

Province: British Columbia
Division No. 03 - Vancouver
Court No. B-240536
Estate No. 11-3149370

**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.**

CROWE MACKAY & COMPANY LTD., PROPOSAL TRUSTEE

FIRST REPORT TO COURT

December 2, 2024

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I. **INTRODUCTION**

1. On November 1, 2024 (the "**Filing Date**"), Lambda Solutions Inc. (the "**Company**") filed a Notice of Intention to Make a Proposal (the "**NOI**") pursuant to subsection 50.4(1) of the *Bankruptcy and the Insolvency Act* R.S.C.1985, c. B-3 (the "**BIA**") and Crowe MacKay & Company Ltd. consented to act as Trustee under the Proposal (the "**Proposal Trustee**").
2. Pursuant to section 50.4(8) of the BIA, the initial stay period in the proposal proceedings is from November 1, 2024 to December 1, 2024 (the "**Stay Period**").
3. A copy of the Certificate of Filing of the NOI issued by the Office of the Superintendent of Bankruptcy is attached hereto as **Appendix "A"**.

II. **PURPOSE OF REPORT**

4. The purpose of this report by the Proposal Trustee (the "**First Report**") is to provide this Honourable Court and the Company's stakeholders with:
 - a. information regarding the Company's current operations and certain matters relating thereto;
 - b. the Company's cash flow projection for the 15-week period from November 3, 2024 to February 15, 2025; and,
 - c. the Proposal Trustee's recommendations with respect to the Company's application to this Honourable Court for an order, among other things:
 - i. granting an Administration Charge in the amount of \$150,000;
 - ii. authorizing and empowering the Company to obtain and borrow under an interim financing facility (the "**Interim Facility**") from the Interim Lender (as defined below) to finance the continuation of its business provided that, among other things, the borrowings under the Interim Facility shall not exceed \$120,000 unless permitted by further Order;
 - iii. granting in favour of the Interim Lender a priority charge (the "**Interim Lender's Charge**") over the assets of the Company to a maximum of \$120,000 which will rank in priority over all other encumbrances on the assets, properties and undertakings of the Company, other than the Administration Charge (defined below); and,
 - iv. extending the Initial Stay Period for an additional 45 days from December 1, 2024 to January 15, 2025 (the "**First Extension**").

III. **TERMS OF REFERENCE**

5. In preparing this First Report, the Proposal Trustee has necessarily relied upon unaudited financial and other information provided by the Company, the Company's books and records, and discussions with management of the Company (collectively, the **"Information"**), namely Ms. Bat-Sheva Levy and Ms. Naama Sireni (together, **"Management"**).
6. The Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards pursuant to the Chartered Professional Accountants Handbook. Accordingly, the Proposal Trustee expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information used to prepare this First Report.
7. Certain of the information referred to in this First Report consists of financial forecasts and/or projections prepared by the Company. An examination or review of the financial forecasts/projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed by the Proposal Trustee. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions of future events and conditions that are not ascertainable, actual results may vary and the variations could be material.

IV. **COMPANY BACKGROUND AND OPERATIONS**

8. The Company was incorporated in the province of British Columbia on October 23, 2002 and is a software platform which offers a single integrated platform for businesses to manage, monetize, and market their online training.
9. The Company's sole director is Ms. Bat-Sheva Levy.
10. Management advised that the Company employs nine (9) full time employees in Canada, and two (2) full time contractors in Serbia. Management further advised that the Company has in or around 88 customers which are all located in Canada and the United States, and that across these 88 customers the Company hosts millions of users.
11. Management advised that the Company began to face financial challenges in or around 2022 as a result of delayed impacts from the COVID-19 pandemic, including a general downturn in the broader economy as well as limited access to funding to sustain operations. Management advised that since 2022, the Company lost three (3) major clients which have put increased pressures on the Company's ability to meet its obligations in the ordinary course of business.
12. Management advised that in order to address the financial difficulties the Company was facing, steps were taken to reduce the strain on the Company's cash flow which included, but was not limited to, the following:

- a. reducing marketing expenditures;
 - b. lowering management salaries;
 - c. downsizing its workforce; and,
 - d. optimizing its Amazon Web Services hosting costs.
13. Management advised that on or around October 23, 2024, FirePower Capital ("**FirePower**"), being the Company's senior secured creditor, issued a Notice of Intention to Enforce Security under Section 244 of the BIA (the "**Notice to Enforce**").
14. Management advised that given the Notice to Enforce and the fact that the Company was no longer able to meet its obligations in the ordinary course, that the Company was insolvent. Accordingly, the Company filed an NOI on November 1, 2024.

V. **ASSETS AND LIABILITIES OF THE COMPANY**

15. The Proposal Trustee has not been able to conduct a detailed assessment of the Company's assets and liabilities at the date of this First Report. The below information was prepared based on preliminary information received by the Company and is subject to change. A more detailed assessment will be conducted by the Proposal Trustee over the course of its administration and will be presented to the stakeholders in its report to consider the Proposal once filed.

ASSETS

16. Below is a summary of the Company's assets as at the Filing Date, which has been prepared using the Company's bookkeeping as at October 31, 20024:

Nature of Property	Net Book Value (\$)
Cash	173,213
Trade Accounts Receivable	88,335
Income Taxes Receivable	250,000
Other Assets	136,562
Prepaid Expenses and Deposits	37,572
Fixed Assets	36,940
Total	\$722,622

Cash

17. Management advised that as at October 31, 2024 it had cash totalling \$173,213. As at the Filing Date, the Company's cash balance had decreased as a result of its ongoing operations to a balance of in or around \$16K.

Trade Accounts Receivable

18. Management advised that in or around the Filing Date, the Company had trade accounts receivable of about \$88,335. Management further advised that it has historically collected 100% of accounts receivable balances and believes that this will continue throughout the restructuring proceeding.

Income Taxes Receivable

19. Management advised that the Company has recorded an accrual for income taxes receivable in the amount of \$250,000 relating to the Scientific Research and Experimental Development ("SR&ED") tax credit. Management advised that this is a conservative estimate of the probable SR&ED credit, as the 2023 refund was in the amount of \$611K. Management advises that it anticipates to collect the 2024 SR&ED refund sometime in or around March/April of 2025.

Other Assets

20. Management advised that the Company had recorded an accrual in the amount of \$136,562 relating to expenses incurred for a project. Management further advised that the project was part of an informal partnership with FirePower, and it was contemplated that FirePower would reimburse these same expenses. As at the date of this report, it is unclear what portion of the accrued balance is recoverable, if any at all.

Prepaid Expenses and Deposits

21. Management advised that the Company has prepaid expenses and deposits totalling \$37,572 which is comprised of largely prepaid subscriptions for software. In the event of a bankruptcy, it is unclear what balance of the security deposits would be recoverable, if any at all.

Fixed Assets

22. Management has advised that the Company has the following fixed assets:

Nature of Property	Net Book Value (\$)
Computer Hardware	36,940
Computer Software	NIL
TOTAL	\$36,940

23. Management has advised that its fixed assets are comprised of largely computer hardware and computer software. Management has advised that the computer hardware is a number of years old, and accordingly it is unclear if there is any value in same.

Management further advised that the computer software has been fully amortized for accounting purposes, and that it also does not have any value.

Intangible Assets

24. Management advised that the Company has intangible assets which are not capitalized on its balance sheet. These intangible assets are primarily comprised of a trademark (registered both in Canada and the USA), as well as a customer list. In the event of a bankruptcy, it is unclear what value, if any at all, the Company's intangible assets may yield.

LIABILITIES

Secured Creditors and Statutory Liabilities

25. Based on a *Personal Property Registry* ("PPR") search and information provided by Management, the Company is indebted, on a secured basis, to the following parties:

Secured Creditor	Particulars of Security Interest	Approx. Indebtedness (\$)
Evergreen Gap Debt GP Inc., as agent for FirePower	First ranking all present and after-acquired personal property ("AIPAAP") security	1,379,752
Business Development Bank of Canada ("BDC")	Second ranking AIPAAP security	422,309
BMW Canada Inc.	Purchase Money Security Interest ("PMSI") on 1 vehicle	11,900

(collectively, the "**Secured Creditors**").

26. Attached hereto as **Appendix "B"** is a copy of the PPR search for the Company as at October 31, 2024.
27. Based on available records, the Company is indebted to the CRA in the amount of approximately \$12,726 for unpaid employee source deductions. The Proposal Trustee understands that this amount includes the employee and employer portion of source deductions but may not include interest and penalties. This amount is subject to change as a trust examination has not yet been conducted by CRA. In the event of a Proposal, the Company will need to pay the amounts due for source deductions in full (including employee and employer portion plus interest and penalties) within six-months of Court approval of the Proposal unless otherwise extended by CRA. In the event of a bankruptcy, only the employee portion of this claim ranks as a deemed trust claim ahead of all other creditors including the Secured Creditors.

- 28. As mentioned above, FirePower issued a Notice to Enforce on or around October 23, 2024
- 29. Other than the Secured Creditors listed above, the Proposal Trustee is not aware of any other parties who may hold a secured or deemed trust claim against the Company.

Preferred Creditors

- 30. As at the Filing Date, Management advised that the Company may be indebted to approximately 9 employees with respect to accrued vacation pay of approximately \$21K. Most of the remaining employees are expected to take their accrued vacation during this ongoing restructuring process, or sometime thereafter.
- 31. Employees could be entitled to a preferred claim for wages and vacation due within 6-months of the Filing Date pursuant to subsection 136(d) of the BIA to a maximum of \$2,000 per employee. The extent of the amounts due to the employees has yet to be determined.
- 32. Besides the potential preferred claims set out above, at this time the Proposal Trustee is not aware of any other parties who may hold a preferred claim pursuant to Section 136 of the BIA.

Unsecured Creditors

- 33. As at the Filing Date, the Company was indebted to in or around 11 parties with unsecured claims totaling approximately \$1,683,724.27. These parties consist primarily of trade suppliers, employees, Management, and various other vendors.

VI. ACTIVITIES OF THE COMPANY

- 34. Since the Filing Date, the Company's Management have engaged in, among other things, the following activities:
 - a. attended meetings with the Proposal Trustee to discuss the affairs of the Company, as well as the options available;
 - b. prepared and filed a projected cashflow statement for the 15-week period from November 3, 2024 to February 15, 2025 along with assumptions on or around November 8, 2024;
 - c. communicated with numerous stakeholders regarding these NOI proceeding;
 - d. made arrangements to obtain debtor-in-possession financing, which includes negotiating the DIP Term Sheet; and,
 - e. various other matters.

VII. **ACTIVITIES OF THE PROPOSAL TRUSTEE**

35. Since the Filing Date, the Proposal Trustee has engaged in, among other things, the following activities:
- a. attended meetings with Management to discuss the affairs of the Company, as well as the options available;
 - b. mailed out the initial notice to all known creditors and employees with claims of greater than \$250 on or about November 5, 2024 notifying them of the NOI proceedings pursuant to section 50.4(6) of the BIA, a copy of which is hereto attached as **Appendix "C"**;
 - c. assisted Management in preparing a projected cashflow statement for the 15-week period from November 3, 2024 to February 15, 2025 which, along with assumptions, was filed with the Office of Superintendent of Bankruptcy on November 8, 2024 in accordance with section 50.4(2) of the BIA;
 - d. had various discussion with the Company and its legal counsel relating to matters relevant to the various relief sought, as discussed below;
 - e. attended numerous meetings and discussions with Management, counsel for the Company, regarding, among other things, ongoing operations, financial affairs, restructuring efforts, debtor-in-possession financing, particulars of assets and liabilities, cash flows and other matters relating to these NOI proceedings;
 - f. established and maintained a public website for these proceedings at: <https://crowemackayco.ca/project/lambda-solutions-inc/>; and,
 - g. prepared this First Report.

VIII. **15-WEEK CASH FLOW PROJECTION TO FEBRUARY 15, 2024**

36. The Company, with assistance of the Proposal Trustee, has prepared a 15-week cash flow for the period November 3, 2024 to February 15, 2025. A copy of the cash flow, along with the assumptions, is attached as **Appendix "D"** (the "**15-Week Cash Flow**").
37. The Proposal Trustee's review of the 15-Week Cash Flow consisted of inquiries, analytical procedures and discussions related to information supplied to the Proposal Trustee by Management. 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 purpose of the 15-Week Cash Flow. The Proposal Trustee has also reviewed the support provided by Management for the probable assumptions and the preparation and presentation of the 15-Week Cash Flow.

38. 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 15-Week Cash Flow;
 - b. as at the date of this First 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 15-Week Cash Flow, given the probable and hypothetical assumptions; or,
 - c. the 15-Week Cash Flow does not reflect the probable and hypothetical assumptions.
39. Based on the assumptions above, as well as the assumption that the Company obtain the Interim Financing, it is believed that the Company will have sufficient funds to operate during the Initial Stay Period as well as the First Extension provided the Interim Facility is approved (to be discussed below).

IX. PROPOSAL TRUSTEE'S MONITORING OF COMPANY'S CASH FLOWS

40. Management has provided the Proposal Trustee with the actual cash flows for the period of November 3, 2024, to November 17, 2024. The Proposal Trustee reviewed actual cash flows and discussed the Company's ongoing operations with Management.
41. The Proposal Trustee is not aware of any material adverse variances between the actual cash flows and the 15-Week Cash Flow.
42. Management advises that the Company is up to date with all of its filing and post-filing obligations to CRA and has continued to meet its other post-filing obligations in the ordinary course, together with its obligations under the *BIA*.

X. ADMINISTRATION CHARGE

43. The Company is seeking an administration charge over its property up to a maximum of \$150,000 to secure payment of the fees and disbursements of the Proposal Trustee, the Proposal Trustee's legal counsel (should counsel be engaged) and counsel for the Company (the "**Administration Charge**"). The Company is requesting that this Court issue an order stating that the Administration Charge is to rank ahead of all security, interests, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise.
44. The Administration Charge is against all present and after-acquired assets, property and undertakings of the Company and shall rank in priority to all security interests, trusts, liens,

charges, encumbrances, and other claims of secured creditors, statutory or otherwise, including all other court-ordered charges.

45. The Proposal Trustee has worked with the Company, the Company's counsel and other professionals to determine the appropriate amount of the Administration Charge. It is reflective of the limited funds currently available to the Company and the fact that if the proposal proceedings are unsuccessful, the Proposal Trustee will have a significant amount of work to do, including transitioning the proceedings to a bankruptcy.
46. Presently, the Proposal Trustee holds a retainer \$75,000 to protect its fees and costs. The Company's legal counsel does not currently hold a retainer.
47. Given the tight liquidity constraints that the Company has been operating under, there is a heightened risk to the timely funding of the professional fees relating to these proceedings. These proceedings require the necessary involvement of professionals to guide and/or complete a successful proposal and, as such, it is the Proposal Trustee's respectful view that the Administration Charge is reasonable and appropriate to ensure the continued support of the respective professionals in the Company's efforts to restructure.

XI. **DEBTOR-IN-POSSESSION FINANCING**

48. While Lambda is currently seeking additional funding from its client-base by offering discounted rates for annual subscriptions to its services for the upcoming calendar year, Lambda may require interim financing to continue operating through these proceedings, with a view to maintaining going concern value and formulating and presenting a proposal to its creditors.
49. As contemplated by the cash flow forecast, in order to finance ongoing operations and to meet obligations as they generally become due, the Company requires interim financing. The 15-Week Cash Flow sets out that the Company would require approximately \$120,000 in additional financing.
50. Approximately \$120,000 is intended to be advanced in or around the week ending November 30, 2024. These funds will be advanced by Ms. Levy, in her personal capacity (the "**Interim Lender**").
51. The Proposal Trustee has reviewed the term sheet for the interim facility between the Company and the Interim Lender, and notes the following major terms:
 - a. the Interim Lender will advance up to \$120,000 with the proceeds being used for working capital for the Company;
 - b. the Interim Lender will be granted a super priority charge over the assets of the Company, ranking behind only the Administration Charge;
 - c. the Interim Facility will bear interest at the rate of 10% per annum;

- d. the Interim Facility will mature at the earlier of February 28, 2025, any merger or sale of the Company, the expiration of the stay of proceedings, or a default event; and,
- e. expenses relating to the Interim Facility will be paid by the Company.

Attached as **Appendix "E"** is a copy of the term sheet provided by the Interim Lender.

- 52. Based on the proposed terms of the Interim Facility as set out above, the Proposal Trustee is of the respectful view that proposed terms are reasonable, and that the Interim Facility would ultimately enhance the prospects of a viable proposal being made to the Company's creditors. Further, the Proposal Trustee is of the opinion that the Company will not be in a position to meet its post-filing obligations in the ordinary course nor file a Proposal should it not receive the Interim Facility. Should the Company not receive the Interim Facility, the Proposal Trustee is of the opinion that this would likely result in a deemed automatic assignment into bankruptcy, and it is unclear what recoveries (if any) will be forthcoming to the stakeholders in the event of a bankruptcy.
- 53. In arriving at the above opinion, the Proposal Trustee considered the factors as set out in subsection 50.6(5) of the BIA, which are as follows:
 - a. the period during which the debtor is expected to be subject to proceedings under the BIA;
 - b. how the debtor's business and financial affairs are to be managed during these proceedings;
 - c. whether the debtor's management has the confidence of its major creditors;
 - d. whether the loan would enhance the prospects of a viable proposal being made in respect of the debtor;
 - e. the nature and value of the debtor's property; and,
 - f. whether any creditor would be materially prejudiced as a result of the security of charge.
- 54. When considering the factors set out in subsection 50.6(5) of the BIA listed above, the Proposal Trustee is of the opinion that:
 - a. the Company has acted in good faith and with due diligence during these proceedings;
 - b. the Interim Financing would result in a greater likelihood of a viable proposal, and therefore a greater likelihood of an improved outcome for both the secured and unsecured creditors; and,
 - c. based on preliminary information received with respect to the valuation of the Company's assets, it appears FirePower, along with all subordinated secured creditors may suffer a shortfall on its advances to the Company in the event that the Company is placed into bankruptcy.

55. As described in the 15-Week Cash Flow, the Company has critical and immediate need for interim financing. Accordingly, the Proposal Trustee is of the view that the Company's request for approval of the Interim Lender's Charge is required and reasonable in the circumstances. The Proposal Trustee is also of the view that the proposed terms described above are fair and reasonable, and are consistent with interim financings approved in other similar BIA or *Companies' Creditors' Arrangement Act* proceedings.

XII. EXTENSION TO THE STAY OF PROCEEDINGS

56. The Company is seeking a 45-day extension to the Initial Stay of Proceedings. This would extend the Initial Stay of Proceedings from December 1, 2024 to January 15, 2024.
57. Based on the 15-Week Cash Flow noted above, the Company is projecting to have sufficient funds to sustain operations, up to and including the First Extension period provided the Interim Financing is approved.
58. The Proposal Trustee supports the Company's request for the First Extension of the Initial Stay Period for the following reasons:
- a. the Company has acted in good faith and with due diligence;
 - b. the Company would likely be able to make a viable proposal if the Extension were to be granted; and,
 - c. no creditor would be materially prejudiced if the extension is granted.

XIII. PROPOSAL TRUSTEE'S RECOMMENDATIONS

59. Based on the current information made available by Management, the Proposal Trustee has the following comments in respect to the Company's application for approval of the relief sought:
- a. the Administration Charge for the involvement of professionals is necessary to ensure the continued support and guidance to the Company in its pursuit of a successful proposal;
 - b. the Interim Facility and the Interim Lender's Charge will assist the Company in funding operations, and accordingly provide the Company with a greater likelihood of filing a viable proposal. This could result in a greater recovery to the secured creditors and the general body of the unsecured creditors as opposed to an immediate bankruptcy particularly if the realizations of the assets referred to above under a forced liquidation are nominal (if any); and,
 - c. the First Extension is necessary for the Company to formulate a viable proposal.

60. For the above reasons, the Proposal Trustee respectfully recommends that this Honourable Court grant an Order for the relief sought by the Company.

DATED AT the City of Vancouver, in the Province of British Columbia, this 2nd day of December 2024.

Crowe MacKay & Company Ltd.

in its capacity as Licensed Insolvency Trustee of the Proposal of
Lambda Solutions Inc. and not in its personal capacity

Per:



Mr. Derek Lai, CPA, CMA, CIRP, LIT, CFE
(Chartered Insolvency & Restructuring Professional)



Mr. Nelson Allan, CPA, CIRP, LIT
(Chartered Insolvency & Restructuring Professional)

APPENDIX A



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of British Columbia

Division No. 03 - Vancouver

Court No. 11-3149370

Estate No. 11-3149370

In the Matter of the Notice of Intention to make a proposal of:

Lambda Solutions Inc.

Insolvent Person

CROWE MACKAY & COMPANY LTD

Licensed Insolvency Trustee

Date of the Notice of Intention:

November 01, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: November 04, 2024, 13:59

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

Canada

APPENDIX B

Business Debtor - "LAMBDA SOLUTIONS INC."

Search Date and Time: October 31, 2024 at 10:24:22 am Pacific time
Account Name: CROWE MACKAY & COMPANY LTD.
Folio Number: LAMBDA SOLUTION

TABLE OF CONTENTS

3 Matches in 3 Registrations in Report

Exact Matches: 3 (*)

Total Search Report Pages: 11

	Base Registration	Base Registration Date	Debtor Name	Page
1	399940D	December 13, 2006	* LAMBDA SOLUTIONS INC.	2
2	657943M	December 16, 2020	* LAMBDA SOLUTIONS INC	7
3	876391P	October 30, 2023	* LAMBDA SOLUTIONS INC	9

Base Registration Number: 399940D

Registration Description:	PPSA SECURITY AGREEMENT
Act:	PERSONAL PROPERTY SECURITY ACT
Base Registration Date and Time:	December 13, 2006 at 11:03:40 am Pacific time
Current Expiry Date and Time:	December 13, 2031 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of October 31, 2024 at 10:24:22 am Pacific time)

Secured Party Information

**BUSINESS DEVELOPMENT BANK OF
CANADA**

Address

1500 - 1133 MELVILLE STREET
VANCOUVER BC
V6E 4E5 Canada

Debtor Information

LAMBDA SOLUTIONS INC.

Address

1100 - 505 BURRARD STREET
VANCOUVER BC
V7X 1M5 Canada

Vehicle Collateral

None

General Collateral

Base Registration General Collateral:

ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY OF THE DEBTOR AND WITHOUT
LIMITATION ALL CROPS, LICENSES AND FIXTURES.

Original Registering Party

**BUSINESS DEVELOPMENT BANK OF
CANADA**

Address

1500 - 1133 MELVILLE STREET
VANCOUVER BC
V6E 4E5 Canada



HISTORY

(Showing most recent first)

RENEWAL

Registration Date and Time: October 31, 2019 at 2:06:46 pm Pacific time
Registration Number: 865800L
Registration Life: 6 Years
New Expiration Date and Time: December 13, 2031 at 11:59:59 pm Pacific time

Registering Party Information

**BUSINESS DEVELOPMENT BANK
OF CANADA**

Address

1500 - 1133 MELVILLE STREET
VANCOUVER BC
V6E 4E5 Canada

AMENDMENT

Registration Date and Time: March 3, 2017 at 4:41:51 pm Pacific time
Registration Number: 858219J
Description: POSTPONEMENT AND PRIORITY AGREEMENT IN FAVOUR OF LIQUID CAPITAL EXCHANGE CORP. SECURITY AGREEMENT REGISTERED MARCH 3, 2017 AS BASE REGISTRATION #857690J, GRANTING PRIORITY OVER ACCOUNTS RECEIVABLE DESCRIBED IN THE POSTPONEMENT AND PRIORITY AGREEMENT DATED FEBRUARY 24, 2017.

Registering Party Information

HAMMERBERG LAWYERS LLP

Address

1220 - 1200 WEST 73RD AVENUE
VANCOUVER BC
V6P 6G5 Canada

RENEWAL

Registration Date and Time: June 10, 2013 at 4:16:47 pm Pacific time
Registration Number: 395100H
Registration Life: 5 Years
New Expiration Date and Time: December 13, 2025 at 11:59:59 pm Pacific time

Registering Party Information

**BUSINESS DEVELOPMENT BANK
OF CANADA**

Address

1500 - 1133 MELVILLE STREET
VANCOUVER BC
V6E 4E5 Canada

AMENDMENT

Registration Date and Time: November 5, 2009 at 10:45:37 am Pacific time
Registration Number: 261175F
Description: SUBORDINATION AGREEMENT REGARDING THE PRIORITY
OF THE SECURED PARTY'S SECURITY INTERESTS VIS A VIS
THE SECURITY INTERESTS PERFECTED BY BASE
REGISTRATION NO. 257729FREGISTERED ON NOVEMBER
3, 2009

Registering Party Information

**FASKEN MARTINEAU DUMOULIN
LLP**

Address

SUITE 2900, 550 BURNARD STREET
VANCOUVER BC
V6C 0A3 Canada

RENEWAL

Registration Date and Time: December 6, 2007 at 9:30:47 am Pacific time
Registration Number: 076020E
Registration Life: 3 Years
New Expiration Date and Time: December 13, 2020 at 11:59:59 pm Pacific time

Registering Party Information

**BUSINESS DEVELOPMENT BANK
OF CANADA**

Address

1500 - 1133 MELVILLE STREET
VANCOUVER BC
V6E 4E5 Canada



Base Registration Number: 657943M

Registration Description:	PPSA SECURITY AGREEMENT
Act:	PERSONAL PROPERTY SECURITY ACT
Base Registration Date and Time:	December 16, 2020 at 8:59:11 am Pacific time
Current Expiry Date and Time:	December 16, 2025 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of October 31, 2024 at 10:24:22 am Pacific time)

Secured Party Information

**EVERGREEN GAP DEBT GP INC., AS
AGENT**

Address

47 FRONT ST. E, STE 200
TORONTO ON
M5E 1B3 Canada

Debtor Information

LAMBDA SOLUTIONS INC

Address

200-110 WEST HASTINGS STREET
VANCOUVER BC
V6B 1G8 Canada

Vehicle Collateral

None

General Collateral

Base Registration General Collateral:

A SECURITY INTEREST IS TAKEN IN ALL ASSETS OF THE DEBTOR, WHETHER NOW OWNED OR
HEREAFTER ACQUIRED BY THE DEBTOR AND WHERESOEVER LOCATED, AND THE PROCEEDS THEREOF.

Original Registering Party

WILDEBOER DELLELCE LLP (PA-M)

Address

365 BAY STREET, SUITE 800
TORONTO ON
M5H 2V1 Canada



Base Registration Number: 876391P

Registration Description:	PPSA SECURITY AGREEMENT
Act:	PERSONAL PROPERTY SECURITY ACT
Base Registration Date and Time:	October 30, 2023 at 6:06:42 am Pacific time
Current Expiry Date and Time:	October 30, 2027 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
Trust Indenture:	No

CURRENT REGISTRATION INFORMATION

(as of October 31, 2024 at 10:24:22 am Pacific time)

Secured Party Information

BMW CANADA INC.

Address

50 ULTIMATE DRIVE
RICHMOND HILL ON
L4S 0C8 Canada

Debtor Information

LEVY, SHERA BAT	Address 3985 BAYRIDGE AVENUE WEST VANCOUVER BC V7V 3J6 Canada	Birthdate February 16, 1955
LEVY, BATSHEVA	Address 3985 BAYRIDGE AVENUE WEST VANCOUVER BC V7V 3J6 Canada	Birthdate February 16, 1955
LEVY, SHEVY	Address 3985 BAYRIDGE AVENUE WEST VANCOUVER BC V7V 3J6 Canada	Birthdate February 16, 1955
LEVY, BAT SHEVA	Address 3985 BAYRIDGE AVENUE WEST VANCOUVER BC V7V 3J6 Canada	Birthdate February 16, 1955
LAMBDA SOLUTIONS INC	Address 1659 EDGEWATER LANE NORTH VANCOUVER BC V7H 1T3 Canada	
BAT SHEVA, LAVY	Address 3985 BAYRIDGE AVENUE WEST VANCOUVER BC V7V 3J6 Canada	Birthdate February 16, 1955

Vehicle Collateral

Type	Year	Make/Model	Serial/VIN/DOT Number
Motor Vehicle (MV)	2023	BMW / X3 xDrive30e	5UX63DP07P9R45840

General Collateral

Base Registration General Collateral:

The full debtor name is: BAT SHEVA LEVY

Original Registering Party

D + H LIMITED PARTNERSHIP

Address

2 ROBERT SPECK PARKWAY, 15TH FLOOR
MISSISSAUGA ON
L4Z 1H8 Canada



APPENDIX C

November 4, 2024

To: The Creditors of Lambda Solutions Inc. (the "Company")

The Company filed a Notice of Intention to Make a Proposal (the "NOI") pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act* ("BIA") on November 1, 2024 and Crowe MacKay & Company Ltd. (the "Trustee") was named Proposal Trustee for the Company. Enclosed for your records is a copy of the NOI and the List of Creditors. As the Trustee, we would like to take this opportunity to address some issues and perhaps answer some questions that you may have.

The Company has NOT filed for Bankruptcy nor is the Company in Receivership.

The Company remains under the control of management. The NOI creates a stay of proceedings and allows the Company a period of up to thirty days to prepare and file a Proposal to its creditors unless the period is extended by the Court upon application by the Company. During this period, the Trustee will monitor the business of the Company and assist the Company in preparing its Proposal.

All amounts owed by the Company as at the date of the NOI will be dealt with as part of the Proposal to be filed by the Company. The Company is continuing to operate as usual during the NOI period. Pursuant to Section 65.1 of the BIA, no person may terminate or amend any agreement, including a security agreement, with the Company, or claim an accelerated payment, or a forfeiture of the term, under any agreement, including a security agreement, with the Company by reason only that the insolvent person is insolvent or a NOI or Proposal has been filed.

Filing a Claim

At this time, you do NOT need to file a Proof of Claim or report any discrepancies concerning the amount reported as owing to you by the Company as stated on the List of Creditors enclosed. You will receive a Proof of Claim form to complete and file with the Trustee after the Company has filed its Proposal or if the Company is deemed bankrupt. All proven creditors will have the opportunity to vote on the Proposal in person or by mail at a creditor's meeting to be held approximately three weeks after the Proposal is filed.

The Trustee will be providing updates with respect to the status of this proceeding on its website (www.crowemackayco.ca) under 'recent engagements'.

If you have any questions, please contact Mr. Nelson Allan at 604-697-5209 / nelson.allan@crowemackay.ca

Yours very truly,

CROWE MACKAY & COMPANY LTD.

in its capacity as Proposal Trustee in the Notice of Intention to Make a Proposal of
Lambda Solutions Inc. and not in its personal capacity

per:



Encl.



Industry Canada

Office of the Superintendent
of Bankruptcy Canada

Industrie Canada

Bureau du surintendant
des faillites Canada

District of British Columbia

Division No. 03 - Vancouver

Court No. 11-3149370

Estate No. 11-3149370

In the Matter of the Notice of Intention to make a proposal of:

Lambda Solutions Inc.

Insolvent Person

CROWE MACKAY & COMPANY LTD

Licensed Insolvency Trustee

Date of the Notice of Intention:

November 01, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL

Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: November 04, 2024, 13:59

E-File/Dépôt Electronique

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

Canada

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Lambda Solutions Inc.
of the City of West Vancouver, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

Take notice that:

1. I, Lambda Solutions Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. Crowe MacKay & Company Ltd. of 1100 - 1177 West Hastings Street, Vancouver, BC, V6E 4T5, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Vancouver in the Province of British Columbia, this 1st day of November 2024.



Lambda Solutions Inc.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Lambda Solutions Inc.
of the City of West Vancouver, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

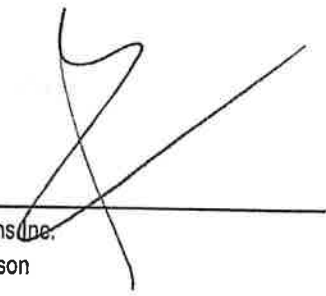
List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Blake Cassels & Graydon LLP	#3500 - 1133 Melville Street Vancouver BC V6E 4E5		120,851.52
Business Development Bank of Canada - Vancouver Adriane Grabarevic	1500 - 1133 Melville St Vancouver BC V6E 4E5		422,308.63
Clark Wilson LLP	900 - 885 West Georgia Street Vancouver BC V6C 3H1		10,639.77
Dan Nethanyaghu (CAD)	13 Haerez Street Zurit Israel	shareholder loan	166,074.19
Dan Nethanyahu (USD)	13 Haerez Street Zurit Israel	shareholder loan	495,338.47
Evergreen Gap Debt GP Inc., as Agent) FirePower Debt GP Inc.	200 - 47 Front Street East Toronto ON M5E 1B3		1,379,751.56
Gilbert Tobin AUD	Gilbert + Tobin, Level 16 Brookfield Place Tower 2, 123 St Georges Terrace Perth, WA 6000 Australia		39,882.38
Gregory & Lima Lubocki	rimalubo@gmail.com Vancouver BC	shareholder loan	249,172.60
KPMG	Milutina Milankovica 1J, 11070 Belgrade Belgrade Serbia		18,444.93
KPMG	Milutina Milankovica 1J, 11070 Belgrade Belgrade Serbia		5,700.00
Michelle Rogers	Virtually There CFO Services 203 - 3842 Gordon Drive Kelowna BC V1W 3G4		46,882.50
Nephele EU	Nephele Doo Novi Sad 2100 Novi Sad Serbia		18,086.20
Shareholder Loan (Levy)	3985 Bayridge Avenue West Vancouver BC V7V 3J6		402,391.00

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
Lambda Solutions Inc.
of the City of West Vancouver, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
TDB Restructuring-Bryan Tanenbaum	#700 - 11 King Sreet West Toronto ON M5H 4C7		4,005.29
Tibco Jaspersoft	Tlibco Software Ireland) Limited 140 Thomas Street Dublin 8 Ireland		88,735.33
Wildboer Dellelce	#800 - 365 Bay Street Toronto ON M5H 2V1		17,520.09
Total			3,485,784.46



Lambda Solutions Inc.
Insolvent Person

- Proposal Consent -

In the Matter of the Proposal of
Lambda Solutions Inc.
of the City of West Vancouver, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of Lambda Solutions Inc..

Dated at the City of Vancouver in the Province of British Columbia, this 1st day of November 2024.

Crowe MacKay & Company Ltd. - Licensed Insolvency Trustee




1100 - 1177 West Hastings Street
Vancouver BC V6E 4T5
Phone: (604) 689-3928 Fax: (604) 687-5617

APPENDIX D


In the Matter of the Notice of Intention to File a Proposal of Lambda Solutions Inc.
For the Period of November 3, 2024 to February 15, 2025
Cash Flow Projections

	1	2	3	4	5	6	7	8
	3-Nov-24	10-Nov-24	17-Nov-24	24-Nov-24	1-Dec-24	8-Dec-24	15-Dec-24	22-Dec-24
	9-Nov-24	16-Nov-24	23-Nov-24	30-Nov-24	7-Dec-24	14-Dec-24	21-Dec-24	28-Dec-24
Note								
Opening Cash	17,955	81,674	41,039	26,039	110,645	61,413	62,683	10,173
Cash Inflows								
Accounts Receivable Collections	[3] 87,600	-	-	19,366	35,300	8,145	-	-
Forecasted Sales	[4] -	-	-	-	8,167	-	-	-
Interim Financing	[5] -	-	-	120,000	-	-	-	-
	87,600	-	-	139,366	43,468	8,145	-	-
Cash Outflows								
Cost of Goods Sold	[6] 3,150	-	-	-	50,095	-	-	-
Wages, Benefits, and Employee Source Deductions	[7] -	35,635	-	47,885	-	-	35,635	-
Contractors	[8] 9,345	-	-	-	9,345	-	-	-
Contingency	[9] -	5,000	-	5,000	-	5,000	-	5,000
Professional Fees (Restructuring)	[10] -	-	15,000	1,875	21,875	1,875	16,875	1,875
Operating Expenses	[11] 11,386	-	-	-	11,386	-	-	-
Repayment of Interim Financing	[5] -	-	-	-	-	-	-	-
Payment of Goods and Services Tax	[12] -	-	-	-	-	-	-	-
	23,881	40,635	15,000	54,760	92,701	6,875	52,510	6,875
Change in Cash	63,720	(40,635)	(15,000)	84,606	(49,233)	1,270	(52,510)	(6,875)
Closing Cash	81,674	41,039	26,039	110,645	61,413	62,683	10,173	3,298



Lambda Solutions Inc.

This statement of projected cash flow of Lambda Solutions Inc. was prepared in accordance with Paragraph 50.4(2) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report.



Crowe MacKay & Company Ltd.

in its capacity as Trustee under the Notice of Intention to Make a Proposal of Lambda Solutions Inc. and not in its personal capacity

In the Matter of the Notice of Intention to File a Proposal of Lambda Solutions Inc.
For the Period of November 3, 2024 to February 15, 2025
Cash Flow Projections

	9	10	11	12	13	14	15
	29-Dec-24	5-Jan-25	12-Jan-25	19-Jan-25	26-Jan-25	2-Feb-25	9-Feb-25
	4-Jan-25	11-Jan-25	18-Jan-25	25-Jan-25	1-Feb-25	8-Feb-25	15-Feb-25
Opening Cash	3,298	479,605	386,440	338,018	318,417	511,881	443,588
Cash Inflows							
Accounts Receivable Collections	83,754	-	-	-	75,967	8,145	-
Forecasted Sales	469,009	1,262	-	-	221,002	1,262	-
Interim Financing	-	-	-	-	-	-	-
	552,764	1,262	-	-	296,969	9,407	-
Cash Outflows							
Cost of Goods Sold	-	50,095	-	-	-	50,095	-
Wages, Benefits, and Employee Source Deductions	57,081	16,726	34,048	12,726	34,130	-	46,774
Contractors	-	9,345	-	-	-	9,345	-
Contingency	-	5,000	-	5,000	-	5,000	-
Professional Fees (Restructuring)	19,375	1,875	14,375	1,875	19,375	1,875	14,375
Operating Expenses	-	11,386	-	-	25,000	11,386	5,000
Repayment of Interim Financing	-	-	-	-	-	-	120,000
Payment of Goods and Services Tax	-	-	-	-	25,000	-	-
	76,456	94,427	48,423	19,601	103,505	77,701	186,149
Change in Cash	476,308	(93,165)	(48,423)	(19,601)	193,465	(68,294)	(186,149)
Closing Cash	479,605	386,440	338,018	318,417	511,881	443,588	257,439

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No. 11-3149370

- 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 Proposal of
Lambda Solutions Inc.
of the City of West Vancouver, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

The Management of Lambda Solutions Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 8th day of November 2024, consisting of projected attached cash flow over the next 15 weeks.

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 Vancouver in the Province of British Columbia, this 8th day of November 2024.



Lambda Solutions Inc.
Debtor

Bat-Sheva (Shevy) Levy

Name and title of signing officer

Name and title of signing officer

District of: British Columbia
Division No. 03 - Vancouver
Court No.
Estate No. 11-3149370

FORM 30 - Attachment
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 Proposal of
Lambda Solutions Inc.
of the City of West Vancouver, in the Province of British Columbia
Crowe MacKay & Company Ltd., Trustee

Purpose:

The purpose of the Cash Flow Statement for the period ending February 15 2025, is to enable the creditors of Lambda Solutions Inc. to assess their position regarding the filing of a Proposal pursuant to Section 50.4 of the Bankruptcy and Insolvency Act.

Projection Notes:

Hypothetical Assumption – means an assumption that assumes a set of economic conditions or courses of action that are not necessarily the most probable in the insolvent persons judgement, but are consistent with the purposes of the cash flow projection;

Probable assumption - means an assumption that the insolvent person believes reflects the most probable set of economic conditions and planned courses of action; they are suitably supported, consistent with the plans of the insolvent person and provide a reasonable basis for the cash flow statement.

Assumptions:

The cash flow statement is to be read in conjunction with the Form 30 – Report on Cash Flow Statement by the Person Making the Proposal and Form 29 – Trustee's Report on Cash Flow Statement.

In the matter of the Notice of Intention to File a Proposal of Lambda Solutions Inc. (the "Company"), the following is a list of assumptions developed by the Company's management ("Management") underlying the 15-week cash flow projection from November 3, 2024, through to February 15, 2025.

3. Accounts Receivable Collections: cash inflows are based on the projected collection of accounts receivable as at the filing of the NOI. Management has prepared these projections using historical averages for the timing collections, as well as the terms set out in the respective customer contracts. These figures are inclusive of Goods and Services Tax ("GST") collected.
4. Forecasted Sales: cash inflows are based on projected new sales, as well as the renewal of customer contracts. The Company often allows for a small discount on its fees in exchange for early payment, especially in or around the month of December. These cash flows have been prepared on a conservative basis, and accordingly do not reflect early payment. That said, in Management's experience, many customers opt for early payment. This figures do not include GST.
5. Interim Financing: cash inflows from interim financing are projected on the basis that the Company's principal advances \$120,000 by way of debtor-in-possession financing ("DIP Financing"), along with an accompanying court ordered charge. The DIP Financing will only be required should there be insufficient liquidity available after collections of its fees from early payment, as discussed in Note 4. The DIP Financing would be repayable to the Company's principal in or around Week 15 as covered in this cash flow.
6. Cost of Goods Sold: cash outflows from costs of goods sold include payment for software services and subscriptions which the Company utilizes to host its own products.
7. Wages, Benefits, and Employee Source Deduction: cash outflows are inclusive of employee wages, source deductions, employee benefits, All employees are assumed to be paid based on their current remuneration level.
8. Contractors: the Company has two (2) contractors in Serbia who are paid on a monthly basis at their contractual rates.
9. Contingency: the Company has included a bi-weekly outflow of \$5,000 for unforeseen costs.
10. Professional Fees (Restructuring): cash outflows are inclusive of Crowe Mackay & Company Ltd ("CMCL") fees as Proposal Trustee, legal counsel for CMCL (if needed), and Reedman Law as the Company's legal counsel. These figures are conservative estimates, and are subject to change.
11. Operating Expenses: cash outflows from operating expenses are based on historical averages, and include software, insurance, and bank fees and charges.
12. Payment of Goods and Services Tax: the Company files and remits GST to the Canada Revenue Agency on a quarterly basis.

Dated at the City of Vancouver in the Province of British Columbia, this 8th day of November 2024.



Lambda Solutions Inc.

APPENDIX E

DEBTOR-IN-POSSESSION FINANCING TERM SHEET

This term sheet ("**DIP Term Sheet**"), dated for reference November 22, 2024, sets out the terms and conditions upon which Bat-Sheva Levy will provide debtor-in-possession financing to the Borrower (as defined below) in consideration of the mutual covenants, terms and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

Borrower: Lambda Solutions Inc. (the "**Borrower**").

DIP Lender: Bat-Sheva Levy (the "**DIP Lender**").

Proposal Trustee: Crowe MacKay & Company Ltd. in its capacity as proposal trustee (in such capacity, the "**Proposal Trustee**") in connection with the Borrower's proceedings (the "**BIA Proceedings**") under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") commenced by a Notice of Intention to Make a Proposal filed on November 1, 2024.

Type of DIP Loan: Line of credit facility of up to a maximum aggregate principal amount of CDN \$120,000 (the "**DIP Loan**"), secured by way of the DIP Charge (defined herein). The DIP Loan is made available to the Borrower, subject to and in accordance with the terms set forth herein, and may be drawn upon by the Borrower in multiple advances as needed for the purposes authorized by this DIP Term Sheet, with the prior written approval of the Proposal Trustee.

Availability: Subject to the fulfillment of the applicable conditions precedent to the availability of the DIP Loan set out herein and the Borrower's adherence to the Form 30 - Report of Consolidated Cash-Flow Statement by the Person Making the Proposal dated November 8, 2024 (the "**Approved Cash Flows**") being satisfactory to each of the Proposal Trustee and the DIP Lender and provided that no Event of Default (as defined below) has occurred and is then continuing, advances of the DIP Loan shall be made by the DIP Lender to the Borrower.

Purpose, Use of Proceeds: The proceeds of the DIP Loan will be used by the Borrower to fund the cash flow requirements of the Borrower on a going concern basis provided that the same is, unless approved in writing by the DIP Lender and the Proposal Trustee, (i) in accordance with the Approved Cash Flows and (ii) not on account of a liability that existed as of November 1, 2024, including for avoidance of doubt but without limitation any unremitted statutory remittances existing as of November 1, 2024.

Closing Date: On or before November 29, 2024 unless otherwise agreed by the Borrower and the DIP Lender (the "**Closing Date**").

Termination Date:

The maturity of the DIP Loan (the “**Termination Date**”) shall be the earliest of:

- a) February 28, 2025;
- b) the effective date of any merger, amalgamation, consolidation, arrangement, reorganization, recapitalization, sale or any other transaction affecting all or a material part of the Borrower’s assets or operations or resulting in the change of ownership or control of the Borrower confirmed by the Supreme Court of British Columbia (the “**Court**”) and satisfactory to the DIP Lender (any of the foregoing being a “**Transaction**”);
- c) the date on which the Borrower’s stay of proceedings expires without being extended or the date on which the BIA Proceedings are dismissed or terminated or the date on which either of the Borrower becomes bankrupt or the stay of proceedings is lifted to allow the filing of a bankruptcy or receivership application or similar insolvency proceeding; and
- d) the date of the acceleration of the DIP Loan and the termination of the commitment with respect to the DIP Loan as a result of an Event of Default (as defined herein).

All outstanding amounts under the DIP Loan, together with all interest accrued in respect thereof and all other amounts owing under this DIP Term Sheet shall be payable in full on the Termination Date.

Interest Rates:

All amounts outstanding under the DIP Loan will bear interest at a rate of 10% per annum, on the daily balance outstanding under the DIP Loan.

Interest shall be due, owing, payable and repaid as the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

Commitment Fee:

The Borrower shall pay to the DIP Lender a commitment fee equal to 1.5% (the “**Commitment Fee**”). The Commitment Fee is non-refundable and is fully earned and payable no later than the Closing Date.

Repayment:

Unless otherwise repaid as contemplated herein, the DIP Loan shall be due, owing, payable and repaid as the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.

Mandatory Prepayments:

The DIP Loan shall be repaid in full from the net proceeds of any Transaction involving the Borrower.

Representation and Warranties:

The Borrower represents and warrants to the DIP Lender as of the date hereof, and as of the date of each advance under the DIP Loan, that:

- a) the Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of their organization, has all requisite power to carry on business as now and formerly conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to constitute a material adverse effect, are qualified to do business in, and are in good standing in, every jurisdiction where such qualification is required;
- b) the execution, delivery and performance, as applicable, of the DIP Term Sheet has been duly authorized by all actions, if any, required on the part and by the Borrower's directors, and constitutes a legal, valid and binding obligation of the Borrower enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium and other similar laws of general application that limit the enforcement of creditors' rights generally and to general equitable principles;
- c) the Approved Cash Flows represent the Borrower's best estimate as at each applicable date of the likely results of the operations of the Borrower during the period applicable thereto and, to the Borrower's knowledge, such results are achievable as provided therein;
- d) there are no arrears for any statutory remittances, withholding taxes or other amounts that, if unpaid, would have the benefit of an encumbrance or deemed trust in priority to the DIP Security and the DIP Charge (as defined herein), such as without limitation taxes under the *Excise Tax Act* (Canada) and source deduction remittances to the Canada Revenue Agency, except (i) those accruing in the normal course and not yet due and (ii) arrears on employee source deduction remittances to the Canada Revenue Agency for the month of October 2024;
- e) except in respect of periods preceding November 1, 2024, all employee wages and other amounts owing

to employees are up-to-date and there are no amounts owing in respect of wages, termination pay, severance pay, vacation pay, pension benefit contributions or other benefits except those accruing in the normal course and in accordance with the established practices and arrangements of the Borrower.

Covenants

The Borrower covenants and agrees that:

- a) the Borrower shall pay all amounts and satisfy all obligations in respect of the DIP Loan, including the Commitment Fee;
- b) the Borrower shall not make or permit to be made any payment on account obligations owing as at November 1, 2024, without the prior consent of the Proposal Trustee and the DIP Lender or pursuant to an order of the Court;
- c) the Borrower shall not undertake any actions with respect to their respective assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, have a material adverse effect on the Borrower or the Collateral (as defined below);
- d) the Borrower shall not incur any indebtedness, including the giving of guarantees, other than indebtedness specifically contemplated herein or permitted in writing by the DIP Lender;
- e) the Borrower shall not incur, create, assume or suffer to exist any lien, charge, security interest or other encumbrance on any of the Collateral now owned or hereafter acquired other than: (i) those encumbrances existing as of November 1, 2024, (ii) permitted by the DIP Lender in its sole discretion, (iii) the DIP Charge, and (iv) the Administration Charge, to be granted by the Court;
- f) the Borrower shall not enter into any other credit facility or loan arrangements that would be secured in priority to or *pari passu* with the DIP Loan;
- g) the Borrower shall not enter into any Transaction without the prior written consent of the DIP Lender;
- h) without the prior written consent of the DIP Lender, the Borrower shall not: (i) declare or pay any dividends on, or make any other payments or

distributions (whether by reduction of capital or otherwise) with respect to any of their respective issued and outstanding shares or other equity interests, or (ii) grant any loans;

- i) the Borrower shall not sell any of their assets outside of the ordinary course of business without the prior written consent of the DIP Lender;
- j) the Borrower shall ensure that their senior management team and advisors are available to meet and respond to enquiries and information requests from the Proposal Trustee and the DIP Lender and their advisors as may be reasonably required, and in any event no less frequently than once per month, and to provide them with updates as may be required by the DIP Lender or the Proposal Trustee;
- k) the Borrower shall promptly pay all DIP Expenses (as defined below), including all legal and advisory fees and expenses, of the DIP Lender as such DIP Expenses are incurred and invoiced to the Borrower;
- l) the Borrower shall pay the fees, if any, owing to the DIP Lender in connection with the DIP Loan (as set out herein or otherwise) promptly when such fees are due;
- m) the Borrower shall update the Approved Cash Flows and provide a copy thereof to the DIP Lender and the Proposal Trustee together with a comparison to the prior version for the DIP Lender's approval, it being understood that such updated Approved Cash Flows, if approved, become the Approved Cash Flows for purposes hereof; and
- n) the Borrower shall provide such other information that the DIP Lender may reasonably request in relation to the BIA Proceedings, the Collateral, or the DIP Loan generally.

Security:

As security (the "**DIP Security**") for the prompt payment of all amounts payable by the Borrower to the DIP Lender under the DIP Term Sheet and as security for the due and punctual performance by the Borrower of their existing and future obligations pursuant to the DIP Term Sheet (the "**DIP Obligations**"), the Borrower hereby grants, conveys, assigns, transfers, mortgages and charges as and by way of a fixed and specific security interest, mortgage and charge, to and in favour of the DIP Lender, all of their property, assets, rights and undertakings, real and personal, moveable

or immovable, tangible and intangible, legal or equitable, of whatsoever nature and kind, wherever located, both present and future, and now or hereinafter owned or acquired (collectively, the “**Collateral**”).

The DIP Security shall be elevated by way of a Court-ordered super-priority charge (the “**DIP Charge**”). The DIP Charge shall rank in priority on the Collateral in priority to any security interests, claims, or deemed trusts (statutory or otherwise) but subordinated to the Administration Charge, without any other formality or requirement, such as without limitation under the Personal Property Security Act (British Columbia) or registrations in land registration office(s) or otherwise.

Events of Default:

Each of the following shall constitute an “**Event of Default**”:

- a) the Borrower’s default in the payment of any amount due and payable to the DIP Lender (whether of principal, interest or otherwise) pursuant to this DIP Term Sheet;
- b) any representations and warranties made by the Borrower in the DIP Term Sheet prove to be incorrect as of the date given;
- c) the Borrower fails or neglects to observe or perform any term, covenant, condition or obligation contained or referred to in the DIP Term Sheet or any other document between the Borrower and the DIP Lender;
- d) the stay of proceedings expires without being extended or the BIA Proceedings being dismissed or terminated or the Borrower becoming subject to a proceeding in bankruptcy or receivership or similar insolvency proceeding;
- e) the entry of an order staying, amending, reversing, vacating or otherwise modifying or having a material adverse effect with respect to, in each case without the prior written consent of the DIP Lender, the DIP Loan or the DIP Charge;
- f) the Borrower undertakes any actions with respect to their assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, has a material adverse effect on the Borrower or the Collateral;
- g) if the Borrower makes any payments of any kind not permitted by this DIP Term Sheet, or contemplated by

the Approved Cash Flows;

- h) the occurrence of any other event or circumstance that has, or could reasonably be expected to have, a material adverse effect on either of the Borrower or on the Collateral, including a material adverse change from the Approved Cash Flow budget as determined by the DIP Lender in its sole discretion; and
- i) if there is a change in the ownership, control, existing senior operating management arrangements or governance of the Borrower that is not acceptable to the DIP Lender.

Upon the occurrence of an Event of Default, without any notice, protest, demand or other act on the part of the DIP Lender, all indebtedness of the Borrower to the DIP Lender shall become immediately due and payable and the DIP Lender shall be able to take all steps necessary to enforce its security. The DIP Lender shall also have the right to exercise all other customary remedies, including, without limitation, the right to enforce and realize on any or all of the Collateral, in each case, upon providing two (2) days prior written notice to the Borrower and the Proposal Trustee, without the necessity of obtaining further relief or an order from the Court.

Conditions Precedent, to first advance:

The conditions precedent to any advance being made under this DIP Term Sheet are:

- a) the representations and warranties made by the Borrower in this DIP Loan Term Sheet being true and correct as of the date given; and
- b) the issuance of a Court order approving the DIP Loan and the DIP Term Sheet, creating the DIP Charge, and authorizing the payment by the Borrower of all of the fees and expenses in respect of DIP Loan (the “DIP Order”).

Illegality:

In the event that it becomes illegal for the DIP Lender to lend or continue to lend, the DIP Lender will be repaid and/or the DIP Lender’s commitment will be cancelled.

Taxation:

All payments of principal, interest and fees will be made free and clear of all present and future taxes, levies, duties or other deductions of any nature whatsoever, levied either now or at any future time.

Fees and Expenses:

The Borrower shall pay all of the DIP Lender’s due diligence and other out-of-pocket expenses (including the fees and

expenses of its counsel and advisors), whether or not any of the transactions contemplated hereby are consummated and whether incurred prior to or after the date of the DIP Order, as well as all expenses of the DIP Lender in connection with the ongoing monitoring, interpretation, administration, protection and enforcement of the DIP Loan, and the enforcement of any and all of its remedies at law (collectively, the “**DIP Expenses**”).

Governing Law, Jurisdiction:

Laws of the Province of British Columbia and the federal laws of Canada applicable in the Province of British Columbia. The Borrower agrees to submit to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

IN WITNESS HEREOF, the parties hereby execute this DIP Term Sheet as of the date first written above.


LAMBDA SOLUTIONS INC.

Per: _____
Name: Levy, Bat-Sheva
Title: CEO



Date: November 22, 2024

LEVY, BAT-SHEVA



Date: November 22, 2024
