

CANADA  
DISTRICT OF QUÉBEC  
DIVISION NO.: 01-MONTRÉAL  
COURT NO.: 500-11-064800-242  
FILE NO.: 41-3143487

SUPERIOR COURT  
“Commercial Division”

IN THE MATTER OF THE PROPOSAL OF:

**EARTH ALIVE CLEAN TECHNOLOGIES INC.**

The Debtor

-and-

**RAYMOND CHABOT INC.**, (SR0163)  
Ayman Chaaban, CPA, CIRP, LIT  
Trustee in charge

Trustee

---

**REPORT OF THE TRUSTEE ON  
THE DEBTOR’S BUSINESS AND FINANCIAL AFFAIRS**  
(Subsection 50.4(7)b) and 50.6(1) of the *Bankruptcy and Insolvency Act*)

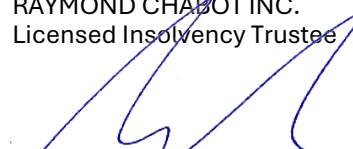
---

PREAMBLE

To one of the Honourable judges of the Superior Court, sitting in the Commercial division, in and for the judicial district of Montréal, in accordance with subsection 50.4(7)b) and 50.6(1) of the *Bankruptcy and Insolvency Act* (“**BIA**”), Raymond Chabot Inc., acting in its capacity as trustee (the “**Trustee**”) in connection with the Notice of Intention to Make a Proposal (the “**NOI**”) filed by Earth Alive Clean Technologies Inc. (“**EACT**” or the “**Company**” or the “**Debtor**”), respectfully submits its first report on the Debtor’s business and financial affairs in support of an application for the issuance of an order from the Court approving, *inter alia*, an interim financing and related charge, an administration charge, a D&O Charge (as defined below) and the extension of the delay to make a proposal.

Signed in Montréal on October 30, 2024

RAYMOND CHABOT INC.  
Licensed Insolvency Trustee



Ayman Chaaban, CPA, CIRP, LIT  
Trustee in charge

## 1. BACKGROUND

### Overview of the Company

- 1.1. EACT is an emerging biotech start-up company incorporated under the *Canada Business Corporations Act* (the "**CBCA**") on February 2, 2011, and headquartered in Montréal, Canada. Its common shares are listed on the TSX Venture Exchange ("**TSXV**") under the symbol EAC.
- 1.2. The main shareholders of EACT are the Swenden Family (12.7%), Groupe Lune Rouge Inc. (10.7%), William Vanderfelt (8.6%), Robert Taub (5.2%), Nikolaos Sofronis (5.1%), Christian Dumolin (4.0%), Les Abatteurs Jacques Élément Inc. (3.5%) and other retail shareholders (50.3%).
- 1.3. EACT currently employs approximately 11 people.
- 1.4. EACT develops, manufactures and distributes environmentally sound proprietary microbial solutions and products destined mainly for the following industries:
  - 1.4.1. Agriculture: large range of natural and powerful microorganisms-based products for active soil and vigorous plants from the roots up;
  - 1.4.2. Mining: 100% organic dust control patented technology for mines and road infrastructure;
  - 1.4.3. Industrial market: all-natural industrial cleaner that removes grease deposits from heavy machinery and equipment.
- 1.5. EACT has three wholly owned subsidiaries (together with EACT, the "**EACT Group**"), in which there are little to no operations which were incorporated with a view to developing EACT products in markets outside of North America:
  - 1.5.1. Earth Alive Chile SpA: incorporated in Chile;
  - 1.5.2. Earth Alive Europe SL: incorporated in Spain;
  - 1.5.3. Earth Alive Tecnologias Limpias Mexico: incorporated in Mexico.
- 1.6. Moreover, with a view to accelerate and grow sales of EACT products, on February 1, 2024, EACT acquired Interlube Inc. ("**Interlube**"), a Québec-based provider of biodegradable lubricants for the industrial sector (the "**Interlube Transaction**"). The purchase price paid under the Interlube Transaction was comprised of a payment in cash (\$1.5 million), deferred considerations and the issuance of shares. Immediately following the closing of the Interlube Transaction, EACT completed a simplified vertical merger with Interlube Inc., its wholly-owned subsidiary, under the provisions of the *CBCA*.
- 1.7. Mr. Nikolaos Sofronis is the President and CEO of EACT since October 12, 2021, and Mr. Robert Blain is chairman of the board of directors of the Debtor since January 2014.

### Cause of financial difficulties

- 1.8. The Company proceeded with a reorganization of its management team and its operations in the fall of 2021. Since then, management has been actively working to reduce production costs and prices to the market to provide more attractiveness for its innovative products.

- 1.9. In addition to these challenges, the mining industry is facing financial stress following years of pandemic restrictions and an increase of operation costs due to inflationist pressures, forcing some clients to re-assess the needs of the Company's products.
- 1.10. Moreover, the Company is still in the early stages of commercialization of its products; thus, its revenues are not sufficient to cover its operating expenses. Indeed, EACT incurred significant net losses in financial years ended December 31, 2022 (\$4.1 million) and December 31, 2023 (\$4.5 million). Furthermore, based on financial projections prepared by management, the Company expects to incur another net loss of \$2.4 million in 2024. We refer the reader to Section 2 of this report for further information on the financial situation.
- 1.11. Consequently, given its stage of development (i.e., negative earnings, negative cash flows, etc.), the Debtor's ability to maintain its going concern and accomplish its strategic plans is highly dependent on its ability to obtain financing, whether debt or equity. Indeed, since its inception, EACT has raised over \$30 million to support its cash requirements.
- 1.12. To allow the Company to support its operations, continue its development, invest in research & development and repay its creditors, EACT must raise additional debt or equity, however, despite efforts by EACT's management to raise money through a private placement, management has yet to secure any financing under the current circumstances to permit the continuity of its operations.
- 1.13. Confronted with liquidity issues and with difficulties in raising debt or equity financing for the purposes of its cash flow requirement and the development/commercialization of its products, EACT reduced its operations and laid off 6 employees in since January 2024. Given its liquidity constraints, EACT does not have sufficient resources to pay its suppliers/creditors in the normal course of business.
- 1.14. On September 4, 2024, the *Autorité des marchés financiers* ("AMF") issued a Cease Trader Order ("CTO") in respect of the stock of EACT for failing to file its interim financial statements and its management's discussion and analysis report for the second quarter ended June 30, 2024, within the prescribed delay. At that time, the stock price was at \$0.005, a significant drop from its April 1, 2021, price of \$0.14 per share.
- 1.15. On September 10, 2024, EACT issued a press release wherein it indicated it had not been able to complete and file its interim financial statements and management's discussion and analysis for the second quarter ended June 30, 2024, on SEDAR+ and that it did not expect to do so for the time being, given the lack of funds and resources to prepare such reports. It also announced that the Company was reviewing various strategic alternatives.
- 1.16. On September 10, 2024, EACT announced that it has entered into loan agreements for loans totalling \$650,000 with two lenders, Mr. Nikolaos Sofronis (current President and CEO) and Mr. Vladimir Cardon de Lichtbuer. On September 27, 2024, the EACT secured an additional financing for an amount of \$100,000 which was granted by Mr. Sofronis. These loans are respectively secured by universal hypothecs on the entirety of the Company's movable (personal) property. The proceeds from the loans were to be used to meet the Company's general cash flow requirements, thus maintaining a going concern while management and the board of directors were reviewing its strategic options.
- 1.17. Finally, as part of management's effort to raise money, a group of investors (the "Investors"), which includes management members, board members and shareholders has shown interest in the Company as potential investors and/or purchasers subject to a privatization of the Company through a formal restructuring process.

**The filing of the Notice of Intention to make a proposal ("NOI")**

1.18. It is in this context that:

1.18.1. The Investors and EACT entertained discussions regarding EACT's restructuring and insolvency options as well as funding requirements. The Investors notified the Debtor of their interest in providing interim financing (the "**Interim Financing**").

As part of their intention to provide Interim Financing to EACT and to participate/support a potential restructuring plan, the Investors and EACT entered an Interim Financing Term Sheet to provide EACT with funding in order to assist with its restructuring plan. The Term Sheet is conditional, among other things, on the filing of a NOI (the "**NOI Proceedings**") under the *BIA* by the Company and the launch of a Sale and Investment Solicitation Process ("**SISP**").

1.18.2. EACT retained the services of Raymond Chabot Grant Thornton & Co L.L.P. ("**RCGT**") to explore restructuring and insolvency options.

Following RCGT's review of the situation and assessment of the options available to the Company and considering the above, the board of directors unanimously decided to initiate a formal restructuring process, which included, among other things, the filing of NOI Proceedings and the launch of a SISP.

1.19. On October 22, 2024, EACT filed NOI Proceedings. The NOI Proceedings will allow the Company to protect its limited cash resources and to obtain additional funding, thereby allowing EACT to carry out its restructuring plan for the benefit of all stakeholders.

1.20. As previously mentioned, RCGT acted as a financial advisor to the Debtor between July 12, 2024, and the date of filing of the NOI. RCGT also acted as independent auditor of Interlube with respect to its financial statements as at January 31, 2024, prior to the Interlube Transaction, and prior to its simplified vertical merger with the Debtor.

1.21. Specifically, this report discusses:

- Section 2: Summary analysis of the financial situation;
- Section 3: The Restructuring Plan and the SISP;
- Section 4: Projected cash flow statement;
- Section 5: Interim Financing;
- Section 6: Administration Charge and Directors & Officers Charge;
- Section 7: Conclusion and recommendation.

**2. SUMMARY ANALYSIS OF THE FINANCIAL SITUATION**

2.1. We have analyzed the most recent public financial statements filed by EACT, i.e., audited consolidated financial statements as of December 31, 2023, and unaudited consolidated interim financial statements for the 3-month period ended March 30, 2024.

- 2.2. As stated in Section 1 of this report, due to the lack of funds and resources, EACT was not able to complete and file its interim financial statements and management's discussion and analysis for the second quarter ended June 30, 2024.
- 2.3. Our analysis essentially consisted of enquiries, analytical procedures and discussions related to information supplied by management. This work does not constitute an audit or review of the financial statements in accordance with generally accepted auditing standards established by CPA Canada or by the American Institute of Certified Public Accountants (AICPA). No audit work has been carried out by us and, consequently, we do not express an opinion on these financial statements.
- 2.4. The following table presents EACT's consolidated statement of loss and other comprehensive loss:

(unaudited - in thousands of \$)	YE-2022	YE-2023	Q1-2024
Revenues	2 313	2 314	1 301
Cost of goods sold	1 750	1 879	1 081
	<b>563</b>	<b>435</b>	<b>220</b>
Operating expenses			
General and administrative	2 461	2 391	857
Sales and marketing	1 355	1 748	482
Research and development	424	656	170
Share-based compensation	74	22	8
	<b>4 314</b>	<b>4 817</b>	<b>1 517</b>
<b>EBITDA</b>	<b>(3 751)</b>	<b>(4 382)</b>	<b>(1 297)</b>
Financial expenses (income)	(120)	(134)	1
Depreciation and amortization	484	228	35
	<b>(4 115)</b>	<b>(4 476)</b>	<b>(1 333)</b>

- 2.4.1. As previously stated, the Company is still in the early stages of commercialization of its products; thus, its gross margins are not sufficient to cover its operating expenses, generating negative earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") year over year since its inception.
- 2.4.2. Q1-2024 includes 2 months of Interlube operations (refer to Section 1). The Interlube Transaction is projected to increase EBITDA by approximately \$1,2 million for the financial year ending December 31, 2024, whereas the Company still expects to incur a net loss of \$2,4 million.
- 2.4.3. As per management, EACT operating expenses related to being a public company total approximately \$700,000 per year, which is not sustainable in the short-term given the current financial strain faced by the Company.
- 2.4.4. The Company has been incurring significant losses since its inception, which, among other things, has put pressure on its cash flow. The liquidity issues have, thus far, been managed through debt or equity raises. To continue its operations and to be able to pay for its expenses, EACT requires additional funding.

2.5. The following table presents EACT's consolidated balance sheet statement:

(unaudited - in thousands of \$)	YE-2022	YE-2023	Q1-2024
<b>ASSETS</b>			
Current			
Cash and cash equivalents	6 706	5 157	2 013
Trade and other receivables	1 152	573	1 518
Inventory	278	351	1 668
Prepaid	56	93	91
	<b>8 192</b>	<b>6 174</b>	<b>5 290</b>
Property, plant and equipment	187	247	254
Intangible assets	766	580	4 318
	<b>953</b>	<b>827</b>	<b>4 572</b>
	<b>9 145</b>	<b>7 001</b>	<b>9 862</b>
<b>LIABILITIES</b>			
Trade and other payables	1 618	713	953
Lease liabilities	770	604	560
Deferred considerations payable	-	-	2 790
Loans	40	-	-
	<b>2 428</b>	<b>1 317</b>	<b>4 303</b>
<b>EQUITY</b>			
Share capital and contributed surplus	32 401	35 843	37 051
Retained earnings	(25 684)	(30 159)	(31 492)
	<b>6 717</b>	<b>5 684</b>	<b>5 559</b>
	<b>9 145</b>	<b>7 001</b>	<b>9 862</b>

2.5.1. Balance sheet as of March 31, 2024 ("Q1"), which comprises mainly of the following:

- Q1-2024 figures include Interlube's balance sheet items;
- Cash and cash equivalents: as of the date of this report, net cash balance totals \$361,000, sufficient to cover approximately 1 month of operations given its current estimated monthly cash burn of \$300,000;
- Property, plant and equipment: consist of tools, machinery, office furniture and leasehold improvements;
- Intangible assets: consist of right-of-use of its leased premises and patents;
- Trade and other accounts payable: consist mainly of unpaid suppliers;
- Deferred considerations payable: amount payable to the seller in the Interlube Transaction based on certain milestones;
- Loans: secured loan amount as of the date of this report totals \$650,000. Indeed, as presented in Section 1, EACT announced that it has entered into loan agreements for loans totalling \$650,000 with two lenders, Mr. Nikolaos Sofronis (current President and CEO) and Mr. Vladimir Cardon de Lichtbuer. The loans are secured by a universal hypothec on the entirety of the Company's movable (personal) property.

- 2.5.2. EACT has been funded mainly through equity, i.e., issuance of shares and warrants.
- 2.5.3. EACT is insolvent as it is unable to meet its obligations as they become due. The Debtor's ability to continue as a going concern is subject to its ability to raise additional financing.
- 2.5.4. Given the Debtor's stage of development and nature of its operations, its balance sheet shows negative retained earnings of \$31.5 million.

### 3. THE RESTRUCTURING PLAN AND THE SISP

#### The restructuring plan

- 3.1. As presented in Section 1 of this report, EACT filed NOI Proceedings under the BIA on October 22, 2024. The Company intends to utilize this formal insolvency proceedings to, among other things:
  - 3.1.1. Prepare and update cash flow projections;
  - 3.1.2. Obtain Interim Financing (see section 5);
  - 3.1.3. Maintain operational going concern and thus maximize the value of EACT assets and operations;
  - 3.1.4. Put in place a communication plan, re: suppliers, subcontractors, directors, employees, shareholders, and other stakeholders;
  - 3.1.5. Terminate and/or renegotiate contracts and leases;
  - 3.1.6. Initiate a SISP.

#### The Sale and Investment Solicitation Process

- 3.2. As presented in Section 1 of this report, the board of directors of the Debtor decided to initiate a SISP in view of maximizing the value of the assets and the operations of the Company.
- 3.3. The Debtor's management, supported by the Trustee, is currently preparing a SISP. The Debtor wishes to launch the SISP as soon as the proposed Interim Financing is approved by the Court and put in place by the Investors and EACT.
- 3.4. The SISP estimated timetable can be summarized as follows:

STAGES / MILESTONES	ESTIMATED TIMELINE
<ul style="list-style-type: none"> <li>• Preparation of a business opportunity document ("<b>Teaser</b>")</li> <li>• Preparation of a document specifying the terms and conditions of the call for tenders ("<b>Process Letter</b>")</li> <li>• Preparation of a virtual data room</li> <li>• Preparation of a confidentiality agreement</li> <li>• Preparation of a list of potential buyers</li> </ul>	October 15-31, 2024

STAGES / MILESTONES	ESTIMATED TIMELINE
Launch of the SISP	November 1, 2024
Due Diligence Period	November 1 – December 20, 2024
Binding offers deadline	December 20, 2024
Negotiations with tenderers and preparation of Court material for the approval of an offer	December 22, 2024 – January 15, 2025
Signing of Binding Asset or Share Purchase Agreement	January 15, 2025
Service of Application for Court Approval of Asset or Share Purchase Agreement	January 16, 2025
Hearing for Court Approval (subject to Court availability)	Week of January 20, 2025
Closing of the transaction	Week of January 27, 2025

3.5. The SISP procedures are expected to contain the following material terms and conditions:

KEY TERMS	DESCRIPTION
<b>Requirements for Qualified Bid</b>	<ul style="list-style-type: none"> <li>• Deposit of at least ten (10%) percent of the total purchase price payable under the offer.</li> <li>• Must include an Outside Date of January 27, 2025 or sooner.</li> <li>• Must identify the bidder and any principals and the representatives of the bidder who are authorized to appear and act on their behalf for all purposes regarding the transactions contemplated.</li> <li>• Evidence upon which the Trustee may reasonably conclude that the bidder has the necessary financial ability to close the contemplated transaction and perform future performance of all obligations to be assumed.</li> <li>• Acknowledgement that the bidder has relied solely on its independent review and investigation and that it has not relying on any representation by the Trustee.</li> <li>• Must be on an “<i>as is, where is</i>” basis.</li> </ul> <p>No condition or contingency relating to due diligence or financing or any other material</p>



KEY TERMS	DESCRIPTION
	conditions precedent to the offeror's obligation to complete the transaction.
<b>Credit Bid Permitted</b>	A secured creditor of EACT may participate as a bidder in the SISP, or commit to bid its secured debt, including a credit bid of some or all of its outstanding indebtedness under any loan facility (inclusive of interest and other amounts payable under any loan agreement, including the Loans) owing to such party in the SISP.
<b>Extension of the Outside Date</b>	Extension of the Outside Date may be required where customary regulatory approval required is pending.
<b>Court Approval</b>	As soon as practicable after determination of the winning bid, the Company will bring an application to the Court

- 3.6. The timelines and terms of the SISP are reasonable and appropriate in the circumstances and will result in a fair and equitable process that will appropriately canvass the market to identify the best available transaction for the benefit of the Company and its stakeholders.

#### 4. PROJECTED CASH FLOW STATEMENT

- 4.1. EACT prepared a projected cash flow statement for the 16-week period ending on January 24, 2025. Refer to **Appendix I** for the Trustee's report under paragraph 50.4(2)(b) of the BIA, which includes the projected cash flow statement along with its main assumptions.
- 4.2. The projected cash flow statement is based on various conjectural assumptions established by management. They have been prepared with a view of the NOI Proceedings (i.e., a stay of proceedings) and with the objective of creating a favourable framework to put in place the restructuring plan, which includes, among other things, a SISP.
- 4.3. The projected cash flow statement rests upon the assumption that the requested Interim Financing will be approved by this Court, which is necessary to maintain the Debtor's operations during the NOI Proceedings.
- 4.4. Subject to the approval of the Court, the contemplated Interim Financing of \$1.72 million is sufficient to cover fees and expenses until at least January 31, 2025, which is beyond the requested stay period and the target date for the conclusion of the SISP.

**5. INTERIM FINANCING**

- 5.1. To date, the Debtor's operations have been made possible by continued injections of funds from shareholders and investors. However, the cash position, as shown by the projected cash flow statement, presents insufficient liquidity to cover current and future expenses.
- 5.2. Indeed, EACT requires interim financing to put in place its restructuring plan (as presented in Section 3). The projected cash flow statement shows a funding requirement of approximately \$1.72 million for the period ending on January 24, 2025.
- 5.3. As discussed in Section 1 of this report, the Investors notified their interest in providing Interim Financing under the NOI Proceedings, and to participate in a SISP.
- 5.4. As part of their intention to provide Interim Financing to EACT and to participate/support a potential restructuring plan, the Investors and EACT entered an Interim Financing term sheet to provide EACT with funding in order to assist with its restructuring plan.
- 5.5. The terms and conditions of the proposed Interim Financing can be summarized as follows:
  - 5.5.1. Amount: maximum amount of \$1.72 million;
  - 5.5.2. Interest rate: 18% annual interest rate. Interest will be accrued and added to the principal of the Interim Financing facility;
  - 5.5.3. The interest rate is deemed acceptable by the Trustee given the risks and uncertainties associated with the Debtor's business, and its underlying assets;
  - 5.5.4. Use of funds: In conformity with the cash flow projections;
  - 5.5.5. Collateral: secured by a first charge security of \$2.2 million on all the Debtor's assets, ranking ahead of all other charges except for the Administration Charge;
  - 5.5.6. Other material conditions: obtention of an Interim Financing Order and launch of a SISP.
- 5.6. The above-mentioned Interim Financing terms and conditions were approved by the board of directors of EACT.
- 5.7. The Trustee is of the opinion that the proposed Interim Financing is appropriate given the following:
  - 5.7.1. Secured creditors affected by the security or charge under the proposed interim financing support such financing;
  - 5.7.2. EACT's business and financial affairs will be managed properly, with the assistance and under the supervision of the Trustee;
  - 5.7.3. The Interim Financing will enable EACT to maintain a going concern, and cover expenses required to maintain the value of EACT's business and assets;
  - 5.7.4. The Interim Financing will allow the implementation of a SISP and enhance the prospect of a viable proposal being made for the benefit of the creditors;
  - 5.7.5. Finally, no unsecured creditor will be materially prejudiced as a result of the security or charge requested.

## 6. ADMINISTRATION CHARGE AND DIRECTORS & OFFICERS CHARGE

### Administration Charge

- 6.1. Considering the financial situation of the company and the uncertainty of its restructuring process, an administration charge (“**Administration Charge**”) is being sought, in favour of the restructuring professionals, namely the NOI trustee, its legal counsel as well as the Debtor’s legal counsel, and for all costs incurred whether before or after the NOI Procedures.
- 6.2. The proposed Administration Charge would be in an amount of \$250,000 and shall rank in priority to any existing security (including the proposed Interim Financing charge).
- 6.3. The amount of the Administration Charge was established based on the experience of the various professionals in the context of restructurings similar in complexity and scope.
- 6.4. We are of the opinion that the proposed Administration Charge is reasonable and necessary in the context of the implementation of the restructuring plan, considering, among other things, the complexity of the proceedings, the level of work anticipated by each professional and the size of similar charges offered in comparable files.

### Directors & Officers Charge

- 6.5. A restructuring of the Company will only be possible with the continued participation of its directors and management.
- 6.6. The directors and officers can be held liable for certain obligations of the Company owing to employees and government entities, which may include accrued wages and unpaid accrued vacation pay, together with unremitted sales, goods and services, and harmonized taxes.
- 6.7. The Company’s directors and officers currently benefit from a liability insurance policy that covers officers and directors and has an aggregate limit of \$5,000,000. This coverage is subject to standard exclusions which could make it difficult to cover all potential liabilities of the directors and officers that can arise in the context of a restructuring process. In addition, the existing liability insurance policy is set to expire on December 11, 2024.
- 6.8. As a result of the foregoing, the Company asks this Court to grant a priority charge on the Company’s property as security for the potential liability of the directors and officers incurred in such capacity after the commencement of the NOI Proceedings in the amount of \$100,000 (the “**D&O Charge**”). This amount was established based on the approximate amount of the payroll cycle for the Company, accrued deduction at sources and accrued sales taxes.
- 6.9. We are of the opinion that the proposed D&O Charge is reasonable and necessary in the context of the implementation of the restructuring plan, and the continued participation of the directors and management of the Company.

## 7. CONCLUSION AND RECOMMENDATION

- 7.1. Considering, the following, among other things:
  - 7.1.1. EACT is unable to meet its obligations as they become due, thus is insolvent;

- 7.1.2. The bankruptcy of EACT would jeopardize the value of its assets and would have negative consequences for all stakeholders (employees, subcontractors, secured and unsecured creditors, shareholders, etc.), while the Interim Financing allows the Debtor to initiate the SISP in order to attempt to maximize the value of the operations and the assets on a going concern;
- 7.1.3. Subject to the court's approval of the Interim Financing, EACT would have sufficient funds until at least January 31, 2025, as presented in the cash flow projections;
- 7.1.4. The board of directors of EACT and the senior secured creditors affected by the security or charge under the proposed Interim Financing and the Administration Charge support such financing and related procedures;
- 7.1.5. The Interim Financing will allow the implementation of a SISP and enhance the prospect of a viable proposal being made for the benefit of the creditors, and the nature and value of EACT's property would be maintained;
- 7.1.6. Finally, the Company's stakeholders will not be materially prejudiced as a result of the security or charge requested for the Interim Financing and the Administration Charge;
- 7.2. The Trustee is of the opinion that stakeholders will benefit from the granting of the Interim Financing, from the granting of the Administration Charge, from the granting of the D&O Charge and from the extension of the stay of proceedings.
- 7.3. The whole, respectfully submitted by Raymond Chabot Inc., in its capacity as Trustee.

## APPENDIX 1

**EARTH ALIVE CLEAN TECHNOLOGIES INC.**  
**PROJECTED CASH FLOW**  
**FOR THE PERIOD ENDING ON JANUARY 24, 2025**

Trustee's report	1
Debtor's report	2
Projections	
Cash flow statement	3
Notes to the projected cash flow	4 and 5



Société affiliée de  
Raymond Chabot Grant Thornton  
S.E.N.C.R.L.  
600, rue de La Gauchetière Ouest  
Bureau 2000  
Montréal (QC) H3B 4L8  
Tél.: (855)724-2268  
Télec.: (450)676-2202  
www.raymondchabot.com

CANADA  
DISTRICT OF QUEBEC  
DIVISION NO.: 01-MONTRÉAL  
COURT NO.: 500-11-064800-242  
FILE NO.: 41-3143487

SUPERIOR COURT

“In Bankruptcy and Insolvency”

IN THE MATTER OF THE PROPOSAL OF:

**EARTH ALIVE CLEAN TECHNOLOGIES INC.**

Insolvent Person

---

**TRUSTEE’S REPORT ON CASH FLOW STATEMENT**

(Paragraph 50(6)b) of the Act

---

The attached statement of projected cash flow of Earth Alive Clean Technologies Inc., as of October 23, 2024, has been prepared by the debtor company for the purpose described in Note 1, using probable and hypothetical assumptions set out in Note 3.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied to us by the debtor. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by the debtor for the probable assumptions and the preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed by the debtor company are not suitably supported and consistent with the plans of the debtor or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.


Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved (this should not be interpreted as the expression of an opinion).

The projection has been prepared solely for the Official Receiver for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated in Montreal, this October 23, 2024.

**RAYMOND CHABOT INC.**

Licensed Insolvency Trustee

DocuSigned by:  
  
E87104090534441...  
Ayman Chaaban, CPA, CIRP, LIT  
Trustee in charge

CANADA  
DISTRICT OF QUEBEC  
DIVISION NO.: 01-MONTRÉAL  
COURT NO.: 500-11-064800-242  
FILE NO.: 41-3143487

SUPERIOR COURT  
“In Bankruptcy and Insolvency”

IN THE MATTER OF THE PROPOSAL OF:

**EARTH ALIVE CLEAN TECHNOLOGIES INC.**

Insolvent Person

---

**REPORT ON CASH FLOW STATEMENT BY THE PERSON MAKING THE PROPOSAL**

(Paragraph 50(6) c) of the Act)

---

The management of Earth Alive Clean Technologies Inc. has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, from October 5, 2024 to January 24, 2025.

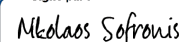
The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in Note 3, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the Notes.

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 Note 1, using a set of probable and hypothetical assumptions set out in Note 3. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated in Athens, on October 23, 2024.

**Earth Alive Clean Technologies Inc.**

Signé par :  
  
60DC5143CC3B410...  
Nikolaos Sofronis

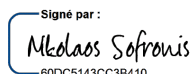
---



**EARTH ALIVE CLEAN TECHNOLOGIES INC.**  
**CASH FLOW STATEMENT**  
**FOR THE PERIOD OF OCTOBER 5, 2024 TO JANUARY 24, 2025**  
((paragraph 50(6) c)  
(Unaudited)

(In thousands of \$ - unaudited )	Week 1-4 01-11-2024	Week 5-8 29-11-2024	Week 9-12 27-12-2024	Week 13-16 24-01-2025	Total
<b>Receipts</b>					
Opening AR and subsequent sales	828	776	823	862	3 290
Interim Financing	500	500	500	-	1 500
	<b>1 328</b>	<b>1 276</b>	<b>1 323</b>	<b>862</b>	<b>4 790</b>
<b>Disbursements</b>					
Salary and employee benefits	84	84	84	84	336
Subsequent purchases and expenses	958	926	912	912	3 709
Sales taxes	35	-	35	35	105
Restructuring fees	97	97	97	97	387
Reserve for unforeseen expenses	99	99	99	99	396
	<b>1 272</b>	<b>1 206</b>	<b>1 227</b>	<b>1 227</b>	<b>4 932</b>
Decrease (Increase) in cash	56	70	97	(365)	(142)
Cash - Beginning	361	417	487	584	361
<b>Cash - At the end</b>	<b>417</b>	<b>487</b>	<b>584</b>	<b>219</b>	<b>219</b>

**Earth Alive Clean Technologies Inc.**

Signé par :  
  
60DC5143CC3B410

Nikolaos Sofronis

The projected cash flow, prepared by the insolvent person in accordance with the appropriate sections of the Bankruptcy and Insolvency Act, should be read jointly with the trustee's report.

On October 23, 2024.

**RAYMOND CHABOT INC.**

Licensed Insolvency Trustee

DocuSigned by :  
  
E87104090534441...

Ayman Chaaban, CPA, CIRP, LIT  
Trustee in charge

**EARTH ALIVE CLEAN TECHNOLOGIES INC.**  
**NOTES TO THE PROJECTED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDING ON JANUARY 24, 2025**  
(Unaudited - see Trustee's report)

**1. PURPOSE OF THE PROJECTED CASH FLOW STATEMENT**

The company's management prepared the projected cash flow statement on October 5, 2024, from pertinent information.

The purpose of this projected cash flow statement is to present relevant prospective financial information within the scope of the filing of a Notice of Intention to file a proposal, by virtue of the Bankruptcy and Insolvency Act. This financial information may not be relevant for other purposes.

These projections have been prepared based on assumptions which reflect the general direction that the company's management shall be adopting given the financial and economic conditions, which in the opinion of the company's management is the most probable.

Since this projected cash flow statement is based on assumptions regarding future events, actual results for the period covered will vary from the information presented, and the variations may be material.

**2. CONTINUITY OF OPERATION**

As part of a financial reorganization plan, on October 22, 2024, the Company filed a notice of intention to make a proposal to creditors under the provisions of the Bankruptcy and Insolvency Act.

This statement of cash flows has been prepared on a going concern basis; it does not reflect any adjustments that would be required if certain assets were disposed of outside the ordinary course of business.

**3. HYPOTHETICAL AND PROBABLE ASSUMPTIONS**

The projected cash flow statement is mostly based on hypothetical assumptions listed below:

**3.1. Receipts**

*SALES*

Sales are based on estimates and the experience of the company's management.

*ACCOUNTS receivable*

Accounts receivable are based on sales for the period as estimated by management.

*INTERIM FINANCING*

Based on cash requirements and subject to the approval of the Court.

### **3.2. Disbursements**

#### *SALARY AND EMPLOYEE BENEFITS*

Salaries are based on management's assessment of staff requirements, and are paid biweekly.

#### *SUBSEQUENT PURCHASES AND EXPENSES*

Purchases and expenses are based on sales estimated by management, historical data and contractual agreements, and are paid for on receipt of goods.

#### *SALES TAXES*

Sales taxes are estimated on the basis of sales and expenses volume.

#### *RESTRUCTURING FEES*

Estimated on the basis of experience and payable on receipt of invoices.

## **4. RISK RELATED TO THE ACHIEVEMENT OF THE PROJECTIONS**

The realization of projections depends in particular:

- the company's ability to maintain its customer base and its purchasing capacities despite the filing of the notice of intent to make a proposal;
- the company's ability to obtain court approval for the Interim Financing cover the projected cash shortfall for the period from external sources.