, all currency references in this Third 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 Second Report, the Proposal Trustee has observed certain activities of the Company that include the following:
 - a. continuing to manage operations in the normal course as forecasted in the Second Cash Flow Statement, and to meet post-filing obligations as they come due since the Filing Date, except for professional fees which are forecasted to be paid at closing of the Transaction (as defined herein);

- b. communicating with various stakeholders and creditors regarding the Proceedings, in consultation with the Proposal Trustee;
- c. attending weekly meetings with the Proposal Trustee to discuss the Company's weekly receipts and disbursements and operational status;
- d. engaging in discussions with key suppliers to address outstanding receivables;
- e. assisting in finalizing the sale of the Infarm GmbH assets (the "**European Transaction**") completed as of December 29, 2023 by the UK Administrator;
- f. continuing negotiations for an agreement with Infarm Technologies Limited ("**ITL**") for the purchase of Infarm's assets (the "**Transaction**");
- g. working with Royal Bank of Canada to have a letter of credit issued at the request of the Company's customs broker to continue cross-border shipments to the US;
- h. working with the Proposal Trustee in preparing the Third Cash Flow Statement; and
- i. working with McMillan LLP ("**McMillan**") and the Proposal Trustee to prepare materials for the Third Extension Order.

2.2 Activities of the Proposal Trustee

1. Since the issuance of the Second Report, the Proposal Trustee has performed the following key activities:
 - a. filing a copy of the Second Extension 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, McMillan and counsel for the purchaser with respect to the Transaction;

- e. corresponding and holding numerous discussions with various stakeholders, and/or respective legal counsel to stakeholders, including creditors, suppliers, customers and others;
 - f. corresponding with the UK Administrator to discuss matters related to the UK Proceedings integral to Infarm's ongoing restructuring process. The Proposal Trustee has also reviewed the European Transaction carried out by the UK Administrator. This involved discussions with the UK Administrator and reviewing copies of the various transaction documents, funding loan agreements and other pertinent materials related to the European Transaction. The Proposal Trustee also reviewed the UK Administrator's pre-filing sale process (the "**Sales Process**"). The Proposal Trustee anticipates providing further commentary on the Sales Process in its next Court report in conjunction with the Company's application for Court approval of the Transaction;
 - g. assisting the Company in preparing the Third Cash Flow Statement;
 - h. maintaining the Case Website for these Proceedings; and
 - i. preparing this Third Report.
2. The Company and the Proposal Trustee have been contacted by counsel for ARCO/Murray International Construction Company, ULC ("**ARCO**"), who was the contractor for the construction of the Company's facility located in Calgary, Alberta (the "**Calgary Premises**"). ARCO asserts a builders' lien for unpaid work allegedly performed at the Calgary Premises for the Company. The Proposal Trustee is investigating ARCO's claim and anticipates that it will provide further commentary as to the impact, if any, of ARCO's lien claim on the Transaction, in its next Court report.
3. The Proposal Trustee is also aware of a storage facility located in Calgary, Alberta (the "**Calgary Storage Facility**") that is owned by a third-party called 3D Warehousing & Logistics ("**3DW&L**"). The Calgary Storage Facility is currently storing some of the Company's equipment, and 3DW&L claims arrears owing in respect of the Calgary Storage Facility. The Proposal Trustee is in the process of investigating this matter and anticipates providing its findings in its next Court 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, except for payment of professional fees which are forecasted to be paid at the closing of the Transaction, which remains subject to Court approval.
3. A review process has been established with the Company to review weekly cash variances. A comparison of Infarm's receipts and disbursements to the Second Cash Flow Statement for the period from December 18th to February 11th, 2024 (the "**Second Reporting Period**") is attached hereto as Appendix "B". A summary of the comparison is as follows:

Second Reporting Period	Actual	Cash Flow Statement	Favourable / (Unfavourable) Variance
Opening Cash	7,491	11,626	(4,135)
Receipts	71,114	546,115	(475,001)
Operating Disbursements	566,495	835,452	268,957
Net Cashflow from Operations	(495,380)	(289,337)	(206,043)
Non-Operating Disbursements	26,549	240,178	213,629
Net Cashflow	(521,929)	(529,515)	7,586
Interim Financing Advances	585,000	517,889	(67,111)
Ending Cash Balance	70,562	-	70,562

Proposal Trustee's Comments

4. For the Second Reporting Period, total cash receipts were \$475,001 less than forecasted in the Cash Flow Statement. Based on discussions with management, the variance was predominantly attributed to collection issues from a major customer. The Company has indicated that there is an agreement with the customer to pay \$485,000 USD for amounts due for 2023 accounts receivable over monthly installments to start at \$20,000 USD for the next three months and to increase as the customer's cash flow permits.

5. For the Second Reporting Period, operating disbursements were \$268,957 less than forecasted in the Second Cash Flow Statement and non-operating disbursements were \$213,629 less than forecasted in the Second Cash Flow Statement. The variances are largely attributable to management's effort to control costs related to wages and operating costs. The Company has also deferred payment of professional fees and capital expenditures.
6. Interim Financing requirements were \$67,111 more than forecasted. TriplePoint Capital LLC ("**TPC**"), the Company's principal secured creditor, has been funding the Company's cash requirements over the course of these Proceedings. The Company expects for this funding arrangement to continue until completion of the Transaction.

3.2 The Third Cash Flow Statement

1. The Company prepared the Third Cash Flow Statement, on a weekly basis, for the Third Cash Flow Period, being from February 12, 2024 to May 11, 2024. The Third Cash Flow Statement has been prepared by the Company using probable and hypothetical assumptions set out therein (the "Probable and Hypothetical Assumptions"). The Third Cash Flow Statement is attached to this Second Report as Appendix "C". The Third Cash Flow assumes that TPC will continue to advance interim financing and that the Transaction will close prior to March 31, 2024.
2. The Proposal Trustee's review of the Third 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 Third 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 Third 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 Third Cash Flow Statement;

- b) as at the date of this Third 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 Third Cash Flow Statement; or
- c) the Third 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 February 23, 2024, to April 8, 2024. The Company requires additional time to finalize the Transaction and subject to Court approval at a later date, to close the Transaction. 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 Third 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
ESTATE NO. 25-3002847
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

B301 002847



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)

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

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

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Facsimile: 403-531-4720
Email: adam.maerov@mcmillan.ca
preet.saini@mcmillan.ca
File Number: 300427

DATE ON WHICH ORDER WAS PRONOUNCED: January 8, 2024
LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Courts Centre
NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice Jones

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 February 23, 2024; AND UPON noting that a certificate of filing of a notice of intention to make a proposal under subsection 50.4(1) of the *Bankruptcy and Insolvency Act* RSC 1985, c B-3 was issued on October 26, 2023; AND UPON reviewing the order granted by the Honourable Justice Dunlop on November 10, 2023 which extended the time for Infarm Canada to file a proposal and the corresponding stay of proceedings, until January 9, 2024; 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**”) and any other counsel or other interested parties present; AND UPON reviewing the Affidavit of Erez Galonska sworn on December 21, 2023, and Second Report of the Proposal Trustee dated December 21, 2023;

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 February 23, 2024.

MISCELLANEOUS MATTERS

3. 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.
4. 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

5. 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>.
6. Service of this Order on any other person is hereby dispensed with.
7. 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”

Comparison of Projected to Actual Cash Flow for the Second Reporting Period

Second Reporting Period In CAD	Actual	Cash Flow Statement	Favourable / (Unfavourable) Variance
Opening Cash	\$ 7,491	\$ 11,626	\$ (4,135)
Receipts			
Collection of Outstanding Receivables	-	147,765	(147,765)
Collection of New Revenue	65,456	398,351	(332,895)
Other Miscellaneous	5,658	-	5,658
Total Receipts	71,114	546,115	(475,001)
Operating Disbursements			
Wages, Salaries, and Benefits	146,344	260,000	113,656
Utilities	2,439	3,930	1,491
Other Operating Expenses	322,881	406,654	83,773
Rent	94,830	164,868	70,038
Total Operating Disbursements	566,495	835,452	268,957
Net Cashflow From Operations	(495,381)	(289,337)	(206,044)
Non-Operating Disbursements			
Other Disbursements	9,190		(9,190)
Anticipated Capital Expenditure		80,178	80,178
Legal Counsel Fees		70,000	70,000
Trustee Fees		70,000	70,000
Trustee's Legal Counsel Fees	17,359	20,000	2,641
Total Non-Operating Disbursements	26,549	240,178	213,629
Total Disbursements	593,043	1,075,630	482,587
Net Cash Flow	(521,929)	(529,515)	7,586
Interim Financing			
Interim Financing Advances	585,000	517,889	(67,111)
Ending Cash Balance	\$ 70,562	-	\$ 70,562

Appendix “C”

Infarm Indoor Urban Farming Canada Inc.
Cash Flow Forecast
February 12, 2024 to May 12, 2024

		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	
For the week ending, In CAD	Notes	18-Feb-24	25-Feb-24	3-Mar-24	10-Mar-24	17-Mar-24	24-Mar-24	31-Mar-24	7-Apr-24	14-Apr-24	21-Apr-24	28-Apr-24	5-May-24	12-May-24	Total
Opening cash balance	1	70,562	23,562	37,562	432	80,432	432	7,432	0	0	0	0	0	0	70,562
Cash Receipts															
Cash received on closing of transaction	2							250,000							250,000
Collection of new revenue	2	36,000	36,000	42,000	42,000	42,000	42,000	42,000							282,000
		36,000	36,000	42,000	42,000	42,000	42,000	292,000							532,000
Cash Disbursements															
Operating Expenses															
Wages, salaries, and benefits	3	61,000	-	61,000	-	61,000	-	61,000							244,000
Utilities	4	-	-	-											-
Other operating expenses	5	22,000	22,000	23,300	29,000	135,000	35,000	35,000							301,300
Rent	6	-	-	94,830											94,830
		83,000	22,000	179,130	29,000	196,000	35,000	96,000							640,130
Other Disbursements															
Anticipated capital expenditures	7	-	-	-											-
		-	-	-											-
Debt Repayment															
Interest & principal		-	-	-											-
		-	-	-											-
Total disbursements		83,000	22,000	179,130	29,000	196,000	35,000	96,000							640,130
Professional Costs	8														
Company counsel legal fees		-	-					92,678							92,678
Trustee fees		-	-					112,251							112,251
Trustee's counsel fees		-	-					21,000							21,000
Total Professional Costs		-	-	-	-	-	-	225,929	-	-	-	-	-	-	225,929
Net cash flow		(47,000)	14,000	(137,130)	13,000	(154,000)	7,000	(29,929)	-	-	-	-	-	-	(334,060)
Interim financing															
Interim financing advances / (repayments)	9		-	100,000	67,000	74,000	-	22,498	-	-	-	-	-	-	263,498
Closing cash (operating line) balance		23,562	37,562	432	80,432	432	7,432	0	0	0	0	0	0	0	0

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 London, UK, this 15 day of February 2024.

Infarm Indoor Urban Farming Canada Inc.

Per:

Erez Galonska

Erez Galonska
CEO

KSV Restructuring Inc.

Per:

Andrew Basi

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

Infarm Indoor Urban Farming Canada Inc.
Notes to the Cash Flow Forecast
February 12, 2024 to May 12, 2024

Note 1

The Company maintains a checking account with Royal Bank of Canada. The opening balance represents the funds in the account on February 12, 2024.

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. The Cash Flow Forecast assumes that the Transaction closes on March 31, 2024. The cash received on closing of the transaction is pursuant to the purchase and sales agreement.

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

Rent payable on April 1, 2024 is paid by the purchaser. 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. Professional costs of upto \$250,000 are to be funded on closing of the Transaction.

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 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 15th day of February, 2024, consisting of .

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 London, UK , this 15th day of February 2024.

Erez Galonska

Erez Galonska (Feb 15, 2024 18:51 GMT)

Infarm Indoor Urban Farming Canada Inc.

Debtor

Per – Erez Galonska

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 15th day of February 2024, consisting of a signed pdf copy of a weekly cash flow statement for the period ending May 12, 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 15th day of February 2024.

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 May 12, 2024.

Projection Notes:

A signed pdf copy of a weekly cash flow statement for the period ending May 12, 2024.

Assumptions:

A signed pdf copy of a weekly cash flow statement for the period ending May 12, 2024.

Dated at the City of Calgary in the Province of Alberta, this 15th day of February 2024.

KSV Restructuring Inc. - Licensed Insolvency Trustee

Per:



David Sieradzki - Licensed Insolvency Trustee

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