



This is the 4th Affidavit
of Bat-Sheva Levy in this case and
was made on the 4th day of February 2025

District of: British Columbia
Division No.: 03 – Vancouver
Court No.: B-240536
Estate No.: 11-3149370
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
LAMBDA SOLUTIONS INC.

AFFIDAVIT

I, Bat-Sheva Levy, businesswoman, c/o Reedman Law, #800a-1030 West Georgia St.,
Vancouver, BC AFFIRM THAT:

1. I am the CEO and director of Lambda Solutions Inc. ("**Lambda**" or the "**Company**"). As such, and on the basis of information provided to me by management and staff of the Company, I have knowledge of the facts and matters hereinafter deposed to, and where information has been provided by others, I verily believe such information to be true.
2. I acknowledge the solemnity of making this affidavit and acknowledge the consequences of making an untrue statement include but are not limited to imprisonment of up to two years.
3. I am authorized to make this Affidavit on behalf of Lambda.
4. In 2022, Lambda's financial difficulties and solvency issues arise from several key factors. These include the inherent challenges of operating as a start-up company while grappling with the effects of the COVID-19 pandemic, ongoing economic downturn, the loss of three major clients, and limited access to funding. Collectively, these challenges have created significant financial uncertainty, leaving Lambda unable to meet its obligations to creditors.
5. Our company, Lambda, has accrued substantial liabilities. Under a loan agreement dated December 23, 2020, between Lambda, as borrower, and Evergreen Gap Debt LP, acting as agent for Firepower Gap Debt II LP (collectively, "**Firepower**"), as lender, we received a loan with a principal amount of \$2.5 million (the "**Loan**"). As our first-ranking senior secured creditor, Firepower is owed approximately \$1,403,756.16 under the terms of this agreement as of December 3, 2024. Our second-ranking secured creditor is the Business Development Bank of Canada ("**BDC**").

6. In response to these financial challenges, we have initiated sales processes to increase our market exposure and position the business to effectively address our outstanding debts.
7. In November and December 2024, we worked vigorously to find new purchaser.
8. The process is summarized as follows:
 - (a) In 2023, we initiated an extensive sales process to address our outstanding debts. With the guidance of investment banker David Raffa and the involvement of Firepower, we conducted a structured effort to market Lambda to potential buyers.
 - (b) Over 300 contacts were approached, and 35 potential purchasers signed nondisclosure agreements to access our due diligence data room. By May, we had engaged in discussions with 14 prospective buyers, and three parties expressed continued interest. While we received two letters of intent, our counteroffers did not result in a binding agreement. By November 2023, after exhausting all avenues, discussions with buyers ceased.
 - (c) Following this, we worked collaboratively with Firepower to stabilize our financial position.
 - (d) In late November, we agreed on forbearance terms, including an extension of our loan's maturity date, a temporary pause on interest payments, and a structured debt reduction plan through 2024. Additionally, we committed to applying proceeds from a Scientific Research and Experimental Development (SRED) tax credit toward loan repayment.
 - (e) In January 2024, we launched a second sales process, again with the assistance of Mr. Raffa and the active involvement of Firepower. This effort was even broader in scope, reaching over 1,000 potential buyers, with 56 parties signing nondisclosure agreements.
 - (f) Despite meaningful discussions and a letter of intent received in June 2024, we were unable to secure a final agreement.
 - (g) By August 2024, the last two interested buyers declined to proceed, and once again, the sale process concluded without success.

Notice of Intention to Make a Proposal and Subsequent Stay of Proceedings

9. On November 1, 2024, we filed a Notice of Intention to Make a Proposal ("NOI") with the Office of the Superintendent of Bankruptcy Canada, appointing Crowe MacKay & Company Ltd. as the Proposal Trustee. This was done after the Company received a Notice of Intention to Enforce Security from Firepower.
10. The initial stay period in the proposal proceedings granted pursuant to the NOI lasted from November 1, 2024, to December 1, 2024 (the "Initial Stay Period").

11. During the Initial Stay Period, my earlier affidavits sworn in these proceedings outline the steps to negotiate with my creditors, including Firepower and BDC.
12. To allow additional time for these discussions to continue, we obtained a consent order on November 29, 2024, extending the Initial Stay Period to December 6, 2024.
13. Additionally, by order of the Court granted on December 4, 2024 (the "**December 2024 Order**"), the stay was further extended to January 15, 2025, at 11:59 p.m. (the "**Extended Stay Period**").
14. During the Extended Stay Period, I continued discussions with Firepower and through legal counsel for the Company, and on or around January 8, 2025, we reached a tentative high-level agreement on the proposed transaction. However, additional time was required to finalize the relevant details and contractual terms of the Asset Purchase Agreement (the "**APA**").
15. Subsequently, the Company sought and were granted an order extending the Extended Stay Period. By order dated January 14, 2025, the Extended Stay Period was further extended by consent to 11:59 p.m. on February 7, 2025 (the "**Further Extended Stay Period**"), allowing us additional time to negotiate and prepare the Asset Purchase Agreement.

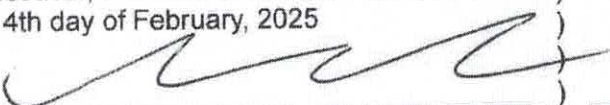
Near-Completion of the APA and Request for Stay Extension

16. During the Further Extended Stay Period, I have made significant progress in my discussions with Firepower, on behalf of Lambda. We have reached further clarity on key aspects of the APA, including employee retention provisions and a mutually agreeable purchase price. A term of the APA will require court approval and a vesting order by the court.
17. While the APA is largely finalized, a few remaining provisions require further discussion and clarification before execution by both Firepower and myself. These are not substantive obstacles but rather final refinements essential for a seamless and efficient closing.
18. Accordingly, I am seeking a brief and targeted extension until 11:59 p.m. on February 14, 2025, to allow for the finalization and execution of the APA, and to bring an application to court for court approval.
19. After which time, I believe that Lambda will be in a position to consider a proposal to its creditors.
20. I have been advised by Firepower's legal counsel, and I believe it to be true, that Firepower fully supports a brief extension. Firepower does not suffer any prejudice as a result of the stay.
21. Similarly, I have been advised by the Proposal Trustee and I verily believe it to be true, that the Proposal Trustee will be consenting to the extension of the stay period.

22. I make this affidavit in support of Lambda's Notice of Motion to further extend the stay of proceedings in this action.

The deponent, Bat-Sheva Levy, currently in West Vancouver, British Columbia, was not physically present before me but was linked with me by utilizing video technology. I, Cody Gordon Reedman, confirm that while connected via video technology, Bat-Sheva Levy had shown me the front and back of her government issued-photo identification document and I am reasonably satisfied that it is the same person and the document is valid and current. I confirm that I have reviewed each page of this affidavit and verify that the pages are identical.

AFFIRMED BEFORE ME at City of
Vancouver, Province of British Columbia, on
the 4th day of February, 2025


A Commissioner for taking Affidavits for
British Columbia


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