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NUMBER 25-3354154

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PROCEEDING IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF HARMONY HEATING AND AIR
CONDITIONING INC.

DOCUMENT **SECOND REPORT OF THE PROPOSAL TRUSTEE
JUNE 11, 2026**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

PROPOSAL TRUSTEE
BDO Canada Limited
Suite 500, 20 Wellington Street East
Toronto, ON M5E 1C5

Attention: Josie Parisi
Telephone: 416-369-6031
Email: jparisi@bdo.ca

PROPOSAL TRUSTEE'S COUNSEL

Fasken Martineau DuMoulin LLP
350 – 7th Avenue SW, Suite 3400
Calgary, Alberta T2P 3N9

Attention: Dylan Chochla / Jessica Cameron
Telephone: (416) 868-3425 / (403) 261-9468
E-Mail: dchochla@fasken.com / jcameron@fasken.com

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INTRODUCTION

1. Harmony Heating and Air Conditioning Inc. (the “**Company**” or “**Harmony**”) is a privately held corporation incorporated pursuant to the *Business Corporations Act* (Alberta) on March 18, 2008. The Company specializes in the supply, installation and maintenance of heating, ventilation, and air conditioning (“**HVAC**”) systems for residential and commercial customers.
2. On March 31, 2026, the Company filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”). BDO Canada Limited (“**BDO**”) was named as the Licensed Insolvency Trustee (in such capacity, the “**Proposal Trustee**”) in respect of the NOI (such proceedings commenced by filing the NOI, the “**Proposal Proceedings**”).
3. On April 27, 2026, the Proposal Trustee filed its First Report requesting a stay extension, among other relief. A copy of the First Report, without appendices, is attached hereto as **Appendix “A”**.

PURPOSE

4. This is the second report of the Proposal Trustee (the “**Second Report**”), to be filed in the Proposal Proceedings. The purpose of this Second Report is to provide the Court with information regarding:
 - (a) the Proposal Trustee’s activities since filing the First Report;
 - (b) the status of the Sale Process (defined below) being conducted by the Proposal Trustee, with the assistance of BDO Canada Transaction Advisory Services Inc. (the “**Sales Agent**”);
 - (c) an update on the Company’s cash flow and forecast, including (i) actual cash flows since the commencement of the Proposal Proceedings through to June 5, 2026, compared to the cash flow forecast (the “**Initial Cash Flow**”), and the Proposal Trustee’s views on the variances; and (ii) the Company’s cash flow projections for the week ending June 12, 2026 to the week ending July 31, 2026 (the “**Second Cash Flow Forecast**”) and the Proposal Trustee’s views on same;

- (d) the Proposal Trustee’s recommendation with respect to the Company’s motion returnable June 12, 2026 seeking an Order (the “**Stay Extension Order**”), among other relief, approving an extension of time for the Company to make a proposal to its creditors and the related stays of proceedings for an additional 45-day period up to and including July 30, 2026;
- 5. This Second Report is to be read in conjunction with the Affidavit of Anthony Fisher sworn June 11, 2026 (the “**Fisher Affidavit**”).
- 6. The Fisher Affidavit, and all other materials filed with the Court in the Proposal Proceedings, are accessible on the Proposal Trustee’s website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/mechcangroup> (the “**Proposal Trustee’s Website**”).

TERMS OF REFERENCE

- 7. In preparing this Second Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Company, discussions with management of the Company (“**Management**”), and information from other third-party sources (collectively, the “**Information**”). Except as described in this Second Report in respect of the Second Cash Flow Forecast:
 - (a) The Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
 - (b) Some of the information referred to in this Second Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as

outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.

8. Future-oriented financial information referred to in this Second Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections even if the assumptions materialize, and the variances could be significant.
9. Unless otherwise indicated, the Proposal Trustee's understanding of factual matters expressed in this Second Report concerning the Company and its business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

PROPOSAL TRUSTEE'S ACTIVITIES TO DATE

11. The Proposal Trustee has, among other things:
 - (a) participated in various calls with Management and counsel for Harmony;
 - (b) corresponded with creditors and other stakeholders who had questions regarding the Proposal Proceedings;
 - (c) monitored Harmony's cash flow;
 - (d) with the assistance of the Sales Agent and counsel to the Proposal Trustee, continued to conduct the Sale Process, including but not limited to:
 - (i) participating in discussions with interested parties;
 - (ii) reviewing and negotiating Bids; and
 - (iii) presiding over the Auction;
 - (e) monitored and performed variance analyses in respect of the Company; and
 - (f) prepared this Second Report.

UPDATE ON THE SALE PROCESS

12. With the assistance of the Sales Agent, the Proposal Trustee has been conducting the sale process to solicit interest in and opportunities for a sale of all or substantially all or part of the assets and business of Harmony (the “**Sale Process**”). A copy of the Sale Process is attached hereto as **Appendix “B”**. Capitalized terms used below but not defined have the meanings given to them in the Sale Process.
13. The Sale Process had a Bid Deadline of June 1, 2026. As at the Bid Deadline, the Proposal Trustee and Sales Agent received multiple Bids for Harmony.
14. The Proposal Trustee reviewed the Bids, deemed each Bid a Qualified Bid, and invited the Qualified Bidders to attend the Auction. In consultation with the Sales Agent, the Proposal Trustee scheduled the Auction on Monday June 8, 2026, in accordance with its authority to revise or extend the dates under the Sale Process in its sole discretion.
15. After scheduling the Auction, the Proposal Trustee was made aware of certain allegations regarding the conduct of Anthony Fisher (“**Mr. Fisher**”), who is the current general manager of Harmony and the principal of 2811153 Alberta Ltd., who is the stalking horse bidder in the Sale Process. In order to ensure the fairness and integrity of the Sale Process, the Proposal Trustee adjourned the Auction to allow additional time to address those allegations.
16. Between June 6 and June 9, 2026, the Proposal Trustee corresponded with counsel for Mr. Fisher regarding the allegations that were brought to its attention. The Proposal Trustee received satisfactory responses from counsel for Mr. Fisher and determined that it was prepared to proceed to the Auction. The Proposal Trustee subsequently rescheduled the Auction for June 10, 2026.
17. Copies of the correspondence between the Proposal Trustee and counsel for Mr. Fisher, dated between June 6 and June 9, 2026, are collectively attached hereto as **Appendix “C”**. Copies of the correspondence were also uploaded to the virtual data room for the Sale Process so that all Qualified Bidders were made aware of those developments as soon as possible.

THE CASH FLOW

18. Throughout the Proposal Proceedings, the Proposal Trustee has received and reviewed the Initial Cash Flow Forecast. A copy of the summary of the Initial Cash Flow Forecast is attached hereto as **Appendix “D”**.
19. As reflected under the Initial Cash Flow Forecast, for the nine-weeks ending June 5, 2026, Harmony’s actual net cash flow was \$14,196. The entity had a projected net cash inflow of \$13,099. This represents an unfavourable variance of \$1,096. During the cash flow period, actual receipts/sales were lower than forecast by \$184,978 (-17%). As a result of the lower than expected sales, cash expenditure were lower by \$186,075 (-17%). Overall, the net cash inflows resulted in an ending cash balance on June 5, 2026 of \$48,282. During the period, the Company did not draw on the Interim Facility of \$25,000.
20. The Company prepared a Second Cash Flow Forecast that incorporates the actual results from the Initial Cash Flow Forecast and projected results for the period ending July 31, 2026. A copy of the Second Cash Flow Forecast is attached hereto as **Appendix “E”**.
21. Based on the Proposal Trustee’s review of the Second Cash Flow Forecast, the Company is forecasted to have sufficient liquidity to fund its obligations throughout the requested stay extension period. The Company is projected to have an ending cash balance of \$48,493 before drawing on the Interim Facility.

EXTENSION OF STAY OF PROCEEDINGS

22. On April 30, 2026, the Court of King’s Bench of Alberta (the “**Court**”) granted an Order (the “**Initial Proposal Order**”) that, among other relief, extended the time for Harmony to make a proposal to its creditors up to and including June 15, 2026.
23. The Company is seeking an extension of the stay of proceedings and time to file a proposal from June 15, 2026, to July 30, 2026.
24. Harmony is seeking the extension to afford the Company and the Proposal Trustee with the opportunity to complete the Sale Process. The Sale Process contemplated seeking Court approval of the Successful Bid by no later than June 15, 2026 and that such transaction would be closed by no later than June 25, 2026. The Proposal Trustee has extended the timelines under the Sale Process to respond to the facts and circumstances as they arose

throughout the process and, consequently, is not in a position to obtain Court approval and close the transaction as originally contemplated.

25. The requested extension will provide sufficient time for the Proposal Trustee to finalize the asset purchase agreement with the Successful Bidder, seek Court approval of the transaction, close the transaction, and attend to any other necessary post-closing matters related to the administration of the Company's estate.
26. The Proposal Trustee supports the Company's extension request, for the following reasons:
 - (a) the Second Cash Flow Forecast demonstrates that the Company will have sufficient liquidity to satisfy its obligations as they come due during the proposed extension period;
 - (b) the extension of the stay would permit the Proposal Trustee, with the assistance of the Sales Agent, to complete the transaction under the Successful Bid and, accordingly, will increase the likelihood of the Company making a successful proposal to its creditors;
 - (c) without the stay extension, the Company would be deemed bankrupt, which would be to the detriment of its stakeholders;
 - (d) in the Proposal Trustee's view, the Company has acted, and continues to act, in good faith and with due diligence;
 - (e) no creditor would be materially prejudiced if the extension being applied for is granted; and
 - (f) as at the date of this Second Report, the Proposal Trustee is not aware of any party opposed to an extension.

CONCLUSIONS AND RECOMMENDATIONS

27. Based on the above, the Proposal Trustee respectfully recommends that the Court grant an order providing the relief described in paragraph 4(d) of this Second Report.
28. NBC, the Company's senior-most secured creditor, is supportive of the relief sought by the Company.

All of which is respectfully submitted this 14 day of June, 2026.

BDO CANADA LIMITED
in its capacity as Proposal Trustee of
Harmony Heating and Air Conditioning Inc.
and not in its personal or corporate capacity



Josie Parisi, CPA, CA, CBV, CIRP, LIT
Senior Vice President

APPENDIX “A”

COURT FILE NUMBER /
BANKRUPTCY ESTATE
NUMBER

B301-354154
25-3354154

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PROCEEDING

IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF HARMONY HEATING AND AIR
CONDITIONING INC.

DOCUMENT

**FIRST REPORT OF THE PROPOSAL TRUSTEE
APRIL 27, 2026**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

PROPOSAL TRUSTEE

BDO Canada Limited
Suite 500, 20 Wellington Street East
Toronto, ON M5E 1C5

Attention: Josie Parisi
Telephone: 416-369-6031
Email: jparisi@bdo.ca

PROPOSAL TRUSTEE'S COUNSEL

Fasken Martineau DuMoulin LLP
350 – 7th Avenue SW, Suite 3400
Calgary, Alberta T2P 3N9

Attention: Dylan Chochla / Jessica Cameron
Telephone: (416) 868-3425 / (403) 261-9468
E-Mail: dchochla@fasken.com / jcameron@fasken.com

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INTRODUCTION

1. Harmony Heating and Air Conditioning Inc. (the “**Company**” or “**Harmony**”) is a privately held corporation incorporated pursuant to the *Business Corporations Act* (Alberta) on March 18, 2008. The Company specializes in the supply, installation and maintenance of heating, ventilation, and air conditioning (“**HVAC**”) systems for residential and commercial customers.
2. The Company is co-owned by MechCan Inc. (“**MechCan Inc.**”) and Anthony Fisher (“**Fisher**”). MechCan is the majority shareholder, holding a 60% ownership interest in the Company, and Fisher holds the remaining 40% interest.
3. On March 31, 2026, the Company filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”). BDO Canada Limited (“**BDO**”) was named as the Licensed Insolvency Trustee (in such capacity, the “**Proposal Trustee**”) in respect of the NOI (such proceedings commenced by filing the NOI, the “**Proposal Proceedings**”). The Certificate of Filing of a Notice of Intention to Make a Proposal issued by the Office of the Superintendent of Bankruptcy is attached hereto as **Appendix “A”**.

PURPOSE

4. This is the first report of the Proposal Trustee (the “**First Report**”) to be filed in the Proposal Proceedings. The purpose of this First Report is to provide the Court with information regarding:
 - (a) the background on the circumstances leading to the Company’s decision to commence the Proposal Proceedings;
 - (b) background details regarding the MechCan Group (defined below);
 - (c) details of the Company’s creditors;
 - (d) the Proposal Trustee’s activities since its appointment;
 - (e) an overview of the Company’s 13-week cash flow forecast for the period April 6, 2026, to July 3, 2026 (the “**Cash Flow Forecast**”) and the Proposal Trustee’s comments regarding the reasonableness thereof; and

- (f) the Proposal Trustee’s recommendation with respect to the Company’s motion returnable April 29, 2026 (the “**Company’s Motion**”), seeking, among other relief:
- (i) an Order (the “**Initial Proposal Order**”), among other things:
- (A) extending the time by which the Company may file a proposal by 45 days up to and including June 15, 2026;
 - (B) granting a first ranking administration charge over all of the Company’s current and after-acquired assets, undertakings, and property (collectively, the “**Property**”) in favour of Reconstruct LLP (“**Reconstruct**”), as counsel to the Company, the Proposal Trustee, the Sales Agent (defined below), and Fasken Martineau DuMoulin LLP as counsel to the Proposal Trustee (“**Fasken**” and together with Reconstruct, the Proposal Trustee and the Sales Agent, the “**Professional Group**”), to secure payment of their professional fees incurred in connection with these Proposal Proceedings in the maximum aggregate amount of \$100,000 plus taxes and disbursements (the “**Administration Charge**”);
 - (C) approving the DIP Facility in the maximum principal amount of \$25,000 and the proposed Term Sheet (each as defined below);
 - (D) granting a charge over the Property to secure repayment of any borrowings under the Term Sheet in priority to all other encumbrances other than the Administration Charge (the “**DIP Lender’s Charge**”);
 - (E) granting the Proposal Trustee the authority to exercise certain enhanced powers that are in addition to the duties and powers prescribed under the BIA;
 - (F) approving this First Report of the Proposal Trustee and its activities set out herein; and

- (G) approving, *nunc pro tunc*, the Proposal Trustee’s engagement of BDO Canada Transaction Advisory Services Inc. (the “**Sales Agent**”) pursuant to an engagement letter between the Proposal Trustee and the Sales Agent dated as of April 21, 2026 (the “**Sales Agent Engagement Letter**”);
 - (H) approving the proposed stalking horse sale process and auction procedures in respect of the Company (the “**Sale Process**”);
 - (I) approving and authorizing the Company, *nunc pro tunc*, to enter into a stalking horse asset purchase agreement dated April 24, 2026 (the “**Stalking Horse Agreement**”) among the Company as vendor, and 2811153 Alberta Ltd. (the “**Stalking Horse Bidder**”) as purchaser, provided that any definitive agreement to be executed by the Company in respect of the sale of all or part of the Property (as defined in the Initial Proposal Order) shall require further approval of the Court;
 - (J) approving the Break Fee (as defined herein) contemplated in the Stalking Horse Agreement; and
 - (K) authorizing and directing the Proposal Trustee and the Sales Agent to take such steps as they deem necessary or desirable to carry out the Sale Process.
5. This First Report is to be read in conjunction with the Affidavit of Fisher sworn April 24, 2026 (the “**Fisher Affidavit**”).
6. The Fisher Affidavit, and all other materials filed with the Court in the Proposal Proceedings, are accessible on the Proposal Trustee’s website at: <https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/mechcangroup> (the “**Proposal Trustee’s Website**”).

TERMS OF REFERENCE

7. In preparing this First Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, books and records prepared by the Company, discussions with management of the Company (“**Management**”), and information from other third-party sources (collectively, the “**Information**”). Except as described in this First Report in respect of the Cash Flow Forecast:
 - (a) The Proposal Trustee has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under CAS in respect of the Information; and
 - (b) Some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
8. Future-oriented financial information referred to in this First Report was prepared based on Management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections even if the assumptions materialize, and the variances could be significant.
9. Unless otherwise indicated, the Proposal Trustee’s understanding of factual matters expressed in this First Report concerning the Company and their business is based on the Information, and not independent factual determinations made by the Proposal Trustee.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

BACKGROUND

11. The Company specializes in the supply, installation and maintenance of HVAC systems for residential and commercial customers.
12. According to a Corporate Profile Report obtained on March 11, 2026 (the “**Harmony Corporate Profile Report**”), the directors of the Company are Fisher, Arthur Phillips (“**Phillips**”), and Spencer Ross (“**Ross**”). The Proposal Trustee understands that Phillips and Ross both resigned from their positions as directors prior to the filing of the NOI. A copy of the Harmony Corporate Profile Report is attached as **Appendix “B”**.
13. Phillips and Ross were formerly the directors and officers of MechCan. MechCan was incorporated for the purposes of consolidating HVAC and plumbing companies. Between February 2022 and August 2024, MechCan completed eleven (11) transactions, resulting in MechCan wholly or partially owning the following entities, among others:
 - (a) Harmony;
 - (b) J.D. Swallow Heating Contractors Inc. (“**J.D. Swallow**”), which operates primarily from Ottawa, Ontario;
 - (c) Pro Ace Heating & Air Conditioning Ltd. (“**Pro Ace**”), which operates primarily from Burnaby, British Columbia;
 - (d) Comfort Zone Heating & Air Conditioning Inc. (“**Comfort Zone**”), which operates primarily from Cobourg, Ontario;
 - (e) Hy-Mark Mechanical Inc. (“**Hy-Mark**”), which operates primarily from Guelph, Ontario; and
 - (f) BR’s Plumbing & Heating Inc. (“**BRs**”), which operates primarily from Tilsonburg, Ontario (altogether with MechCan and the Company, the “**MechCan Group**”).
14. Between March 31, 2026 and April 10, 2026, MechCan, Pro Ace, J.D. Swallow, Comfort Zone, Hy-Mark, and BRs also filed Notices of Intention to Make a Proposal under the BIA (the “**MechCan Group NOIs**”) and BDO was also named as Proposal Trustee in respect of the MechCan Group NOIs.

15. The Proposal Trustee understands that there are other entities that are wholly or partially owned by MechCan and which are not listed above, which will not be filing NOIs.
16. The Company operates from leased facilities located at 427 51 Ave. SE, Calgary, Alberta. The premises are leased from an entity controlled by Fisher. The Proposal Trustee understands that the lease was surrendered by the Company, and is currently in the process of investigating the terms of the surrender.
17. The Company currently employs approximately 18 staff. None of the employees are unionized. Payroll is paid to employees on a bi-weekly basis.
18. Additional information about the Company and its background is included in the Fisher Affidavit filed in support of the Company's motion returnable April 29, 2026.

CIRCUMSTANCES LEADING TO THE PROPOSAL PROCEEDINGS

19. MechCan funded the acquisition of the Company, and the other entities in the MechCan Group, through a combination of debt from National Bank of Canada (the "**Lender**" or "**NBC**") of approximately \$9 million and equity capital of approximately \$15 million.
20. In or around early 2025, the MechCan Group began experiencing financial difficulties due to various challenges in the economic environment, including:
 - (a) a reduction in consumer spending;
 - (b) increased costs due to trade and tariff wars, coupled with an inability to meaningfully pass along price increases to consumers while remaining competitive in a saturated market;
 - (c) the pandemic pull forward, whereby many households replaced HVAC systems and equipment during the COVID-19 pandemic, resulting in fewer repairs and replacements in the current market; and
 - (d) the end of government rebate programs.
21. During the summer of 2025, MechCan's management undertook a turnaround plan which focused on operational initiatives in an effort to reduce costs. The turnaround plan initiatives included: i) the implementation of a field software platform to streamline the

MechCan Group's sales execution (Service Titan); ii) a cross-staffed call centre; iii) cost cutting through centralization; and iv) establishing marketing programs.

22. The cost of the initiatives together with the changed economic environment stressed the MechCan Group's liquidity, ultimately leading to the decisions to file the MechCan Group NOIs.

ASSETS

23. The Proposal Trustee understands that the Company's main assets consist of its accounts receivable, a relatively modest amount of inventory, various office equipment and some tools and vehicles used for workers to attend job sites.

SECURED LENDERS AND TRADE CREDITORS

Secured Creditors

NBC

24. Pursuant to an offer of financing from NBC to MechCan dated as of August 12, 2024 as amended by an amending agreement dated December 31, 2024, an amending agreement dated September 2, 2025 and as further amended from time to time (the "**Offer of Financing**"), NBC made certain credit facilities available to MechCan for the purposes of funding the operations of the MechCan Group. The loan facilities available under the Offer of Financing include: i) an operating line of credit, ii) a term loan and iii) credit cards.
25. Harmony has guaranteed all indebtedness and obligations owing by MechCan to NBC pursuant to an unlimited guarantee dated August 2024. This guarantee is secured by a General Security Agreement granted by Harmony in favour of NBC dated August 15, 2024.
26. As at March 16, 2026, Harmony's indebtedness in respect of its guarantee under the NBC Loan Facilities was \$3,929,799.14.

Equipment Financiers

27. The Company also has a number of equipment financing agreements with various equipment financiers, in respect of vehicles used during the course of its operations.

28. According to searches of registrations against the Company under the Personal Property Registry (Alberta) (current as of April 19, 2026) (“**Alberta PPR Search Results**”) and the *Personal Property Security Act* (Ontario) (current as of March 26, 2026) (the “**OPPSA Search Results**”), the following financiers have registered one or more financing statements against the Company:
- (a) Somerville National Leasing & Rentals Ltd.;
 - (b) Summit Acceptance Corp.;
 - (c) Ford Credit Canada Leasing, Division of Canadian Road Leasing Company;
 - (d) The Bank of Nova Scotia;
 - (e) Royal Bank of Canada;
 - (f) TD Auto Finance (Canada) Inc.; and
 - (g) Ford Credit Canada Company.
29. Copies of the Alberta PPR Search Results and the Ontario PPSA Search Results are attached hereto as **Appendices “C” and “D”**, respectively.

Unsecured Creditors

30. The Company reports approximately \$883,000 in amounts owing to unsecured trade creditors as at the date of the NOI, which figure includes \$130,000 of credit card debt owing to NBC which is part of the secured indebtedness. After backing out this figure, the total owing in unsecured debt is \$753,000.

Employees

31. Payroll is paid bi-weekly. There is no employee pension plan. Employee wages and vacation pay are current to the last payroll.

Canada Revenue Agency (“CRA”)

32. Management has advised the Proposal Trustee that as at the date of the NOI, there were no payroll source deductions or GST arrears owing to the CRA.

PROPOSAL TRUSTEE'S ACTIVITIES TO DATE

33. The Proposal Trustee has established the Proposal Trustee's Website for these Proposal Proceedings. All court documents and other relevant documents will continue to be posted as they are made available.
34. In accordance with its obligations under the BIA, the Proposal Trustee prepared and mailed a notice on April 1, 2026, to all known creditors who have a claim against the Company of more than \$250, which includes information about these Proposal Proceedings. The Proposal Trustee sent additional notices as requested to creditors who became known after the notices were initially mailed on April 1, 2026.
35. Further, the Proposal Trustee has, among other things:
 - (a) participated in various calls with Management and the Company's counsel, Reconstruct;
 - (b) assisted the Company with stakeholder and customer communications;
 - (c) participated in various discussions with Management and certain stakeholders in connection with developing a sale and marketing process;
 - (d) reviewed and commented on the Cash Flow Forecast;
 - (e) created a weekly monitoring protocol to review the Company's weekly cash receipts and disbursements;
 - (f) corresponded with creditors and other stakeholders who had questions regarding the Proposal Proceedings;
 - (g) engaged the Sales Agent;
 - (h) reviewed and commented on the Stalking Horse Agreement; and
 - (i) prepared this First Report, including a preliminary review of the Company's assets, liabilities and operations.

CASH FLOW FORECAST

36. The Company's Cash Flow Forecast and related assumptions for the 13-week period from April 6, 2026, to July 3, 2026 (the "**Forecast Period**"), together with Management's report

on the Cash Flow Forecast (as required under subsection 50.4(2)(c) of the BIA) are attached hereto as **Appendix “E”**.

37. Based on the Proposal Trustee’s review of the Cash Flow Forecast, there are no material assumptions which seem unreasonable in the present circumstances. The Proposal Trustee’s report on the Cash Flow Forecast (as required under subsection 50.4(2)(b) of the BIA) is attached hereto as **Appendix “F”**.
38. The Cash Flow Forecast presents that the Company will experience net cash inflows of approximately \$98,466 during the Forecast Period. However, due to the timing of projected receipts relative to disbursements, the Company projects that it may require interim financing in the aggregate amount of \$25,000 to fund post-filing obligations. As a result, the Company is seeking approval of the DIP Facility (defined below) and a corresponding charge to pay its post-filing obligations, including the cost of these proceedings.
39. The Proposal Trustee has arranged reporting and monitoring processes with Management, which include reviewing the weekly budget versus actual cash flows, financial reporting, as well as receipts and disbursements of the Company.
40. The Proposal Trustee understands that the Company’s main assets are its accounts receivable, along with a small amount of inventory, office equipment, and certain tools and other equipment used in the course of the Company’s HVAC operations.

RELIEF SOUGHT BY THE COMPANY

EXTENSION OF STAY OF PROCEEDINGS

41. Pursuant to the terms of the BIA, the Company is currently required to file a proposal by April 30, 2026. The Company is seeking an extension of the stay of proceedings and time to file a proposal from April 30, 2026, to June 15, 2026, given that the 45-day extension otherwise permitted by the BIA would expire on June 14, 2026, which is a Sunday. The Proposal Trustee understands from its legal counsel that pursuant to section 26 of the *Interpretation Act*, RSC 1985, c I-21, where the time limit for the doing of a thing expires or falls on a holiday, the thing may be done on the next day that is not a holiday, in this case on the Monday.
42. The Proposal Trustee supports the Company’s extension request, for the following reasons:

- (a) in the Proposal Trustee's view, based on the Cash Flow Forecast and provided that the Term Sheet is approved, the Company will have sufficient liquidity to satisfy its obligations as they come due during the proposed extension period;
- (b) the extension of the stay would permit the Proposal Trustee, with the assistance of the Sales Agent, to conduct a sale process with the ultimate goal of completing a transaction in respect of all or a portion of the Property of the Company;
- (c) in the Proposal Trustee's assessment, the Company has acted, and continues to act, in good faith and with due diligence;
- (d) it is more likely that the Company will be able to make a viable proposal if the extension is granted;
- (e) no creditor would be materially prejudiced if the extension being applied for is granted; and
- (f) as at the date of this First Report, the Proposal Trustee is not aware of any party opposed to an extension.

ADMINISTRATION CHARGE

- 43. The Company is seeking the Court's approval of the Administration Charge up to a maximum amount of \$100,000 plus taxes and disbursements to secure the professional fees and disbursements incurred during these Proposal Proceedings by the Professional Group.
- 44. The Proposal Trustee is supportive of Company's request for the Administration Charge on the basis that:
 - (a) these charges are typical in restructuring proceedings pursuant to the BIA and the *Companies' Creditors Arrangement Act*, as the charge facilitates an orderly restructuring process;
 - (b) the services to be provided by the Professional Group are critical to the success of the Company's restructuring;
 - (c) the Administration Charge is required to protect the Professional Group and specifically the payment of their fees and disbursements, given the Company's current financial challenges; and

- (d) the Professional Group requires the protection afforded by the Administration Charge in order to continue in their respective roles throughout these Proposal Proceedings.
- 45. Fees and disbursements of the Proposal Trustee and its counsel, Fasken, payable pursuant to the Administration Charge, will be subject to taxation or court approval.
- 46. The Proposal Trustee is of the view that the Administration Charge is reasonable and appropriate in the circumstances. The Proposal Trustee is of the view that the Administration Charge is necessary for the effective participation of the Professional Group in the Proposal Proceedings, and believes the quantum of the Administration Charge is reasonable in the circumstances, based on a review and assessment of the anticipated professional costs to be incurred during this matter.

DIP FINANCING AND RELATED DIP FINANCING CHARGE

- 47. The Company is seeking approval to obtain interim financing from 2811153 Alberta Ltd. (in such capacity, the “**DIP Lender**”) pursuant to the terms of an interim financing commitment letter from the DIP Lender dated as of April 24, 2026 (the “**Term Sheet**”). A copy of the Term Sheet is attached hereto as **Appendix “G”**.
- 48. The purpose of the Term Sheet is to provide the Company with sufficient liquidity to pay its post-filing working capital requirements and any professional fees and expenses incurred in connection with these Proposal Proceedings.
- 49. Key terms of the Term Sheet include, among others:
 - (a) 2811153 Alberta Ltd. has agreed to make available to Harmony a temporary revolving credit facility in the maximum amount of \$25,000 (the “**DIP Facility**”);
 - (b) Advances under the DIP Facility must be approved by the Proposal Trustee and shall only be used by Harmony to fund its projected disbursements under the Cash Flow Forecast to the extent that Harmony does not have cash on hand available to fund such disbursements;
 - (c) All amounts outstanding under the DIP Facility are subject to the interest rate of NBC’s Prime Rate plus 1% per annum; and

- (d) The amount outstanding under the DIP Facility shall be secured by a Court-ordered DIP Lender's Charge over the Property, and which charge ranks in priority to all other secured claims subject only to the Administration Charge and any permitted liens specifically approved by the DIP Lender.
50. The Company also seeks approval of the DIP Lender's Charge on the terms noted under the DIP Lender's Charge.
51. The Proposal Trustee understands that the DIP Lender, is an Alberta-incorporated company, which is wholly owned by Fisher and, as a result, constitutes a related party of Harmony for the purposes of these proceedings.
52. The Proposal Trustee believes the terms of the Term Sheet are reasonable and competitive in the circumstances, and are favourable to the Company. Additionally, there are no commitment fees or exit fees under the Term Sheet. Given the quantum of funding required and the time in which such funding is required, the Proposal Trustee is of the view that it is unlikely that the Company could find alternative financing under the same or better terms during the Forecast Period.
53. The Proposal Trustee is of the view that the Company's request for approval of the Term Sheet and DIP Lender's Charge is appropriate, fair and reasonable in order to provide the Company with the necessary financing to maintain ongoing operations during the Proposal Proceedings. Absent approval of the Term Sheet and the DIP Lender's Charge, the Company may be forced to cease operations and begin liquidating its assets, resulting in lost jobs and lost value for the Company's creditors and stakeholders.

ENHANCED PROPOSAL TRUSTEE POWERS

54. The Company is also seeking to grant the Proposal Trustee enhanced powers, in addition to the powers otherwise provided to the Proposal Trustee under the BIA (the "**Enhanced Powers**").
55. Specifically, the Initial Proposal Order authorizes and empowers, but does not require, the Proposal Trustee to, among other things:

- (a) apply for and obtain vesting orders or such other orders as may be necessary to convey property of the Company to a purchaser free and clear of any liens or encumbrances;
 - (b) engage consultants, appraisers, agents, experts, auditors, managers, and such other personnel from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Proposal Trustee's powers and duties, including, without limitation, those powers conferred by the Initial Proposal Order;
 - (c) to take any and all actions and steps and execute any and all documents and writings on behalf of, and in the name of, the Applicant in order to carry out its duties under the Initial Proposal Order or any Order of the Court including to execute all documents relating to a sale process, as well as to execute and deliver any documents on behalf of the Applicant to implement transactions under a sale process approved by the Court; and
 - (d) with the assistance of the Sales Agent, conduct, supervise, and direct the marketing, sale, conveyance, transfer, or assignment of the Company or any parts thereof.
56. The Proposal Trustee is of the view that it remains necessary and beneficial for the Enhanced Powers to be granted. While the Company has advised that it does have management and personnel in place to continue to operate and manage the day to day affairs of the business, those personnel will be focused on maintaining ongoing operations during the pendency of these proceedings. In these circumstances, it is appropriate for the Proposal Trustee to be granted exclusive carriage over the Company's sale and investment solicitation process, particularly in light of the potential insider nature of certain prospective bidders and the need for an independent and arms length process.
57. The Enhanced Powers will permit the Proposal Trustee to manage and administer the Company's sale process in an efficient, transparent, and independent manner, while allowing the Company's management to remain focused on preserving operational stability and value. The Proposal Trustee notes that the granting of such enhanced and sale specific powers is consistent with prior insolvency proceedings where a trustee's independent expertise is required to oversee a transaction process, especially where insider participation

is contemplated and where debtor management is concurrently tasked with ongoing operations.

58. The Proposal Trustee is supportive of the request for the Enhanced Powers and is prepared to accept those Enhanced Powers, if granted by the Court.

APPROVAL OF THE FIRST REPORT AND THE ACTIVITIES DESCRIBED HEREIN

59. The Proposal Trustee is seeking approval of this First Report and the actions, conduct, and activities of the Proposal Trustee described herein.
60. The Proposal Trustee submits that the activities undertaken in the Proposal Proceedings as described in this First Report have been carried out in good faith and in accordance with the BIA and, consequently, should be approved.

SALES AGENT ENGAGEMENT LETTER

61. The Company is seeking approval, *nunc pro tunc*, of the Sales Agent Engagement Letter, a copy of which is attached hereto as **Appendix “H”**.
62. Pursuant to the terms of the Sales Agent Engagement Letter, the Proposal Trustee engaged the Sales Agent for the purposes of assisting the Proposal Trustee in matters relating to a potential transaction involving all or a portion of the property of MechCan and its direct and indirect subsidiaries and affiliates listed therein, which includes the Company (the **“Transaction”**).
63. Under the Sales Agent Engagement Letter, the Sales Agent’s services will include, among others:
- (a) assisting the Proposal Trustee with identifying, obtaining, assembling, and organizing all of the necessary information to complete the Transaction;
 - (b) providing input to and assisting with the preparation of marketing and due diligence materials, including the preparation of a teaser, Confidential Information Summary, and template confidentiality agreements;
 - (c) assisting the Proposal Trustee with reviewing any offers received in respect of the Property; and,

- (d) managing any online data rooms and facilitating the due diligence process, as required;
64. The fees payable under the Sales Agent Engagement Letter are as follows:
- (a) **Hourly Fees:** The Sales Agent will charge the standard hourly rates for the time spent pursuant to the Sales Agent Engagement Letter, to be billed monthly. The Sales Agent estimates its fees to be in the range of \$175,000, which estimate is based on an understanding that the sale process contemplated thereunder will be a two-month, expedited process.
 - (b) **Disbursements and Expenses:** The Proposal Trustee shall reimburse the Sales Agent for its travel and reasonable out of pocket expenses incurred in connection with the engagement. Those expenses shall not exceed \$2,500, unless approved by the Proposal Trustee in writing.
 - (c) **Administration Fee:** The Sales Agent will charge a fee in respect of its administrative and technology charge, which is calculated as 7% of its professional fees, and represents an allocation of the estimated costs associated with its technology infrastructure and support staff time costs.
65. The Proposal Trustee is supportive of the Company's request to approve the Sales Agent Engagement Letter for the following reasons:
- (a) the terms and conditions of the Sales Agent Engagement Letter are commercially reasonable;
 - (b) the hourly rates of the Sales Agent are consistent with the market rates in respect of transaction advisory services; and,
 - (c) the Sales Agent has considerable experience conducting similar sales processes and assisting with transactions of the nature contemplated under the Sales Agent Engagement Letter and these proceedings.
66. The Sales Agent is an affiliated entity of BDO. The Sales Agent has developed a detailed understanding of the operations, cash flows, and property of the MechCan Group, and will be in a position to efficiently and seamlessly perform its services under the Sales Agent Engagement Letter, if approved by this Court.

PROPOSED SALE PROCESS

67. The Proposal Trustee, in consultation with the Sales Agent, developed the Sale Process to solicit interest in, and opportunities for, the sale of all or substantially all or part of the business and assets of the Company (together, the “**Property**”) as a going concern or otherwise, and which is superior to the Stalking Horse Bid, described below (the “**Opportunity**”). The Sale Process is attached hereto as **Appendix “I”**. The Proposal Trustee understands that the other companies in the MechCan Group will also seek approval of sale processes which will run in parallel with the Sale Process in order to determine if there is party interested in purchasing some or all of the entities in the MechCan Group.
68. Any terms not expressly defined in this section are otherwise defined in the Sale Process.
69. The Proposal Trustee and the Sales Agent are qualified to administer the Sale Process for the following reasons:
- (a) they have considerable experience conducting similar sales processes;
 - (b) they have extensive industry and institutional contacts, ensuring that the opportunity will be broadly marketed;
 - (c) they are independent of the Company; and
 - (d) they will ensure that the Sale Process is thorough, transparent, and run efficiently for the benefit of the Company’s stakeholders.

Sale Process Summary & Proposed Timeline

70. The Sale Process, if approved, shall commence immediately upon the issuance of the Initial Proposal Order. The table below sets out the key deadlines in the Sale Process (terms within the table are defined in subsequent paragraphs):

Milestone	Deadline
Create listing of Known Potential Purchasers	In progress
Commencement of Sale Process	April 30, 2026
Distribution of Teaser Letter and Marketing Materials	Within five (5) Business Days of issuance of the Initial Proposal Order

Milestone	Deadline
Distribution of the Notice	Within five (5) Business Days of issuance of the Initial Proposal Order
Bid Deadline	May 25, 2026
Auction Date (if necessary)	No later than May 30, 2026
Hearing of the Sale Approval Motion	No later than June 15, 2026
Outside Date for closing of the Successful Bid(s)	Ten (10) days after the Sale Approval Hearing

71. The dates set out in the Sale Process may be revised or extended by the Proposal Trustee in its sole discretion. The service list in the Proposal Proceedings will be notified of any material changes to the Sale Process.
72. The Sales Agent, with the approval of the Proposal Trustee, will develop a list of potential bidders (the “**Known Potential Bidders**”). This list will be comprised of, among others, parties who have previously expressed an interest in the opportunity to the Company or the Sales Agent, and other potential strategic and financial parties who the Proposal Trustee believes may be interested in the opportunity.
73. The Sales Agent will prepare a process summary document describing the opportunity (the “**Teaser Letter**”) and a non-disclosure agreement in form and substance satisfactory to the Proposal Trustee (the “**NDA**”).
74. Within five (5) Business Days following the issuance of the Initial Proposal Order, the Sales Agent will send the Teaser Letter and the NDA to all Known Potential Bidders, and thereafter to any other party who requests a copy of the Teaser Letter and the NDA or who is identified to the Proposal Trustee or the Sales Agent as a potential bidder, as soon as reasonably practicable after such request or identification, as applicable.
75. Within five (5) Business days following the issuance of the Initial Proposal Order, the Proposal Trustee will publish a notice in *The Globe and Mail* (National Edition) and any other newspaper or journal as the Proposal Trustee considers appropriate (the “**Notice**”), if any.
76. Any party who wishes to participate in the Sale Process (a “**Potential Bidder**”) must provide the Sales Agent an executed NDA and a letter setting forth the identity of the

Potential Bidder, the contact information for such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.

77. If the Proposal Trustee determines, exercising its reasonable business judgment, that a Potential Bidder has: (i) delivered the documents contemplated above; and (ii) the financial capability to be able to consummate a transaction in respect of the Opportunity, then such Potential Bidder shall be deemed a “**Qualified Bidder**”.
78. Qualified Bidders will be provided with a Confidential Information Package, a copy of the Stalking Horse Agreement, and access to such due diligence materials and information relating to the Property as they may reasonably request.
79. Qualified Bidders that wish to make a formal offer to purchase the Property or a portion thereof shall submit a binding offer (a “**Bid**”) on substantially the same terms and conditions as the terms and conditions contained in the Stalking Horse Agreement. In order to be considered a “Qualified Bid”, a Bid must meet the following minimum criteria:
 - (a) the Bid must be received by the Proposal Trustee at the address specified in Schedule “A” of the Sale Process (including by email), so as to be received by the Proposal Trustee no later than 5:00 PM (Mountain Standard Time) on May 25, 2026 (the “**Bid Deadline**”);
 - (b) the Bid sufficiently identifies the Qualified Bidder and the representatives thereof who are authorized to act on the Qualified Bidder’s behalf;
 - (c) the Bid is an offer to purchase some or all of the Property and is substantially in the form of the Stalking Horse Agreement, with a blackline of the Bid to the Stalking Horse Agreement, reflecting the Qualified Bidder’s proposed changes;
 - (d) the Bid must be accompanied by a deposit by way of certified cheque or wire transfer payable to the Proposal Trustee, in an amount equal to at least 10% of the aggregate purchase price payable under the Bid;
 - (e) the Bid must be accompanied by a letter stating that the Qualified Bidder’s offer is binding and irrevocable until the selection of the Successful Bidder (defined below), provided that if such Qualified Bidder is selected as the Successful Bidder, then its offer shall remain irrevocable until the earlier of (i) the closing of the

transaction with the Successful Bidder and (ii) ten (10) days following the Sale Approval Order, subject to further extensions as may be agreed to under the applicable transaction agreement;

- (f) the Bid must be on terms no less favourable and no more burdensome or conditional than the Stalking Horse Agreement;
- (g) the Bid must not be conditional on: (i) the outcome of unperformed due diligence by the Qualified Bidder, (ii) obtaining financing; or (iii) any other material conditions that are not otherwise contained in the Stalking Horse Agreement and that, in the Proposal Trustee's reasonable business judgment, unduly increases the risk that the proposed transaction will not close on or before the target closing date;
- (h) the Bid must include a description of those liabilities and obligations (including operating liabilities) which the Qualified Bidder intends to assume and such liabilities and obligations it does not intend to assume;
- (i) the Bid must be accompanied by written evidence of a commitment for financing or other evidence of the Qualified Bidder's ability to consummate the transaction contemplated by the Bid;
- (j) the Bid must be for a purchase price equal to or greater than the sum of the Purchase Price (as defined in the Stalking Horse Agreement) plus a minimum additional amount of \$40,000; and
- (k) the Bid contemplates closing the transaction set out therein on or before the outside closing date of ten (10) days following the issuance of the Sale Approval Order (as defined below).

80. Following the Bid Deadline, the Proposal Trustee will assess the Bids received, in consultation with the Sales Agent. Bids will be evaluated based on several factors, including the following considerations:

- (a) the proposed purchase price and the net value provided to the Company by such Bid;
- (b) the identity, circumstances, and ability of the Qualified Bidder to successfully complete the transaction contemplated under the Bid;

- (c) the proposed transaction documents;
 - (d) factors affecting the speed, certainty and value of the transaction;
 - (e) the assets included or excluded from the Bid;
 - (f) the liabilities to be assumed in the transaction;
 - (g) the likelihood and timing of consummating such transaction; and
 - (h) whether the transaction results in a Superior Bid.
81. The Proposal Trustee may designate the most competitive Bids that comply with the requirements under the Sale Process as “Qualified Bids”.
82. On or before May 25, 2026, the Proposal Trustee will confirm in writing to those Qualified Bidders who submitted a Qualified Bid that they will be invited to the Auction (as defined below).
83. Qualified Bidders with Qualified Bids shall proceed to an auction with the Stalking Horse Bidder to be held on or before May 30, 2026 (the “**Auction**”), which shall proceed according to the Auction Procedures set out in Schedule “B” to the Sale Process, to identify the Successful Bid, and the Qualified Bidder making such Successful Bid will be the Successful Bidder, in each case, as contemplated under the Sale Process.
84. If no other Qualified Bid is received by the Bid Deadline, the Auction will not be held and the Stalking Horse Bidder will be declared to be the Successful Bidder. The determination of any Successful Bid by the Proposal Trustee shall be subject to approval by the Court.
85. The Company will bring a motion (the “**Sale Approval Motion**”) to the Court seeking an order approving the Successful Bid and granting any necessary relief to consummate the transaction contemplated thereunder. All Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Proposal Trustee and/or the Sales Agent on and as of the date of approval of the Successful Bid by the Court.

Approval of Stalking Horse Agreement

86. The Stalking Horse Agreement will act as the minimum bid against which all other Bids will be evaluated in the Sale Process. Unless other Qualified Bids are received, it is contemplated that the Stalking Horse Bid will be selected as the Successful Bid in the Sale

Process. A copy of the Stalking Horse Agreement is attached hereto as **Appendix “J”**. Capitalized terms used in this section and not otherwise defined have the meaning ascribed to them in the Stalking Horse Agreement.

87. Below is a summary of certain material terms of the Stalking Horse Agreement. Readers are encouraged to review the Stalking Horse Agreement for the full terms and conditions thereof:

- (a) the Stalking Horse Agreement is structured as an asset purchase;
- (b) the Stalking Horse Purchaser is also the Interim Lender;
- (c) the purchase price is \$375,000.00 (the “**Purchase Price**”) plus Cure Costs, which shall be satisfied as follows:
 - (i) assumption of the Assumed Liabilities by the Closing Date by performing them as and when they become due;
 - (ii) payment of the Purchase Price by:
 - (A) assumption of all amounts owing by the Company pursuant to the Term Sheet; and
 - (B) payment of the balance by cash on Closing by way of certifiable cheque;
- (d) the Purchased Assets are any and all tangible and intangible assets, properties, and rights owned by the Company and necessary to operate the Business in the ordinary course, including but not limited to:
 - (i) Assumed Contracts;
 - (ii) Books and Records;
 - (iii) Claims of the Company;
 - (iv) Equipment;
 - (v) Inventory and Supplies;
 - (vi) Receivables;

- (vii) all customer lists and supplier lists;
 - (viii) all rights and interests under or pursuant to all warranties, representations and guarantees, express implied or otherwise, of or made by suppliers or others in connection with the Purchased Assets or otherwise related to the Business; and
 - (ix) all other property, assets and undertakings of the Company used or related to the Business of whatsoever nature or kind.
- (e) the Excluded Assets include:
- (i) all cash, bank balances, deposits, moneys in possession of banks and other depositories, and similar cash items of, owned or held by, or for the account of, the Company;
 - (ii) the Purchase Price;
 - (iii) Excluded Contracts;
 - (iv) all minute books, share ledgers, corporate seals, capital stock, equity interests and stock certificates of the Company;
 - (v) all policies of insurance or assurance (including directors' and officers' insurance and claims against insurance and insurance settlements), except for the right to receive the proceeds of insurance in respect of Purchased Assets and all Books and Records related thereto which shall not constitute Excluded Assets;
 - (vi) original Tax records and Books and Records pertaining thereto, minute books, corporate seals, taxpayer and other identification numbers and other documents relating to the organization, maintenance, and existence of the Company, in each case that do not relate to the Business or the Purchased Assets;
 - (vii) any Books and Records that the Company is required by Applicable Law to retain in its possession, provided however, the Stalking Horse Bidder shall

- be provided with copies of all such Books and Records that pertain to the Business; and
- (viii) any other assets that the Stalking Horse Bidder elects to exclude in writing prior to Closing pursuant to Section 2.3 of the Stalking Horse Agreement.
- (f) the Assumed Liabilities include:
- (i) all Liabilities from and after the Closing Date associated with the Assumed Contracts; and
 - (ii) all Liabilities and Claims arising or accruing from the use of the Purchased Assets from and after the Closing;
- (g) if the Stalking Horse Bidder is not the Successful Bidder, the Stalking Horse Bidder is entitled to a break fee in the amount of \$10,000 (the “**Break Fee**”), which represents approximately 2.7% of the Purchase Price;
- (h) closing is scheduled after the conditions set out in the Stalking Horse Agreement are satisfied or waived and shall, in no event, be later than the outside closing date of June 15, 2026; and
- (i) there is no expense reimbursement contemplated under the Stalking Horse Agreement.
88. The Proposal Trustee is of the view that the Sale Process and Stalking Horse Agreement are appropriate for the following reasons:
- (a) the Company will be widely exposed to the market through the Sale Process by the Sales Agent to canvass the availability of Qualified Bids;
 - (b) the timeline is sufficient to allow interested parties to perform due diligence and submit Bids;
 - (c) the Stalking Horse Agreement sets a fair base level consideration for the Sale Process;
 - (d) the identification of Known Potential Bidders and initial contact with prospective participants will be accompanied by an advertising campaign with broad market

reach to increase exposure of the Opportunity and an introduction to the Sale Process;

- (e) the Proposal Trustee has researched break fees in stalking horse bids using publicly available insolvency filing data, and has concluded that the Break Fee is reasonable, in the circumstances, as:
 - (i) the composition of the fee is modest and largely meant to reimburse the Stalking Horse Bidder for out-of-pocket costs associated with the preparation and negotiation of the Stalking Horse Agreement; and
 - (ii) The Break Fee included in the Stalking Horse Agreement represents approximately 2.7% of the Purchase Price. This is within customary ranges for break fees of less than 1% to 20% of the total consideration paid in insolvency proceedings as evident from publicly available insolvency filing data on break fees. A copy of the Insolvency Insider Break Fee Tracker is attached at **Appendix “K”**.

89. The Proposal Trustee is satisfied that the Stalking Horse Agreement is an appropriate minimum starting bid for the Property. However, the Sale Agent has initiated discussions with parties who have expressed interest in acquiring the business *en bloc*, which will likely result in a higher realization for creditors. While these discussions remain at a preliminary stage, the Proposal Trustee is supportive of the Stalking Horse Agreement in order to establish a baseline level of recovery for creditors. The Proposal Trustee intends to robustly test the market to ensure maximum value for the Property, and the MechCan Group, more generally, is achieved, including by marketing the property of the MechCan Group on an *en bloc* basis.

CONCLUSIONS AND RECOMMENDATIONS

90. Based on the above, the Proposal Trustee respectfully recommends that the Court grant an order providing the relief described in paragraph 4(f) of this First Report.

All of which is respectfully submitted this 27th day of April, 2026.

BDO CANADA LIMITED
in its capacity as Proposal Trustee of
Harmony Heating and Air Conditioning Inc.
and not in its personal or corporate capacity



Josie Parisi, CPA, CA, CBV, CIRP, LIT
Senior Vice President

APPENDIX “B”

SALE PROCESS

Harmony Heating and Air Conditioning Inc.

INTRODUCTION

On March 31, 2026, Harmony Heating and Air Conditioning Inc. (“**Harmony**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) pursuant to section 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”, and such proceedings being the “**NOI Proceedings**”). BDO Canada Limited, a licensed insolvency trustee, was appointed as proposal trustee (the “**Proposal Trustee**”) under the NOI Proceedings.

On or about April 29, 2026, the Court of King’s Bench of Alberta (the “**Court**”) granted an order (the “**Initial Proposal Order**”) which approved, among other things:

- the Sale Process (the “**Sale Process**”) for the marketing and sale of the Company’s business and assets (together, the “**Property**”);
- the engagement of BDO Canada Transaction Advisory Services Inc. as sales agent (the “**Sales Agent**”) to assist the Proposal Trustee with carrying out the Sale Process;
- a stalking horse asset purchase agreement (the “**Stalking Horse Agreement**”) between the Company, as vendor, 2811153 Alberta Ltd., as purchaser (in such capacity, the “**Stalking Horse Bidder**”), pursuant to which the Stalking Horse Bidder will (i) make an offer to purchase the Property; and (ii) act as a stalking horse bid in the Court-supervised Sale Process in the NOI Proceedings (the “**Stalking Horse Bid**”); and
- the Proposal Trustee, with the assistance of the Company’s management team and the Sales Agent, to undertake the Sale Process.

The Sale Process herein sets out the manner in which: (a) binding offers for executable transactions involving all or substantially all, or any portion, of the Property will be solicited from interested parties; (b) any such offers received will be evaluated; (c) any Successful Bid (as defined below) will be selected; and (d) the Proposal Trustee will seek Court approval of any Successful Bid.

The Sale Process will be conducted by the Sales Agent and the Proposal Trustee in the manner set forth herein and in accordance with the Initial Proposal Order. In the event there is a disagreement as to the interpretation or application of the Sale Process, the Court will have exclusive jurisdiction to hear and resolve any such dispute.

The Proposal Trustee will post on the Proposal Trustee’s website any modification, amendment, variation or supplement to the Sale Process and will inform the bidders impacted by such modification, amendment, variation or supplement.

In the Sale Process, (i) “**Business Day**” means any day (other than Saturday or Sunday) that banks are open for business in Calgary, Alberta. If any deadline date referred to in the Sale Process falls on a day that is not a Business Day, then such date shall be extended until the next Business Day; and (ii) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase, “without limitation”.

THE OPPORTUNITY

1. The Sale Process is intended to solicit interest in, and opportunities for, a sale of all or substantially all or part of the Property as a going concern or otherwise, or some combination thereof that is superior to the Stalking Horse Bid (the “**Opportunity**”).
2. In the context of the Sale Process, a bid that is superior to the Stalking Horse Bid (a “**Superior Bid**”) means a credible, reasonably certain and financially viable Qualified Bid (as defined below), the terms of which are, as determined by the Proposal Trustee (in consultation with the Sales Agent), acting reasonably, no less favourable and no more burdensome or conditional than the terms contained in the Stalking Horse Agreement, and which has a proposed purchase price that is equal to or greater than the Purchase Price (as defined in the Stalking Horse Agreement) plus a minimum additional amount of \$40,000.
3. The Initial Proposal Order, the procedures in respect of the Sale Process as contained herein (the “**Sale Process Procedures**”) and any subsequent orders issued by the Court pertaining to the Sale Process Procedures shall exclusively govern the process for soliciting and selecting bids in respect of the Opportunity.
4. The Sale Process contemplates a one stage process that involves the submission by interested parties of binding offers by the Bid Deadline (as defined below).

“AS IS, WHERE IS”

5. Any sale of the Property will be on an “*as is, where is*” basis and without surviving representations or warranties, covenants or indemnities of any kind, nature, or description by the Company, the Sales Agent, the Proposal Trustee, or any of their respective agents, advisors or representatives, and all of the right, title and interest of the Company in and to the Property to be acquired, will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to a Sale Approval Order (defined below).

TIMELINE

6. The following table sets out the key milestones under the Sale Process:

Milestone	Deadline
Create listing of Known Potential Purchasers	In progress
Commencement of Sale Process	April 30, 2026
Distribution of Teaser Letter and Marketing Materials	Within five (5) Business Days of issuance of Initial Proposal Order
Distribution of the Notice	Within five (5) Business Days of issuance of Initial Proposal Order
Bid Deadline	May 25, 2026
Auction Date (if necessary)	No later than May 30, 2026
Hearing of the Sale Approval Motion	No later than June 15, 2026
Outside Date for closing of the Successful Bid(s)	10 days after Sale Approval Hearing

7. The dates set out in the Sale Process may be revised or extended by the Proposal Trustee in its sole discretion.

SOLICITATION OF INTEREST

8. As soon as reasonably practicable:
- (a) the Sales Agent, with the approval of the Proposal Trustee, will prepare a list of potential bidders, including: (i) parties that have approached the Proposal Trustee or the Sales Agent indicating an interest in the Opportunity; (ii) any parties identified by the Company and/or its advisors as potential bidders; and (iii) domestic and international strategic and financial parties who the Proposal Trustee believes may be interested in the Opportunity (collectively, “**Known Potential Bidders**”);
 - (b) the Proposal Trustee will arrange for a notice of the Sale Process (and such other relevant information which the Proposal Trustee considers appropriate) (the “**Notice**”) to be published in *The Globe and Mail* (National Edition) and any other newspaper or journal as the Proposal Trustee considers appropriate, if any, as soon as possible and by no later than five (5) Business Days after issuance of the Initial Proposal Order; and

- (c) the Sales Agent, with the approval of the Proposal Trustee, will prepare: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the Sale Process Procedures, and inviting recipients of the Teaser Letter to express their interest in the Opportunity pursuant to the Sale Process; and (ii) a non-disclosure agreement in form and substance satisfactory to the Proposal Trustee (the “**NDA**”). The Teaser Letter and NDA shall be sent to all Known Potential Bidders by no later than five (5) Business Days after the issuance of the Initial Proposal Order, and, in the case of any other party who requests a copy of the Teaser Letter and the NDA or who is identified to the Proposal Trustee or the Sales Agent as a potential bidder, as soon as reasonably practicable after such request or identification, as applicable.

POTENTIAL BIDDERS

Delivery of Confidential Information Package

9. Any party who wishes to participate in the Sale Process (a “**Potential Bidder**”) must provide to the Sales Agent, the following:
 - (a) an executed NDA;
 - (b) a letter setting forth the identity of the Potential Bidder, the contact information for such Potential Bidder, and full disclosure of the direct and indirect principals of the Potential Bidder; and
 - (c) subject to the request of the Proposal Trustee, such form of financial disclosure and credit quality support or enhancement that allows the Proposal Trustee to make a reasonable determination as to the Potential Bidder’s financial and other capabilities to consummate a transaction in respect of the Opportunity.
10. If the Proposal Trustee determines, exercising its reasonable business judgment, that a Potential Bidder has: (i) delivered the documents contemplated in paragraph 9; (ii) the financial capability based on the availability of financing, experience and other considerations, to be able to consummate a transaction in respect of the Opportunity pursuant to the Sale Process; and (iii) complies with all requirements set forth in paragraph 19, then such Potential Bidder shall be deemed to be a “**Qualified Bidder**.” For greater certainty, no Potential Bidder shall be deemed to be a Qualified Bidder without the approval of the Proposal Trustee.
11. The Sales Agent, with the approval of the Proposal Trustee, will prepare and share with each Qualified Bidder a confidential information package providing additional information considered relevant to the potential Transaction (the “**Confidential Information Package**”) and a copy of the Stalking Horse Agreement.
12. Without limiting the generality of any term or condition of any NDA between the Company, on the one hand, and any Potential Bidder or Qualified Bidder, on the

other, unless otherwise agreed by the Sales Agent and the Proposal Trustee, no Potential Bidder or Qualified Bidder shall be permitted to have any discussions with: (a) any counterparty to any contract with the Company, any creditor of the Company, any current or former director, manager, shareholder, officer, member or employee of the Company (or any of them), other than in the normal course of business and which discussions shall be wholly unrelated to the Company, the potential transaction, the confidential information, the Sale Process or the NOI Proceedings; and (b) any other Potential Bidder or Qualified Bidder regarding the Sale Process or any bids submitted or contemplated to be submitted pursuant thereto. Notwithstanding the foregoing, where any such communications are agreed to with the consent of the Sales Agent and the Proposal Trustee, such discussions shall be made in the presence of one or both of the Sales Agent and the Proposal Trustee.

13. The Sales Agent, Proposal Trustee, and each of their advisors make no representation or warranty as to the completeness and accuracy of the information contained in the Confidential Information Package or otherwise made available pursuant to the Sale Process, except to the extent expressly contemplated in any definitive transaction document between the Successful Bidder (defined below) and the Company. None of the Sales Agent, the Proposal Trustee or the Company is responsible for, and will bear no liability with respect to, any information provided and obtained by any party in connection with the Company or the sale of the Property.
14. Qualified Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property in connection with their participation in the Sale Process and any transaction they enter into with the Company.

Due Diligence

15. The Sales Agent, with the approval of the Proposal Trustee, shall, in its reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Property as they reasonably request. Due diligence access may include management presentations, access to electronic data rooms, on-site inspections, and other matters which a Qualified Bidder may reasonably request and as to which the Proposal Trustee, in its reasonable business judgment, may agree.
16. The Proposal Trustee will designate a representative of the Sales Agent to coordinate all reasonable requests for additional information and due diligence access from a Qualified Bidder and the manner in which such requests must be communicated.
17. None of the Sales Agent, the Proposal Trustee or the Company will be obligated to furnish any information relating to the Property to any person other than a

Qualified Bidder. Further, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Proposal Trustee determines such information to represent proprietary, privileged, or sensitive competitive information.

18. The Proposal Trustee, the Sales Agent, and the Company are not responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the Opportunity.

QUALIFIED BIDS

Qualified Bid Requirements

19. Qualified Bidders that wish to make a formal offer to purchase all or a portion of the Property shall submit a binding offer (a “**Bid**”) on substantially the same terms and conditions as the terms and conditions contained in the Stalking Horse Agreement. In order to be considered a “**Qualified Bid**”, a Bid must meet the following minimum criteria:
 - (a) the Bid must be received by the Proposal Trustee at the address specified in Schedule “A” hereto (including by email), so as to be received by the Proposal Trustee no later than 5:00 PM (Mountain Standard Time) on May 25, 2026 (the “**Bid Deadline**”);
 - (b) the Bid sufficiently identifies the Qualified Bidder and the representatives thereof who are authorized to act on the Qualified Bidder’s behalf;
 - (c) the Bid is an offer to purchase some or all of the Property and is substantially in the form of the Stalking Horse Agreement, with a blackline of the Bid to the Stalking Horse Agreement, reflecting the Qualified Bidder’s proposed changes;
 - (d) the Bid must be accompanied by a deposit by way of certified cheque or wire transfer payable to the Proposal Trustee, in an amount equal to at least 10% of the aggregate purchase price payable under the Bid;
 - (e) the Bid must be accompanied by a letter stating that the Qualified Bidder’s offer is binding and irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder, then its offer shall remain irrevocable until the earlier of (i) the closing of the transaction with the Successful Bidder and (ii) [10] days following the Sale Approval Order, subject to further extensions as may be agreed to under the applicable transaction agreement;
 - (f) the Bid must be on terms no less favourable and no more burdensome or conditional than the Stalking Horse Agreement;

- (g) the Bid must not be conditional on: (i) the outcome of unperformed due diligence by the Qualified Bidder, (ii) obtaining financing; or (iii) any other material conditions that are not otherwise contained in the Stalking Horse Agreement and that, in the Proposal Trustee's reasonable business judgment, unduly increases the risk that the proposed transaction will not close on or before the target closing date;
- (h) the Bid includes an acknowledgment and representation that the bidder: (i) has had an opportunity to conduct any and all required due diligence prior to making its bid, and has relied solely upon its own independent review, investigation and inspection in making its bid; (ii) is not relying upon any written or oral statements, representations, promises, warranties, conditions, or guaranties whatsoever, whether express or implied (by operation of law or otherwise), made by any person or party, including the Company, the Proposal Trustee, and their respective employees, officers, directors, agents, advisors (including legal counsel) and other representatives, regarding the proposed transaction, this Sale Process, or any information (or the completeness of any information) provided in connection therewith, except as expressly stated in the proposed Transaction documents; (iii) is making its bid on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Company, the Proposal Trustee, or any of their respective employees, officers, directors, agents, advisors and other representatives, except to the extent set forth in the proposed Transaction documents; (iv) is bound by this Sale Process and the Initial Proposal Order; and (v) is subject to the exclusive jurisdiction of the Court with respect to any disputes or other controversies arising under or in connection with the Sale Process or its bid;
- (i) the Bid must include a description of those liabilities and obligations (including operating liabilities) which the Qualified Bidder intends to assume and such liabilities and obligations it does not intend to assume;
- (j) the Bid must be accompanied by written evidence of a commitment for financing or other evidence of the Qualified Bidder's ability to consummate the transaction contemplated by the Bid;
- (k) the Bid includes a statement that the bidder will bear its own costs and expenses (including all legal and advisor fees) in connection with the proposed Transaction;
- (l) the Bid does not include any request for or entitlement to any break fee, expense reimbursement, or similar type of payment;
- (m) the Bid includes details of the bidder's intended treatment of the Company's stakeholders under or in connection with the proposed bid, including the

Company's secured creditors, unsecured creditors, employees, customers, suppliers, contractual counterparties and equity holders;

- (n) it contemplates the closing of the transaction by no later than the Outside Date; and
 - (o) the Bid must be for a purchase price equal to or greater than the sum of the Purchase Price (as defined in the Stalking Horse Agreement) plus a minimum additional amount of \$40,000.
20. The Proposal Trustee may, in its discretion, request revisions or supplements to any Bid received prior to the Bid Deadline.

Designating Qualified Bids

21. Following the Bid Deadline, the Proposal Trustee will assess the Bids received, in consultation with the Sales Agent. Bids shall be evaluated based upon several factors, including the following considerations:
- (a) the proposed purchase price and the net value provided to the Company by such Bid;
 - (b) the identity, circumstances, and ability of the Bidder to successfully complete the transaction contemplated under the Bid;
 - (c) the proposed transaction documents;
 - (d) factors affecting the speed, certainty and value of the transaction;
 - (e) the assets included or excluded from the Bid;
 - (f) the liabilities to be assumed in the transaction;
 - (g) the likelihood and timing of consummating such transaction; and
 - (h) whether the transaction results in a Superior Bid.
22. The Proposal Trustee may contact any Bidder to clarify the terms of any Bid, and the applicable Bidder may amend, modify or vary such Bid for the purpose of clarification.
23. The Proposal Trustee may designate the most competitive Bids that comply with the requirements set out herein as "**Qualified Bids.**" The Transaction contemplated by the Stalking Horse Agreement shall be deemed to be a Qualified Bid. The Proposal Trustee shall be under no obligation to deem any Bids as Qualified Bids.

24. Only Qualified Bidders (including the Stalking Horse Bidder) whose bids have been designated as a Qualified Bid are eligible to participate in the Auction (if any) and/or become the Successful Bidder.
25. The Proposal Trustee may waive strict compliance with any one or more of the requirements set forth in paragraph 19 and deem any such non-compliant Bid to be a Qualified Bid.
26. The Proposal Trustee, with the assistance of the Sales Agent, may aggregate separate Bids from unaffiliated Qualified Bidders to create one Qualified Bid.
27. The Proposal Trustee shall notify each Qualified Bidder in writing as to whether its Bid constituted a Qualified Bid within four (4) Business Days following the Bid Deadline, or at such later time as the Proposal Trustee deems appropriate, in consultation with the Sales Agent.
28. If no Qualified Bid(s) other than the Stalking Horse Agreement have been received by the Bid Deadline, then the Stalking Horse Bid will be declared to be the **“Successful Bid”** and, in such situation, the Stalking Horse Bidder shall be the **“Successful Bidder”**. The determination of any Successful Bid by the Proposal Trustee shall be subject to approval by the Court.

Aggregation of Qualified Bids

29. The Proposal Trustee, in consultation with the Sales Agent shall be entitled to consider, evaluate and aggregate or combine one or more bids or components of bids submitted in respect of the assets or businesses of the Company and any of its affiliates that are subject to contemporaneous or related sales processes, including MechCan Inc. and J.D. Swallow Heating Contractors Inc. (each, an **“Affiliate Sales Process”**).
30. The Proposal Trustee, in consultation with the Sales Agent may, (i) permit bidders to submit bids on an individual, combined, or alternative basis across one or more Affiliate Sales Processes, and (ii) evaluate such bids on a standalone or aggregated basis.

AUCTION PROCESS AND SELECTION OF SUCCESSFUL BID

31. If the Proposal Trustee receives multiple Bids that are designated as Qualified Bids, the Proposal shall invite all Qualified Bidders to attend an Auction with the Stalking Horse Bidder to be held on May 30, 2026 (the **“Auction”**), which Auction

shall be conducted and administered by the Proposal Trustee in accordance with the terms of the Auction Procedures set out in Schedule "B".

32. Save and except for the Stalking Horse Bid, the Proposal Trustee shall be under no obligation to accept the highest or best offer, or any offer, as the Successful Bid, and the Proposal Trustee reserves the right to reject any or all Qualified Bids.
33. The closing of the transaction contemplated in the Successful Bid is expressly conditional upon the approval of the Successful Bid by the Court at the Sale Approval Motion (defined below).

SALE APPROVAL MOTION HEARING

34. The Proposal Trustee shall bring a motion (the "**Sale Approval Motion**") to the Court seeking one or more orders approving the Successful Bid and granting any necessary related relief required to consummate the transaction(s) contemplated therein, including the granting of a vesting order, as applicable, to the extent such relief is contemplated by the Successful Bid (the "**Sale Approval Order**").
35. shall be deemed rejected on and as of the date of the closing of the Successful Bid, with no further or continuing obligation of the Proposal Trustee, Sales Agent, or Company to any unsuccessful Qualified Bidders except for the return of the deposits, described below.

DEPOSIT

36. All deposits shall be held by the Proposal Trustee in a single non-interest-bearing account designated solely for such purpose. A deposit paid by a Successful Bidder shall be dealt with in accordance with the definitive transaction document contemplated by the Successful Bid.
37. Deposits paid by Qualified Bidders who are not selected as the Successful Bidder shall be returned to such Qualified Bidder within three (3) Business Days after the date upon which the Successful Bid is approved pursuant to a Sale Approval Order or such earlier date as may be determined by the Trustee.

CONFIDENTIALITY AND ACCESS TO INFORMATION

38. All discussions regarding the Opportunity, Bids, Qualified Bids, or the Successful Bid must be directed through the Sales Agent and/or Proposal Trustee, as applicable. Under no circumstances should the Company, its management, employees, customers, creditors, or other stakeholders be contacted directly in respect of the Opportunity, without the prior written consent of the Sales Agent or the Proposal Trustee. Any such unauthorized contact or communication may result in exclusion of the party from the Sale Process, in the sole discretion of the Proposal Trustee.

39. Unless expressly provided for herein, participants and prospective participants in the Sale Process shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Qualified Bidders, or Successful Bidder(s), or the details of any Bids submitted or the details of any confidential discussions or correspondence between the Sales Agent, the Proposal Trustee, and such other Potential Bidders, Qualified Bidders, or Successful Bidder(s) in connection with the Sale Process, except to the extent that the Proposal Trustee are seeking to combine separate Bids to form a Qualified Bid.
40. Other than as shall be required in connection with any Sale Approval Motion, neither the Sales Agent or the Proposal Trustee shall share any material information concerning any of the Bids with any person other than the Company.

SUPERVISION OF THE SALE PROCESS

41. The Proposal Trustee, in consultation and with the assistance of the Sales Agent, shall be responsible for conducting the Sale Process in the manner set out herein.
42. The Sale Process does not, and will not be interpreted to, create any contractual or other legal relationship between the Sales Agent, the Proposal Trustee, or the Company, or any one or more of them, and any Known Potential Bidder, Potential Bidder, Bidder, or Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be entered into between the Successful Bidder and the Company. Each Potential Bidder, Qualified Bidder, or Successful Bidder expressly acknowledges and agrees that the Sales Agent, Proposal Trustee, and the Company have not made any commitment or otherwise incurred any obligation to consider or conclude any transaction with that party.
43. Without limiting the generality of paragraph 41, the Sales Agent and the Proposal Trustee shall not have any liability whatsoever to any person or party, including, without limitation, any Known Potential Bidder, Qualified Bidder, the Successful Bidder, the Company or any other creditor or other stakeholder of the Company, for any act or omission related to the process contemplated by the Sale Process Procedures. By submitting a Bid, each Known Potential Bidder, Qualified Bidder or Successful Bidder shall be deemed to have agreed that it has no claim against the Sales Agent or the Proposal Trustee in respect of the Sale Process for any reason whatsoever.
44. Any consent, approval or confirmation to be provided by the Sales Agent and/or the Proposal Trustee pursuant to the terms of the Sale Process Procedures is ineffective unless provided in writing and any approval required pursuant to the terms hereof is in addition to, and not in substitution for, any other approvals required by the BIA or as otherwise required at law in order to implement a

Successful Bid. For the avoidance of doubt, a consent, approval or confirmation provided by email shall be deemed to have been provided in writing for the purposes of this paragraph.

45. Participants in the Sale Process are solely responsible for all costs, expenses and liabilities, including, without limitation, finder's fees, broker's fees or any similar fees, incurred by them in connection with the submission of any Bid, due diligence activities, the Auction, and any further negotiations or other actions, whether or not they lead to the consummation of a transaction.
46. Notwithstanding the process and deadlines outlined above with respect to the Sale Process, the Sales Agent and the Proposal Trustee may at any time: (i) pause, terminate, amend or modify the Sale Process; (ii) remove any portion of the Property from the Sale Process; (iii) bring a motion to the Court to seek approval of a sale of all or part of the Property or the Company, whether or not such sale is in accordance with the terms or timelines set out in the Sale Process Procedures; and (iv) establish further or other procedures for the Sale Process, if, in their reasonable business judgment, such modification will enhance the process or better achieve the objectives of the Sale Process, provided that the service list in the NOI Proceedings shall be advised of any substantive modification to the procedures set forth herein.
47. At any time during the Sale Process, the Proposal Trustee may apply to the Court for advice and directions with respect to any aspect of this Sale Process including, but not limited to, the continuation of the Sale Process or with respect to the discharge of its powers and duties hereunder.

Schedule "A"

Address of Proposal Trustee, Proposal Trustee's Counsel and Sales Agent

BDO Canada Limited

500-20 Wellington Street East,
Toronto, ON M5E 1C5

Attention: Josie Parisi and Nicole Sagolili

Email : jparisi@bdo.ca
nsagolili@bdo.ca

With copies to:

Fasken Martineau DuMoulin LLP

333 Bay Street Suite 2400 Place,
Toronto, ON M5H 2T6

Attention: Dylan Chochla and Jennifer L. Caruso

Email: dchochla@fasken.com
jcaruso@fasken.com

and to:

BDO Canada Transaction Advisory

222 Bay Street, Suite 2200
Toronto, ON M5K 1H6

Attention: Brian Trainer and Adnan shahid

Email: btrainer@bdo.ca
ashahid@bdo.ca

Schedule “B”

Auction Procedures

1. On or before May 28, 2026, 2026, the Proposal Trustee will confirm in writing to the Qualified Bidders who have submitted Qualified Bids that they will be invited to attend the Auction.
2. Unless otherwise ordered by the Court, only the authorized representatives, professional advisors or agents of the Stalking Horse Bidder and each Qualified Bidder shall be eligible to attend at the Auction and make any Subsequent Bid (as defined below) at the Auction.
3. All Qualified Bidders and the Stalking Horse Bidder at the Auction must have at least one individual representative with authority to bind such Qualified Bidders and the Stalking Horse Bidder present at the Auction.
4. The identity of each Qualified Bidder participating in the Auction will be disclosed, on a confidential basis, to each other Qualified Bidder.
5. The Auction, if any, shall be conducted by the Proposal Trustee, on or before May 30, 2026 at 10:00 a.m. (MST) via video conference.
6. Each Qualified Bidder and the Stalking Horse Bidder participating in the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; (ii) any and all bids submitted at the Auction are good-faith *bona fide* offers; and (iii) it intends to consummate the proposed transaction if selected as the Successful Bid. For greater certainty, communications between the Stalking Horse Bidder and the Proposal Trustee with respect to and in preparation of the Stalking Horse Agreement will not represent collusion or communications prohibited by this paragraph.
7. At the Auction, all Qualified Bidders and the Stalking Horse Bidder shall be permitted to increase their Qualified Bids and the bid contemplated by the Stalking Horse Agreement in accordance with the procedures set forth herein (each, a “**Subsequent Bid**”). All Subsequent Bids presented during the Auction shall be made and received via video conference on an open basis. All participating Qualified Bidders and the Stalking Horse Bidder shall be entitled to be present for all bidding with the understanding that the true identity of each participating Qualified Bidder shall be fully disclosed to all other Qualified Bidders and the Stalking Horse Bidder and that all material terms of each Subsequent Bid presented during the Auction will be fully disclosed to the Stalking Horse Bidder and all other participating Qualified Bidders throughout the entire Auction.
8. The Auction shall be recorded by the Proposal Trustee for its exclusive use and shall not be recorded by any other party.

9. At least one (1) Business Day(s) prior to the Auction, the Proposal Trustee will advise the Stalking Horse Bidder and all other Qualified Bidders which of the Qualified Bidders or the Stalking Horse Bidder the Proposal Trustee has determined, in its reasonable business judgment, after consultation with its advisors, constitutes the then highest or otherwise best offer (the “**Starting Bid**”).
10. Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one Subsequent Bid is submitted by a Qualified Bidder or the Stalking Horse Bidder that: (i) improves upon such Qualified Bidder’s immediately prior bid or the bid contemplated by the Stalking Horse Agreement, as the case may be, and meets the overbid requirement set forth in paragraphs 11 and 12 below; and (ii) the Proposal Trustee determines, in its reasonable business judgment, after consultation with its advisors, such Subsequent Bid is a higher or otherwise better offer than the then current leading Qualified Bid.
11. Bidding at the Auction shall be in minimum cash increments of \$50,000 and shall continue until such time as the highest and best bid is determined by the Proposal Trustee, in its reasonable business judgment after consultation with its advisors. For the purpose of evaluating the value of the consideration provided by each bid (including any Subsequent Bid by the Stalking Horse Bidder) presented at the Auction, the value will: (i) be deemed to be the net consideration payable to the Company; and (ii) take into account any additional liabilities of the Company to be assumed by a Qualified Bidder or the Stalking Horse Bidder.
12. After the first round of bidding and between each subsequent round of bidding, the Proposal Trustee shall announce the Subsequent Bid that the Proposal Trustee has determined, in its reasonable business judgment, after consultation with its advisors, to be the then highest or best bid (the “**Leading Bid**”). A round of bidding will conclude after each participating Qualified Bidder and the Stalking Horse Bidder has had an opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid.
13. If no Qualified Bidder or the Stalking Horse Bidder submits a Subsequent Bid (as determined by the Proposal Trustee) after a period of 15 minutes following the Proposal Trustee’s acceptance of a Subsequent Bid as the Leading Bid, and the Proposal Trustee chooses not to adjourn the Auction further, then such Leading Bid shall be the “**Successful Bid**” and the Qualified Bidder or the Stalking Horse Bidder who submitted such Successful Bid, the “**Successful Bidder**”. The Proposal Trustee shall enter into a definitive transaction document substantially on the same terms as the Successful Bid.
14. No bids will be considered for any purpose after the Auction has concluded.
15. At the Auction, the Proposal Trustee, after consultation with its advisors, shall be at liberty to modify or to set additional procedural rules for the Auction that are fair and reasonable under the circumstances provided, that such rules are: (a) not

inconsistent with the Auction procedures set forth in this Schedule "B", the BIA, any order of the Courts entered in connection with such Auction procedures; and (b) disclosed to each Qualified Bidder and the Stalking Horse Bidder at the Auction.

APPENDIX “C”

FASKEN

Fasken Martineau DuMoulin LLP
Barristers and Solicitors
Patent and Trade-mark Agents

333 Bay Street, Suite 2400
P.O. Box 20
Toronto, Ontario M5H 2T6
Canada

T +1 416 366 8381
+1 800 268 8424
F +1 416 364 7813
fasken.com

June 6, 2026

Jennifer L. Caruso
Direct Line / Fax +1 416 865 4471
jcaruso@fasken.com

PMR Law

Attention: **Shaun T. MacIsaac K.C.**
stm@pmrlaw.ca

with a copy to:

2811153 Alberta Ltd.

Attention: **Anthony Fisher**
anthony@harmonyheating.ca

Dear Mr. MacIsaac:

**Re: In the Matter of the Notice of Intention to Make a Proposal of MechCan Inc, et al
Harmony Heating and Air Conditioning Inc. Sale Process**

As you know, we are legal counsel to BDO Canada Limited in its capacity as Proposal Trustee (the “**Proposal Trustee**”) of Harmony Heating and Air Conditioning Inc. (the “**Company**”).

We write with respect to the conduct of your client, Anthony Fisher (“**Mr. Fisher**”), who is the sole director of the Company and the principal of 2811153 Alberta Ltd., the stalking horse bidder (the “**Stalking Horse Bidder**”) in the ongoing Sale Process in respect of the Company approved by the Court of King’s Bench of Alberta (the “**Court**”) on April 29, 2026.

It has come to our attention that following a site visit at the Company’s premises, your client informed a Qualified Bidder that he entered into a partnership arrangement with one of the Company’s senior technicians and that, if your client is not the Successful Bidder, he intends to imminently lease the premises currently leased by the Company and hire the Company’s staff, presumably to operate a competing business. Your client also informed the Qualified Bidder that the Company’s employees would not work for the Qualified Bidder, and that the Company’s value resided in the retention of its employees.

Your client is actively interfering with the ongoing Sale Process. If your client continues to interfere with the Sale Process, the Stalking Horse Bidder will not be permitted to participate in the Auction on Monday June 8, 2026. Further, if this conduct continues, the Proposal Trustee will



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raise your client's interference in its next report to the Court and will seek relief restraining such conduct. We trust that your client will not want an Order or Endorsement of the Court stating that he has interfered with the Sale Process or acted in bad faith during the proposal proceedings.

We expect that you will remind your client of his obligation to not interfere with the outcome of the Sale Process.

As a courtesy, we also wish to inform you that the Qualified Bidders have informed us of their intention to enforce the non-compete language in your client's independent contractor agreement with the Company.

This letter will be uploaded to the virtual data room to inform the Qualified Bidders of your client's conduct.

Yours truly,

FASKEN MARTINEAU DuMOULIN LLP



c. Brian Trainor and Ahmed Elsayed, BDO Canada Transaction Advisory Services Inc.

Josie Parisi and Nicole Sagolili, BDO Canada Limited in its capacity as Proposal Trustee of the Company and not in its personal or corporate capacity



FASKEN

Fasken Martineau DuMoulin LLP
Barristers and Solicitors
Patent and Trade-mark Agents

333 Bay Street, Suite 2400
P.O. Box 20
Toronto, Ontario M5H 2T6
Canada

T +1 416 366 8381
+1 800 268 8424
F +1 416 364 7813
fasken.com

June 8, 2026

Jennifer L. Caruso
Direct Line / Fax +1 416 865 4471
jcaruso@fasken.com

PMR Law

Attention: **Shaun T. MacIsaac K.C.**
stm@pmrlaw.ca

with a copy to:

2811153 Alberta Ltd.

Attention: **Anthony Fisher**
anthony@harmonyheating.ca

Dear Mr. MacIsaac:

Re: In the Matter of the Notice of Intention to Make a Proposal of Harmony Heating and Air Conditioning Inc.

As you know, we are legal counsel to BDO Canada Limited in its capacity as Proposal Trustee (the “**Proposal Trustee**”) of Harmony Heating and Air Conditioning Inc. (the “**Company**”).

We write further to our letter dated June 6, 2026 (the “**June 6 Letter**”) regarding the conduct of your client, Anthony Fisher (“**Mr. Fisher**”), who is the sole director of the Company and the principal of 2811153 Alberta Ltd., the stalking horse bidder (the “**Stalking Horse Bidder**”) in the ongoing Sale Process in respect of the Company approved by the Court of King’s Bench of Alberta on April 29, 2026. A copy of the June 6 Letter is enclosed for your reference. Capitalized terms used but not defined in this letter have the meanings given to them in the Sale Process.

The Proposal Trustee is of the view that serious allegations have been raised against Mr. Fisher regarding his conduct throughout the Sale Process. These allegations are as follows:

- As set forth in the June 6 Letter:
 - o Following a site visit at the Company’s premises, your client informed a Qualified Bidder that he entered into a partnership arrangement with one of the Company’s senior technicians and that, if your client is not the Successful Bidder, he intends to



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imminently lease the premises currently leased by the Company and hire the Company's staff (presumably to operate a competing business); and

- Your client informed the Qualified Bidder that the Company's employees would not work for the Qualified Bidder, and that the Company's value resided in the retention of its employees; and
- Your client has also requested that the Proposal Trustee notify all Qualified Bidders that the Company does not have a lease in place at its current premises and that the landlord of the current premises has entered into a lease with a new tenant.

In light of these allegations, the Proposal Trustee is considering whether to disqualify the Stalking Horse Bidder from the Sale Process. We request that by no later than **6:00 p.m. EST on June 8, 2026**, your client:

1. provides a response to the allegations described above;
2. confirms that he will assist the Company and the Proposal Trustee in closing any successful transaction arising from the Sale Process, regardless of whether that transaction is with the Stalking Horse Bidder; and
3. confirms that he will comply with his obligations to act in good faith during the proposal proceedings.

In the absence of a satisfactory response from your client, the Proposal Trustee intends to exclude the Stalking Horse Bidder from the Auction and disqualify the Stalking Horse Bidder from the Sale Process altogether.

This letter and your client's response will be uploaded to the virtual data room in the Sale Process.

Yours truly,

FASKEN MARTINEAU DuMOULIN LLP



c. Dylan Chochla, Fasken Martineau DuMoulin LLP

Brian Trainor and Ahmed Elsayed, BDO Canada Transaction Advisory Services Inc.

Josie Parisi and Nicole Sagolili, BDO Canada Limited in its capacity as Proposal Trustee of the Company and not in its personal or corporate capacity





Tel: 403.237.6566
Fax: 403.237.6594
Web: www.pmrlaw.ca

2140 North Tower, The Ampersand
140 – 4th Avenue S.W.
Calgary, Alberta, T2P 3N3

June 8, 2026

Sent by email: cpiccinin@fasken.com

Shaun T. MacIsaac, K.C.

Direct: 403-457-9600

Email: stm@pmrlaw.ca

PMR File: 401279

Fasken
333 Bay St
Toronto, Ontario M5K 1B2

Attention: Christina Piccinin

**RE: Harmony Heating and Air Conditioning Inc. Auction
Conduct of Anthony Fisher**

Thank you for your letters dated June 6, 2026 and June 8, 2026. It is unfortunate that a qualified bidder attended at the premises and followed up with a call to Anthony Fisher (“Fisher”). Fisher states that conclusions were drawn by the bidder that were not what was stated by Fisher.

Fisher had previously explained to BDO that he felt he was in a conflict of interest, and he did not want to speak directly to potential bidders. Despite being told that BDO would accompany any bidder, we do not think a BDO representative attended at the meeting. The bidder simply showed up on their own.

Lease of premises Issue

In your letter, you state that Fisher advised the bidder that Fisher would be leasing the premises to a competitive company in which he would be involved. Fisher disagrees that he stated this. Fisher states that he indicated to the bidder that the premises would be leased by Harmony Holdings Inc (“Holdings”) to another tenant, that would be a HVAC company, and not the purchaser if the bid of 2811153 Alberta Ltd. (“281”) was unsuccessful.

Fisher confirms that he will not be involved in a competitive company if the bid of another qualified bidder is successful. If another bidder is successful, all of the assets of Harmony Heating and Air Conditioning Inc. (“Harmony”) will be transferred to the purchaser, but possession of the premises will not be available.

Fisher previously disclosed to the proposal trustee that the lease had been surrendered by the landlord and the tenant. Fisher is a shareholder of Harmony Holdings Inc., (“Holdings”). A copy of the Surrender of Lease document is attached. Holdings owns the land leased to Harmony. Holdings does not plan to lease the premises to a new owner of the assets of Harmony other than 281.

It may be useful for the proposal trustee to indicate to potential bidders that the premises will not be leased to them. They are entitled to all the assets of Harmony, but not the premises. We will leave it to you to decide how to disclose this to potential bidders.

Conduct of Sale Process

Fisher will let your client, the proposal trustee, conduct the sale process without any comment or involvement whatsoever. Fisher will continue for a very short period to operate Harmony until the process is complete on the basis that the process should be completed quickly. Fisher will continue to operating Harmony during this period. Fisher has financed Harmony’s operations with his personal funds and credit cards. Fisher will not continue to do so much longer.

Non-compete

The disclosure sent to bidders refers to a “non-competes”. The terms of the non-compete relating to Fisher state that “no party hereto may assign its respective rights or obligations hereunder without the prior written consent of all the other parties to this agreement, provided a Protected Party shall be able to assign to an Affiliate or a purchaser of all or substantially all its assets”. Harmony is a protected party.

Fisher takes this to mean that unless the bid of 281 is successful, Fisher cannot be involved in a company operating a heating and air conditioning business for the term of the non-competition agreement.

Employees of Harmony issue

Other current employees of Harmony may well decide to form a new company without Fisher if the bid of 281 is not successful. Fisher did not indicate to the bidder that he would be competing with the purchaser. Fisher will not be involved in the business of heating and air conditioning if the purchaser is not 281 for the term of the non-competition agreement.

Possible Exclusion of 281 from sale process

If the proposal trustee proceeds with an auction, and does not include 281 in the process, then we will oppose any attempt to obtain a court order approving the process followed. Fisher will support a process that allows 281 a fair opportunity to bid on the assets of Harmony. Fisher will not communicate in any way with bidders. BDO staff may accompany bidders to the premises, but Fisher will not speak to them.

If you think it would be useful, we are very pleased to speak to you about the process, and any matters that you would like us to consider as you move forward with the process. We want our client to assist in moving the auction process along to a fair conclusion.

We trust that the foregoing is in order. However, if there are any questions, please do not hesitate to contact us.

Yours truly,
PMR LAW

A handwritten signature in black ink, appearing to read 'S MacISAAC', written over a light blue horizontal line.

SHAUN T. MacISAAC, K.C.

FASKEN

Fasken Martineau DuMoulin LLP
Barristers and Solicitors
Patent and Trade-mark Agents

333 Bay Street, Suite 2400
P.O. Box 20
Toronto, Ontario M5H 2T6
Canada

T +1 416 366 8381
+1 800 268 8424
F +1 416 364 7813
fasken.com

June 9, 2026

Jennifer L. Caruso
Direct Line / Fax +1 416 865 4471
jcaruso@fasken.com

PMR Law

Attention: **Shaun T. MacIsaac K.C.**
stm@pmrlaw.ca

with a copy to:

2811153 Alberta Ltd.

Attention: **Anthony Fisher**
anthony@harmonyheating.ca

Dear Mr. MacIsaac:

Re: In the Matter of the Notice of Intention to Make a Proposal of Harmony Heating and Air Conditioning Inc.

As you know, we are legal counsel to BDO Canada Limited in its capacity as Proposal Trustee (the “**Proposal Trustee**”) of Harmony Heating and Air Conditioning Inc. (the “**Company**”).

We write further to our letters dated June 6 and 8, 2026 and your responding letter dated June 8, 2026 (the “**June 8 Response**”) regarding the conduct of your client, Anthony Fisher (“**Mr. Fisher**”), who is the sole director of the Company and the principal of 2811153 Alberta Ltd., the stalking horse bidder (the “**Stalking Horse Bidder**”) in the ongoing Sale Process in respect of the Company approved by the Court of King’s Bench of Alberta on April 29, 2026. Capitalized terms used but not defined in this letter have the meanings given to them in the Sale Process.

The Proposal Trustee has reviewed the June 8 Response. Without addressing each of the responses in the June 8 Response, we wish to clarify that a representative of the Proposal Trustee attended the site visit by the Qualified Bidder at the Company’s premises.

In the circumstances, the Proposal Trustee is prepared to allow the Stalking Horse Bidder to participate in the Auction on the understanding that Mr. Fisher will comply with his obligations to act in good faith during the proposal proceedings and will reasonably assist with an orderly



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transition to the Successful Bidder, should the Stalking Horse Bidder not be selected as the Successful Bidder.

The Auction has been rescheduled for **Wednesday June 10, 2026 at 1:00 p.m. ET.** The Microsoft Teams login information will follow by separate email today.

This letter will be uploaded to the virtual data room in the Sale Process.

Yours truly,

FASKEN MARTINEAU DuMOULIN LLP



c. Dylan Chochla, Fasken Martineau DuMoulin LLP

Brian Trainor and Ahmed Elsayed, BDO Canada Transaction Advisory Services Inc.

Josie Parisi and Nicole Sagolili, BDO Canada Limited in its capacity as Proposal Trustee of the Company and not in its personal or corporate capacity



APPENDIX “D”

IN THE MATTER OF THE PROPOSAL OF
HARMONY HEATING AND AIR CONDITIONING INC.

CASH FLOW MONITORING - PROJECTED VS. ACTUAL

Week # Week Ending	Projected	Actual	Var. (\$)	Var. (%)
	Weeks 1-9 Total			
<u>Cash Receipts:</u>				
Accounts Receivable Collections	1,059,194	926,817	(132,376)	-12%
Other Receipts	52,602	-	(52,602)	-100%
Total Cash Receipts	1,111,796	926,817	(184,978)	-17%
<u>Cash Disbursements:</u>				
Direct Labour	191,250	181,414	(9,836)	-5%
Office Wages	95,000	87,499	(7,501)	-8%
Commissions	70,000	46,096	(23,904)	-34%
Subcontractors	-	30,516	30,516	-
Benefits	58,040	16,507	(41,533)	-72%
Marketing	65,250	37,246	(28,004)	-43%
Equipment	236,250	247,984	11,734	5%
Materials	118,125	89,868	(28,257)	-24%
Sommerville Leases	5,697	5,698	1	0%
Truck Costs	49,411	46,673	(2,738)	-6%
Insurance	14,807	7,335	(7,471)	-50%
Rent	21,450	14,300	(7,150)	-33%
Software	27,847	17,000	(10,847)	-39%
Office Costs	20,570	16,435	(4,135)	-20%
Professional Fees	63,000	58,417	(4,583)	-7%
GST Remittances	30,000	7,180	(22,820)	-76%
Pre-NOI RRSP Contributions	2,160	2,455	295	14%
Contingency	29,840	-	(29,840)	-100%
Total Cash Disbursements	1,098,697	912,622	(186,075)	-17%
Net Cash Flow	13,099	14,196	1,096	8%
Opening Cash Balance	34,086	34,086	-	0%
Net Cash Flow	13,099	14,196	1,096	8%
Ending Cash Balance	47,185	48,282	1,096	2%

APPENDIX “E”

IN THE MATTER OF THE PROPOSAL OF
HARMONY HEATING AND AIR CONDITIONING INC.

PROJECTED CASH FLOW TO JULY 31, 2026

Week # Week Ending	Projected 10 12-Jun-26	Projected 11 19-Jun-26	Projected 12 26-Jun-26	Projected 13 3-Jul-26	Projected 14 10-Jul-26	Projected 15 17-Jul-26	Projected 16 24-Jul-26	Projected 17 31-Jul-26	Projected Total
<u>Cash Receipts:</u>									
Accounts Receivable Collections	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	880,000
Other Receipts	-	-	-	-	-	-	-	-	-
Total Cash Receipts	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	880,000
<u>Cash Disbursements:</u>									
Direct Labour	-	-	38,250	-	-	38,250	-	38,250	114,750
Office Wages	-	-	19,000	-	-	19,000	-	19,000	57,000
Commissions	-	-	14,000	-	-	14,000	-	14,000	42,000
Subcontractors	-	-	-	-	-	-	-	-	-
Benefits	20,000	-	20,000	-	-	20,000	-	20,000	80,000
Marketing	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	58,000
Equipment	29,700	29,700	29,700	29,700	29,700	29,700	29,700	29,700	237,600
Materials	13,125	13,125	13,125	13,125	13,125	13,125	13,125	13,125	105,000
Sommerville Leases	-	-	-	-	-	-	-	-	-
Truck Costs	4,250	5,540	7,087	4,350	4,350	4,350	4,350	4,350	38,627
Insurance	-	-	-	6,256	-	-	-	6,256	12,512
Rent	-	-	-	7,150	-	-	-	7,150	14,300
Software	-	-	-	8,000	-	-	-	8,000	16,000
Office Costs	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	16,000
Professional Fees	5,250	5,250	5,250	5,250	5,250	5,250	5,250	5,250	42,000
GST Remittances	-	-	-	15,000	-	-	-	15,000	30,000
Pre-NOI RRSP Contributions	-	-	-	-	-	-	-	-	-
Contingency	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	16,000
Total Cash Disbursements	83,575	64,865	157,662	100,081	63,675	154,925	63,675	191,331	879,789
Net Cash Flow	26,425	45,135	(47,662)	9,919	46,325	(44,925)	46,325	(81,331)	211
Opening Cash Balance	48,282	74,707	119,842	72,180	82,099	128,424	83,499	129,824	48,282
Net Cash Flow	26,425	45,135	(47,662)	9,919	46,325	(44,925)	46,325	(81,331)	211
Ending Cash Balance	74,707	119,842	72,180	82,099	128,424	83,499	129,824	48,493	48,493