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PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
COURT. No.: 500-11-064357-243

S U P E R I O R   C O U R T
Commercial Division

IN THE MATTER OF A PLAN OF ARRANGEMENT OR COMPROMISE OF:

TAIGA MOTORS CORPORATION/CORPORATION MOTEURS TAIGA,

-&-

TAIGA MOTORS INC./MOTEURS TAIGA INC.,

-&-

TAIGA MOTORS AMERICA INC.,

-&-

CGGZ FINANCE CORP.,

Applicants

-&-

DELOITTE RESTRUCTURING INC.,

Monitor

THIRD REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR
(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

1. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

2. On July 10, 2024, Taiga Motors Corporation/Corporation Moteurs Taiga ("**Taiga Corp**."), Taiga Motors Inc./Moteurs Taiga Inc. ("**Taiga Inc.**"), Taiga Motors America Inc. ("**Taiga America**"), and CGGZ Finance Corp. (collectively "**Taiga**", the "**Applicants**" or the "**Debtors**" or the "**Company**") filed an *Application for the Issuance of an Initial Order, an Amended and Restated Initial Order and Ancillary Relief* (the "**Application**") under the *Companies' Creditors Arrangement Act* (the "**CCAA**"), before the Superior Court of Quebec (the "**Court**") seeking the appointment of Deloitte Restructuring Inc. ("**Deloitte**") as the CCAA monitor in these proceedings (the "**Proposed Monitor**") and various other reliefs.

3. On July 10, 2024, Deloitte, then in its capacity as Proposed Monitor, issued its first report to the Court (the "**First Report**") as part of the Debtors' CCAA proceedings (the "**CCAA Proceedings**"). The purpose of the First Report was to provide information to the Court with respect to i) Deloitte's qualification to act as monitor; ii) the business, financial affairs and financial results of Taiga; iii) Taiga's creditors; iv) the Sale and Investment Solicitation Process; v) the Key Employees Retention Program; vi) the Interim Financing Facility; vii) the Charges sought in the Proposed First Day Initial Order and the Proposed Initial Order; viii) an overview of the 4-week cash flow projections; and ix) the Proposed Monitor's conclusions and recommendations.

4. On July 10, 2024, the Court granted the Initial Application and rendered the First Day Initial Order and the SISP Approval Order which provided for, inter alia, i) a stay of proceedings against the Debtors until and including July 20, 2024 (the "**Stay Period**"); ii) a stay of proceedings against the Directors and Officers; iii) the appointment of Deloitte Restructuring Inc. as the monitor under the CCAA ("**Deloitte**" or the "**Monitor**"); iv) an Interim Facility in an amount up to $1M secured by an Interim Lender Charge in an amount of the $1.2M; v) a General Administration Charge of $475K, a D&O Charge of $510K and a KERP Charge of $40K; and vi) approval of the SISP.

5. On July 17, 2024, Deloitte, then in its capacity as Monitor, issued its second report to the Court (the "**Second Report**") as part of the Debtors' CCAA proceedings (the "**CCAA Proceedings**"). The purpose of the Second Report was to provide information to the Court with respect to i) Taiga's communications to stakeholders and operations; ii) the Monitor's activities since the First Report; iii) the SISP; iv) the Charges sought in the Proposed Initial Order; v) the Cash Flow results for the first week period ended July 14, 2024; vi) the Cash Flow Projections; vii) the request for an extension of the Stay Period; and viii) the Monitor's conclusions and recommendations.

6. Capitalized terms not otherwise defined herein are as defined in the First Report, Second Report, the Initial Application or the Amended and Restated Initial Order.

7. On July 18, 2024, following the comeback hearing, the Court issued the Amended and Restated Initial Order, which, *inter alia*, i) extended the Stay Period until October 8, 2024; ii) authorized an increase in the Interim Facility up to an aggregate amount of $4.4M along with an increase in the Interim Lender Charge up to $5.28M; iii) reduced the D&O Charge to $250,000; and iv) increased the Administration Charge to $900K.

PURPOSE OF THIS REPORT

8. The purpose of the third report of the Monitor (the "**Third Report**") is to update the Court with respect to:

    (i) Taiga's communications to stakeholders and operations;

    (ii) The Monitor's activities since the Second Report;

    (iii) The Dollard Lease Resiliation

    (iv) An update on the SISP;

    (v) The Proposed Transaction;

    (vi) An update on the KERP;

    (vii) The Cash Flow results for the 12-week period ended September 29, 2024;

    (viii) The Cash Flow Projections;

    (ix) The request for an extension of the Stay Period;

(x) Enhancement of the Powers for the Monitor; and

(xi) The Monitor's conclusions and recommendations.

9. In preparing the Third Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, Taiga's books and records and financial information prepared by Taiga and discussions with management ("**Management**") of Taiga (collectively, the "**Information**"). Except as described in this Third Report in respect of the Applicants' Cash Flow Statement (as defined below):

   (i) 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 Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and

   (ii) Some of the information referred to in this Third Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in Chartered Professional Accountants Canada Handbook, has not been performed.

10. Future oriented financial information referred to in this Third 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.

11. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Third Report concerning Taiga and their business is based on the Information, and not independent factual determinations made by the Monitor.

I. TAIGA'S COMMUNICATIONS TO STAKEHOLDERS AND OPERATIONS

12. On July 10, 2024, Taiga announced to all its employees Taiga's current financial situation and its intent to immediately initiate the CCAA Proceedings. As previously disclosed to the Court, Taiga proceeded with the temporary layoff of most of its workforce (approximately 115 employees).

13. Later on, July 10, 2024, the Company issued a press release advising namely that the First Day Initial Order was issued by the Court, that Deloitte had been appointed as Monitor and that the Court had also issued the SISP Approval Order authorizing the Monitor, in consultation with the Debtors and Export Development Canada ("**EDC**"), to conduct and implement the SISP.

14. Since the First Day Initial Order, Taiga has had communications with many of its principal suppliers and other key stakeholders to explain the current situation and the next steps relating to the proposed restructuring (the "**Restructuring Process**").

15. The Company and the Monitor have continued to collaborate with EDC and its legal counsel (Stikeman Elliott LLP) and financial advisor (Ernst & Young Inc.) including by providing their representatives with all requested information and documentation relating to the Restructuring Process.

16. Taiga has been proactive in responding to the different stakeholders' inquiries relating to the CCAA Proceedings and the Restructuring Process.

17. Taiga has remained vigilant in managing its liquidities. Taiga has focused on limiting costs by halting production and cancelling various contracts where possible.

18. To the Monitor's knowledge, the Debtors have complied and continue to comply with the provisions of the Amended and Restated Initial Order and the SISP Approval Order since their issuance.

II. THE MONITOR'S ACTIVITIES SINCE THE SECOND REPORT

19. On July 18, 2024, the Monitor posted a copy of the Amended and Restated Initial Order and the Second Report on the Monitor's website at www.insolvencies.deloitte.ca/taiga (the "**Monitor Website**").

20. The Monitor published a notice of the First Day Initial Order in *La Presse* + (French version) and the *Globe and Mail National Edition* (English version) on July 18 and on July 25, 2024.

21. The Monitor assisted the Debtors in their discussions with their main suppliers and other key stakeholders. The Monitor has participated in meetings with several stakeholders since the First Day Initial Order, including with:

    a) Taiga's main secured creditors; and

    b) Certain unsecured creditors, employees and other stakeholders.

22. More generally, the Monitor, with the assistance of the Applicants, has been responding to questions and inquiries from various stakeholders in relation to the CCAA Proceedings and the Restructuring Process.

23. Since the commencement of the CCAA Proceedings, the Monitor continued to work with Taiga to monitor the Company's activities in view of reporting to the Court.

24. The Monitor also had communications and discussions with the Company, EDC and its financial advisors regarding the progress of the SISP.

25. The Monitor implemented a weekly review of Taiga's bank accounts, including its receipts and disbursements. The Monitor has received full cooperation from Management.

26. The Monitor has assisted Taiga in preparing revised cash flow projections regarding the funding of its operations.

III. THE DOLLARD LEASE RESILIATION

27. On September 10, 2024, a notice of resiliation of a lease (the "**Dollard Lease**") was delivered in respect of Taiga's facility located at 2695 Dollard Avenue (the "**Leased Premises")** in accordance with Section 32 of the CCAA (the "**Notice of Resiliation**").

28. Further to the delivery of the Notice of Resiliation, the landlord, via its legal counsel, requested written reasons for the proposed resiliation of the Dollard Lease.

29. On September 16, 2024, Taiga provided the landlord with written reasons for the resiliation of the Dollard Lease, the whole in accordance with Section 32(8) of the CCAA. The Monitor fully supported the reasons for the termination of the Dollard Lease.

30. The landlord has not applied to the Court for an order that the Dollard Lease is not to be resiliated within the 15-day period following receipt of the Notice of Resiliation as required under Section 32(2) of the CCAA.

31. In accordance with the Notice of Resiliation, the termination of the lease shall therefore be effective on October 10, 2024.

IV. AN UPDATE ON THE SISP

Pre-filing SISP

32. As previously reported to the Court, on April 15, 2024, Deloitte was mandated by the Company to provide it with financial restructuring advisory services.

33. Following a review of Taiga's activities and business, and in consultation with EDC, it was determined in May 2024 that, without a restructuring, investment, sale or refinancing, Taiga would be unable to successfully continue its operations.

34. A sale and investment solicitation process (the "**SISP**") in respect of the shares, property and/or business was therefore developed by Taiga in consultation with the Monitor and Deloitte Corporate Finance ("**Deloitte CF**").

35. The purpose of the SISP, which was launched on May 23, 2024, was to solicit interest in Taiga's business and assets through one or more transactions; and/or an investment, recapitalization, refinancing or other form of reorganization transaction(s) (collectively, the "**Opportunity**").

36. The SISP, initially conducted by Deloitte CF, targeted a wide range of industry players and financial players that could have been interested in the business as a going concern. Deloitte CF had distributed the solicitation letter and non-disclosure agreements (NDAs) to 57 potential bidders.

37. Although the pre-filing SISP generated some interest from a handful of parties, it was determined that given the financial situation of the Debtors, no successful bid could be retained outside of formal insolvency proceedings.

38. The decision was therefore made to commence the CCAA Proceedings with a view to implement the Restructuring Process, namely by way of the continuation of the pre-filing SISP.

Post-filing continuation of the SISP

39. Since the issuance of, and pursuant to the SISP Approval Order, the Monitor has initiated steps to continue the SISP that had been ongoing since May 2024. The SISP is being conducted by the Monitor, in consultation with the Debtors and EDC, the whole in accordance with the SISP procedures approved by the Court pursuant to the SISP Approval Order (the "**SISP Procedures**").

40. Since the issuance of the SISP Approval Order and in the accordance with the SISP Procedures, the Monitor has taken the following actions:

    a) On July 15, 2024, the Monitor distributed solicitation letters describing the Opportunity (the "**Teaser**") outlining the SISP and inviting recipients to express their interest pursuant to the SISP along with NDAs that potential bidders had to execute prior to accessing any confidential information;

    b) The Monitor posted a copy of the Teaser and the SISP Procedures on the Monitor's website;

    c) The Monitor and Taiga followed up on a regular basis with potential interested parties having received the Teaser, by emails, phone calls and meetings;

    d) The Monitor and Taiga attended numerous discussions and conference calls with potential bidders and their representatives;

e) Certain highlights of the SISP can be summarized as follows:

i. Two hundred and fifty-nine (259) potential bidders were contacted directly by the Monitor and Taiga;

ii. One hundred and six (106) potential bidders participated in more serious discussions about the opportunity and confirmed before the Phase 1 deadline that they were not interested to further pursue the Opportunity;

iii. Twenty-four (24) interested potential bidders executed an NDA and were granted access to a virtual dataroom ("**VDR**");

iv. Nine (9) non-binding Letters of Intent ("**NBLOIs**") were received prior to the Phase 1 Bid Deadline; and

v. Five (5) binding offers ("**Binding Offer**") were received prior to the Phase 2 Bid Deadline.

Phase 1 of the SISP

41. The nine (9) NBLOIs received prior to the Phase 1 Bid Deadline were reviewed by the Monitor and the Company, in consultation with EDC. A summary of the nine NBLOIs is appended as **Appendix A** (under seal).

42. Seven (7) BLOIs submitted by six (6) different potential bidders were compliant with the requirements of the SISP Procedures and consequently were determined by the Monitor to constitute Phase 1 Retained Bids (as defined in the SISP Procedures) and, as such, six (6) bidders, were deemed to be Phase 2 Qualified Bidders (as defined in the SISP Procedures). Two (2) NBLOIs were not compliant with some of the requirements of the SISP Procedures and consequently were not deemed to be Phase 2 Qualified Bidders.

43. On August 16, 2024, the Monitor delivered letters to the Phase 1 Qualified Bidders to officially advise them that each of their NBLOI constituted a Phase 1 Retained Bids and inviting them to participate in Phase 2 of the SISP as Phase 2 Qualified Bidders. The two (2) bidders having submitted bids that were not qualified as Phase 1 Retained Bids were also informed on the same date.

44. The Monitor is of the opinion that the Opportunity has been adequately and thoroughly canvassed and solicited in the worldwide market during Phase 1 of the SISP Opportunity.

Phase 2 of the SISP

45. Following the qualification of the Phase 2 Qualified Bidders, the Monitor conducted Phase 2 of the SISP in accordance with the terms and conditions of the SISP Procedures. The purpose of Phase 2 of the SISP was to allow the Phase 2 Qualified Bidders to complete any confirmatory due diligence in respect of the Applicants and the Opportunity, which would allow them to submit a Binding Offer before the Phase 2 Bid Deadline.

46. During Phase 2 of the SISP, the Monitor and Taiga communicated with the Phase 2 Qualified Bidders and organized site visits of the Lafleur and the Dollard facilities.

47. During the weeks leading up to the deadline for the selection of the Successful Bid (as defined in the SISP Procedures), the Monitor and Taiga, continued discussions with the Phase 2 Qualified Bidders with a view to finalizing the Binding Offers.

48. As set forth in the SISP Procedures, the Phase 2 Bid Deadline was September 16, 2024.

49. Five (5) Binding Offers were received prior to the Phase 2 Bid Deadline. A summary of the Binding Offers received has been appended as **Appendix B** (under seal).

50. The Binding Offers were reviewed and evaluated considering the criteria set forth in the SISP Procedures.

51. Between September 16, 2024, and September 25, 2024, Taiga and the Monitor also sought and obtained clarifications and confirmations in respect of the Binding Offers in accordance with paragraph 25 of the SISP Procedures. Consequently, the Monitor also advised the bidders that the deadline to select one or more Successful Bids would be extended until September 25, 2024.

52. On September 25, 2024, following receipt of the required confirmations and clarifications in respect of its Binding Offer, the Monitor advised Stewart Wilkinson that his Binding Offer (the "**Wilkinson Binding Offer**") had been selected as the Successful Bid.

53. Following the acceptance of the Wilkinson Binding Offer, the Monitor has cut off access to the VDR to all other bidders.

V. THE PROPOSED TRANSACTION

54. The proposed purchase and sale transactions provide for Mr. Stewart Wilkinson (the "**Purchaser**") to acquire all of the issued and outstanding shares of Taiga Corp. and indirectly those of Taiga Inc., Taiga America and CGGZ (the "**Proposed Transaction**") by way of a reorganization and reverse vesting order ("**RVO**") as more fully described in the *Application for the Issuance of a Second Amended and Restated Initial Order and an Approval and Vesting Order* (the "**Application**") and in accordance with the terms of the share purchase agreement entered into between the parties (the "**Purchase Agreement**").

Consultation with creditors

55. The SISP was developed by the Monitor in consultation and with the support of Taiga and EDC, Taiga's first-ranking secured creditor and the Interim Lender.

56. The Monitor is of the view that the degree of creditor consultation and notification was appropriate in the circumstances.

57. Given the results of the SISP, no distribution is expected to be made or paid, either to pre-filing unsecured creditors (other than those for which Retained Liabilities are owed, including the Retained Employees). Therefore, no creditor other than EDC has any economic interest in the CCAA Proceedings.

The effect of the Proposed Transaction on creditors and other stakeholders

58. The Monitor believes that the Proposed Transaction provides for the following benefits to the creditors and to other stakeholders:

    a) it provides for the assumption of liabilities owing to EDC, Taiga's first-ranking secured creditor and Interim Lender, on terms that have been agreed to between EDC and the Purchaser;

    b) the continuation of Taiga's business as a going concern and, in so doing, a number of Taiga's employees will be retained, its economic activities in Quebec will be maintained and further developed and certain of the Applicants' suppliers will benefit from the continuation of their business relationships with Taiga;

    c) the continuation of existing agreements, licenses and permits required by the Purchaser for the continued operations of Taiga, and

d) a cash injection from the Purchaser in the working capital of Taiga from the Closing Date.

Comparison with sale in bankruptcy

59. The Monitor has considered whether the Proposed Transaction would be more beneficial to Taiga's stakeholders generally than a sale or disposition of assets under a bankruptcy.

60. Given the result of the SISP and the nature of Taiga's assets, the Monitor is of the view that the only other option, namely a sale in bankruptcy, is unlikely to result in a better outcome for the Taiga's creditors. Notably, the Monitor is of the view that creditors who will suffer a shortfall following the implementation of the Proposed Transaction would not obtain any greater recovery in a sale in bankruptcy.

61. Furthermore, bankruptcy proceedings would:

a) Put an end to the going concern operations of Taiga;

b) Result in employees to be unemployed; and

c) Cause additional delays and uncertainty in the realization of Taiga's assets, and significantly hurt their value.

Accordingly, it is the Monitor's view that a sale or disposition of the Taiga's assets in a bankruptcy would not be more beneficial than proceeding with the implementation and closing of the Proposed Transaction.

Reverse vesting order structure

62. The reverse vesting order structure required to implement the Proposed Transaction is required in the current CCAA proceedings for the following reasons:

a) given the seasonal character of Taiga's business, any important delay in implementing the Proposed Transaction and being able to pursue its operations without delay following closing would jeopardize the Proposed Transaction as it is currently contemplated;

b) the sector in which Taiga operates requires oversight from various governmental agencies as well as various licences, permits and certifications without which it cannot sell vehicles. Should the Purchaser be required to seek the issuance of new licenses, permits and certifications, it is expected that significant delays may be encountered, and any delay in the implementation of the Proposed Transaction may negatively impact the sale of snowmobiles this coming winter. As such, the reverse vesting structure allows Taiga to continue its operations uninterrupted, whereas under a traditional vesting structure, there could be significant delays and risks associated with transferring those licenses, permits and certifications;

c) many of Taiga's assets are intangibles, such as intellectual property, agreements, permits, licenses, authorizations and related amendments. These assets would have no or limited value if some of them were not being preserved. The reverse vesting order structure allows them to avoid any potential delays or risks around the transfer of these intangible assets to the Purchaser;

d) the reverse vesting order structure will also avoid any delays or costs associated with the assignment of the retained contracts and the Purchaser will assume any liabilities in respect of such assumed contracts;

e) Taiga operates in multiple jurisdictions in which it is notably registered for tax purposes. Such registrations are essential for direct sales to customers and, if taxes are not properly collected and paid, customers will not be able to register their units;

f) the reverse vesting structure does not put stakeholders, including creditors, contractual counterparties, and even shareholders in a worse position than they would have been under a traditional asset sale. Indeed, the SISP has demonstrated that the net realizable value of the business and assets of the Applicants does not exceed the amount of the Applicants' secured debt such that there is no prospect for recovery for any of the Applicants' other creditors, regardless of the structure employed. Moreover, the reverse vesting order structure is supported by EDC, which as a first-ranking secured lender and Interim Lender, is the only creditor with any economic interest in the Proposed Transaction;

g) the contracts or obligations of the creditors and the stakeholders that are considered Excluded Assets and Excluded Liabilities according to the Purchase Agreement will not be in a worse position than they would have been with a more traditional vesting of assets to a third party; and

h) an RVO may allow the Purchaser to retain certain tax loss attributes, which would otherwise be unavailable in an asset sale, and which represents a key component of the Proposed Transaction for the Purchaser.

63. Considering the results of the SISP, the Monitor is of the view that the Proposed Transaction reflects the importance and value of the licences, certification, regulatory approval and intellectual property, and the RVO structure was required to generate such a consideration and result, to the benefit of all stakeholders.

64. For these reasons, the Monitor of the opinion that the reverse vesting order structure is reasonable, justified and more appropriate and beneficial than a traditional vesting order structure and that the reverse vesting order structure is in fact required and necessary in the circumstances in order to implement the Proposed Transaction in the manner and under the terms contemplated presently.

Releases in favour of the D&Os and the Monitor

65. As appears from the Application, Taiga also seeks the issuance of a release in favour of the present directors and officers of Taiga and the Monitor.

66. The Monitor is supportive of such relief, which it considers justified, fair and appropriate, for the reasons summarized below and as detailed in the Application.

67. The directors and officers who are still presently acting in such capacities ("**D&Os**") have been instrumental in the Restructuring Process and have remained implicated and committed to the direction and management of Taiga in the months leading up to and since the commencement of the CCAA Proceedings.

68. The D&O participated in numerous board meetings, to which the Monitor also participated, in addition to frequent exchanges, informal meetings and phone calls.

69. All these efforts deployed by the D&Os establish without a doubt that they have been fully committed to the best interests of Taiga and the Restructuring Process with a view to preserving Taiga as a going concern and maximizing value for all stakeholders and this has been the case despite the expiration of the D&Os insurance policy in the course of these CCAA proceedings.

70. The efforts made by the beneficiaries of the releases played a significant role in:

a) securing the interim financing required to maintain Taiga's operations during the CCAA Proceedings and to implement the SISP;

b) continuing to maintain the business as a going concern notwithstanding the pendency of the CCAA Proceedings, including maintaining relationships with employees, suppliers and customers;

c) implementing the SISP; and

d) with the Proposed Transaction that, if approved by the Court and completed, will maintain Taiga as a going concern, these CCAA Proceedings have had a successful outcome for the benefit of Taiga's stakeholders and will maintain the economic activity of Taiga in Quebec. The D&Os have clearly contributed considerable time, energy and resources to achieve this outcome and are deserving of a release.

71. The Monitor has also been advised by the Purchaser that it believes that the releases sought in favour of the D&Os are an important part of the Proposed Transaction given that:

a) the releases will allow for the discharge of the D&O Charge and therefore allow for the immediate release of a portion of the cash purchase price to EDC as Interim Lender; and

b) the Purchaser may count on certain D&Os to play an important part in the restructured business and its future success, which could be compromised if such D&Os have to live under the cloud of potential past liabilities.

72. The scope of the releases is also sufficiently narrow as the releases carve out any claim that is not permitted to be released pursuant to Section 5.1(2) of the CCAA and claims arising from fraud or wilful misconduct.

73. The Monitor believes that the releases are appropriate in the circumstances and an important component to the Proposed Transaction.

Monitor's recommendation in respect of the Proposed Transaction

74. The Monitor is of the view that the market was canvassed adequately and extensively through the SISP and through the efforts made by Taiga for the period prior to the filing of the CCAA proceedings and continued during the CCAA Proceedings.

75. At the conclusion of Phase 2 Bid Deadline, the Wilkinson Binding Offer was determined to be the best option available in the circumstances.

76. The Monitor is further of the view that:

a) The aggregate consideration provided for under the Purchase Agreement is fair and reasonable in the circumstances as it has been established via a SISP, which is the best available indicator of the market value of Taiga's business and assets; and

b) There is no evidence to suggest that any viable alternative exists that would deliver a better outcome for Taiga's creditors and other stakeholders.

77. Based on the foregoing, the Monitor considers that the approval of the Proposed Transaction on the terms set forth in the Purchase Agreement is in the best interests of the stakeholders generally and the Monitor supports the Applicants' request for the issuance of an approval and vesting order.

78. EDC, the Applicants' principal secured creditor, has been consulted and supports the approval of the Purchase Agreement and implementation of the Proposed Transaction.

VI. AN UPDATE ON THE KERP

79. The Monitor was notified in the course of the CCAA proceedings that an employee on the KERP would be leaving Taiga. The employee officially ended his employment at Taiga on August 23, 2024.

80. Taiga successfully redistributed the workload among the remaining employees. This ensured that the departure of the employee did not cause any significant disruptions or delays to Taiga's operations or the Restructuring Process.

VII. THE CASH FLOW RESULT FOR THE 12-WEEK PERIOD ENDED SEPTEMBER 29, 2024

81. The highlights of Taiga's financial performance for the 12-week period commencing on July 8, 2024, and ending on September 29, 2024, are presented in the Actual Cash Flow annexed below as **Appendix C** (under seal).

82. The table below provides an overview of the cash balances and the cash variances by Taiga from July 8 to September 29, 2024:

Cash Variation For the 12 Weeks Period of July 8 to September 29, 2024 (In 000's CAD)	
Beginning Cash - July 8	628
Net Cash Variation	310
Ending Cash - September 29	**938**

83. The Monitor's comments on the financial performance of Taiga during such period are the following:

a) Compared with the initial statement of projected cash flow presented to the Court in the Second Report dated July 17, 2024 (the "**Second Cash Flow Statement**"), Taiga experienced a favourable variance of approximately $174K in respect to the cash inflows. The variance is primarily attributable to:

i. Permanent favourable variance of $144K in vehicle sales due to the sale of six (6) vehicles which were not budgeted; and

ii. Permanent favourable variance of $27K in other receipts due to the sales of parts which were not budgeted.

b) Compared with the Second Cash Flow Statement, Taiga experienced a favourable variance of $745K in respect to the cash outflows:

i. Timing favourable variance of $522K in restructuring fees which will resorb closer to the end of the SISP and for the preparation of the Court hearing and the closing of the Proposed Transaction;

ii. Timing favourable variance of $90K in vendor payment as actual payment to vendors differs from the Second Cash Flow Statement;

iii. Timing favourable variance of $54K in IT services as actual payment to IT vendors differs from the Second Cash Flow Statement; and

iv. Timing favourable variance of $28K in utilities as actual payment to utilities provider differs from the Second Cash Flow Statement.

c) Compared with the Second Cash Flow Statement, Taiga experienced a $100K favorable timing variance relating to the DIP financing.

d) In summary, compared with the Second Cash Flow Statement, Taiga experienced a net favorable variance of approximately $819K.

84. As of the date of this Third Report, all post-filing expenses incurred by Taiga have been or will be paid in the normal course of business.

VIII. THE CASH FLOW PROJECTIONS

85. Taiga, with the assistance of the Monitor, has prepared the statement of projected cash flow (the "**Cash Flow Statement**") for the 12-week period from September 30, 2024, to December 19, 2024 (the "**Cash Flow Period**") for the purpose of forecasting Taiga's estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Statement is provided in **Appendix D** (under seal) of this Third Report.

86. The Cash Flow Statement has been prepared by Taiga using probable and hypothetical assumptions set out in the notes to the Cash Flow Statement.

87. The Monitor's review of the Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Management. Since the hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Statement. The Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Statement.

88. Based on the Monitor's review and the foregoing qualifications and limitations, nothing has come to its attention that causes it to believe that, in all material respects:

(i) The hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;

(ii) As at the date of this Third Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of Taiga or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or

(iii) The Cash Flow Statement does not reflect the probable and hypothetical assumptions.

89. Since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no opinion as to whether the projections in the Cash Flow Statement will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report. Neither does the Monitor express any opinion as to the performance of Taiga's statutory obligations with regard to projected payments to be made in accordance with the Cash Flow Statement, *inter alia* the payment of wages, the government remittances and the payroll deductions to be made by Taiga.

90. The Cash Flow Statement has been prepared solely for the purpose described in the Notes to the Cash Flow Statement, and readers are cautioned that the Cash Flow Statement may not be appropriate for other purposes.

91. The key assumptions used in the Cash Flow Statement are based on the Company's most recent sales and costs trends. Taiga's consolidated cash balance as of September 30, 2024, is estimated to be $938K.

92. The Cash Flow Statement provides a breakdown of the operating cash flow for Taiga during week 1 and week 2. It then assumes that the transaction will be approved by the Court by the end of week 2. As a result, the Cash Flow Statement focuses on the cash flow activities of ParentCo during its wind down phase from week 3 to week 12.

93. Management has advised the Monitor that it believes that the forecast reflected in the Cash Flow Statement is reasonable.

IX. THE REQUEST FOR AN EXTENSION OF THE STAY PERIOD

94. Although the current Stay Period expires on October 8, 2024, on October 7, the Company requested a short extension to October 10 in view to present the motion.

95. The Applicants are seeking an extension of the Stay Period until December 19, 2024, to close the Proposed Transaction, allow for the proposed Purchaser to exercise its post-closing rights under the Purchase Agreement and with a view to bring the Restructuring Process to completion.

96. The Monitor is informed that the Applicants intend to continue to pay their trade creditors for services rendered and goods supplied in the normal course of business during the CCAA Proceedings.

97. As described in this Third Report, the Cash Flow Statement indicates that the Applicants should have sufficient liquidity to continue to meet their obligations in the ordinary course of business with access to its current liquidities and existing working capital.

X. ENHANCEMENT OF THE POWERS FOR THE MONITOR

98. The Monitor also understands that the Applicants are asking the Court to grant an enhancement of the powers previously granted to the Monitor as part of the Initial Order, which shall be effective upon the closing of the Proposed Transaction, if approved by the Court. Such powers shall include, *inter alia*:

    a) Controlling the receipts and disbursements of ParentCo;

    b) Opening bank accounts for and on behalf of ParentCo; and

    c) Assigning ParentCo into bankruptcy and acting as trustee thereto.

99. The Monitor is supportive of such relief, which it considers to be necessary in the circumstances for the following reasons:

    a) following implementation of the Proposed Transaction, if approved by the Court, the only remaining debtor company under the CCAA Proceedings shall be ParentCo, which will ultimately be bankrupted by the Monitor;

    b) in the absence of any remaining directors, management or employees of ParentCo, such powers are required to ensure all of the remaining steps in the CCAA Proceedings can be completed, which will include dealing with any post-closing items that may be required under the Purchase Agreement, including the post-closing assignment of contracts; and

    c) the additional powers will facilitate the orderly completion of the CCAA Proceedings, the whole for the benefit of all of the Debtor's stakeholders.

XI. THE MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

100. Considering the foregoing, the Monitor is of the view that:

   (i) The extension of the Stay Period up to December 19, 2024, sought by the Applicants is required to close the Proposed Transaction, complete the Restructuring Process for the benefit of all its stakeholders and preserve the value of Taiga's assets and business;

   (ii) Based on the information presently available, the Monitor believes the Applicants' creditors will not be materially prejudiced by the requested extension of the Stay Period;

   (iii) The approval of the Proposed Transaction on the terms set forth in the Purchase Agreement is in the best interests of the stakeholders;

   (iv) Granting of the additional powers to the Monitor upon the Proposed Transaction being effective (if approved by the Court) is required in the circumstances; and

   (v) The Applicants have acted, and are acting, in good faith and with due diligence, which make the requested extension of the stay of proceedings appropriate.

101. It is the Monitor's view that the continuation of the Restructuring Process is beneficial to Taiga's creditors, employees and stakeholders.

102. Accordingly, the Monitor recommends that the Stay Period be extended to December 19, 2024, the Purchase Agreement be approved and that both the Second Amended and Restated Initial Order and the Approval and Vesting Order sought by the Applicants be issued.

103. The Monitor confirms that there is no further material development to report in this matter, other than what is provided for in this Third Report.

104. The Monitor respectfully submits to the Court its Third Report.

DATED AT MONTREAL, this 7th day of October 2024.

DELOITTE RESTRUCTURING INC.
In its capacity as Court-Appointed Monitor of the Applicants

Benoit Clouâtre, CPA, CIRP, LIT
Senior Vice President

Jean-François Nadon, CPA, CIRP, LIT
President

APPENDIX A

SUMMARY OF THE SISP PHASE 1 NON-BINDING LETTERS OF INTENT RECEIVED
(UNDER SEAL)

APPENDIX B

SUMMARY OF THE SISP PHASE 2 BINDING OFFERS RECEIVED
(UNDER SEAL)

APPENDIX C

CASH FLOW RESULTS FOR THE 12-WEEK PERIOD ENDED SEPTEMBER 29, 2024 (UNDER SEAL)

APPENDIX D

CASH FLOW STATEMENT (UNDER SEAL)