

**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

**ELEVENTH REPORT OF THE MONITOR**

**DELOITTE RESTRUCTURING INC.**

**February 19, 2026**

## **TABLE OF CONTENTS**

INTRODUCTION .....	1
Purpose of the Eleventh Report .....	2
Disclaimer and terms of reference .....	2
CLOSING OF THE LANGLEY FARM TRANSACTION .....	3
ARROWVIEW CLAIM .....	3
INSURANCE CLAIMS ASSIGNMENT .....	4
Acorn Fire claims status .....	4
San Forest Fire claims status.....	5
Insurance Claims Assignments .....	6
OTHER ACTIVITIES .....	7
CASH FLOW .....	8
Seventh Variance Analysis .....	8
Eighth Cash Flow Forecast .....	9
SECOND INTERIM DISTRIBUTION .....	10
REQUESTED STAY EXTENSION .....	11
CONCLUSIONS AND RECOMMENDATIONS .....	11

## **APPENDICES**

Appendix "A" – List of Petitioners

Appendix "B" – Summary of the CCAA Proceedings

Appendix "C" – Notes on Assumptions in the Eighth Cash Flow Forecast for the Former Operating Entities for the period from February 7, 2026 to September 30, 2026

## 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 appointed Deloitte Restructuring Inc. ("**Deloitte**") to monitor the business and financial affairs of the Petitioners (in such capacity, the "**Monitor**") and granted a stay of proceedings (the "**Stay**") against the petitioners until December 9, 2024.
- (3) On December 9, 2024 the Court issued an Amended and Restated Initial Order which granted, among other things, an extension of the initial Stay to December 19, 2024.
- (4) On December 19, 2024, the Court issued a Second Amended and Restated Initial Order (the "**Second ARIO**") which granted further enhanced powers for the Monitor in the CCAA Proceedings and extended the Stay to January 17, 2025.
- (5) Further background information on the course of the CCAA Proceedings, the Monitor's previous reports to Court, and the various Court Orders granted in these proceedings, is attached hereto as **Appendix "B"**.
- (6) On October 22, 2025, the Monitor issued its tenth report to the Court (the "**Tenth Report**"). The Tenth Report was filed to support the Monitor's application seeking, *inter alia*:
  - a) An order (the "**Distribution Order**") approving and authorizing the first interim distribution (the "**First Interim Distribution**") to Royal Bank of Canada ("**RBC**") and Business Development Bank of Canada ("**BDC**" and together with RBC, the "**Senior Lenders**");
  - b) An order approving the sale of real property and chattels located at 25895 88 Avenue, Langley, British Columbia, V1M 3N5 (the "**Langley Farm Property**");
  - c) A sealing order in respect of the Monitor's confidential supplement to the Tenth Report dated October 27, 2025 (the "**Confidential Supplement**") which provided an overview of the offers received from interested parties with respect to the Langley Farm Property and further confidential information in respect of those offers; and
  - d) An order (the "**Stay Extension Order**") granting a further extension of the Stay up to and including February 27, 2026.
- (7) On October 29, 2025, the Court issued the Distribution Order and the Stay Extension Order.
- (8) During the application hearing held on October 29, 2025, additional parties made representations regarding their interest in presenting competing offers for the Langley Farm Property. The hearing was adjourned until November 3, 2025 to allow parties to submit final offers and for the Monitor to consider if an alternative offer should be recommended to the Court.
- (9) On November 3, 2025, the Monitor issued a second supplement to the Tenth Report (the "**Second Supplement**") which provided information on the final offers received for the Langley Farm Property and which included a recommendation to the Court for approval of the Langley Farm Transaction, as therein defined.
- (10) On November 3, 2025, the Court issued an order (the "**Langley Farm Vesting Order**") approving the Langley Farm Transaction and authorizing and directing the Monitor to take all necessary steps to complete the transaction. Additionally, the Court granted a sealing order with respect to the Confidential Supplement and certain appendices of the Second Supplement.

- (11) This is the Monitor's eleventh report to the Court (the "**Eleventh Report**" or "**this Report**").
- (12) The Monitor has made the its previous reports to Court (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](http://www.insolvencies.deloitte.ca/sangroup) (the "**Monitor's Website**").
- (13) All dollar amounts in this Report are in Canadian dollars, unless otherwise indicated.
- (14) Unless otherwise provided, all capitalized terms not defined in this Report are as defined in the Second ARIO or the Prior Reports, as applicable.

### **Purpose of the Eleventh Report**

- (15) The purpose of this Eleventh Report is to:
  - a) Report on the closing of the Langley Farm Transaction and the Monitor's activities since the date of the Tenth Report;
  - b) Report on the Monitor's review of the actual cash flows of 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. ("**Axon**", and collectively, the "**Former Operating Entities**") for the 18 weeks ended February 6, 2026 (the "**Cash Flow Period**") as compared to the projected cash flows in the Petitioner's cash flow projection for the period October 4, 2025 to February 27, 2026 (the "**Seventh Variance Analysis**");
  - c) Provide the Court with the Monitor's observations with respect to the updated cash flow projection for the Former Operating Entities for the period from February 9, 2026 to September 30, 2026 (the "**Eighth Cash Flow Forecast**"); and
  - d) Support the Monitor's application seeking:
    - i) An order (the "**Second Interim Distribution Order**") approving and authorizing the Second Interim Distribution (as that term is hereinafter defined);
    - ii) An order (the "**Assignment Order**") approving the assignment of the Petitioners' right, title, and interest in certain insurance claims to the Senior Lenders, as further discussed in this Report; and
    - iii) An order granting a further extension of the Stay up to and including September 30, 2026 (the "**Eighth Stay Extension**").

### **Disclaimer and terms of reference**

- (16) 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 former Corporate Operating Officer and the former Vice President of Finance ("**Former 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.
- (17) 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.
- (18) Future oriented financial information referred to in this Report was prepared based on the estimates and assumptions of the Monitor and Former Management. 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.
- (19) 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.
- (20) 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.

#### **CLOSING OF THE LANGLEY FARM TRANSACTION**

- (21) The Monitor closed the Langley Farm Transaction on November 18, 2025 pursuant to the Langley Farm Vesting Order. Proceeds from the Langley Farm Transaction totalled \$2,931,844 net of sales taxes collected, a property tax adjustment, and commission fees of \$79,013 (including GST) payable to the Monitor’s and the purchaser’s realtors.

#### **ARROWVIEW CLAIM**

- (22) On April 14, 2025, the Monitor, acting in its capacity as monitor of San Industries, 1224676 B.C. Ltd., 1175465 B.C. Ltd., 1260729 B.C. Ltd., Mountainside Logging Ltd. and San Cedar Direct Sales Ltd. (collectively, the “**San Group Plaintiffs**”) and on behalf of the San Group Plaintiffs, commenced an action against Arrowview Estates Development GP Ltd. (“**Arrowview GP**”), Arrowview Estates Development Limited Partnership (“**Arrowview LP**”, and together with Arrowview GP, “**Arrowview**”), Sukhjit Singh Sanghera, Kamaljit Singh Sanghera, and Iqbal Deol by filing a notice of civil claim in the British Columbia Supreme Court (Vancouver Registry File No. 25282) (the “**Arrowview Claim**”).
- (23) The Arrowview Claim relates to certain transfers of funds made by the San Group Plaintiffs to non-San Group Companies, including Arrowview, prior to the Initial Order (the “**Transfers**”). The San Group Plaintiffs allege, *inter alia*, that the Transfers were made in breach of the fiduciary duty owed to the San Group Plaintiffs by their directors and constitute conversion of the San Group Plaintiffs’ funds. Further, the San Group Plaintiffs allege that the Transfers were knowingly assisted and knowingly received by Arrowview and were used, in part, to fund the purchase of the properties legally described as:
  - a) PID: 024-356-760 — LOT G DISTRICT LOT 48 ALBERNI DISTRICT PLAN VIP 68122 (“**Lot G**”);
  - b) PID: 003-264-840 — LOT A, DISTRICT LOT 48, ALBERNI DISTRICT, PLAN 22525 (“**Lot A**”); and

- c) PID: 024-356-743 — LOT E DISTRICT LOT 48 ALBERNI DISTRICT PLAN VIP68122 ("**Lot E**", and together with Lot G and Lot A, the "**Lands**").
- (24) Following the commencement of the Arrowview Claim, the Monitor negotiated and caused the San Group Plaintiffs to enter into a settlement agreement with Arrowview in respect of the Arrowview Claim, effective September 2, 2025 (as amended, the "**Settlement Agreement**").
- (25) Pursuant to the Settlement Agreement, Arrowview agreed that its obligations under the Settlement Agreement would be secured by, among other things, a second-ranking mortgage and assignment of rents charging the Lands in the principal amount of \$2,646,910, and registered in the Land Title Office on September 8, 2025, under Nos. CB2323355 and CB2323356 (the "**San Group Mortgage**").
- (26) As of the date of this Report, Arrowview is in breach of the Settlement Agreement by failing to fulfil its payment obligations under the Settlement Agreement.
- (27) Five Peaks Capital Ltd. ("**Five Peaks**") is the first secured mortgage holder on the Lands. Five Peaks has initiated foreclosure proceedings in respect of the Lands and was granted Order Nisi on January 29, 2026 with the last date of redemption set for July 29, 2026.
- (28) The Monitor is considering its next steps in relation to the Arrowview Claim, and has reserved the right to take all necessary steps to enforce the San Group Mortgage in the foreclosure proceedings, including seeking an order for conduct of sale of the Lands.

## **INSURANCE CLAIMS ASSIGNMENT**

- (29) Over the course of the CCAA Proceedings, the Monitor has undertaken efforts to advance certain insurance claims (the "**Insurance Claims**") relating to the fire that occurred at the San Forest re-manufacturing plant in Port Alberni, BC in April 2020 (the "**San Forest Fire**") and the fire that occurred and led to the closure of the Acorn sawmill and re-manufacturing plant in Delta, BC in April 2024 (the "**Acorn Fire**").
- (30) In April 2025, the Monitor engaged insurance counsel, McLean and Armstrong LLP ("**McLean**"), to assist the Monitor in advancing the Insurance Claims.

### **Acorn Fire claims status**

- (31) Prior to the Filing Date, the Petitioners filed a stock throughput loss claim (the "**Acorn STP Claim**") in relation to the Acorn Fire with an estimated claim amount of approximately \$12.1 million, under the Lloyd's of London ("**Lloyd's Underwriters**") Marine Stock Throughout Insurance Policy UMR: B1136CA241188 (the "**Acorn STP Policy**").
- (32) DWF Law LLP ("**DWF**") is acting as counsel to insurers in relation to the Acorn STP Claim. On November 29, 2024, DWF advised the Monitor that the Acorn STP Claim had been denied and the Acorn STP Policy was considered "void ab initio."
- (33) The Monitor took steps at the outset of the CCAA Proceedings to understand the history of the Acorn Fire and to obtain further details from management of San Group and its insurance consultant. RBC is the primary economic stakeholder with respect to the Acorn STP Claim, and counsel to RBC has been advancing this claim since January 2025.
- (34) On June 24, 2025, the Monitor filed two proofs of loss relating to business interruption losses (the "**Acorn BI Claim**") with an estimated claim amount of \$5.3 million and losses relating to equipment, building, parts and professional fees (the "**Acorn Equipment Claim**") with an estimated claim amount of approximately \$26.6 million. These claims were submitted under Policy

Nos. IP2400110 and IP2404691 issued by Lloyd's Underwriters and others (the "**Acorn BI and Property Policies**").

- (35) DLA Piper LLP ("**DLA**") is acting as counsel to the insurers in relation to the Acorn BI Claim and the Acorn Equipment Claim.
- (36) Between July 30, 2025, and August 14, 2025, DLA made multiple and detailed requests for additional documents from the Monitor. The Monitor worked with McLean and various consultants to respond to these requests.
- (37) On December 30, 2025, DLA wrote to the Monitor and advised that, *inter alia*, the Acorn BI Claim and the Acorn Equipment Claim had been denied, that the insurers had elected to void the Acorn BI and Property Policies from inception, and that they would not be returning the premiums paid on the policies.
- (38) On January 23, 2026, the Monitor's counsel wrote to DLA requesting that they provide their adjudication and investigation file, so that the Monitor could undertake its own assessment of the position taken by the insurers. On February 2, 2026, DLA advised that in their view the insurers had met their obligations and declined to provide any of the information requested in the January 23, 2026 letter.
- (39) The Monitor understands that the Petitioners may also have the ability to advance a potential claim against certain insurance brokers in connection with the placement of the Acorn insurance policies (the "**Acorn Broker Claim**" and together with the Acorn STP Claim and the Acorn BI and Equipment Claims, the "**Acorn Claims**"); however, no steps have been taken to pursue such claim to date.

#### **San Forest Fire claims status**

- (40) Prior to the CCAA Proceedings, San Forest had submitted a claim (the "**San Forest BI Claim**") under Policy B0702GD313660n issued by Lloyd's Underwriters (the "**San Forest BI and Equipment Policy**") which quantified the business interruption loss in respect of the San Forest Fire at approximately \$24.5 million, though the policy coverage for this type of claim was limited to approximately \$5.8 million, of which \$1.5 million was paid out prior to the Filing Date. The remaining potential claim covered by insurance is approximately \$4.3 million.
- (41) Between August 2024 and January 2026, the Monitor and McLean have continued to engage in dialogue with Williams Meaden & Moore Inc., the forensic accountant retained by San Forest in connection with the quantification of the San Forest BI Claim. Williams Meaden & Moore have also engaged in dialogue with Matson Driscoll & Damico Ltd., the insurer's forensic accountant. As of the date of this Report, no value has been agreed upon.
- (42) Prior to the CCAA Proceedings, the Company had also submitted a claim under the San Forest BI and Equipment Policy (the "**San Forest Equipment Claim**") which quantified the loss in respect of equipment, buildings and parts at approximately \$6.3 million. By letter dated February 21, 2023, the insurer denied the San Forest Equipment Claim other than \$50,000 that had already been paid.
- (43) In March 2023, San Forest and the insurers for the San Forest BI and Equipment Policy entered into a tolling agreement which remains in effect.
- (44) In March 2023, San Forest also filed a notice of civil claim against the brokers used to place the San Forest insurance policies (the "**San Forest Broker Claim**", and together with the San Forest BI Claim and San Forest Equipment Claim, the "**San Forest Claims**"). The claim remains extant and includes ongoing further quantification of the losses suffered by San Forest.

## Insurance Claims Assignments

- (45) In respect of Acorn, the Monitor understands that Canada Revenue Agency ("CRA") has asserted a deemed trust claim relating to payroll source deductions in the approximate amount of \$205,000, which may be subject to offset by certain post-filing GST refunds (the "**Acorn Deemed Trust Claim**"). Acorn has no known realizable assets other than the Acorn Claims.
- (46) Given the current status of the Insurance Claims, and following discussions with counsel to the Senior Lenders, the Monitor believes it is appropriate at this time to seek the proposed Assignment Order to assign the Petitioners' right, title, and interest in and all obligations arising from the Insurance Claims to the Senior Lenders. The Monitor notes:
- a) **Primary economic stakeholders / no prejudice to other creditors.** The Senior Lenders are the only economic stakeholders in the Insurance Claims, other than the potential Acorn Deemed Trust Claim, and are owed in excess of \$129 million, in addition to interest that continues to accrue. Based on the Monitor's current estimates of realizations and the anticipated shortfall on the Senior Lenders' secured indebtedness, the Monitor does not expect any recovery to be available to unsecured creditors from proceeds of the Insurance Claims, even if the claims were paid in full. Accordingly, the proposed assignment will not prejudice other stakeholders and appropriately aligns carriage and control of the Insurance Claims with the parties bearing the economic risk. The proposed order being sought includes provisions: (a) addressing the unlikely event that the Senior Lenders recover amounts in excess of their indebtedness; and (b) requiring that an amount of the lesser of (i) \$205,000; (ii) the amount of the Acorn Deemed Trust Claim; or (iii) such lesser amount as may be agreed with CRA, be held in trust from any net recoveries in respect of the Insurance Claims that would be subject to the potential Acorn Deemed Trust Claim.
  - b) **Nature and timeline of the claims.** The Insurance Claims include: (i) claims under insurance policies that the insurers have determined to be void, (ii) claims that have been denied and are being contested, (iii) claims that may require further quantification of loss before they can be advanced, and (iv) potential claims against brokers and/or other parties that remain in abeyance pending completion of loss quantification and related factual development. In the Monitor's view, the prosecution and/or resolution of these matters may take months to years and may involve complex coverage and liability disputes.
  - c) **Efficiency and proportionality of the CCAA process.** Continuing to have the Monitor advance and manage these Insurance Claims would require the Monitor to incur ongoing professional fees, disbursements, and oversight costs over an extended period, in circumstances expected to be exclusively for the benefit of the Senior Lenders. The Senior Lenders also retain specialized insurance coverage counsel and are better positioned to direct litigation strategy and resource allocation in a cost-effective manner. The assignment therefore promotes efficiency and proportionality by reducing estate-level administrative costs and allowing the Monitor to focus on the remaining matters to be dealt with in the CCAA Proceedings.
  - d) **Risk allocation and funding.** The Insurance Claims will likely require significant future expenditures including expert work, forensic quantification, counsel time, and litigation disbursements. Assigning the claims to the Senior Lenders places the obligation to fund those efforts with the party that stands to benefit from any recovery, rather than continuing to allocate those costs through the CCAA estates. This is particularly appropriate where the estate's resources would otherwise be depleted to pursue recoveries that are not expected to benefit other stakeholder groups.
  - e) **Orderly transition reflecting current posture.** To the extent the Monitor has taken steps to preserve limitation periods, compile documentation, or advance aspects of the Insurance

Claims to date, the assignment will facilitate an orderly transition of conduct and carriage to the Senior Lenders, without interruption to ongoing discussions, litigation, or quantification workstreams.

- (47) The Monitor understands the Senior Lenders have agreed among themselves on the administration of, and any recoveries from, the Insurance Claims and are aligned in seeking the Assignment Order. The Monitor understands there is no disagreement among the Senior Lenders regarding the proposed assignment.

## **OTHER ACTIVITIES**

- (48) Since the date of the Tenth Report, the Monitor has also, among other things, undertaken the following activities:
- a) Pursuant to the Interim Distribution Order, made the following distributions:
    - i) \$16,622,816 to RBC;
    - ii) \$5,121,353 to BDC;
    - iii) \$247,368 to IWA-Forest Industry Pension and LTD Plans Trustee, which was partially offset by a refund of \$8,311 which was returned after a final calculation was completed;
    - iv) \$141,595 to Coulson employees for unpaid wages and vacation pay, and related remittances to the Canada Revenue Agency in respect of payroll source deductions; and
    - v) \$794,690 to Canada Revenue Agency in respect of Pre-Filing amounts owing by the Petitioners for deemed trust payroll source deductions.
  - b) Administered the claims for employees of San Industries, Acorn, and Super-Cut, with respect to the *Wage Earner Protection Program*, and corresponded with former employees on same;
  - c) Corresponded with counsel to Catherwood Towing Ltd. in relation to a potential claim arising from losses suffered by Axon, including those resulting from Catherwood's alleged contractual breach and a sunken barge in the foreshore area at the Langley Farm Property;
  - d) Corresponded with the Province in relation to certain seized logs and tax matters;
  - e) Held various discussions with customs brokers and counsel to RBC in relation to letters of credit and cash collateral held by the surety to secure potential export duty obligations of the Petitioners;
  - f) Attended to the filing of various sales tax returns for the Petitioners;
  - g) Held various discussions with KGS Consulting Ltd., McClean, and the Lenders' insurance counsel with respect to the Insurance Claims and advanced various aspects of the claims;
  - h) Attended to the closing of the Langley Farm Transaction;
  - i) Participated in discussions with the Lenders and their legal counsel regarding the Petitioners' business, financial affairs, restructuring efforts, and other matters relating to the CCAA Proceedings;
  - j) Reviewed the Former Operating Entities' cash receipts and disbursements and supporting documents, cash management procedures, procurement procedures, disbursement requests, and undertook various monitoring and approval protocols;

- k) Prepared and reviewed the Seventh Variance Analysis, as further described in this Report;
- l) Prepared the Eighth Cash Flow Forecast and reviewed the various supporting assumptions, analysis and information provided by Management;
- m) Maintained and updated the Monitor's Website and posted copies of the materials in connection with the CCAA Proceedings;
- n) Attended to inquiries from Management, employees, creditors, and other stakeholders in regard to the CCAA Proceedings; and
- o) Prepared this Report.

## CASH FLOW

### Seventh Variance Analysis

- (49) As of August 31, 2025, all remaining staff of San Group which had not transferred under the various completed sale transactions were terminated. The Monitor continues to contract the services of the former VP Finance of San Group on a part-time basis.
- (50) The Monitor has continued to work with the former VP Finance in respect of managing and monitoring cash receipts and cash disbursements in accordance with the Seventh Cash Flow Forecast, which covered the period to February 27, 2026. A summary of the actual cash flows as compared to the projected amounts in the Seventh Cash Flow Forecast is set out below.

<b>San Group</b>				
<b>Cash Flow Variance Analysis - For the 18-week period ended February 6, 2026</b>				
<b>CADs '000s; unaudited</b>	<b>Forecast</b>	<b>Actual</b>	<b>Variance</b>	<b>Variance</b>
			<b>(\$)</b>	<b>(%)</b>
<b>Receipts</b>				
Operational receipts	-	-	-	0%
Interest income	-	92	92	100%
SISP proceeds	-	2,935	2,935	100%
Other receipts	-	137	137	100%
<b>Total receipts</b>	<b>-</b>	<b>3,163</b>	<b>3,163</b>	<b>100%</b>
<b>Operating Disbursements</b>				
Vendors and SG&A expenses	(23)	(5)	18	77%
Contractor wages and other employee amounts	(91)	(53)	38	42%
Insurance claim costs	(270)	(97)	173	64%
Professional fees	(533)	(373)	160	30%
GST payments on SISP and inventory proceeds	(347)	(177)	171	49%
Contingency	(53)	-	53	100%
<b>Total operating disbursements</b>	<b>(1,317)</b>	<b>(705)</b>	<b>612</b>	<b>46%</b>
<b>Net operating cash flow</b>	<b>(1,317)</b>	<b>2,458</b>	<b>3,775</b>	<b>287%</b>
DIP Financing Facility interest and fees	-	-	-	0%
Transfers to/from Monitor and Company accounts	-	-	-	0%
Pre-filing payroll source deductions	(795)	(795)	0	(0%)
WEPP claims	(6)	(2)	4	67%
Coulson wage claims	(147)	(142)	5	4%
Pension claims	(247)	(239)	8	3%
First Interim Distribution	(21,744)	(21,744)	(0)	0%
Reversible Priority Claims Holdback to Lenders	(1,829)	-	1,829	100%
<b>Net cash flow</b>	<b>(26,085)</b>	<b>(20,463)</b>	<b>5,622</b>	<b>22%</b>
<b>Account balance movement</b>				
Opening balance	27,784	27,784	-	0%
Net operating cash flow	(1,317)	2,458	3,775	287%
Inter-funding	-	-	-	0%
Estimated Priority Claims	(1,195)	(1,177)	18	1%
First Interim Distribution	(21,744)	(21,744)	(0)	0%
Reversible Priority Claims Holdback to Lenders	(1,829)	-	1,829	100%
<b>Ending bank balance</b>	<b>1,699</b>	<b>7,321</b>	<b>5,622</b>	<b>331%</b>

(51) The net cash outflow for the Former Operating Entities during the Cash Flow Period amounted to approximately \$20.5 million, which was approximately \$5.6 million lower than projected. The more significant variances in the Cash Flow Period are as follows:

- a) The Langley Farm Property was sold, which was not contemplated in the Seventh Cash Flow Forecast due to the uncertainty on timing and quantum of sale proceeds;
- b) Insurance claim costs and professional fees were \$173,000 and \$160,000 lower than forecast, respectively, due to the reduced level of activity on certain insurance claims and corresponding lower professional costs during the period.
- c) GST payments were \$171,000 lower than forecast due to the offsetting of input tax credits; and
- d) The Monitor has not yet assigned San Industries and Coulson into bankruptcy, pending the completion of various aspects of the estate administration. As a result, the payment of the Reversible Priority Claims Holdback (as defined in the Tenth Report) to the Senior Lenders in the estimated amount of \$1,829,000, has not yet been made.

### Eighth Cash Flow Forecast

(52) The Monitor has worked with the former VP Finance to update a rolling cash flow forecast for the Former Operating Entities and the related assumptions to September 30, 2026.

(53) The Eighth Cash Flow Forecast, covering the period from February 7, 2026 to September 30, 2026, is presented in the table below, with notes on the related assumptions attached hereto as **Appendix "C"**. The forecast is presented on a monthly basis as the number and magnitude of transactions has now been materially reduced, given that all operations of the San Group have been wound down or sold through the SISP Transactions.

Cash Flow Forecast for the 24-week period ended September 30, 2026									
CAD\$'000s; unaudited									
Period ended	28-Feb-26	31-Mar-26	30-Apr-26	31-May-26	30-Jun-26	31-Jul-26	31-Aug-26	30-Sep-26	TOTAL
<b>Receipts</b>									
Vendor refunds	-	10	-	-	-	-	-	-	10
Interest	5	5	5	5	5	5	5	5	40
Inventories sales	-	10	-	-	-	-	-	-	10
<b>Total receipts</b>	<b>5</b>	<b>25</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>45</b>
<b>Operating disbursements</b>									
Vendors and SG&A expenses	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(16)
Contractor wages	(12)	(12)	(6)	(6)	(6)	(3)	(3)	(3)	(50)
Insurance claim costs	(20)	(20)	-	-	-	-	-	-	(40)
Professional fees	(100)	(80)	(50)	(50)	(30)	(30)	(30)	(30)	(400)
GST payments and refunds	-	-	-	-	-	-	-	-	-
Contingency	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(40)
<b>Net operating cash flow</b>	<b>(129)</b>	<b>(69)</b>	<b>(53)</b>	<b>(53)</b>	<b>(33)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>	<b>(441)</b>
Financing disbursements	-	-	-	-	-	-	-	-	-
<b>Net cash flow</b>	<b>(129)</b>	<b>(69)</b>	<b>(53)</b>	<b>(53)</b>	<b>(33)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>	<b>(441)</b>
<b>Company's Operating Account</b>									
Opening balance	2	2	2	2	2	2	2	2	2
Net cash flow	-	-	-	-	-	-	-	-	-
Funding from Monitor's SISP Proceeds Account	-	-	-	-	-	-	-	(2)	(2)
<b>Ending balance - Company's Operating Account</b>	<b>2</b>	<b>-</b>	<b>-</b>						
<b>Monitor SISP Proceeds Account</b>									
Opening balance	7,319	4,690	4,621	4,568	2,687	2,654	2,624	2,594	7,319
Transfers to Company operating account	-	-	-	-	-	-	-	2	2
Net operating cash flow	(129)	(69)	(53)	(53)	(33)	(30)	(30)	(30)	(426)
Estimated Priority Claims	-	-	-	-	-	-	-	-	-
Proposed Second Interim Distribution	(2,500)	-	-	-	-	-	-	-	(2,500)
Reversible Priority Claims Holdback to Lenders	-	-	-	(1,829)	-	-	-	-	(1,829)
<b>Ending balance - Monitor's SISP Proceeds Account</b>	<b>4,690</b>	<b>4,621</b>	<b>4,568</b>	<b>2,687</b>	<b>2,654</b>	<b>2,624</b>	<b>2,594</b>	<b>2,566</b>	<b>2,566</b>

The more significant assumptions included in the Eighth Cash Flow Forecast are as follows:

- a) Only receipts with a high degree of certainty have been included, consisting of utility refunds, interest earned on the Monitor's trust account balance, and the sale of small amount of log inventory. The inventory was identified by a former vendor of the San Group and is located on the vendor's property.
- b) Vendor and SG&A payments of approximately \$16,000 are projected to be paid to cover any remaining payments with IT services as operations are fully wound down.
- c) Contractor wages of \$50,000 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.
- d) Insurance claim costs of approximately \$40,000 represent the estimated fees and disbursements of counsel and consultants in respect of work-in-progress incurred on the outstanding Insurance Claims up to the point at which the proposed Assignment Order are granted.
- e) Professional fees of approximately \$400,000 are estimated for the professionals covered by the Administration Charge.
- f) A contingency of \$40,000 is estimated for any unknown additional costs.
- g) Payment of the proposed Second Interim Distribution of \$2.5 million, as detailed in this Report, is included in February 2026, along with the payment of the Reversible Priority Claims Holdback of \$1.8 million in May 2026.

(54) The Monitor's comments on the more significant assumptions included in the Eighth Cash Flow Forecast are as follows:

- a) Any further receipts in respect of the Arrowview Claim, tax refunds, a recovery from Catherwood, and other avenues are unknown at this time and have not been considered in the Forecast Period.
- b) The Eighth Cash Flow Forecast shows a projected balance in the Petitioners' operating accounts of nil as of September 30, 2026 and a projected balance of approximately \$2.6 million in the Monitor's SISP proceeds account as of the same date. These balances are expected to be distributed in due course to the Senior Lenders, subject to the Monitor obtaining a further distribution order from the Court.
- 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 Eighth 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.

## **SECOND INTERIM DISTRIBUTION**

- (55) As described above, the total cash balance held by the Monitor in the Petitioners' accounts and in the Monitor's SISP proceeds account totalled \$7.3 million as of February 6, 2026 (the "**Cash on Hand**").
- (56) The Monitor proposes to make a distribution to RBC, the first secured lender in respect of the Langley Farm Property, in the amount of \$2.5 million (the "**Second Interim Distribution**") from

the total net proceeds of \$2.9 million. The Monitor will hold back the remaining \$0.4 million pending a further, more detailed assessment of the professional costs attributable to this transaction.

- (57) The Monitor is of the view that the Second Interim Distribution and the Proposed Distribution Order are appropriate in the circumstances. The proposed distribution is consistent with the priorities established under the BIA and the CCAA, and will facilitate an efficient administration of the estates while preserving the Senior Lenders' security interests.

### **REQUESTED STAY EXTENSION**

- (58) The current Stay expires on February 27, 2026. The Monitor is seeking the Court's approval of the Eighth Stay Extension to September 30, 2026.
- (59) The Monitor believes that the creditors of the Petitioners will not be prejudiced by the Eighth Stay Extension. The extension will permit the Monitor to:
- a) Assign the Insurance Claims and make arrangements for the transition of information pertaining to these claims to the Senior Lenders;
  - b) Assign San Industries and Coulson into bankruptcy and distribute the Reversible Priority Claims Holdback to the Senior Lenders;
  - c) Pursue other potential estate recoveries including, among other things, the Arrowview Claim; and
  - d) Take other steps required to continue the Petitioners' restructuring.
- (60) In the Monitor's view, extending the Stay until September 30, 2026 is reasonable and appropriate in the circumstances. The Petitioners have sufficient liquidity to fund ongoing obligations through the proposed extension period.
- (61) The Senior Lenders have been consulted regarding the proposed Eighth Stay Extension and have indicated their support.

### **CONCLUSIONS AND RECOMMENDATIONS**

- (62) Based on the foregoing, the Monitor respectfully recommends that this Court grant the Orders sought in this Report.

This Report is respectfully submitted this 18<sup>th</sup> day of February, 2026.

#### **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 Keble, 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"

### SUMMARY OF THE CCAA PROCEEDINGS

- (1) On November 29, 2024, the Petitioners, were granted the Initial Order by the Court CCAA.
- (2) The Initial Order, among other things:
  - a) Appointed 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. ("**Axon**") and (collectively, the "**Former Operating Entities**") dated November 29, 2024.
- (4) On December 9, 2024 the Court issued an Amended and Restated Initial Order 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, 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 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. and Mountainside Logging Ltd., 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 Former Operating Entities and the fourth cash flow forecast for the Former 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 Former 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. 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 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**"). 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.
- (21) On August 27, 2025, the Monitor issued its ninth report in the CCAA Proceedings (the "**Ninth Report**"). The Ninth Report was filed to provide the Court with, among other things, the Monitor's update on the closing of the SISP Transactions and the Monitor's observations with respect to the Petitioner's future cash flow projection for the Former Operating Entities for the 10-week period from August 23, 2025 to October 31, 2025. The Ninth report also included the Monitor's recommendation for the Court to grant a further extension of the Stay up to and including October 31, 2025.
- (22) On September 2, 2025, the Court issued an order extending the Stay to and including October 31, 2025.
- (23) Updates on the CCAA Proceedings after September 2, 2025 are included in the "Introduction" section of this Report.

## APPENDIX "C"

### Eighth Cash Flow Forecast for the Former Operating Entities for the period from February 7, 2026 to September 30, 2026 (the "Eighth Cash Flow Forecast") Notes and Summary of Assumptions

#### Disclaimer

Since the Eighth 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 Eighth 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 Eighth Cash Flow Forecast is presented in Canadian dollars and includes the following Petitioners (collectively the "**Former 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.

Cash Flow Forecast for the 24-week period ended September 30, 2026									
CAD\$'000s; unaudited									
Period ended	28-Feb-26	31-Mar-26	30-Apr-26	31-May-26	30-Jun-26	31-Jul-26	31-Aug-26	30-Sep-26	TOTAL
<b>Receipts</b>									
Vendor refunds	-	10	-	-	-	-	-	-	10
Interest	5	5	5	5	5	5	5	5	40
Inventory sales	-	10	-	-	-	-	-	-	10
<b>Total receipts</b>	<b>5</b>	<b>25</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>45</b>
<b>Operating disbursements</b>									
Vendors and SG&A expenses	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(16)
Contractor wages	(12)	(12)	(6)	(6)	(6)	(3)	(3)	(3)	(50)
Insurance claim costs	(20)	(20)	-	-	-	-	-	-	(40)
Professional fees	(100)	(80)	(50)	(50)	(30)	(30)	(30)	(30)	(400)
GST payments and refunds	-	-	-	-	-	-	-	-	-
Contingency	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(40)
<b>Net operating cash flow</b>	<b>(129)</b>	<b>(69)</b>	<b>(53)</b>	<b>(53)</b>	<b>(33)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>	<b>(441)</b>
Financing disbursements	-	-	-	-	-	-	-	-	-
<b>Net cash flow</b>	<b>(129)</b>	<b>(69)</b>	<b>(53)</b>	<b>(53)</b>	<b>(33)</b>	<b>(30)</b>	<b>(30)</b>	<b>(30)</b>	<b>(441)</b>
<b>Company's Operating Account</b>									
Opening balance	2	2	2	2	2	2	2	2	2
Net cash flow	-	-	-	-	-	-	-	-	-
Funding from Monitor's SISP Proceeds Account	-	-	-	-	-	-	-	-	(2)
<b>Ending balance - Company's Operating Account</b>	<b>2</b>	<b>-</b>							
<b>Monitor SISP Proceeds Account</b>									
Opening balance	7,319	4,690	4,621	4,568	2,687	2,654	2,624	2,594	7,319
Transfers to Company operating account	-	-	-	-	-	-	-	2	2
Net operating cash flow	(129)	(69)	(53)	(53)	(33)	(30)	(30)	(30)	(426)
Estimated Priority Claims	-	-	-	-	-	-	-	-	-
Proposed Second Interim Distribution	(2,500)	-	-	-	-	-	-	-	(2,500)
Reversible Priority Claims Holdback to Lenders	-	-	-	(1,829)	-	-	-	-	(1,829)
<b>Ending balance - Monitor's SISP Proceeds Account</b>	<b>4,690</b>	<b>4,621</b>	<b>4,568</b>	<b>2,687</b>	<b>2,654</b>	<b>2,624</b>	<b>2,594</b>	<b>2,566</b>	<b>2,566</b>

**Note 1 Purpose of the Cash Flow Forecast**

The purpose of the Eighth Cash Flow Forecast is to present the estimated cash receipts and disbursements of the Former Operating Entities for the period from February 7, 2026 to September 30, 2026 (the "**Forecast Period**"). The Monitor has continued to work closely with the former VP, Finance to update the rolling cash flow forecast for the Former Operating Entities and the related assumptions. Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

**Note 2 Receipt collections**

Receipts during the Forecast Period relate to refunds the Monitor has been notified are being returned on utilities, interest earned on the Monitor's trust account balance, and the sale of an immaterial amount of inventory that was identified by the Monitor.

**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 Contractor wages**

The Petitioners no longer have any employees or salaried individuals. The former VP, Finance has been retained on a contract basis and these disbursements relate to their fees.

**Note 5 Professional fees and insurance claim costs**

Professional fees include those of the Monitor, counsel to the Monitor, and counsel to the secured lenders, incurred or projected during the CCAA Proceedings, as well as the Monitor's insurance counsel and experts engaged to assist with the insurance claims process. Insurance claim costs are not expected to continue once the proposed Assignment Order is granted.