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| COURT FILE NUMBER | 2301 - 16982 | Clerk's Stamp |
| COURT | COURT OF KING'S BENCH OF ALBERTA | |
| JUDICIAL CENTRE | CALGARY | |
| MATTER | IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, as amended<br><br>AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CANDESTO ENTERPRISES CORP., D3 INFRASTRUCTURE SERVICES INC. and SAFE ROADS ALBERTA LTD. | |
| DOCUMENT | **FIRST REPORT OF THE MONITOR ALVAREZ & MARSAL CANADA INC.**<br><br>**January 4, 2024** | |
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | **MONITOR**<br>ALVAREZ & MARSAL CANADA INC.<br>Bow Valley Square IV<br>Suite 1110, 250 – 6th Avenue SW<br>Calgary, Alberta T2P 3H7<br>Orest Konowalchuk / Bryan Krol<br>Telephone: (403) 538-4736 / (403) 538 -7523<br>Email: okonowalchuk@alvarezandmarsal.com<br>bkrol@alvarezandmarsal.com<br><br>**COUNSEL**<br>Gowling WLG (Canada) LLP<br>Barristers & Solicitors<br>Sam Gabor<br>Phone: (403) 298-1946<br>Email: sam.gabor@gowlingwlg.com | |

ALVAREZ & MARSAL

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## INTRODUCTION

1. On December 20, 2023, Candesto Enterprises Corp. ("**CEC**"), Safe Roads Alberta Ltd. ("**Safe Roads**") and D3 Infrastructure Services Inc. ("**D3**") (collectively, the "**Companies**" or "**Applicants**") were granted an initial Order (the "**Initial Order**") by the Court of King's Bench of Alberta (the "**Court**") in relation to proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"). Amongst other things, the Initial Order provided for a stay of proceedings until December 30, 2023. Pursuant to the Initial Order, Alvarez & Marsal Canada Inc., ("**A&M**") was appointed as monitor (the "**Monitor**") in the CCAA Proceedings. Concurrently on December 20, 2023, and at the same hearing, the Applicants were granted an Amended and Restated Initial Order ("**ARIO**") by the Court as the Applicants were unable to seek an ARIO during the statutory ten (10) day comeback period pursuant to the CCAA due to the Court's closure during the winter holiday break.

2. Capitalized terms not defined in this Monitor's First Report (this "**Report**" or the "**First Report**") are as defined in the Initial Order, ARIO, the Stay Extension Order, the Pre-Filing Report of the Proposed Monitor dated December 19, 2023 (the "**Pre-Filing Report**") and/or the Affidavit of Jan Van Bruggen, sworn December 18, 2023 ("**First VB Affidavit**") and the Affidavit of Jan Van Bruggen, sworn January 2, 2024 ("**Second VB Affidavit**", with the First VB Affidavit, the "**VB Affidavits**").

3. The ARIO, granted, amongst other things, the following relief:

    a) an extension of the stay of proceedings until January 12, 2024 (the "**Stay Period**");

    b) approval of Interim Financing;

    c) priority charges in favour of:

        i. the Monitor, its legal counsel, and the Applicants' legal counsel;

ii. Durisol Ltd. as interim lender (the "**Interim Lender**"); and

iii. the Applicants' directors and officers; and

d) authorizing the Applicants to file a plan of arrangement;

e) with the prior consent of the Monitor, the payment of certain limited pre-filing expenses;

f) a stay of proceedings in favour of:

i. the Applicants, its directors and officers,

ii. the Monitor;

iii. 1964740 Alberta Inc. ("**196 Inc.**"), the Batavi Venture Group Inc. ("**Batavi**") and Barricades and Signs Ltd. ("**Barricades**") (together with the Applicants, the "**Indemnitors**") in respect to any claim that relates to any obligations of the Indemnitors (as applicable) under the Indemnity Agreement in favour of Trisura Guarantee Insurance Company ("**TGIC**") and/or Trisura Insurance Company (with TGIC, collectively "**Trisura**") dated July 22, 2022 and the Indemnity Agreement in favour of TGIC dated April 5, 2019;

iv. Batavi with respect to a share pledge agreement dated January 31, 2022 between Batavi, Vor Allem Consulting Ltd. (formerly, 411850 Alberta Ltd.) ("**VAC Ltd.**") and Chris Bokenfohr ("**Bokenfohr**") (the "**Pledge Agreement**");

4. The Companies have now filed an application dated January 2, 2024 with this Honourable Court (the "**Application**") seeking an order to:

a) extend the stay of proceedings to March 15, 2024;

b) increase the Administration Charge from $350,000 to $500,000;

c) increase the Authorized Borrowings under the Interim Lending Facility and the corresponding Interim Lender's Charge from $450,000 to $1,400,000;

d) amending paragraph 7 of the ARIO to allow accounts receivables from bonded jobs to be used, subject to the oversight and approval of the Monitor, to repay amounts secured under the Administration Charge and the Interim Lenders' Charge if such accounts receivables were either (i) generated and outstanding prior to the date of the Initial Order; or (ii) generated after the date of the Initial Order as a result of advances made by the Interim Lender pursuant to the Commitment Letter and Definitive Documents (as defined in the ARIO).

**PURPOSE**

5. The purpose of this First Report is to provide information to this Honourable Court in respect of the following:

a) the initial activities of the Monitor since the granting of the Initial Order and ARIO;

b) the actual cash flow results of the Companies compared to its Consolidated Cash Flow Forecast (defined and discussed below);

c) the Applicants request to increase the Authorized Borrowings under the Interim Lending Facility and respective Interim Lender's Charges and the Administration Charge; and

d) the proposed stay extension of the Stay Period; and

e) the Monitor's overall recommendation in respect of the foregoing.

6. This Report should be read in conjunction with the Second VB Affidavit filed in support the Companies' Application.

## TERMS OF REFERENCE AND DISCLAIMER

7. In preparing this Report, A&M, in its capacity as the Monitor, has been provided with and has relied upon unaudited financial information and the books and records prepared by the Applicants and has held discussions with the Applicants' management ("**Management**") and their respective counsel and directors (collectively, hereinafter the "**Information**"). Except as otherwise described in this Report in respect of the Applicants' cash flow forecast:

    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 the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs 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 forecasts and projections, as outlined in the CPA Handbook, has not been performed.

8. Future oriented financial information referred to in this Report was prepared based on the Applicants' 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.

9. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.

## BACKGROUND

### *Overview*

10. The Applicants form part of a broader group of companies (the "**Candesto Group**"), which has been a leader of installation services in western Canada for traffic control, roadside safety and barrier systems for over 25 years (the "**Business**").

11. The goods and services provided by the Applicants can be broken down into six primary categories: (i) guardrail and high-tension cable barrier systems; (ii) concrete and steel barriers; (iii) overhead signs and structures; (iv) overhead sign foundations and caissons; (v) non-overhead and ground mounted signage; and (vi) engineering and planning. These services extend to the installation of these items, systems and structures on roadways.

12. CEC and D3 (together, the "**Operating Entities**") are the primary operating entities and perform similar functions within Alberta. Over time, CEC has become the primary contractual counterparty for most incoming jobs in Alberta. The Applicants have recently ceased bidding on any projects not currently under contract.

13. Safe Roads (formerly 1957282 Alberta Ltd.) is an Alberta corporation incorporated under the *Business Corporations Act* (Alberta) with its registered office in Calgary, Alberta. Safe Roads was initially set up to source and sell to the Operating Entities certain inventory used in their respective operations, although that sourcing is now predominantly from other suppliers. Safe Roads is now largely dormant, with little to no operations and/or cash flow.

14. Further information regarding the cause of the Applicants' insolvency and these CCAA Proceedings, including the Initial Order, ARIO, VB Affidavits and other affidavits, and the Pre-Filing Report are available on the Monitor's website at: www.alvarezandmarsal.com/candesto ("**Monitor's Website**").

## INITIAL ACTIVITIES OF THE MONITOR

15. The Monitor’s activities to date have included the following:

a) conducting ongoing discussions with Management, and the Companies' legal counsel regarding the Companies’ Business and financial affairs;

b) engaging in discussions with the Applicants’ and their legal counsel with respect to various matters including the increase to the Authorized Borrowings under the Interim Lending Facility, and the increase of the quantum of the Administration Charge and the Interim Lender’s Charge;

c) assisting Management with the roll-out of the Companies’ post-filing communication plans with various trade creditors, suppliers and other stakeholders;

d) preparing and issuing requisite statutory notices under the CCAA and the Initial Order, which involved:

i. setting-up of the Monitor’s Website and posting of the Initial Order, ARIO and other filed materials thereon;

ii. coordinating the publishing of notices as prescribed under the CCAA in The Calgary Herald and The Edmonton Journal, which were published on December 26, 2023 and January 2, 2024;

iii. preparing a list of creditors with claims over $1,000 and posting same to the Monitor’s Website;

iv. coordinating and distributing the requisite statutory notice to the Applicants’ creditors known to the Monitor, which were mailed on December 21, 2023;

v. filing the required statutory notices and forms with the Office of the Superintendent of Bankruptcy as required under section 23(1)(f) of the CCAA; and

vi. establishing various reporting protocols with the Companies, including, but not limited to, reviewing the Companies' receipts and disbursements and the associated cash flow reporting;

e) participating in conversations with the Companies and the Companies' surety provider, Trisura );

f) retaining independent legal counsel, Gowling WLG (Canada) LLP ("**Monitor's Counsel**"), and holding conversations with the Monitor's Counsel regarding various matters pertaining to these CCAA proceedings;

g) reviewing and discussing the weekly payables with Management; and

h) reviewing the Companies' bank details and assisting the Companies with the compilation of their budget to actual reporting for purposes of communicating the same to the Interim Lender.

## ACTUAL CASH FLOW RESULTS COMPARED TO FORECAST

16. The Companies' actual cash receipts and disbursements as compared to the Consolidated Cash Flow Forecast presented in the Pre-Filing Report during the period of December 20, 2023 to December 29, 2023 (the "**Reporting Period**") is summarized below.

**Candesto Enterprises Corp, D3 Infrastructure Services Inc. and Safe Roads Alberta Ltd.**
**Cash Flow Variance Analysis - Prepared by Management**
**For the Period December 20, 2023 to December 29, 2023**
*unaudited, in CAD $000's*

| | Forecast | Actual | Variance |
|---|---|---|---|
| **Cash Receipts** | | | |
| Accounts receivable | $ 65 | $ 51 | $ (14) |
| Unbilled active projects | - | - | - |
| Other | - | 0 | 0 |
| **Total Receipts** | **$ 65** | **$ 51** | **$ (14)** |
| | | | |
| **Operating Disbursements** | | | |
| F2024 project costs | $ 22 | $ 19 | $ 2 |
| F2025 project costs | - | - | - |
| Payroll and benefits | 86 | 66 | 20 |
| Rent | - | - | - |
| Insurance | - | - | - |
| IT | 3 | - | 3 |
| Utilities | - | 0 | (0) |
| Other operating costs | 6 | 8 | (2) |
| Contingency | 15 | - | 15 |
| **Total Operating Disbursements** | **$ 132** | **$ 94** | **$ 37** |
| | | | |
| **Net Cash Flow from Operations** | **$ (66)** | **$ (44)** | **$ 23** |
| | | | |
| **Total Non-Operating Disbursements** | **$ -** | **$ -** | **$ -** |
| | | | |
| **Net Cash Flow** | **$ (66)** | **$ (44)** | **$ 23** |
| | | | |
| **Opening Cash** | **$ 301** | **$ 251** | **$ (51)** |
| Net Cash Flow | (66) | (44) | 23 |
| DIP Advance/(Repayment) | | | |
| **Ending Cash** | **$ 235** | **$ 207** | **$ (28)** |

17. Over the Reporting Period, the Companies experienced a positive cash flow variance of approximately $23,000, primarily as a result of temporary timing differences, as well as some permanent variances, which are described below:

    a) a negative timing variance relating to receipts from the Horseshoe Hill project and Ledcor Project. Management is expecting those amounts to be received in the coming weeks;

    b) a positive timing variance relating to payments of benefits as well as the payments to the Workers' Compensation Board. Management has advised the Monitor that these amounts will be paid in the coming weeks; and

c) a positive permanent variance due to the allocated contingency that was not required during the Reporting Period. The contingency was incorporated into the Consolidated Cash Flow Forecast to account for unexpected costs not forecast during the Forecast Period (defined below).

18. Actual opening cash as at December 20, 2023 was lower than initially included in the Consolidated Cash Flow Forecast by approximately $50,000, as a result of certain payments that were made prior to the CCAA that were inadvertently missed by Management in its cash reconciliation for opening cash. As such, the Companies' opening cash balance at December 20, 2023 is $251,000. The Monitor notes that this adjustment to opening cash is not significant to the overall Consolidated Cash Flow Forecast and does not warrant a revised Consolidated Cash Flow Forecast at this time.

19. The Companies were not required to utilize any of the Interim Financing during the Reporting Period; however, the Companies have forecast the need of approximately $1.3 million over the Forecast Period.

## CCAA CONSOLIDATED CASH FLOW FORECAST

20. As outlined and included it the Pre-Filing Report, Management has prepared a weekly consolidated cash flow forecast (the "**Consolidated Cash Flow Forecast**") for the 13-week period from December 20, 2023 to March 15, 2024 (the "**Forecast Period**"), using the probable and hypothetical assumptions set out in the notes to the Consolidated Cash Flow Forecast. A copy of the Consolidated Cash Flow Forecast, together with a summary of the assumptions and Management's representation letter are included as appendices in the Pre-Filing Report.

21. The Consolidated Cash Flow Forecast has remained unchanged from the version included in the Pre-Filing Report and no material changes have been identified over the Forecast Period.

22. The Consolidated Cash Flow Forecast is summarized below:

| **Candesto Enterprises Corp,**<br>**D3 Infrastructure Services Inc. and Safe Roads Alberta Ltd.**<br>**Management Prepared 13 Week Cash Flow Forecast**<br>**For the period from December 20 2023 to March 15, 2024**<br>*unaudited, in CAD $000's* | |
|---|---|
| **Cash Receipts** | |
| Accounts receivable | 219 |
| Unbilled active projects | 443 |
| **Total Receipts** | **663** |
| | |
| **Operating Disbursements** | |
| F2024 project costs | 613 |
| F2025 project costs | 75 |
| Payroll and benefits | 430 |
| Rent | 45 |
| Insurance | 30 |
| IT | 16 |
| Utilities | 12 |
| Other operating costs | 71 |
| Contingency | 90 |
| **Total Operating Disbursements** | **1,382** |
| | |
| **Net Cash Flow from Operations** | **(719)** |
| | |
| Total Non-Operating Disbursements | 744 |
| | |
| **Net Cash Flow** | **(1,463)** |
| | |
| **Opening Cash** | **301** |
| Net Cash Flow | (1,463) |
| Interim Financing Advance/(Repayment) | 1,300 |
| **Ending Cash** | **138** |
| | |
| **Opening Interim Financing balance** | **1,300** |
| Advances | 1,300 |
| Repayments | - |
| **Closing Interim Financing balance** | **-** |

23. A summary of the Consolidated Cash Flow Forecast and select assumptions underlying same are as follows:

a) total projected cash receipts of approximately $663,000;

b) total operating cash disbursements forecast of approximately $1.38 million and non-operating cash disbursements of approximately $744,000, resulting in a net decrease in cash of approximately $1.46 million during the Forecast Period; and

c) borrowings from interim financing of approximately $1.3 million, subject to Court approval;

24. The Applicants were previously granted authority by the Court to borrow up to $450,000 from an authorized interim facility of $1.4 million during the Stay Period. The Monitor has determined that the Companies require additional funding to the existing Interim Lending Facility of approximately $750,000 to allow the Companies to restructure its affairs, should this Honourable Court grant the further stay extension to March 15, 2024.

25. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standards of Professional Practice No. 9, the Monitor hereby reports as follows:

a) the Consolidated Cash Flow Forecast has been prepared by Management for the purpose described in the notes to the Consolidated Cash Flow Forecast, using probable and hypothetical assumptions as set out in the notes;

b) the Monitor's review of the Consolidated Cash Flow Forecast consisted of inquiries, analytical procedures, and discussion related to information supplied to it by Management. Since hypothetical assumptions need not be supported, the procedures with respect to them were limited to evaluating whether they were consistent with the purposes of the Consolidated Cash Flow Forecast. The Monitor also reviewed Information provided by Management for the probable assumptions and the preparation and presentation of the Consolidated Cash Flow Forecast, including, but not limited to: review of the Companies' bank statements, review of historical costs as well as projected general and administrative costs, and review of the Companies projected working capital requirements relating to its various projects;

c) based on the Monitor's review of the Consolidated Cash Flow Forecast, nothing has come to the Monitor's attention that causes it to believe that, in all material respects:

   i. the hypothetical assumptions are not consistent with the purpose of the Consolidated Cash Flow Forecast;

   ii. as at the date of this Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Consolidated Cash Flow Forecast, given the hypothetical assumptions; or

   iii. the Consolidated Cash Flow Forecast does not reflect the probable and hypothetical assumptions; and

d) since the Consolidated Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from Information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor does not express any assurance as to whether the Consolidated Cash Flow Forecast will be accurate. The Monitor does not express any opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by us in preparing this Report.

26. The Consolidated Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

## INTERIM FINANCING AND INTERIM LENDER'S CHARGE

27. This Honourable Court previously granted an initial Interim Lending Facility of $450,000 and a corresponding and matching Interim Lender's Charge.

28. In order to provide the liquidity needed to fund the operations of the Applicants during the Forecast Period, the Applicants are seeking an increase to the Authorized Borrowings under the Interim Lending Facility from $450,000 to $1,400,000 along with an increase to the Interim's Lender's Charge to secure advances made under the Interim Lending Facility to $1,400,000.

29. The proposed increase to the Additional Borrowings will be provided by the Interim Lender (a related party to the Primary Lender), subject to Court approval. Further details regarding the Term Sheet as well as a copy of the Term Sheet are included in the Pre-Filing Report.

30. The Monitor is of the view that an increase to the Authorized Borrowings under the Interim Lending Facility is necessary as outlined in the Consolidated Cash Flow Forecast, as without the approval of such an increase, the Applicants would be unable to continue in the CCAA Proceedings past January 12, 2024. Further, in any probable realization strategy, a receiver, trustee or other administrator or manager would likely recommend expending a similar amount of funds in order to preserve and market the Applicants as going concern entities and/or their assets, undertaking and property.

31. Accordingly, given the benefits that an increase to the Authorized Borrowings under the Interim Lending Facility will provide and the purpose for which the proposed increase will be utilized in the Consolidated Cash Flow Forecast, the Monitor does not believe the proposed increase to the Authorized Borrowings under the Interim Lending Facility to be unduly prejudicial to other creditors of the Applicants.

32. Additionally, the Monitor supports the application for approval of the increase to the Interim Lender's Charge to the full availability under the Interim Lending Facility of $1,400,000.

33. The Monitor is of the view that the increase to the Authorized Borrowings under the Interim Lending Facility will enhance the Applicants ability to restructure their affairs under the CCAA.

## ADMINISTRATION CHARGE

34. The Applicants are seeking an increase to the Administration Charge, that was previously granted by this Honourable Court on December 20, 2023, from $350,000 to $500,000. The Administration Charge is in favour of the Monitor, legal counsel to the Monitor, and the Applicants' legal counsel, in order to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order. The Administration Charge is to remain in priority of all other charges.

35. As indicated in the Pre-Filing Report, these CCAA Proceedings require the prompt and vigorous involvement of professional advisors to guide and/or complete a successful restructuring. As such, it is the Monitor's respectful view that the Administration Charge should increased to $500,000, as the amount is reasonable and appropriate to ensure the continued support of the respective professionals in the Applicants efforts to restructure their affairs. In addition, the Companies have forecast that professional fees and costs of the Monitor, Monitor's Counsel and the Debtor's legal counsel will exceed $500,000 over the Forecast Period.

36. The Monitor also believes that it is appropriate for the proposed beneficiaries of the Administration Charge, being non-stakeholders to the CCAA Proceedings, to be afforded the benefit of the Administration Charge as they will be undertaking necessary and integral roles in the restructuring of the Companies in these CCAA Proceedings.

37. It is the respectful view of the Monitor that the quantum of the proposed increase to the Administration Charge is reasonable and appropriate in the circumstances, having regard to the scale and complexity of the CCAA Proceedings, the services to be provided by the beneficiaries of the Administration Charge and the size of the similar charges approved in similar proceedings.

**AMENDING PARAGRAPH 7 OF THE ARIO**

38. Paragraph 7 of the ARIO currently requires that the Monitor hold all pre-filing and post-filing accounts receivables generated from the Applicants' bonded jobs in a non-interest bearing account until further order of the court, provided that such accounts receivables may be used by the Applicants for payment by them on the Applicants' ongoing bonded jobs. The paragraph does not take into account if such bonded accounts receivable were pre-filing accounts receivable, or if the Interim Lender has extended funds to the Companies under the Interim Lending Facility which generates post-filing accounts receivables on bonded jobs.

39. The Applicants have sought an amendment to paragraph 7 of the ARIO which allows accounts receivables created from bonded jobs to be used to repay the priority Administration Charge and Interim Lender's Charge if the receivables were either (i) pre-filing receivables or (ii) post-filing receivables generated as a result of advances made by the Interim Lender under the Interim Lending Facility. Under the amendment, the Monitor will be required to provide oversight and approval of the use and application of such receivables.

40. The Monitor is of the view that the amendments are appropriate in the circumstances as the Administration Charge and Interim Charge have priority over all pre-filing claims to the Applicants' property, including claims against pre-filing accounts receivables generated from bonded jobs. Further, the amendments are appropriate with respect to post-filing accounts receivables generated through extension of financing under the Interim Lending Facility as the creation of such accounts receivables would occur through the advancement of interim financing secured by the priority Interim Charge.

41. The Monitor has been advised by the Applicants' counsel that the Applicants expect to file a supplemental affidavit which clarifies the Applicants' statements at paragraph 23 of the Second VB Affidavit that pre-filing bonded receivables not generated through advances by the Interim Lender would continue to be held by the Monitor in a non-interest bearing account or be utilized solely on bonded jobs.

**EXTENSION TO THE STAY OF PROCEEDINGS**

42. Pursuant to the ARIO, the Stay Period will expire on January 12, 2024. The Applicants are seeking to the Stay Period to March 15, 2024 (the "**Stay Extension**").

43. The Monitor supports the Stay Extension for the followings reasons:

a) it will afford the Applicants and the Monitor sufficient time to:

i. consult with Trisura as their surety, the Applicants' customers and key suppliers;

ii. develop a restructuring plan for the Applicants;

iii. evaluate the merits of a potential sale and investment solicitation process, if required; and

iv. complete an appraisal of the Applicants' assets, undertaking and property;

b) the Applicants are forecasted to have sufficient liquidity up to January 12, 2024; however, they will require forecasted borrowings of up to $1.3 million to continue to operate in the ordinary course of business during the requested extension of the Stay Period;

c) the Monitor is unaware of any creditor of the Applicants who will be materially prejudiced by the proposed extension of the Stay Period; and

d) in the Monitor's opinion, the Applicants have acted in good faith and with due diligence in these CCAA Proceedings since the date of the Initial Order.

**CONCLUSIONS AND RECOMMENDATIONS**

44. Based on the current information that has been made available to the Monitor by the Applicants, the Monitor is of the opinion that the relief sought by the Applicants is appropriate and respectfully recommends that this Honourable Court approve:

a) the extension of the Stay Period to March 15, 2024;

b) the increase of the Administration Charge from $350,000 to $500,000;

c) the increase to the Interim Lending Facility to $1,400,000 and corresponding increase to the Interim Lender's Charge; and

d) Amending paragraph 7 of the ARIO in the form as set out in the proposed form of order, attached as Schedule B to the Application.

All of which is respectfully submitted this 4th day of January, 2024.

**ALVAREZ & MARSAL CANADA INC.,**
**in its capacity as Monitor of the Companies, and**
**not in its personal or corporate capacity**

Orest Konowalchuk, CPA-CA, CIRP, LIT
Senior Vice-President

Bryan Krol
Director



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