



No. B-250186  
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  
ECOATION INNOVATIVE SOLUTIONS INC.**

**FOURTH REPORT OF KPMG INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE**

**June 30, 2025**

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## I. INTRODUCTION

1. On April 8, 2025 (the “**Filing Date**”), Ecoation Innovative Solutions Inc (“**Ecoation**” or 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* (Canada) (the “**BIA**”).
2. KPMG Inc. (“**KPMG**”) consented to act as proposal trustee (in such capacity, the “**Proposal Trustee**”) in the NOI proceedings of the Company. The Company’s NOI proceedings are referred to herein as the “**NOI Proceedings**”.
3. On April 15, 2025, the Supreme Court of British Columbia in Bankruptcy and Insolvency (the “**Court**”) granted an order (the “**DIP Order**”) approving, among other things:
  - (a) the terms of a \$1.0 million interim senior secured financing facility (the “**DIP Facility**”) provided by 1001199137 Ontario Limited (the “**DIP Lender**”) pursuant to a DIP Facility term sheet dated April 7, 2025 (the “**DIP Term Sheet**”);
  - (b) a super-priority charge over the assets of the Company as security for the professional fees and disbursements of counsel to the Company, the Proposal Trustee and counsel to the Proposal Trustee in an amount not to exceed an aggregate amount of \$150,000 (the “**Administration Charge**”); and
  - (c) a priority charge, subordinate to the Administration Charge, over all of the assets of the Company granted in favour of the DIP Lender to secure all advances under the DIP Facility pursuant to the DIP Term Sheet to a maximum amount of \$1.0 million plus interest, fees and costs.
4. On May 7, 2025, the Court granted an order (the “**SISP Order**”) approving, among other things:
  - (a) the sale transaction contemplated under the asset purchase agreement dated April 29, 2025 (the “**Stalking Horse APA**”) entered into between Ecoation, as vendor, and 1001199137 Ontario Limited (the “**Stalking Horse Bidder**”), as purchaser, solely for the purpose of acting as the stalking horse offer in the proposed sale solicitation process (the “**Sale Process**”);
  - (b) the Sale Process and a description of the bidding procedures (the “**Bidding Procedures**”) to be used in connection therewith, and authorizing and directing the Proposal Trustee, in consultation with the Company and its advisors, to implement same;

- (c) the proposed key employee retention plan to be extended by Ecoation to certain critical operational employees and contractors (the “**Ecoation Personnel**”) and a charge over the assets of the Company for the benefit of the Ecoation Personnel to secure the payments thereunder; and
  - (d) an extension of the time for the Company to file a proposal pursuant to section 50.4(9) of the BIA to and including June 22, 2025.
5. On June 12, 2025, the Court granted an order (the “**Extension Order**”) approving an extension of the time for the Company to file a proposal pursuant to section 50.4(9) of the BIA to and including July 22, 2025.
6. To date, the Proposal Trustee has filed three reports in respect of the Company’s NOI Proceedings. The first report dated April 11, 2025 in connection with the Company’s notice of application for the DIP Order, the second report dated May 2, 2025 (the “**Second Report**”) in connection with the SISP Order and the third reported dated June 10, 2025 (the “**Third Report**”) in connection with the Extension Order.
7. Copies of the materials filed in these NOI Proceedings are available on the Proposal Trustee’s website for this case at: [kpmg.com/ca/ecoation](http://kpmg.com/ca/ecoation) (the “**Case Website**”).

## II. PURPOSE OF REPORT

8. The purpose of this report (the “**Fourth Report**”) is to provide the Court with information pertaining to:
- (a) an overview of the activities of the Proposal Trustee since the Third Report;
  - (b) the Company’s actual receipts and disbursements for the period from June 8, 2025 to June 21, 2025 (the “**Reporting Period**”), including a comparison of actual to forecast results;
  - (c) the results of the Sale Process;
  - (d) the Company’s cash flow projections (the “**Revised Cash Flow Forecast**”) for the period from June 22, 2025 to and including August 15, 2025 (the “**Forecast Period**”);
  - (e) an extension of the time for the Company to file a proposal to August 15, 2025 (the “**Third Extension**”)

- (f) an overview of the proposed transaction (the “**Transaction**”) between Ecoation and Plant Products Inc.(the “**Purchaser**”), as assignee of the Stalking Horse Bidder, for the sale of the Purchased Assets as outlined in the Stalking Horse APA; and
- (g) the recommendation by the Proposal Trustee that this Court grant an order (the “**Approval and Vesting Order**”):
  - (i) approving the Transaction, and authorizing and directing the Company to execute such documents and take such additional steps as are necessary to complete the Transaction, which includes assigning the Assumed Contracts (defined herein) to the Purchaser;
  - (ii) vesting in the Purchaser, as at closing, all of Ecoation’s rights, title and interest in and to all Purchased Assets, free and clear of all liens, charges, security interests and other encumbrances, other than Excluded Assets (each defined in the Stalking Horse APA); and
  - (iii) approving the Third Extension.

### **III. TERMS OF REFERENCE**

9. In preparing this Fourth Report, KPMG has relied on information and documents provided by the Company and its advisors, including unaudited financial information, the Company’s books and records, and discussions with the Company’s representatives and its legal counsel (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in the Fourth Report, KPMG has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, KPMG has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards (“**GAAS**”) pursuant to the *Chartered Professional Accountant of Canada Handbook* and, as such, KPMG expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
10. Capitalized terms not otherwise defined herein are as defined in Affidavit #4 of Saber Miresmailli, sworn June 26, 2025 (the “**Fourth Miresmailli Affidavit**”) and filed in support of the Company’s application returnable July 3, 2025 (the “**Application**”). This Fourth Report should be read in conjunction with the Fourth Miresmailli Affidavit as certain information contained in the Fourth Miresmailli Affidavit has not been included herein in order to avoid unnecessary duplication.

11. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

#### **IV. BACKGROUND**

##### **Corporate Overview**

12. Ecoation was formed in 2010 under the laws of the Province of British Columbia.
13. Ecoation is an industry-leading forecast platform for greenhouse growers. Through the real-time collection of data, Ecoation's customers can assess risk and make informed decisions about their crops, supported by the findings of Ecoation's expert agri-analysis team. Ecoation's platform services include integrated pest management (IPM), yield assessment and harvest planning, crop quality check, remote consultation, 3D climate, task management, and remote viewing of crops.
14. Ecoation sells both direct to customers and through its sales channel partners. The Company's customers are located in Canada, the United States, Mexico, Europe, and Morocco.

##### **Creditors**

15. The Company had total liabilities of approximately \$3.4 million as at the Filing Date, primarily all of which was owed to His Majesty the King in Right of Canada, as represented by the Minister of Agriculture and Agri-Food, in respect of an unsecured loan advanced to Ecoation.
16. As noted in First Report, Ecoation has no material secured creditors. The Royal Bank of Canada ("RBC") has a registered a security interest in the Company in the British Columbia Personal Property Registry, which the Proposal Trustee understands secures the outstanding balances under Ecoation's credit cards with RBC. The Proposal Trustee understands the outstanding balance as at the Filing Date was approximately \$30k and that RBC was sent the prescribed notice to creditors of these NOI Proceedings. The Proposal Trustee understands that the Company has no further credit facilities with RBC. As at June 27, 2025, the outstanding balance with RBC was approximately \$55k, which amount has been reserved by RBC in the Company's accounts.

#### **V. ACTIVITIES OF THE PROPOSAL TRUSTEE**

17. To date, the Proposal Trustee is of the view that Ecoation has provided the Proposal Trustee with its full co-operation and unrestricted access to its books and records. The Proposal Trustee's activities since the Third Report have included, among other things:

- (a) monitoring the Company's receipts and disbursements and for the ongoing reporting of variances to the cash flow forecast for the period from June 8, 2025 to July 26, 2025 (the "**Cash Flow**");
- (b) corresponding and communicating with the DIP Lender, in respect of the cash flow monitoring protocols and reporting implemented by the Proposal Trustee;
- (c) reviewing and processing the Company's request to draw additional funds under the DIP Facility in accordance with the Cash Flow, with approval from the DIP Lender;
- (d) responding to calls and inquiries from the Company's creditors in connection with these NOI Proceedings;
- (e) providing regular updates to Ecoation and their counsel in connection with the Sale Process;
- (f) corresponding and communicating with the Stalking Horse Bidder and its legal counsel;
- (g) corresponding and communicating with prospective bidders in connection with the Sale Process and the Bidding Procedures;
- (h) reviewing offers received from bidders in the Sale Process, and corresponding with the parties in connection therewith;
- (i) reviewing the Company's materials filed in connection with the Application;
- (j) attending to administrative matters, including maintaining the Case Website; and
- (k) preparing the Fourth Report.

## **VI. RECEIPTS AND DISBURSEMENTS FROM JUNE 8 2025 TO JUNE 21 2025**

18. As noted, the Proposal Trustee implemented procedures for monitoring Ecoation's receipts and disbursements on a weekly basis, including a review of forecast to actual variance analyses as compared to the Cash Flow.
19. Set out below is a summary of the actual to forecast results for the Reporting Period:

**Ecoation Innovative Solutions Inc. (the "Company")**  
**Receipts and Disbursements**  
**For the Two Week Period Ending June 21, 2025**  
**In \$CAD**

	<b>Reported</b>	<b>Projected</b>	<b>Variance</b>
<b>Receipts</b>			
Collections from product sales	14,330	-	14,330
CAINN grant	-	-	-
SR&ED credit	-	-	-
Other	2,938	-	2,938
<b>Total Receipts</b>	<b>17,268</b>	<b>-</b>	<b>17,268</b>
<b>Disbursements</b>			
Cost of sales	-	10,000	10,000
Payroll & benefits	59,134	61,352	2,218
Utilities	-	1,000	1,000
Rent and property costs	-	-	-
SG&A	-	70,400	70,400
Professional fees	-	10,000	10,000
<b>Operating Disbursements</b>	<b>59,134</b>	<b>152,752</b>	<b>93,618</b>
<b>Net Cash Flow</b>	<b>(41,866)</b>	<b>(152,752)</b>	<b>110,885</b>
<b>Cash Balance</b>			
Opening cash balance	163,309	163,309	-
Net cash flow	(41,866)	(152,752)	110,885
FX adjustment	(30)	-	(30)
DIP funding	300,000	300,000	-
<b>Ending Cash Balance</b>	<b>421,413</b>	<b>310,557</b>	<b>110,855</b>

20. As reflected in the above summary table, the Company received cash receipts of \$17k (compared to forecasted receipts of \$0). The Company incurred actual disbursements of \$59k (compared to forecasted disbursements of \$153k), a favourable variance of \$94k over the Reporting Period due primarily to RBC reserving \$55k in the Company's accounts (as opposed to the Company settling the accounts) and timing of cost of sales and professional fees. This resulted in the Company experiencing a net cash outflow of \$42k and a favourable variance of \$111k as compared to forecast over the Reporting Period.
21. Advances of \$300k under the DIP Facility were in line with forecast over the Reporting Period.
22. The Proposal Trustee is of the view that the Company is acting in a manner consistent with the Cash Flow and as at the date of this Fourth Report, there have been no material adverse changes to the Company's operations since the Filing Date.

## VII. RESULTS OF THE SALE PROCESS

23. As described in greater detail in the Second Report, the purpose of the Sale Process was to identify one or more purchasers for the Company's business and/or assets, or a sale of all of the Company's assets (including the Purchased Assets as defined in the Stalking Horse APA) or a portion thereof as a going concern or otherwise. In order to provide interested parties with an opportunity to bid on the Company's business and/or assets, the Proposal Trustee marketed the opportunity to prospective bidders for a period of approximately 33 days. The Sale Process and proposed timelines were reasonable given the circumstances and reflective of the Company's limited liquidity.
24. A summary of the key aspects of the Sale Process and its results are summarized below:
- (a) commencing on May 7, 2025, the Proposal Trustee contacted potential interested parties with regards to the transaction opportunity and the Sale Process. In total, 56 parties (the "**Interested Parties**") were contacted with this opportunity and each of the Interested Parties received an email containing background information on the proceedings, a non-confidential overview of Ecoation (the "**Teaser Letter**"), the key dates pursuant to the Bidding Procedures, and information on next steps to explore the opportunity;
  - (b) Interested Parties looking to obtain additional information regarding the Ecoation opportunity were required to execute a non-disclosure agreement (the "**NDA**") to obtain access to the virtual data room (the "**VDR**") maintained by the Proposal Trustee;
  - (c) a total of 3 of the Interested Parties executed the NDA (collectively, the "**Potential Bidders**");
  - (d) the VDR contained financial, operational and other pertinent information related to Ecoation, as well as copies of the Bidding Procedures and an electronic copy of the Stalking Horse APA to be used by Potential Bidders to submit an offer in the Sale Process;
  - (e) over the course of the Sale Process, the Proposal Trustee followed up with the Interested Parties to confirm their receipt of the email communication with respect to the Sale Process, and to gauge their potential interest in pursuing the transaction opportunity. The Proposal Trustee also coordinated calls with the Company's management and calls with any Potential Bidder to discuss the Bidding Procedures or inquire about any other aspects of the Sale Process;

- (f) throughout the course of the Sale Process, the Proposal Trustee kept Ecoation and its legal counsel apprised on the status of the Sale Process and any diligence requests received from Potential Bidders;
- (g) Potential Bidders were required to submit a “Binding Offer” (as defined in the Bidding Procedures) to the Proposal Trustee on or before 5 pm PST on June 9, 2025 (the “**Binding Offer Deadline**”);
- (h) at the Binding Offer Deadline, the Proposal Trustee received only one (1) bid (the “**ROYA Bid**”) from a party (the “**ROYA Bidder**”) interested in the “ROYA” technology assets, which are Excluded Assets under the Stalking Horse Bid. The ROYA Bid also included a condition for a licensing arrangement with the Stalking Horse Bidder for use of certain technology included in the Purchased Assets. The Stalking Horse Bidder stated that they were not interested in pursuing a licensing arrangement with the ROYA Bidder at this time. Following negotiations between the ROYA Bidder and the Proposal Trustee, Ecoation and the Proposal Trustee determined that the ROYA Bid was not in the best interests of Ecoation or its stakeholders, and not compliant with the SISP. The ROYA Bid was declined by the Proposal Trustee, on behalf of Ecoation, on June 16, 2025.
- (i) As a result of no competing bids with the Stalking Horse Bid, on June 10, 2025, the Proposal Trustee advised the Stalking Horse Bidder that the Stalking Horse Bid was declared the “Successful Bid” pursuant to the Bidding Procedures, subject to approval by the Court.

## **VIII. THE TRANSACTION**

- 25. As noted above, the Stalking Horse Bid constituted the only accepted “Binding Offer” received as part of the Sale Process, was deemed to be the “Successful Bid”, and now represents the only viable alternative to a liquidation of the Company’s assets through bankruptcy proceedings.
- 26. Following the Bid Deadline, the Company and the Stalking Horse Bidder advised the Proposal Trustee that they jointly agreed to amend the Stalking Horse Bid to incorporate certain revisions including:
  - (a) the Stalking Horse Bidder had assigned its purchase rights to the Purchaser (a related entity) as permitted under Section 9.7 of the Stalking Horse APA;

- (b) the outside date for closing the Transaction would be extended from June 30, 2025 to July 31 2025.
27. On June 20, 2025, the Stalking Horse Bidder and the Company entered into the amending agreement to the Stalking Horse APA.
28. The other key provisions and terms of the Stalking Horse APA (hereinafter referred to as the “**Asset Purchase Agreement**”)<sup>1</sup> were described in the Second Report and below is a summary of certain material terms as they relate to the closing of the Transaction:
- (a) Purchaser: Plant Products Inc.;
  - (b) Purchase Price: the total purchase price of \$1,500,000 less the \$1,000,000 million and all accrued amounts under the DIP Facility less the “Cure Costs” of any Assumed Contracts and Assumed Employee Accrued Vacation Pay”. There are no estimated Cure Costs or Assumed Employee Accrued Vacation Pay at this time. Upon the achievement or occurrence of certain milestones, the Purchaser will make up to \$30,000,000 in additional payments to the Company. The future milestones are uncertain, so whether there will be any additional payments is unknown;
  - (c) Purchased Assets: all of the Company’s right, title, benefit and interest in all tangible and intangible real or personal property, assets or undertaking of any kind that are in connection with the applications known as the CropScanner”, “OKO IPM”, “OKO Yield” and “OKO IPM + Yield”;
  - (d) Excluded Assets: means all assets of Ecoation which are not Purchased Assets, including, for greater certainty, the assets or undertaking owned, licensed or used in connection with the application known as “ROYA”;
  - (e) Assumed Contracts: includes (i) a customer relationship management agreement with HubSpot Inc., and its affiliates last modified September 18, 2024, (ii) a cloud platform service agreement with Google Cloud Canada Corporation last modified September 20, 2021, and (iii) a group benefits contract between Ecoation and Sunlife Financial dated September 1, 2020 and amended March 1, 2023 (collectively the “**Assumed Contracts**”).

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<sup>1</sup> All capitalized terms in this paragraph summarizing the Asset Purchase Agreement shall, unless otherwise defined herein, have the meanings ascribed thereto in the Asset Purchase Agreement

The Assumed Contracts are included in Schedule “E” to the proposed Approval and Vesting Order. The Asset Purchase Agreement contemplates that certain additional contracts will be assigned to the Purchaser, in addition to the Assumed Contracts. However, the Company has advised the Proposal Trustee that all other contracts to be assumed under the Asset Purchase Agreement do not require the consent of the counterparty to such assignment;

- (f) Closing Date: closing of the Transaction is scheduled to occur on the date that is no sooner than two (2) business days following the date on which the Court issues an order (the “**Approval and Vesting Order**”) approving the transaction contemplated under the Asset Purchase Agreement and not later than the Outside Date;
- (g) Recognition Order: if reasonably required by the Purchaser to give effect to the Approval and Vesting Order to transfer the Purchased Assets located or domiciled in the United States or any other foreign jurisdiction, the Purchaser shall notify Ecoation and the Proposal Trustee requiring such parties to seek an order of the United States Bankruptcy Court, among other things, recognizing the Approval and Vesting Order on a final basis with full force and recognition in the United States or in any other competent jurisdiction, provided however that the Purchaser shall pay any and all fees and expenses incurred by the Proposal Trustee as foreign representative, in connection therewith;
- (h) Outside Date: July 31, 2025, or such earlier or later date that the Company and the Purchaser may agree in writing;
- (i) Employees: The Purchaser has advised the Proposal Trustee that it intends to make offers of employment to Ecoation’s employees that are critically involved in the operations of the Purchased Assets;
- (j) Name Change: within ten (10) business days following the Closing Date, the Company shall change its name to 0876120 B.C. Ltd. or one that does not contain the word “Ecoation” or the phrase “Ecoation Innovative Solutions”.

29. The Proposal Trustee has reviewed the key factors to be considered in assessing the assignment of the Assumed Contacts under section 84.1 of the BIA. The Proposal Trustee is satisfied that these factors are met, specifically:

- (a) Section 84.1(3) – the Assumed Contracts do not fall into any of the categories enumerated in this section;

- (b) Section 84.1(4)(a) – The Proposal Trustee is of the view that the Purchaser is able to perform the obligations under the Assumed Contracts as the Purchaser is part of the multi-national conglomerate, Biobest Group NV, which the Proposal Trustee understands has significant experience in pest management and related industries and the financial resources required to perform the Assumed Contracts;
  - (c) Section 84.1(4)(b) – The Proposal Trustee is of the view that it would be appropriate to assign the rights and obligations of the Assumed Contracts to the Purchaser, as this would allow the Assumed Contracts, which the Proposal Trustee understands are considered to be important to the administration of the Company’s business, to be continued and the Purchaser to perform the obligations under the underlying agreements; and
  - (d) Section 84.1(5) – The Asset Purchase Agreement states that all “cure costs” in relation to the Assumed Contracts will be paid on closing from the sale proceeds. Based on the creditor listing included with the NOI filing, and advice received from the Company, the Proposal Trustee understands there are no amounts owing to the counterparties of the Assumed Contracts.
30. As noted in the Fourth Miresmailli Affidavit, the Proposal Trustee understands that the Purchaser issued notice on June 25, 2025 to counterparties to the Assumed Contracts seeking consent of the assignment of the contracts, as applicable. These notices included that if consent is not received before July 3, 2025, an assignment will be sought by Order of this Court. As at the date of the Fourth Report, the Proposal Trustee understands that the counterparties to the Assumed Contracts have not responded to the Purchaser’s request for consent to assignment.
31. A copy of the Asset Purchase Agreement is attached as Exhibit “A” to the Fourth Miresmailli Affidavit.
32. Following the closing of the Transaction, the Proposal Trustee will file a closing certificate with the Court confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets, (ii) that the conditions to closing as set out in the Asset Purchase Agreement have been satisfied or waived by the Company and the Purchaser, and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.

## **IX. REVISED CASH FLOW FORECAST**

33. The Company, in consultation with the Proposal Trustee, has prepared the Revised Cash Flow Forecast for the purpose of projecting its estimated liquidity needs during the Forecast Period. A copy of the Revised Cash Flow Forecast, notes and a report containing prescribed representations of the Company regarding the preparation of the Revised Cash Flow Forecast are attached hereto as **Appendix “A”**.
34. The Revised Cash Flow Forecast assumes that the Company closes the Transaction by July 16, 2025. Upon closing of the Transaction, the Company will cease to incur any operating costs.
35. The Revised Cash Flow Forecast has been prepared by the Company on a conservative basis using probable and hypothetical assumptions set out in the notes to the Revised Cash Flow Forecast. The Revised Cash Flow Forecast reflects the Company’s estimates of receipts and disbursements on a weekly basis over the Forecast Period.
36. The Proposal Trustee’s review of the Revised Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Company. Since the hypothetical assumptions need not be supported, the Proposal Trustee’s procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Revised Cash Flow Forecast. The Proposal Trustee also reviewed the support provided by management of the Company for the probable and hypothetical assumptions, and the preparation and presentation of the Revised Cash Flow Forecast.
37. Based on the Proposal Trustee’s review, nothing has come to its attention that causes it to believe that, in any material respects: (a) the hypothetical assumptions are not consistent with the purpose of the Revised Cash Flow Forecast; (b) as at the date of this Fourth Report, the probable assumptions developed by the Company are not suitably supported and consistent with the restructuring plan of the Company or do not provide a reasonable basis for the Revised Cash Flow Forecast, given the hypothetical assumptions; or (c) the Revised Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
38. As at the date of the Fourth Report, the Company has approximately \$0.4 million of cash on hand. The Revised Cash Flow Forecast projects that the Company will generate cash receipts of \$0.4 million (primarily from the net proceeds upon the closing of the Transaction) and have cash disbursements of approximately \$0.6 million during the Forecast Period. Cash disbursements are primarily related to payroll and professional fees.

39. The Proposal Trustee notes that the Revised Cash Flow Forecasted has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for any other purposes.

## **X. COMPANY'S REQUEST FOR EXTENSION**

40. The Company is seeking a 24-day extension of the time to file a proposal to August 15, 2025 to permit the Company and the Proposal Trustee time to close the Transaction and consider their options with respect to the Excluded Assets.
41. The Proposal Trustee supports the Company's request for the Third Extension for the following reasons:
- (a) the Company is acting in good faith and with due diligence in taking steps to maximize value on the Company;
  - (b) it is the Proposal Trustee's view that an extension will not prejudice or adversely affect any group of creditors;
  - (c) the Revised Cash Flow Forecast indicates that the Company is forecasted to have sufficient liquidity to continue to fund operations through the requested extension period ending August 15, 2025.
42. In the Proposal Trustee's view, the Company's request for the Third Extension is appropriate in the circumstances, as the Third Extension request properly reflects the timeframe by which the Company and the Proposal Trustee will be able to close the Transaction and determine the best option for maximizing value of the Excluded Assets, which is preferable to a liquidation in a bankruptcy.

## **XI. CONCLUSIONS AND RECOMMENDATIONS**

43. The Proposal Trustee is of the opinion that the Transaction satisfies the factors to be considered, pursuant to section 65.13(4) of the BIA. In particular, the Proposal Trustee is of the view that:
- (a) the Sale Process was designed to solicit interest from *bona fide* parties that would be familiar with the business and/or assets of Ecoation. The market was appropriately canvassed as part

of the Sale Process, and all likely bidders have been provided with a chance to bid on the opportunity;

- (b) the Sale Process was fair and reasonable in the circumstances, and was approved by the Court;
- (c) the consideration payable under the Asset Purchase Agreement is fair and reasonable, represents the highest or otherwise best offer for the Purchased Assets, and would be more beneficial for the creditors of Ecoation than a sale or disposition of the Purchased Assets in a bankruptcy context; and
- (d) the Asset Purchase Agreement provides for a going-concern sale to the Purchaser, which preserves significant value and maintains important customer and vendor relationships of Ecoation and, conditional upon closing of the Transaction, provides for employment for certain of the employees of the Company. Based on the alternatives available to the Company, the Transaction is in the best interest of the stakeholders of Ecoation.

44. For the reasons set out in the Fourth Report, the Proposal Trustee is of the view that the relief requested by the Company is both appropriate and reasonable in the circumstances and the Proposal Trustee recommends that this Court make orders:

- (a) approving the Transaction, and authorizing and directing the Company to execute such documents and take such additional steps as are necessary to complete the Transaction, which includes assigning the Assumed Contracts to the Purchaser;
- (b) vesting in the Purchaser, as at closing, all of Ecoation's right, title, and interest, if any, in and to all of the Purchased Assets, free and clear of all liens, charges, security interests and other encumbrances, other than Excluded Assets as identified in the Asset Purchase Agreement; and
- (c) approving the Third Extension.

All of which is respectfully submitted on this 30<sup>th</sup> day of June 2025.

**KPMG Inc.**  
**in its capacity as Proposal Trustee of**  
**Ecoation Innovative Solutions Inc.**  
**and not in its personal capacity**

Per



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**Huey Lee**  
**CIRP, LIT**  
Senior Vice President

# Appendix “A”

Ecoation Innovative Solutions Inc.(the "Company")										
Projected Statement of Cash Flow										
For the period ending August 16, 2025										
In \$CAD										
Week Ending	Notes	1 28-Jun	2 5-Jul	3 12-Jul	4 19-Jul	5 26-Jul	6 2-Aug	7 9-Aug	8 16-Aug	Total
<b>Receipts</b>										
	2	43,000	-	-	20,000	-	-	-	-	63,000
	3	-	-	-	-	-	-	-	-	-
	4	-	-	-	-	-	-	-	-	-
	5	-	-	-	395,827	-	-	-	-	395,827
	6	-	-	-	-	-	-	-	-	-
		<b>43,000</b>	-	-	<b>415,827</b>	-	-	-	-	<b>458,827</b>
<b>Disbursements</b>										
	7	10,000	12,000	10,000	10,000	-	-	-	-	42,000
	8	116,518	-	61,352	88,187	-	-	-	-	266,056
	9	-	1,000	-	-	-	-	-	-	1,000
	10	-	5,325	-	-	-	-	-	-	5,325
	11	10,375	7,750	1,750	2,750	2,750	-	-	-	25,375
	12	41,809	50,000	30,000	5,000	110,000	30,000	10,000	5,000	281,809
		<b>178,702</b>	<b>76,075</b>	<b>103,102</b>	<b>105,937</b>	<b>112,750</b>	<b>30,000</b>	<b>10,000</b>	<b>5,000</b>	<b>621,565</b>
		<b>(135,702)</b>	<b>(76,075)</b>	<b>(103,102)</b>	<b>309,891</b>	<b>(112,750)</b>	<b>(30,000)</b>	<b>(10,000)</b>	<b>(5,000)</b>	<b>(162,738)</b>
<b>Net Cash Flow</b>										
	13	366,413	230,710	154,635	51,534	361,425	248,675	218,675	208,675	366,413
		<b>(135,702)</b>	<b>(76,075)</b>	<b>(103,102)</b>	<b>309,891</b>	<b>(112,750)</b>	<b>(30,000)</b>	<b>(10,000)</b>	<b>(5,000)</b>	<b>(162,738)</b>
	14	-	-	-	-	-	-	-	-	-
		<b>230,710</b>	<b>154,635</b>	<b>51,534</b>	<b>361,425</b>	<b>248,675</b>	<b>218,675</b>	<b>208,675</b>	<b>203,675</b>	<b>203,675</b>
<b>Ending Cash Balance</b>										

Notes:

- 1 This cash flow statement assumes the transaction closing during the week ending July 19, 2025, and forecasts no operating receipts and disbursements thereafter
- 2 Collections from product sales are based on Management's monthly revenue from digital products which is historically collected near the end of the month.
- 3 Non-recurring grant from the Canadian Agri-Food Automation and Intelligence Network. Timing of the grant receipt is unknown and has been excluded from the forecast for conservatism.
- 4 Scientific research and experimental development costs credit from the CRA. Timing of receipt is unknown so it has been excluded from the forecast period.
- 5 Transaction proceeds of \$1.5m are netted against aggregate DIP advances, interest and other related DIP fees as outlined in the DIP Term Sheet. The related DIP fees are an estimate and subject to material change
- 6 Includes other income sources (e.g sublease rent in the Ontario office)
- 7 Cost of sales includes payment for materials required to fulfill sales orders.
- 8 Includes payroll for employees (semi-monthly), payments to contractors (third week of month) and benefits (end of month). Forecast also assumes a pool for potential retention payments to retain key employees through the process.
- 9 Utilities (gas, electricity and water) are based on Management's estimates and based on historical monthly costs
- 10 Rent and property costs includes rent for the Ontario and BC office inclusive of property taxes and other property related costs. Amounts are based on historical monthly costs and assumed to be paid on or about the beginning of each month.
- 11 SG&A expenditures include monthly costs for cloud subscription fees, software subscriptions as well as internet and telephone services and Includes potential deposits to be paid post-filing. Estimates are based on historical monthly costs and inclusive of sales tax.
- 12 Professional fees relate to amounts paid to the Company's counsel, the Proposal Trustee and the Proposal Trustee's counsel.
- 13 Based on the CAD-equivalent cash balance and is net of RBC's exercising set-off rights on the Company's operating accounts (approximately \$55k)
- 14 Debtor-in-possession (DIP) financing approved by the Court during the week ending April 19, 2025. To date, the full DIP financing has been advanced (\$1m). Forecast assumes all interest, fees and expenses related to the DIP are accrued and deducted from Transaction Proceeds.

This cash flow statement is prepared pursuant to the requirements of paragraphs 50(6)(b) and 50.4(2)(b) of the *Bankruptcy and Insolvency Act* and solely for that purpose.

Dated at Vancouver, British Columbia, this \_\_\_27th\_\_\_ day of June, 2025.

DocuSigned by:

  
Saber Mirzemailli  
Ecoation Innovative Solutions Inc.

Saber Mirzemailli  
Name of Signing Officer

This cash flow statement of Ecoation Innovative Solutions Inc. is prepared in accordance with paragraph 50.4(2) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the attached Notes to the Statement of Projected Cash-Flow and the Trustee's Report of the Cash-Flow Statement dated the \_\_\_27th\_\_\_ day of June, 2025.

KPMG Inc., Trustee

Per:



Huey Lee, Senior Vice President