

Deloitte.



No. S-248267
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED

AND

IN THE MATTER OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c.
C-44, AND THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, C. 57, AS AMENDED

AND

IN THE MATTER OF SAN INDUSTRIES LTD., AND THOSE OTHER ENTITIES LISTED
ON SCHEDULE "A"

PETITIONERS

NINTH REPORT OF THE MONITOR

DELOITTE RESTRUCTURING INC.

AUGUST 27, 2025

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August 23, 2025 to October 31, 2025

INTRODUCTION

- (1) On November 29, 2024, San Industries Ltd. ("**San Industries**") and those parties listed in Appendix "A" (collectively the "**Petitioners**", or "**San Group**"), were granted an order (the "**Initial Order**") by the Supreme Court of British Columbia (the "**Court**") pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985 c. C-36, as amended ("**CCAA**"). The Petitioners' proceedings pursuant to the CCAA are referred to herein as the "**CCAA Proceedings**".
- (2) The Initial Order, among other things:
 - a) Appointed Deloitte Restructuring Inc. to monitor the business and financial affairs of the Petitioners (in such capacity, the "**Monitor**");
 - b) Granted a stay of proceedings (the "**Stay**") against the Petitioners up to and including December 9, 2024;
 - c) Authorized the Petitioners to borrow \$600,000 under a debtor-in-possession financing facility (the "**DIP Financing Facility**") made available by the Royal Bank of Canada ("**RBC**"). The Monitor understands that certain of the DIP Financing Facility has been transferred or assigned to the Business Development Bank of Canada ("**BDC**" together with RBC, the "**DIP Lenders**" or the "**Senior Lenders**") by way of syndication or participation; and
 - d) Granted the Administration Charge and the DIP Lender's Charge (both as defined in the Initial Order).
- (3) On December 7, 2024, the Monitor issued its first report in the CCAA Proceedings (the "**First Report**"). The First Report was filed to, among other things, provide the Court with an update on the activities of the Petitioners and the Monitor since the granting of the Initial Order, and the Monitor's observations with respect to the Petitioners' cash flow forecast for San Industries, San Forest Products Ltd. ("**San Forest**"), Coulson Manufacturing 2017 Ltd. ("**Coulson**"), Acorn Forest Products Ltd. ("**Acorn**"), Super-Cut Lumber Industries Ltd. ("**Super-Cut**"), and Axon Lumber Ltd. and (collectively, the "**Operating Entities**") dated November 29, 2024 (the "**First Cash Flow Forecast**").
- (4) On December 9, 2024 the Court issued an Amended and Restated Initial Order (the "**ARIO**") which granted, among other things, an extension of the initial Stay to December 19, 2024 (the "**First Stay Extension**"). The First Stay Extension granted was shorter than the initial Stay request sought by the Petitioners in order to allow the Monitor to, among other things, try and better understand and address the Current Concerns (as defined and described in the First Report).
- (5) On December 18, 2024, the Monitor issued its second report in the CCAA Proceedings (the "**Second Report**"). Among other things, the Second Report was filed to provide the Court with an update since the date of the First Report on the activities of the Petitioners, activities of the Monitor, and an update on the Current Concerns.
- (6) On December 19, 2024, the Court issued a Second Amended and Restated Initial Order (the "**Second ARIO**") which, among other things, granted further enhanced powers for the Monitor in the CCAA Proceedings, authorized an increase in the DIP Financing Facility to \$1,000,000, and granted an extension of the Stay to January 17, 2025.
- (7) On January 13, 2025, the Monitor issued its third report in the CCAA Proceedings (the "**Third Report**"). The Third Report was filed to provide the Court with an update since the date of the Second Report on the activities and cash flows of the Petitioners, activities of the Monitor, and an update on the Current Concerns. In the Third Report, the Monitor also provided its views on the relief sought by the Monitor which included, among other things:

- a) Increasing the Petitioners' authority to borrow under the DIP Financing Facility to \$5,000,000 (the "**Second DIP Financing Facility Increase**");
 - b) Approving the sale and investment solicitation process (the "**SISP**"); and
 - c) Granting a further Stay extension to May 30, 2025 (the "**Third Stay Extension**").
- (8) On January 16, 2025 the Court issued Orders which, among other things, authorized the Second DIP Financing Facility Increase and approved the SISP and the Third Stay Extension.
- (9) On January 29, 2025, the Monitor's counsel brought an application to have the Stay lifted to allow Canadian Western Bank ("**CWB**") to enforce its security interests as against the property of San Forest Specialty Ltd. ("**San Specialty**") and Mountainside Logging Ltd. ("**Mountainside**"), as well as CWB's specific security over certain property of San Forest and San Industries and (collectively, the "**Enforcement Property**"). On the same day, the Court issued an order to allow CWB to pursue the Enforcement Property and for any net proceeds to be accounted for and held by CWB's counsel pending further order of the Court.
- (10) On February 3, 2025, the Monitor issued its fourth report in the CCAA Proceedings (the "**Fourth Report**"). The Fourth Report was filed to provide the Court with information concerning Kingsley Trucking Ltd., Coombs Shadwell Holdings Ltd., 1351697 B.C. Ltd., and Cojax Heavy Duty Repair Ltd. (collectively, the "**Kingsley Group**"). The Fourth Report was filed with respect to the application made by RBC to have the Kingsley Group added as petitioners in the CCAA Proceedings and included a summary on the operations of the Kingsley Group and details regarding certain related party transactions between San Group and the Kingsley Group.
- (11) On February 4, 2025, the Court made an Order (the "**Kingsley Group Protective Order**") to, among other things, compel the Kingsley Group to operate only in the normal course, to provide counsel for RBC a list of all of the Kingsley Group's bank accounts, and to permit the Monitor to have access to Kingsley Group's physical assets and property to take an inventory of same.
- (12) On February 18, 2025, the Monitor issued its fifth report in the CCAA Proceedings (the "**Fifth Report**"). The Fifth Report was filed to provide the Court with, among other things:
- a) An update on the Monitor's activities in connection with the Kingsley Group Protective Order;
 - b) An overview of the material adverse change in the projected cash flows of the Operating Entities and the fourth cash flow forecast for the Operating Entities covering the period from February 8, 2025 to May 30, 2025; and
 - c) The Monitor's request to obtain certain orders with respect to the Wage Earner Protection Program Regulations, SOR/2008-222 (the "**WEPP Regulations**").
- (13) On February 21, 2025, the Court made an Order declaring that Acorn, San Industries, and Super-Cut met the criteria established by section 3.2 of the WEPP Regulations.
- (14) On April 30, 2025, the Monitor issued its sixth report in the CCAA Proceedings (the "**Sixth Report**"). The Sixth Report was filed to provide the Court with, among other things, information pertaining to the Monitor's proposed plan to sell San Group's remaining lumber inventory and the Monitor's observations with respect to the Petitioners' updated cash flow projection for the Operating Entities for the 13-week period from April 19, 2025 to July 18, 2025 (the "**Fifth Cash Flow Forecast**").
- (15) On May 7, 2025, the Court issued an Order approving the Monitor's plan to sell the San Group's remaining lumber inventory (the "**Inventory Sale Process Approval Order**"). Additionally, the Court granted an Order increasing the Petitioners' borrowing authority under the DIP Financing Facility to \$7,000,000 and extended the Stay to July 18, 2025.

- (16) On June 4, 2025, the Monitor issued its seventh report in the CCAA Proceedings (the "**Seventh Report**"). The Seventh Report was filed to provide the Court with, among other things, the Monitor's comments with respect to the outcome of the SISP, the Monitor's efforts undertaken to realize on the assets of the San Group, and the non-confidential details of the Coulson Mill APA, the SFP Plant APA, and the Langley Plant APA (all as defined in the Seventh Report). The Seventh Report also included the Monitor's recommendation for the confidential supplement to the Seventh Report (the "**Confidential Report**") to be filed under seal and its need to remain under seal, until otherwise ordered by the Court or until the closing of each of the Coulson Mill Transaction, the SFP Transaction, and the Langley Plant Transaction (all as defined in the Seventh Report and collectively, the "**SISP Transactions**").
- (17) On June 4, 2025, the Monitor issued the Confidential Report to provide the Court with an overview of the offers received from bidders during the SISP and further confidential information in respect of those offers.
- (18) On June 12, 2025, the Court issued approval and vesting Orders for each of the SISP Transactions approving the transactions and authorizing and directing the Monitor to take all necessary steps to complete the transactions. Additionally, the Court granted a Sealing Order over the Confidential Report.
- (19) On June 30, 2025, the Monitor issued its eighth report in the CCAA Proceedings (the "**Eighth Report**" and, collectively with the First Report through the Seventh Report, the "**Prior Reports**"). The Eighth Report was filed to provide the Court with, among other things, the Monitor's update on the status of the SISP Transactions and the Monitor's observations with respect to the Petitioner's future cash flow requirements and their performance against the Fifth Cash Flow Forecast. The Eighth report also included the Monitor's recommendation for the Court to grant a further extension of the Stay up to and including August 29, 2025.
- (20) On July 4, 2025, the Court issued an order extending the Stay to and including September 5, 2025 (the "**Fifth Stay Extension**").
- (21) This is the Monitor's ninth report to the Court (the "**Ninth Report**" or "**this Report**").
- (22) The Monitor has made the Prior Reports, along with the various orders and other information related to these CCAA Proceedings, available on its website at www.insolvencies.deloitte.ca/sangroup (the "**Monitor's Website**").
- (23) All dollar amounts in this Report are in Canadian dollars, unless otherwise indicated.
- (24) Unless otherwise provided, all capitalized terms not defined in this Report are as defined in the Second ARIQ or the Prior Reports, as applicable.

Purpose of the Ninth Report

- (25) The purpose of this Ninth Report is to provide information to the Court, and the Monitor's comments thereon, regarding the following:
- a) The closing of the SISP Transactions;
 - b) The Monitor's review of the actual cash flows of the Operating Entities for the nine weeks ended August 22, 2025 (the "**Cash Flow Period**") as compared to the projected cash flows in the Fifth Cash Flow Forecast as subsequently extended (the "**Fifth Variance Analysis**");
 - c) The Monitor's observations with respect to the Petitioners' updated cash flow projection for the Operating Entities for the 10-week period from August 23, 2025 to October 31, 2025 (the "**Sixth Cash Flow Forecast**") attached hereto as **Appendix "B"**; and

- d) The relief sought by the Monitor for an order granting a further extension of the Stay up to and including October 31, 2025 (the "**Sixth Stay Extension**").
- (26) Further information regarding the Monitor's activities since the Seventh Report will be outlined in a report to be issued at a later date.

Disclaimer and terms of reference

- (27) In preparing this Report and conducting its analysis, the Monitor has been provided with, and has relied upon, certain unaudited financial information, draft and internal financial information from the books and records of the Petitioners, as applicable. The Monitor has also relied on information gathered from discussions with various parties, including the Corporate Operating Officer and the Vice President of Finance ("**Management**"), shareholders, and the Petitioners' legal and financial advisors (collectively, the "**Information**"). The Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of this Report.
- (28) Except as otherwise described in this Report:
 - a) The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor 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 Generally Accepted Assurance Standards ("GAAS") pursuant to the CPA Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - b) Some of the Information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in CPA Canada Handbook, has not been performed.
- (29) Future oriented financial information referred to in this 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 variations could be significant.
- (30) Except as otherwise indicated, the Monitor's understanding of factual matters expressed in this Report concerning the Petitioners and its business is based on the Information, and not independent factual determinations made by the Monitor.
- (31) The Monitor assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this Report. Any use, which any party makes of this Report, or any reliance or decision to be made based on this Report, is the sole responsibility of such party.

UPDATE ON THE SALE PROCESS

Coulson Mill Transaction

- (32) As noted in the Eighth Report, the Coulson Mill Transaction closed on June 20, 2025.
- (33) Proceeds from this transaction totalled \$12,064,218 net of the commission fee of \$30,275 (excluding GST) payable to Cushman & Wakefield ULC ("**Cushman**").

Langley Plant Transaction

- (34) The Langley Plant Transaction closed on July 15, 2025.

- (35) Proceeds from this transaction totalled \$12,373,565 net of: (i) the Cushman commission fee of \$261,778 (excluding GST); (ii) the co-operating broker fee of \$130,889 (excluding GST); (iii) arrears of property taxes and utilities of \$300,441; and (iv) GST collected on the sale of equipment of \$104,444.

SFP Transaction

- (36) With respect to the SFP Transaction and as outlined in the Eighth Report, on June 20, 2025, the Monitor agreed, with the consent of BDC, to an amendment of the SFP Plant APA to extend the closing date from June 20, 2025 to July 11, 2025. As a part of this amendment, the Monitor collected an extension fee of \$240,000 from the purchaser to cover various hold costs in relation to the extended closing.
- (37) Closing of the SFP Transaction was subsequently extended a further two times by the Monitor to allow the purchaser to finalize its financing of the transaction. A further \$235,000 in extension fees were collected by the Monitor from the purchaser, for a total of \$475,000 (the "**SFP Extension Fees**").
- (38) The SFP Transaction closed on July 29, 2025. Excluding the SFP Extension Fees, proceeds from the SFP Transaction totalled \$8,254,806 net of: (i) the Cushman commission fee of \$24,000 (excluding GST); (ii) arrears of property taxes and utilities of \$1,319,994; and (iii) GST collected on the sale of equipment of \$180,000.

Inventory sale process

- (39) As authorized under the terms of the Inventory Sale Process Approval Order, Tradewest Asset Solutions Inc. ("**Tradewest**") has now completed the sale of all of the Petitioners remaining inventory.
- (40) Proceeds from the sale of the remaining inventory totalled \$1,178,584 net of: (i) the Tradewest commission fee of \$62,936 (excluding GST); and (ii) GST collected on the sales of \$76,078. The net sale proceeds are attributable to San Industries in the amount of \$667,884, Coulson in the amount of \$428,862 and San Forest in the amount of \$81,838.

Langley Farm Property

- (41) Cushman is continuing to market the Langley Farm Property for sale. The list price of the property was decreased from \$5,600,000 to \$3,250,000 on August 6, 2025 following an updated assessment of the market by Cushman and discussions between the Monitor and RBC, as the primary secured creditor on this property.

Sale proceeds held

- (42) The Monitor is now holding approximately \$34,236,000 in its trust account pertaining primarily to the proceeds from the SISP Transactions and inventory sales (the "**Sales Proceeds**"). This amount excludes the Extension Fees, which have been advanced to the Petitioners' operating account.

DIP FINANCING FACILITY

- (43) As of the date of this Report, the Petitioner's DIP Financing Facility is drawn in the amount of \$6,000,000, co-funded by RBC and BDC.
- (44) The DIP Financing Facility matures on August 29, 2025 and it is the intention of the Monitor to repay the DIP Financing Facility in full, together with accrued interest and any applicable fees

during the week ending September 5, 2025 from the Sales Proceeds, as authorized under paragraph 46 of the Second ARIO.

CASH FLOW

Fifth Variance Analysis

- (45) The Monitor has worked closely with the Petitioners and the DIP Lenders in respect of managing and monitoring cash receipts and cash disbursements in accordance with the Fifth Cash Flow Forecast prepared by Management, which was subsequently extended to cover the period to August 29, 2025. A summary of the actual cash flows as compared to the projected amounts in the Fifth Cash Flow Forecast for the Cash Flow Period is set out below.

San Group				
Cash Flow Variance Analysis - For the nine-week period ended August 22, 2025				
CAD\$; unaudited	Forecast	Actual	Variance (\$)	Variance (%)
Receipts				
SISP proceeds (SFP Extension Fees)	-	475,000	475,000	100%
Total receipts	-	475,000	475,000	100%
Operating Disbursements				
Vendors and SG&A expenses	(282,397)	(180,777)	101,620	36%
Payroll	(294,421)	(80,367)	214,054	73%
Rent	(6,805)	-	6,805	100%
Insurance claim costs	(100,000)	(22,115)	77,885	78%
Security	(175,163)	(111,861)	63,302	36%
Professional fees	(345,000)	(199,515)	145,485	42%
Contingency	(90,000)	-	90,000	100%
Total operating disbursements	(1,293,786)	(594,634)	699,152	54%
Net operating cash flow	(1,293,786)	(119,634)	1,174,152	91%
Financing Disbursements				
DIP interest	(109,142)	(37,057)	72,085	66%
Total financing disbursements	(109,142)	(37,057)	72,085	66%
Net cash flow	(1,402,928)	(156,691)	1,246,237	89%
Opening Bank Balance	507,234	507,234		
Net cash flow	(1,402,928)	(156,691)	1,246,237	89%
DIP Financing Facility draws	1,000,000	-	(1,000,000)	(100%)
Ending bank balance	104,307	350,543	246,237	236%

- (46) The net cash outflow for the Operating Entities during the Cash Flow Period amounted to \$156,691, which was approximately \$1.2 million better than projected. The more significant variances in the Cash Flow Period are as follows:
- The SFP Extension Fees of \$475,000 were paid directly into the Company's operating account. No extension fees were contemplated in the Fifth Cash Flow Forecast. This represents a permanent positive variance.
 - Vendor and SG&A payments were approximately \$102,000, or 36%, lower than projected as a result of reduced operations. This represents a permanent positive variance.
 - Payroll was approximately \$214,000, or 73%, lower than projected primarily as a result of closing the SISP Transactions earlier than originally projected in the Fifth Cash Flow Forecast. This represents a permanent positive variance.
 - Costs related to professional fees and pursuing the insurance claims have been incurred but not yet paid. The \$223,000 variance is largely a positive timing difference.

- e) The contingency was not required resulting in a permanent positive variance of \$90,000.

Sixth Cash Flow Forecast

- (47) The Monitor has continued to work closely with the remaining Management to update a rolling cash flow forecast for the Operating Entities and the related assumptions to October 31, 2025.
- (48) The Sixth Cash Flow Forecast for the period from August 23, 2025 to October 31, 2025 is summarized in the table below and attached hereto as **Appendix "B"**, along with the related assumptions.

San Group				
Cash Flow Forecast for the 10-week period ended October 31, 2025				
CAD\$; unaudited				
<i>Week nos.</i>	1 - 4	5 - 8	9 - 10	Weeks 1 to 10
<i>Week ended</i>	19-Sep-25	17-Oct-25	31-Oct-25	TOTAL
Receipts	-	-	-	-
Operating disbursements	(1,306,978)	(300,394)	(223,697)	(1,831,068)
Net operating cash flow	(1,306,978)	(300,394)	(223,697)	(1,831,068)
Financing disbursements	(450,000)	-	-	(450,000)
Net cash flow	(1,756,978)	(300,394)	(223,697)	(2,281,068)
Company's Operating Account Balance	350,543	593,566	293,172	350,543
Net cash flow	(1,756,978)	(300,394)	(223,697)	(2,281,068)
DIP Financing Facility draws/(repayments)	(6,000,000)	-	-	(6,000,000)
Funding from the Monitor's Sale Proceeds account	8,000,000	-	-	8,000,000
Ending bank balance	593,566	293,172	69,475	69,475
Opening DIP Financing Facility	6,000,000	-	-	6,000,000
DIP Financing Facility draws/(repayments)	(6,000,000)	-	-	(6,000,000)
Closing DIP Financing Facility	-	-	-	-
Monitor's Sales Proceeds Account Balance	34,236,098	26,236,098	26,236,098	34,236,098
Transfers to Company operating account	(8,000,000)	-	-	(8,000,000)
Ending sales proceeds account balance	26,236,098	26,236,098	26,236,098	26,236,098

- (49) The more significant assumptions included in the Sixth Cash Flow Forecast are as follows:
- No additional receipts are expected as all customer receivables have been collected, no rental tenants remain, and the timing and amount of any potential tax refunds are uncertain.
 - Vendor and SG&A payments of approximately \$19,000 will be paid to cover any remaining payments with vendors or IT services as operations are fully wound down.
 - Payroll costs of approximately \$167,000 are required to wind down the Group's operations, assist with information requests pertaining to the insurance claims and undertake various GST and tax filings. This amount includes a provision for potential outstanding employee and employer payroll source deductions of \$80,000 pertaining to the May to July 2025 period.
 - Insurance claim costs of approximately \$302,000 are for the estimated fees and costs required for counsel, adjusters, experts and consultants to advance the outstanding insurance claim matters.
 - Professional fees of approximately \$881,000 are estimated for the professionals covered by the Administration Charge.
 - An amount of \$347,000 is provided for in relation to GST collected in respect of the SISP Transactions, pending the filing of GST returns by the Petitioners.
 - A contingency of \$50,000 is estimated for any unknown additional costs.

- h) The DIP Financing Facility is projected to be repaid in full in the amount of \$6.0 million, together with accrued interest and fees estimated at approximately \$450,000.
- (50) The Monitor's comments on the more significant assumptions included in the Sixth Cash Flow Forecast are as follows:
- a) Any further receipts from tax refunds, the sale of the Petitioners remaining assets, or in relation to the insurance claims are unknown at this time and have not been considered in the Forecast Period.
 - b) The Sixth Cash Flow Forecast shows a projected balance in the Petitioners' operating accounts of approximately \$69,000 as of October 31, 2025 and a projected balance of approximately \$26,236,000 in the Monitor's sales proceeds account as of the same date.
 - c) Since the cash flows are based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material. Accordingly, at this time, the Monitor cannot provide any assurance as to whether the Sixth Cash Flow Forecast will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information referenced in this Report or relied upon by the Monitor in preparing this Report.

INTERIM DISTRIBUTION

- (51) The Monitor is in the process of undertaking a detailed analysis to determine an appropriate interim distribution of the Sales Proceeds to RBC, BDC and certain priority creditors. This process includes an allocation of the proceeds and costs as amongst the various Petitioner Entities and Senior Lenders, along with an assessment of the validity and priority of certain priority creditor claims.
- (52) This process is well advanced, and the Monitor expects to bring an application in the CCAA Proceedings as soon as reasonably practicable for the approval of an interim distribution order.

REQUESTED STAY EXTENSION

- (53) The current Stay expires on September 5, 2025 and the Monitor is seeking the Court's approval of the Sixth Stay Extension to October 31, 2025.
- (54) The Monitor believes that the creditors of the Petitioners will not be prejudiced by the Sixth Stay Extension as this will permit the Monitor to continue its efforts with Cushman to market and sell the Langley Farm Property, continue to address the various insurance claim related matters, finalize an interim distribution, pursue other potential estate recoveries, and take other steps required to continue the Petitioners' restructuring.
- (55) In the Monitor's view, extending the Stay until October 31, 2025 is reasonable and appropriate in the circumstances. The Sales Proceeds provide the Petitioners with sufficient liquidity to:
- a) Repay the DIP Financing Facility in full, together with accrued interest and applicable fees;
 - b) Continue to fund the costs of the restructuring through to the end of the Sixth Stay Extension;
 - c) Cover any potential priority claims; and
 - d) In due course, allow for a significant distribution to the Senior Lenders.
- (56) The Senior Lenders were consulted on the Sixth Stay Extension period and are supportive.

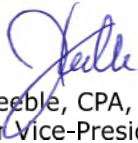
CONCLUSIONS AND RECOMMENDATIONS

(57) Based on the foregoing, the Monitor respectfully recommends that this Court grant the Sixth Stay Extension.

This Report is respectfully submitted this 27th day of August, 2025.

DELOITTE RESTRUCTURING INC.,

In its capacity as Court-appointed
Companies' Creditors Arrangement Act Monitor of
San Group (as defined herein)
and not in its personal capacity



Per: Jeff Keeble, CPA, CA, CIRP, LIT, CBV
Senior Vice-President



Paul Chambers, FCA(UK), CIRP, LIT
Senior Vice-President

APPENDIX "A"

List of Petitioners

1. Acorn Forest Products Ltd.
2. Axon Lumber Ltd.
3. Coulson Manufacturing 2017 Ltd.
4. San Cedar Direct Sales Ltd.
5. San Forest Products Ltd.
6. San Holdings Inc.
7. Super-Cut Lumber Industries Ltd.
8. 1224676 B.C. Ltd.
9. 1260729 B.C. Ltd.
10. Mountainside Logging Ltd.
11. 1170518 B.C. Ltd.
12. 1175465 B.C. Ltd.
13. San Farming Ltd.
14. San Forest Specialty Ltd.
15. San Terminals Inc.

Appendix "B"

**Sixth Cash Flow Forecast for the Operating Entities for the period
from August 23, 2025 to October 31, 2025**

Cash Flow Forecast for the Operating Entities for the Period from August 23, 2025 to October 31, 2025 ⁽¹⁾

Cash Flow Forecast for the Operating Entities for the Period from

Cash flow forecast for the operating entities for the period from 29-Aug-25 to 31-Oct-25										
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
1	2	3	4	5	6	7	8	9	10	Weeks 1 to 10 TOTAL FORECAST
29-Aug-25	05-Sep-25	12-Sep-25	19-Sep-25	26-Sep-25	03-Oct-25	10-Oct-25	17-Oct-25	24-Oct-25	31-Oct-25	
Receipts	-	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Sales	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-
Tax refund	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-	-	-
Operating Disbursements										
Vendors and SG&A expenses	(1,500)	(1,500)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(19,000)
Payroll and source deductions	(96,467)	(96,467)	(8,848)	(8,848)	(8,848)	(8,848)	(8,848)	(8,848)	(8,848)	(167,254)
Insurance claim costs	(49,383)	-	(142,044)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(55,000)	(302,044)
Security	-	-	(15,000)	-	-	-	-	-	-	(64,383)
Professional fees	(390,007)	-	(107,000)	(50,000)	-	(132,000)	-	(40,000)	(102,000)	(881,007)
GST payments on SISP proceeds	-	-	(347,380)	-	-	-	-	-	-	(347,380)
Contingency	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(50,000)
Total operating disbursements	(55,883)	(492,974)	(232,892)	(525,228)	(65,848)	(202,848)	(15,848)	(55,848)	(167,848)	(1,831,068)
Net operating cash flow	(55,883)	(492,974)	(232,892)	(525,228)	(65,848)	(202,848)	(15,848)	(55,848)	(167,848)	
Financing Disbursements										
DIP Financing Facility Interest and fees	-	(450,000)	-	-	-	-	-	-	-	(450,000)
Total financing disbursements	-	(450,000)	-	-	-	-	-	-	-	(450,000)
Net cash flow	(55,883)	(942,974)	(232,892)	(525,228)	(65,848)	(202,848)	(15,848)	(55,848)	(167,848)	(2,281,068)
Company's Operating Account Balance										
Net cash flow	350,543	294,660	1,351,686	1,118,794	593,566	527,717	511,869	309,020	293,172	350,543
DIP Financing Facility draws/(repayments)	(55,883)	(942,974)	(232,892)	(525,228)	(65,848)	(15,848)	(202,848)	(15,848)	(55,848)	(2,281,068)
Funding from Monitor's Trust Funds account	-	(6,000,000)	-	-	-	-	-	-	-	(6,000,000)
Ending bank balance	-	8,000,000	-	-	-	-	-	-	-	8,000,000
Monitor's Trust Funds Account Balance	294,660	1,351,686	1,118,794	593,566	527,717	511,869	309,020	293,172	237,324	69,475
Transfers to Company operating account	34,236,098	34,236,098	26,236,098	26,236,098	26,236,098	26,236,098	26,236,098	26,236,098	26,236,098	34,236,098
Ending trust funds account balance	34,236,098	26,236,098	26,236,098	26,236,098	26,236,098	26,236,098	26,236,098	26,236,098	26,236,098	26,236,098

San Group

Sixth Cash Flow Forecast for the Operating Entities for the period from August 23, 2025 to October 31, 2025 (the "Sixth Cash Flow Forecast") Notes and Summary of Assumptions

Disclaimer

Since the Sixth Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Forecast Period (defined below) will vary from the Sixth Cash Flow Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty, or other assurance that any of the estimates, forecasts or projections will be realized.

The Sixth Cash Flow Forecast is presented in Canadian dollars and includes the following Petitioners (collectively the "**Operating Entities**"):

- San Industries Ltd.
- San Forest Products Ltd.
- Coulson Manufacturing 2017 Ltd.
- Acorn Forest Products Ltd.
- Axon Lumber Ltd.
- Super-Cut Lumber Industries Ltd.

All defined terms that are not otherwise defined herein are to have the same meaning ascribed to them in the Prior Reports.

Note 1 Purpose of the Cash Flow Forecast

The purpose of the Sixth Cash Flow Forecast is to present the estimated cash receipts and disbursements of the Operating Entities for the period from August 23, 2025 to October 31, 2025 (the "**Forecast Period**"). The Sixth Cash Flow Forecast has been prepared by the Petitioners, in consultation with the Monitor. Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

Note 2 Receipt collections

No receipts are expected to be collected during the Forecast Period.

Note 3 Vendors and SG&A expenses

Vendor disbursements include, but are not limited to, IT costs and other administrative items, the majority of which are assumed on a cash on demand basis.

Note 4 Payroll

Disbursements for payroll costs include salaries and wages, payroll taxes and remittances, employee benefits, and pension costs related to the Petitioners' operational and administrative employees. Payroll expenses are forecast based on anticipated headcount, and hours worked for all remaining employees. No salaried employees are anticipated from September 1, 2025 onward.

Note 5 Professional fees

Professional fees and disbursements include those of the Monitor, counsel to the Monitor, counsel to the secured lenders, and corporate and insurance counsel to the Petitioners, incurred or projected during the CCAA Proceedings.

Note 6 GST payments

Certain of the SISP Transactions included the collection of GST by the Monitor. The Petitioners are filing GST returns in the normal course and will remit any post-filing GST owing.

Note 7 DIP Financing Facility

The Sixth Cash Flow Forecast reflects payments of DIP interest, DIP fees, and repayment of the \$6.0 million drawn under the DIP Financing Facility to the DIP Lenders.

Note 8 Monitor's Sales Proceeds account

The Monitor holds in a third-party trust account funds collected from the SISP Transactions. These funds will be released into the Company's account to fund the costs outlined in the Sixth Cash Flow Forecast.