

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF QM GP INC. AND
HIGHPOINT ENVIRONMENTAL SERVICES INC.**

**FIRST REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.**

AUGUST 6, 2025

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1.0 INTRODUCTION

- 1.1 On July 29, 2025 (the “**Filing Date**”), QM GP Inc. and Highpoint Environmental Services Inc. (collectively, the “**Applicants**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) pursuant to an initial order (the “**Initial Order**”) of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”). The proceedings commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
- 1.2 Pursuant to the Initial Order: (i) the Stay (as defined below) and other protections and authorizations of the Initial Order were extended to QM LP, QMF LP, TWT LP and Quantum Holdings LP (collectively with the Applicants, the “**QM Group**” or the “**Company**”); and (ii) Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as monitor of the QM Group in these CCAA Proceedings (in such capacity, the “**Monitor**”).
- 1.3 The principal purpose of these CCAA Proceedings is to stabilize and maintain the QM Group’s business, obtain access to additional liquidity, and use the breathing room afforded by the CCAA to: (i) restructure the QM Group’s business, including among other things, renegotiating and/or disclaiming contracts associated with construction projects that cannot be completed in a profitable and economic manner; and (ii) implement the SISP (as defined below) in order to identify and enter into a value maximizing sale or other strategic transaction in respect of the QM Group, its asset or its business lines, in whole or in part.
- 1.4 Additional details regarding the QM Group as well as their business and financial circumstances are set out in the Pre-Filing Report of the Proposed Monitor dated July 28, 2025 (the “**Pre-Filing Report**”) filed by A&M prior to the commencement of the CCAA

Proceedings. The Pre-Filing Report and other public Court-filed documents in the CCAA Proceedings are available on the Monitor's case website at: www.alvarezmarsal.com/QME (the "**Case Website**"). A copy of the Pre-Filing Report is attached hereto (without appendices) as **Appendix "A"**.

1.5 The Initial Order, among other things:

- (i) granted a stay of proceedings (the "**Stay**") up to and including August 8, 2025 in favour of the QM Group;
- (ii) approved the interim debtor-in-possession financing facility (the "**DIP Facility**") and the DIP Facility Agreement among the QM Group and WeShall Investments Inc. ("**WeShall**")¹, as interim lender (in such capacity, the "**DIP Lender**"), and authorized the QM Group to borrow up to \$3.3 million under the DIP Facility;
- (iii) authorized the QM Group to pay certain pre-filing amounts of: (a) up to \$500,000 with the consent of the Monitor; and (b) up to a further \$500,000 with the consent of the Monitor and The Bank of Nova Scotia ("**BNS**");
- (iv) granted the Administration Charge of \$400,000, the DIP Lender's Charge of \$3.3 million (plus interest, fees and costs), the Directors' Charge of \$3.6 million, and the Lien Charge (each as defined in the Initial Order);
- (v) authorized a stay on the Performance Bonds, preventing any person with recourse to the Performance Bonds, including any person named as an owner or obligee

¹ WeShall is also the QM Group's primary shareholder.

under such Performance Bonds, from enforcing or calling on the Performance Bond; and

- (vi) ordered that during the initial Stay period, no proceeding or enforcement step shall be commenced or continued against third parties that have provided Third-Party Indemnity Obligations (as defined in the Initial Order), on behalf of the QM Group in respect to the QM Group's obligations under any construction project contract, in favour of Intact Insurance Company ("**Intact**") and Aviva Insurance Company of Canada ("**Aviva**"). Among other things, this preserved the status quo with respect to the demand by Intact under a \$5 million standby letter of credit that had been provided to Intact by a non-QM Group entity related to WeShall (the "**Standby L/C**").

1.6 On July 29, 2025, in addition to granting the Initial Order, the Court approved the relief sought by the QM Group as part of the Lien Regularization Order (the "**LRO**"). The LRO establishes a streamlined Court-supervised process, administered by the Monitor, to replace the various technical requirements for preserving and perfecting a lien under the Provincial Lien Legislation (as defined in the LRO).

1.7 This first report of the Monitor (the "**First Report**") should be read in conjunction with the Pre-Filing Report, the affidavit of Agnieszka Barrett, Chief Executive Officer of the QM Group, sworn July 28, 2025 (the "**First Barrett Affidavit**"), and the affidavit of Agnieszka Barrett sworn August 5, 2025 (the "**Second Barrett Affidavit**" and together with the First Barrett Affidavit, the "**Affidavits**"). Capitalized terms used and not defined

in this First Report have the meanings given to them in the Pre-Filing Report or the Affidavits, as applicable.

2.0 PURPOSE OF THIS REPORT

2.1 The purpose of this First Report is to provide the Court with information regarding, and where applicable, the Monitor's views on:

- (i) certain updates on the QM Group's business and restructuring efforts since the granting of the Initial Order;
- (ii) the relief sought by the QM group as part of the proposed Order (the "**SISP Approval Order**") approving a sale and investment solicitation process to be conducted by the Monitor on the terms attached as Schedule "A" to the SISP Approval Order (the "**SISP**");
- (iii) the relief sought by the QM Group pursuant to the proposed amended and restated Initial Order (the "**ARIO**"), which, among other things:
 - (a) extends the Stay to and including November 7, 2025;
 - (b) increases the quantum of the Administration Charge to \$1.25 million;
 - (c) increases the DIP Lender's Charge to \$14 million (plus interest, fees and costs);
 - (d) approves a key employee retention plan (the "**KERP**"), grants a super-priority charge up to a maximum of \$540,000 over the Property as security for payments to be made in accordance with the KERP (the "**KERP**");

Charge”), and seals the KERP and related payment and personal information subject to further order of the Court;

(e) authorizes the QM Group to pay, with the approval of the Monitor, certain amounts owing to critical suppliers who supplied goods or services prior to the Filing Date; and

(f) grants priority to the Charges (as defined in the ARIO) over all security interests, holdbacks, trusts (including deemed trusts), liens, charges and encumbrances, claims of secured creditors, statutory or otherwise in favour of any person;

(iv) the activities of the Monitor since the Filing Date; and

(v) the Monitor’s conclusions and recommendations in connection with the relief sought at the Comeback Hearing.

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this First 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 QM Group, and has had discussions with management of the QM Group, its legal counsel and representatives of WeShall (collectively, the “**Information**”). Except as otherwise described in this First Report in respect of the QM Group’s cash flow forecast:

(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 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

- (ii) some of the information referred to in this First 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.

3.2 Future oriented financial information referred to in this First Report was prepared based on the QM Group’s management’s estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

3.3 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars (“CAD”).

4.0 UPDATES SINCE THE INITIAL ORDER

Projects & Employees

4.1 As described in the Pre-Filing Report, following the granting of the Initial Order, the QM Group intended to: (i) continue to operate its construction business, but with a focused effort on projects that are profitable and cashflow positive that it intends to continue through completion (the “**Continuing QM Projects**”); (ii) with the assistance of the Monitor, continue to review its portfolio of other marginal and/or cash flow negative

projects to determine if such projects can be renegotiated with project owners, and if they cannot, pause and/or disclaim them; and (iii) maintain its emergency response business in the ordinary course.

4.2 As of the date of this First Report, the QM Group has:

- (i) identified approximately 210 Continuing QM Projects, comprised of 60 active projects and 150 projects that are substantially complete, pending the collection of final accounts receivable and holdback amounts. The Monitor notes that many of these substantially completed projects also have accounts payable outstanding, which amounts are planned to be addressed through the process outlined in the LRO, as applicable;
- (ii) paused ongoing activity at nine projects, while it determines if such projects can be completed on a profitable basis. Accordingly, the QM Group has entered into negotiations with various project owners to determine if consensual arrangements can be made to complete these projects; and
- (iii) delivered disclaimer notices to the counterparties of approximately 30 project contracts. In relation to these disclaimed project contracts, the QM Group has also sent disclaimer notices to the counterparties of 60 related supply agreements and purchase orders.

4.3 As a result of disclaiming the project contracts noted above along with other efforts to reduce costs, since the Filing Date, the QM Group has provided notice of termination to approximately 40 employees.

Status of Matters with Key Stakeholders

- 4.4 Since the granting of the Initial Order, the Monitor has provided financial and other updates to Intact. The Monitor has also encouraged discussions between the DIP Lender and Intact to attempt to achieve a consensual resolution of matters pertaining to the Third Party Indemnity Obligations, including the Standby L/C, and engaged in discussions with the parties to advance and facilitate a consensual resolution.
- 4.5 The Monitor understands that the DIP Lender and Intact have now reached a consensual resolution in respect of these matters, and that the DIP Lender is prepared to waive the condition under section 13(c) of the DIP Facility (*i.e.* the condition relating to the return of the Standby L/C and related matters) or confirm its satisfaction, such that the entire DIP Facility is anticipated to be available to the QM Group.
- 4.6 Since the granting of the Initial Order, the Monitor has also provided financial and other updates to BNS' financial advisor and held discussions with BNS's counsel regarding the relief to be sought at the Comeback Hearing. The Monitor understands that counsel to the Company also sought input from BNS's counsel on the proposed SISP. The Monitor has also encouraged discussions amongst the Company, the DIP Lender and BNS to attempt to achieve a consensual resolution regarding the relief to be sought at the Comeback Hearing, including the priority of the DIP Lender's Charge as relates to BNS' security interest. As at the writing of this First Report, the Monitor understands that discussions amongst the Company, the DIP Lender and BNS are ongoing.

- 4.7 The Monitor will update the Court at the commencement of the Comeback Hearing on its understanding of the status of discussions amongst the Company, the DIP Lender and BNS, and whether any resolution has been reached.

5.0 SISP APPROVAL ORDER

- 5.1 Pursuant to the SISP Approval Order, the QM Group is seeking, among other things, the Court's approval of the SISP. The purpose of the SISP is to identify the highest or otherwise best offer for a sale or other strategic transaction in respect of the QM Group and/or its assets. Capitalized terms used in this section and not otherwise defined herein have the meaning given to them in the SISP.
- 5.2 The SISP has been designed to solicit interest in and opportunities for one or more Transactions in respect of the QM Group's assets, business and/or individual business units, including but not limited to the: (i) construction business, and the individual project contracts included therein; (ii) emergency response business; (iii) Hamilton waste transfer station; and (iv) other assets and/or groups of assets.
- 5.3 The SISP contemplates a single-phase solicitation process that will be administered by the Monitor, with the Bid Deadline being approximately 45 days from the commencement date. The following is a summary of the key dates and milestones contemplated in the SISP:

SISP Timeline	
Commencement Date	No later than August 11, 2025
Bid Deadline	September 25, 2025 (45 days from commencement date)
Selection of Successful Bid	September 29, 2025
Sale Approval Motion	As soon as practicable after selection of Successful Bid
Outside Date for Closing	October 31, 2025

5.4 A summary table of certain key terms and provisions of the SISP are set out below; however, interested parties are strongly encouraged to review the full terms of the SISP attached as Schedule “A” to the SISP Approval Order.

Summary of the SISP <i>(Certain capitalized terms below have the meanings ascribed in the SISP)</i>	
Solicitation of Interest	<ul style="list-style-type: none"> • The Monitor, with the assistance of the QM Group, will develop a list of Interested Parties, Teaser Letter and a form of non-disclosure agreement (“NDA”). • Interested Parties who wish to participate in the SISP, must provide the Monitor an executed NDA, and if requested, additional disclosure information regarding the Interested Party and its financial wherewithal (each a “Qualified Bidder”). • The Monitor will provide each Qualified Bidder with a copy of the confidential information memorandum (“CIM”) and access to the data room (“Data Room”) containing additional diligence information as well as draft forms of Transaction agreements. • The Monitor, with the assistance of the QM Group will: (a) manage communications with Interest Parties, including distributing the marketing materials, facilitating diligence, and addressing future requests for information, arranging management meetings and site tours; and (b) manage the solicitation, review and negotiation of Bids.
Bid Submission	<ul style="list-style-type: none"> • Interested Parties will have the opportunity to submit a Bid, prior to the Bid Deadline, in the form of either a Sale Proposal or an Investment Proposal: <ul style="list-style-type: none"> – <i>Sale Proposal</i> is an offer to acquire all or part of the QM Group’s Property, pursuant to an approval and vesting order or reverse vesting order, free and clear of all pledges, liens security interests, charges, options, hypothecs, mortgages, and interest thereon, except to the extent otherwise set forth in the definite purchase agreement; and – <i>Investment Proposal</i> is an offer of any of a broad range of executable transaction alternatives (restructuring, recapitalization, and/or refinancing, including a payout or assumption of the indebtedness owing to the DIP Lender or any other Secured Creditor) including but not limited to an investment in or joint venture with the QM Group, for any or all of the business, which may be implemented pursuant to a plan of arrangement or alternative structure. • Bidders must submit their Bid by email to the Monitor no later than 5:00 p.m. (Eastern Time) on September 25, 2025 (the “Bid Deadline”).

Bid Criteria	<ul style="list-style-type: none"> • The SISP Procedures establish specific criteria that each Bid must meet to be considered a Qualified Bid (“Bid Criteria”), including among other things, the Bid must: <ul style="list-style-type: none"> – be binding and irrevocable until the earlier of the Outside Date and closing of a Successful Bid; – be supported by evidence of financing; – set out the proposed treatment of stakeholders; – include a refundable cash deposit in an amount equal to 10%; and – certain other criteria customary in similar Court approved sale processes as set out in the SISP Procedures. • Further to the Bid Criteria described above, the SISP Procedures establish additional criteria in respect of the submission of a Sale Proposal (each a “Qualified Purchase Bid”) and an Investment Proposal (each a “Qualified Investment Bid”). • Qualified Purchase Bids must include, among other things: (a) an executed purchase and sale agreement, together with a markup of the Template APA or Template Subscription Agreement included in the Data Room, specifying the purchase price, expressed in Canadian dollars, including the cash component and/or the assumed liabilities; (b) details of the Property to be included and excluded (if any); and (c) details of the number of employees who will become employees of the purchaser, and the proposed terms and conditions of employment to be offered. • Qualified Investment Bids must include, among other things: (a) executed binding definitive documentation setting out the terms and conditions of the proposed Transaction, including the aggregate amount of the proposed equity and/or debt investment, and details regarding the proposed equity and/or debt structure of the QM Group, if applicable, following the completion of the proposed Transaction; and (b) a description of the type and amount of consideration, including equity, if any, to be allocated to secured creditors, unsecured creditors and equity holders. • The Monitor, in consultation with the QM Group and the DIP Lender, may amend, modify or waive compliance with any one or more of the Bid Criteria and additional criteria relating to a Qualified Purchase Bid and a Qualified Investment Bid, as applicable, and deem any non-compliant Bid to be a Qualified Bid if in the Monitor’s view, in consultation with the QM Group and the DIP Lender, such bid will enhance the competitiveness of the SISP and increase the opportunity to maximize value.
Selection of Successful Bidders	<ul style="list-style-type: none"> • Following the Bid Deadline, the Monitor, in consultation with the QM Group, the DIP Lender and BNS, will determine if each Bid delivered meets the Bid Criteria, provided that each Bid may be negotiated among the Monitor, in consultation with the QM Group, and the applicable bidder, and may be amended, modified, or varied to improve such Bid as a result of such negotiations. • The Monitor, in consultation with the QM Group, the DIP Lender and BNS, will review and assess the Qualified Bids (based on the assessment criteria set out in the SISP Procedures) and shall determine which Qualified Bid (or combination of Qualified Bids, as applicable) is the highest or otherwise best Bid, and may choose to accept such Qualified Bid(s) as the Successful Bid. • The Monitor, in consultation with the QM Group, may also select any Qualified Bid as the Backup Bid and take such steps as are necessary to finalize and complete an agreement for the Backup Bid with the Backup Bidder. In the event the Successful Bid does not close, the Backup Bid may become the Successful Bid.
Insider / Secured Creditor Bids	<ul style="list-style-type: none"> • Any Secured Creditor shall have the right to credit bid on the terms provided for in the SISP Procedures and any Insider may make a Bid pursuant to the SISP, provided that the Insider or Secured Creditor provides written notice to the Monitor no later than 5:00 p.m. (Eastern Time) on August 29, 2025 that the Insider or Secured Creditor intends to participate in the

	<p>SISP. Notwithstanding the foregoing, the DIP Lender is not required to declare its intention to submit a Back-Stop Credit Bid.</p> <ul style="list-style-type: none"> Any and all communications (including, among other things, emails, letters, meetings and conversations) between any Insider or Secured Creditor and any Qualified Bidder shall be subject to the Monitor's direct supervision. Notwithstanding any term of the SISP Procedures: (i) until such time as an Insider or Secured Creditor, as the case may be, irrevocably confirms in writing to the Monitor that it will not submit a Bid in the SISP (excluding, in the case of the DIP Lender, a Back-Stop Credit Bid), the Monitor shall not share any information with respect to the SISP (including, without limitation, any Bids submitted therein) with such Insider or Secured Creditor until after August 29, 2025; and (ii) if an Insider or Secured Creditor provides notice to the Monitor that it intends to participate in the SISP, the Monitor shall not share any information with respect to the SISP (including, without limitation, any Bids submitted therein) with such Insider or Secured Creditor and shall not be required to consult with such Insider or Secured Creditor, nor shall such Insider or Secured Creditor have any consent rights with respect to the conduct of the SISP.
Back-Stop Credit Bid by DIP Lender	<ul style="list-style-type: none"> The DIP Lender may elect to submit a Back-Stop Credit Bid at any time up to the date that is four (4) days following the Bid Deadline. If the DIP Lender elects to submit a Back-Stop Credit Bid, such Back-Stop Credit Bid shall be: (i) deemed the Successful Bid if no other Bid or combination of non-overlapping Bids is received by the Bid Deadline that satisfies amounts in priority to the DIP Lender and repays the obligations owed to the DIP Lender in full in cash on closing; (ii) designated the Successful Bid if the Monitor otherwise determines the Back-Stop Credit Bid is the best bid notwithstanding any other Bids submitted with higher stated value; and (iii) available for acceptance by the Monitor as a Successful Bid until the earlier of the date such Back-Stop Credit Bid is revoked by the DIP Lender in writing (on not less than three (3) business days prior written notice to the Monitor and the Company; it being understood that the Back-Stop Credit Bid may not be revoked following acceptance by the Monitor) or an alternative Successful Bid or Backup Bid is closed and repays the obligations owed to the DIP Lender in full in cash on closing. For greater clarity, a Back-Stop Credit Bid by the DIP Lender may include a Sale Proposal or an Investment Proposal or such other Transaction as may be agreed among the DIP Lender, the Monitor and the Company, subject to Court Approval. No Bid(s) shall be declared the Successful Bid if the DIP Lender has submitted a Back-Stop Credit Bid (and such Back-Stop Credit Bid has not been revoked) unless such Bid(s) repay the obligations owed to the DIP Lender in full in cash on closing or are otherwise acceptable to the DIP Lender in its sole and absolute discretion.

Monitor's Comments Regarding the SISP

5.5 The SISP (including the timeline thereof) was negotiated amongst the QM Group, the Monitor and the DIP Lender. Approval of the SISP and the timeline set out therein are a condition to the DIP Lender providing subsequent advances under the DIP Facility. BNS has also been consulted regarding the SISP.

- 5.6 The SISP timeline was developed with a view to balancing the time required to administer a marketing process designed to effectively solicit value maximizing Transaction opportunities, while considering the financial resources available to the QM Group.
- 5.7 The SISP provides flexibility for the Monitor, with the consent of the DIP Lender and BNS, to modify, amend, vary or supplement the provisions, terms or conditions of the SISP, in order to give effect to the substance of the SISP, without the need for obtaining an order of the Court (while preserving the Monitor's ability to seek a Court order in the event of any disagreement in this regard). This includes extending the dates set out in the SISP by up to two weeks.
- 5.8 The Monitor will manage the day-to-day execution of the SISP. The QM Group is required to assist and support the efforts of the Monitor as provided for in the SISP.
- 5.9 Insiders and Secured Creditors (each as defined in the SISP and including both the DIP Lender and BNS) will have to declare their intention to participate in the SISP by no later than 5:00 pm on August 29, 2025. No SISP information will be shared with Insiders and Secured Creditors until after this date (unless they earlier provide an irrevocable confirmation not to bid), and no SISP information will be shared with any Insider or Secured Creditor who elects to participate in the SISP, nor will any such party have any consultation or consent rights under the SISP. The foregoing terms shall not apply in respect of a Back-Stop Credit Bid by the DIP Lender.
- 5.10 The Back-Stop Credit Bid mechanism is intended to preserve the DIP Lender's ability to credit bid only in a circumstance where no Qualified Bid (or combination of non-overlapping Qualified Bids) is identified in the SISP that would satisfy amounts in priority

to the DIP Lender and repay the obligations owing to the DIP Lender in full in cash on closing of a Transaction (or is otherwise acceptable to the DIP Lender).

5.11 In such a circumstance, a Back-Stop Credit Bid (if the DIP Lender elects to submit one) will provide an opportunity to complete a Transaction that would see some or all of the QM Group's business continue in a circumstance where the SISP has demonstrated that no stakeholder other than the DIP Lender has a continuing economic interest.

5.12 The Monitor supports approval of the SISP for the following reasons:

- (i) the Monitor is of the view that the SISP is commercially reasonable and has been designed to maximize value through a competitive bidding process that will solicit a broad array of potential transactions, while recognizing the liquidity constraints facing the QM Group;
- (ii) although the timeline is condensed, the Monitor is of the view that 45 days will provide sufficient time for SISP participants to perform diligence and submit a Bid (in the form of a binding offer). Of note, by August 11, 2025, the Monitor will have fully prepared the Teaser Letter, the NDA and the list of Interested Parties, and will have the CIM and a populated Data Room available shortly thereafter. Additionally, if necessary, the Monitor has the ability to extend the Bid Deadline in accordance with the terms of the SISP; and
- (iii) the SISP contains appropriate procedural safeguards to ensure a fair and effective process. Of note, the SISP will be overseen and conducted by the Monitor, with the assistance of the QM Group, and the Monitor will make all decisions regarding the

conduct of the SISP and the selection of a Successful Bid (subject to a Back-Stop Credit Bid being deemed the Successful Bid in the circumstances described above at paragraph 5.10 and certain limited consent rights of the DIP Lender and BNS). The SISP also contains limitations on information sharing and consultation/consent rights where Insiders or Secured Creditors elect to participate in the SISP, as well as providing that all communications between Insiders or Secured Creditors and any Qualified Bidder shall be subject to the Monitor's direct supervision.

6.0 UPDATED CASH FLOW FORECAST

6.1 The QM Group, with the assistance of the Monitor, has prepared an updated cash flow forecast (the “**Updated Cash Flow Forecast**”) for the 14-week period ending November 7, 2025 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast, together with a summary of assumptions (the “**Cash Flow Assumptions**”) and management's report on the cash-flow statement required by section 10(2)(b) of the CCAA, are attached hereto as **Appendices “B”** and “**C**”, respectively.

6.2 A summary of the Updated Cash Flow Forecast is set out in the following table:

QM Group Cash Flow Forecast	14 Week (000's CAD)
Receipts	52,728
Disbursements	
Vendors & Subcontractors	41,967
Payroll, Benefits, Union	10,116
KERP	538
Sales tax	2,561
Insurance	270
Rents & Leases	1,952
Other Disbursements	1,405
Professional fees	2,883
Contingency	3,000
Total Disbursements	64,692
Net Cash Flow	(11,964)
Ending DIP Balance, incl. interest & fees	11,823

6.3 The Monitor notes the following:

- (i) receipts include the collection of existing accounts receivable and forecast sales from the Continuing QM Projects and from the emergency response business;
- (ii) vendors and subcontractor payments include: (a) all post-filing costs for Continuing QM Projects and the emergency response business; and (b) certain pre-filing costs required for Continuing QM Projects. Pre-filing amounts owing to contractors, trades and suppliers on Continuing QM Projects that have labour and material payment bonds with Intact are assumed to be paid directly by Intact, and are not shown as a disbursement in the Updated Cash Flow Forecast;
- (iii) salaries and benefits include payroll, benefits, union dues and taxes; and
- (iv) professional fees include the fees of the QM Group's counsel, the Monitor and the Monitor's counsel, and the DIP Lender's counsel.

- 6.4 During the Cash Flow Period, net cash flows are projected to be negative \$11.9 million, which is projected to be sufficiently funded by cash on hand, customer collections and the DIP Facility. The DIP Facility is forecast to peak during the Cash Flow Period at approximately \$12.4 million.
- 6.5 Although the QM Group generates a negative net cash flow during the Cash Flow Period, the Monitor notes that work performed on the Continuing QM Projects is projected to generate substantial value by way of future net cash flow value (*i.e.*, accounts receivable and holdback funds, less post-filing accounts payable and remaining cost to complete) which would be collected following the Cash Flow Period (*i.e.*, after November 7, 2025), and such future net cash flow will exceed the ending DIP Facility balance of approximately \$11.8 million.
- 6.6 Of the 60 Continuing QM Projects that are currently active, all but a small group are anticipated to be completed during the Cash Flow Period. With only a small number of projects projected to remain active after November 7, 2025, the majority of the future net cash flow value is anticipated to be in the form of accounts receivable and holdback funds.

Monitor's Review

- 6.7 Based on the Monitor's review², nothing has come to its attention that causes it to believe, in all material respects that: (i) the Cash Flow Assumptions are not consistent with the

² The Monitor has reviewed the Updated Cash Flow Forecast to the standard required of a Court-appointed Monitor by section 23(1)(b) of the CCAA. Section 23(1)(b) requires a Monitor to review the debtor's cash flow statement as to its reasonableness and to file a report with the Court on the Monitor's findings. Pursuant to this standard, the Monitor's review of the Updated Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to information supplied to it by the QM Group and key members of management. The Monitor reviewed information provided by management for the Cash Flow Assumptions. Since the Cash Flow 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 Updated Cash Flow Forecast.

purpose of the Updated Cash Flow Forecast; (ii) as at the date of this First Report, the Updated Cash Flow Assumptions are not suitably supported and consistent with the plans of the QM Group or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the Cash Flow Assumptions; or (iii) the Updated Cash Flow Forecast does not reflect the Cash Flow Assumptions.

7.0 ARIO

7.1 The Applicants are seeking approval of the ARIO. The following paragraphs summarize the material changes from the Initial Order.

Key Employee Retention Plan & KERP Charge

7.2 To facilitate and encourage the continued participation of senior and operational management during the CCAA Proceedings, the QM Group is seeking the approval of: (i) a KERP for 28 senior management and key operational employees who are considered to be critical to the successful completion of the SISF and the CCAA Proceedings (collectively, the “**KERP Participants**”); and (ii) the granting of the KERP Charge to secure the payments expected to become due under the KERP.

7.3 The proposed KERP provides for retention bonuses calculated as a percentage of the KERP Participants’ annual salary, totalling approximately \$540,000 in the aggregate across all KERP Participants (“**Retention Bonuses**”). Such Retention Bonuses are payable in three milestones, comprised of:

- (i) 25% paid August 31, 2025;
- (ii) 25% paid October 15, 2025; and

- (iii) 50% paid the date that is the earliest of: (a) November 7, 2025, or (b) the completion of the Transaction(s) under the SISP or exit from the CCAA Proceedings, whichever is earlier.

7.4 The ARIO provides for a KERP Charge over the Property in an amount not to exceed \$540,000 in favour of the KERP Participants.

7.5 The Monitor supports the approval of the proposed KERP and granting of the KERP Charge as:

- (i) the continued involvement and cooperation of the KERP Participants is critical to the overall success of the QM Group's restructuring, and the proposed payments under the KERP are required to increase the likelihood that the KERP Participants will continue to remain in the employment of the QM Group to facilitate the QM Group's operations and the conduct of the SISP during the pendency of these CCAA Proceedings;
- (ii) each of the KERP Participants will contribute to these CCAA Proceedings by using their existing company knowledge and expertise in their respective roles to continue normal course operations and preserve value. In certain cases, the KERP Participants are also critical to the conduct of the SISP and restructuring efforts generally. The involvement of these KERP Participants should assist to reduce professional fees, particularly as relates to involvement in the SISP and restructuring matters;

- (iii) as part of its review and consideration of the KERP, the Monitor examined key employee retention plans that have recently been approved by the Court in similar proceedings. The terms of the KERP and the quantum of the payments expected to be made thereunder are reasonable both in the circumstances of this case, and when compared to other key employee retention and incentive plans previously approved by the Court;
- (iv) the DIP Lender has consented to the KERP and the DIP Facility provides for sufficient funding of the Retention Bonus payments; and
- (v) the KERP Charge is appropriate to provide the KERP Participants with comfort that the amounts payable to them under the KERP will be paid.

Sealing

- 7.6 A confidential summary of the KERP is attached as a Confidential Exhibit “B” to the Second Barrett Affidavit.
- 7.7 The QM Group is requesting a sealing order for the confidential appendix, which includes personal compensation information. The Monitor believes it is appropriate to seal the KERP summary indefinitely, subject only to further Court order. The sealing of this type of sensitive and personal information is consistent with the approach taken in other CCAA proceedings for sensitive information of this nature, protects the privacy of the KERP Participants and will help to avoid any unnecessary disruption or distraction to the QM Group’s business that such disclosure may cause. The Monitor does not believe that any

stakeholder will be prejudiced if the information in the confidential KERP summary is sealed, including because the aggregate cost of the KERP has been disclosed.

Court-ordered Charges Sought in the ARIO

7.8 The proposed ARIO seeks to increase the Administration Charge and the DIP Lender's Charge, grant the KERP Charge, and grant priority to the Charges over all other security interests, holdbacks, trusts (including deemed trusts), liens, charges and encumbrances, claims of secured creditors, statutory or otherwise in favour of any person.

7.9 The priorities of the Charges under the ARIO are proposed to be as follows:

Proposed Charges		\$000's
1. Administration Charge		\$1,250
2. DIP Lender's Charge	\$14,000 plus interest, fees and costs	
3. Directors' Charge		\$3,600
4. KERP Charge		\$540
5. Lien Charge		

Administration Charge

7.10 The Initial Order provides for a super-priority charge over the Property in an amount not to exceed \$400,000 in favour of the Monitor, counsel to the Monitor and counsel to the QM Group (the "**Administration Charge**"). The Applicants are seeking an increase in the amount of the Administration Charge in the ARIO to \$1.25 million.

7.11 The Monitor assisted the QM Group in the calculation of the Administration Charge and is of the view that the proposed amount of the charge is reasonable and appropriate in the circumstances, having regard to the nature of the proceedings, potential work involved at peak times, and the size of charges approved in similar CCAA proceedings.

Directors' Charge

- 7.12 The Initial Order provides that the QM Group shall indemnify their respective directors and officers against obligations and liabilities that they may incur as directors and officers of the QM Group after the commencement of the CCAA Proceedings, except to the extent that the obligation or liability was incurred as a result of an officer's or director's gross negligence or wilful misconduct. The Initial Order provides for a super-priority charge over the Property in the amount of \$3.6 million in favour of Applicants' directors and officers as security for such indemnity (the "**Directors' Charge**").
- 7.13 For the purposes of the Initial Order, the Directors' Charge was limited to the amount reasonably necessary during the initial Stay period. While the QM Group is not seeking a change to the amount of the Directors' Charge, the components of the Directors' Charge following the initial Stay period are different. The Monitor assisted the QM Group in the calculation of the Directors' Charge, taking into consideration the amount of the QM Group's payroll, vacation pay, federal and provincial sales tax liabilities and certain other potential statutory director and officer liabilities. The components that comprise the Directors' Charge are as follows:

Proposed Directors' Charge	\$000's
Provision for employee wages and source deductions	\$2,100
Provision for sales taxes	\$450
Provision for accrued vacation pay as of the Filing Date	\$250
Provision for union dues	\$600
Provision for employee termination/severance (Saskatchewan)	\$150
Provision for employee benefits, EHT and other similar amounts	\$50
Total	\$3,600

- 7.14 The Monitor is of the view that the proposed Directors' Charge is required and reasonable in the circumstances.

DIP Lender's Charge

- 7.15 The Initial Order authorized the QM Group to borrow up to the maximum principal amount of \$3.3 million under the DIP Facility and granted a corresponding DIP Lender's Charge as security for the outstanding obligations under the DIP Facility.
- 7.16 The QM Group is seeking to increase the maximum amount of the DIP Lender's Charge to the maximum amount of funds available under the DIP Facility (plus interest, fees and costs), and increasing the QM Group's ability to borrow up to \$14 million.
- 7.17 The Monitor notes that it is contemplated that, as under the Initial Order, the DIP Lender's Charge will constitute a full priming charge over BNS (who was the first-ranking secured lender to the QM Group prior to the commencement of these proceedings).
- 7.18 The Monitor is of the view that an increased DIP Lender's Charge on the terms proposed is required in order for the QM Group to continue operating as a going concern and to pursue the SISP:
- (i) it is a condition precedent to the disbursement of subsequent DIP advances that, among other things, the Court increase the DIP Lender's Charge up to the maximum amount of obligations under the DIP Facility (being the maximum principal amount of \$14 million, plus accrued interest, costs and fees) on the terms proposed;

- (ii) as set out in the Cash Flow Forecast, absent the additional amounts to be borrowed under the DIP Facility, the QM Group would not have sufficient liquidity to continue operations and advance their restructuring efforts in these CCAA Proceedings; and
- (iii) at present, no other funding options are available to the Company.

Critical Vendor and Other Payments

- 7.19 As described in the Updated Cash Flow Forecast section above, to preserve the value of the Continuing QM Projects and to allow these projects to be completed with minimal disruption, the proposed ARIO provides the QM Group with authorization to pay, with the approval of the Monitor, certain amounts owing to critical suppliers who supplied goods or services on Continuing QM Projects prior to the filing date (without the caps and other restrictions that were provided for under the Initial Order).
- 7.20 The Monitor notes that this provision in the ARIO is not intended to apply to those projects supported by labour and material payment bonds provided by Intact, as such pre-filing amounts are anticipated to be funded by Intact pursuant to its labour and material bonds. The Monitor notes that the QM Group intends to fund payments on all other Continuing QM Projects through its operating cash flow.
- 7.21 The Monitor is of the view that the payment of certain pre-filing amounts is reasonable in the circumstances, as it will enhance the QM Group's ability to stabilize and complete the Continuing QM Projects, with a view to maximizing collections and minimizing disruption to the QM Group's business and allowing it to focus on its restructuring plan.

Extension of the Stay Period

- 7.22 The Stay period under the Initial Order expires on August 8, 2025. Pursuant to the proposed ARIO, the QM Group is seeking an extension of the Stay to and including November 7, 2025.
- 7.23 The Monitor supports the QM Group's request to extend the Stay for the following reasons:
- (i) the proposed Stay extension will permit the Monitor, with the assistance of the QM Group, to conduct the SISP with a view to maximizing the value of the QM Group's assets and/or Business for the benefit of all stakeholders;
 - (ii) the proposed Stay extension will provide the QM Group with the time and stability necessary to continue to advance work on the Continuing QM Projects which are expected to generate positive cash flows, as well as its review and renegotiation process in connection with those projects that are currently on pause;
 - (iii) the QM Group has acted, and continues to act in good faith and with due diligence to advance their restructuring efforts and the CCAA Proceedings;
 - (iv) as reflected in the Updated Cash Flow Forecast, the QM Group is expected to have sufficient liquidity to fund its operations and the costs of the CCAA Proceedings during the extended Stay period; and
 - (v) the Monitor is not aware of any stakeholder that would be materially prejudiced by the proposed Stay extension.
- 7.24 The Monitor's support for the requested Stay extension is prefaced on funding of up to \$14 million (in total) being available under the DIP Facility.

8.0 ACTIVITIES OF THE MONITOR SINCE THE FILING DATE

8.1 Since the Filing Date, the primary activities of the Monitor have included the following:

- (i) reviewing and approving notices of disclaimer in connection with the termination of project contracts and related supply agreements;
- (ii) together with the Monitor's legal counsel, assisting the QM Group and their legal counsel in developing the SISP;
- (iii) engaging in discussions and negotiations with BNS, the QM Group, the DIP Lender, Intact and/or their respective advisors in respect of the relief sought on the Comeback Hearing and the QM Group's restructuring plan;
- (iv) engaging in discussions and negotiations with Intact, the QM Group, the DIP Lender and their respective advisors in respect of the Third Party Indemnity Obligations, including the Standby L/C;
- (v) assisting the QM Group in developing the SISP and the KERP;
- (vi) engaging with various parties who have expressed an interest in participating in the SISP and pursuing a potential going concern transaction in connection with certain assets and businesses of the QM Group;
- (vii) monitoring the QM Group's cash receipts and disbursements, and assisting in preparing the Updated Cash Flow Forecast;
- (viii) activating the Case Website and coordinating the posting of Court-filed documents thereon;

- (ix) engaging with certain project owners, customers, contractors, suppliers and other stakeholders and their counsel who have reached out to the Monitor;
- (x) together with the Monitor's legal counsel, reviewing Lien Notices that have been submitted pursuant the LRO and working with the QM Group to compile lists of project owners, general contractors, subcontractors and suppliers to provide notice of the LRO to;
- (xi) completing and/or coordinating the notice requirements pursuant to paragraph 46 of the Initial Order, including, among other things:
 - (a) arranging for publication of notice of the CCAA Proceedings, in the prescribed form, in *The Globe and Mail* (National Edition) on August 1, 2025 and August 8, 2025;³
 - (b) arranging for notice of the CCAA Proceedings, in the prescribed manner, to be emailed or mailed to all known creditors having a claim against the QM Group of more than \$1,000; and
 - (c) activating the Monitor's toll-free number and email account for the CCAA Proceedings, and responding to creditor and other inquiries received through those and other contact points;

³ The Initial Order contemplated such notice being published in the National Post. The ARIO seeks to amend this to The Globe and Mail (National Edition).

(xii) reviewing and commenting on the QM Group's materials filed in support of the relief sought at the Comeback Hearing; and

(xiii) with the assistance of the Monitor's counsel, preparing this First Report.

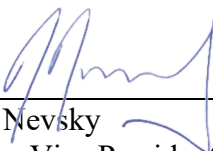
9.0 MONITOR'S RECOMMENDATION

9.1 For the reasons set out in this First Report, the Monitor respectfully recommends that the Court grant the relief sought by the QM Group at the Comeback Hearing.

All of which is respectfully submitted to this Court this 6th day of August, 2025.

ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Monitor of QM GP Inc.
et al.

Per:



Josh Nevsky
Senior Vice President

APPENDIX A
PRE-FILING REPORT

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF QM GP INC. AND
HIGHPOINT ENVIRONMENTAL SERVICES INC.**

**PRE-FILING REPORT OF THE PROPOSED MONITOR
ALVAREZ & MARSAL CANADA INC.**

JULY 28, 2025

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Appendix A – Consent to act as Monitor

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Appendix D – Cash Flow Forecast for the two-Week Period Ending August 9, 2025

Appendix E – Management’s Representation Letter Regarding the Cash Flow Forecast

1.0 INTRODUCTION

- 1.1 Alvarez & Marsal Canada Inc. (“**A&M**” or the “**Proposed Monitor**”) understands that QM GP Inc. and Highpoint Environmental Services Inc. (collectively, the “**Applicants**”) intend to make an application to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for an order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), among other things, declaring that the Applicants are debtor companies to which the CCAA applies, extending the protections, authorizations, restrictions and benefits of the Initial Order and the CCAA to QM LP, QMF LP, TWT LP and Quantum Holdings LP (collectively, the “**Non-Applicant Related Parties**” and together with the Applicants, the “**QM Group**”), granting a stay of proceedings in favour of the QM Group and appointing A&M as Monitor of the QM Group (in such capacity, the “**Monitor**”). The proceedings to be commenced by the Applicants under the CCAA are referred to herein as the “**CCAA Proceedings**”.
- 1.2 The QM Group is an environmental and industrial services company providing a wide range of demolition, remediation and emergency response services across Canada, primarily in Ontario, Manitoba, Saskatchewan, Alberta and British Columbia.
- 1.3 The QM Group is comprised of several corporate entities and limited partnerships registered in Ontario, Manitoba and Saskatchewan. A copy of the QM Group’s current corporate structure is attached as Exhibit “A” to the Barrett Affidavit (as defined below).
- 1.4 With over 400 employees, the QM Group operates from 8 leased facilities across Canada, comprised of offices, warehouses and equipment storage facilities, with its head office being located in Burlington, Ontario.

- 1.5 While the QM Group has operated its business for 40 years and is considered an industry leader, severe working capital and liquidity issues have caused a strain on the borrowing base under the QM Group's Existing Credit Agreement (defined below), resulting in the QM Group being unable to pay its obligations in the ordinary course. These liquidity constraints have resulted in significant arrears owing to its subcontractors and suppliers, and has recently caused disruptions on a number of active project sites due to suppliers and vendors refusing to supply services until payments are made.
- 1.6 The principal purpose of these CCAA Proceedings is to stabilize and maintain the QM Group's business, which urgently requires a stay of proceedings and related relief under the CCAA, including access to interim financing required to fund ongoing operating and project related costs. The QM Group intends to use the breathing room afforded by the CCAA to, among other things: (i) review certain active projects to assess their profitability; (ii) discuss certain project contracts that cannot be completed in a profitable and economic manner with stakeholders and, if necessary, disclaim such project contracts and otherwise takes steps to reduce its expenses; and (iii) develop and implement a sale and investment solicitation process (the "**SISP**").
- 1.7 This pre-filing report (the "**Report**") should be read in conjunction with the affidavit of Agnieszka Barrett, Chief Executive Officer of the QM Group, sworn July 28, 2025, and filed in support of the application for relief under the CCAA (the "**Barrett Affidavit**"). The Barrett Affidavit, among other things, provides a detailed summary of the QM Group's background, including the events leading up to, and reasons for, the commencement of these CCAA Proceedings. Capitalized terms used and not defined in this Report have the meanings given to them in the Barrett Affidavit.

2.0 PURPOSE OF THE PRE-FILING REPORT

2.1 The purpose of this Report is to provide the Court with information, and, where applicable, the Proposed Monitor's view on:

- (i) A&M's qualifications to act as Monitor (if appointed);
- (ii) certain background information in respect of the QM Group;
- (iii) the QM Group's cash flow forecast for the two-week period ending August 8, 2025 (the "**Cash Flow Forecast**");
- (iv) the relief sought by the Applicants as part of the proposed Initial Order, including:
 - (a) approval of the proposed interim debtor-in-possession financing facility (the "**DIP Facility**") and the DIP Facility Term Sheet (the "**DIP Facility Agreement**") entered into on July 28, 2025 among QM LP, as borrower, QM GP Inc., Highpoint Environmental Services Inc., QMF LP, TWT LP and Quantum Holdings LP, as guarantors, and WeShall Investments Inc. ("**WeShall**"), as interim lender (in such capacity, the "**DIP Lender**");
 - (b) extending the benefits and protections afforded to the Applicants under the proposed Initial Order to the Non-Applicant Related Parties;
 - (c) authorizing the QM Group to continue to utilize its Cash Management System (as defined below);

- (d) granting the proposed Court-ordered Charges (as defined below) over the QM Group’s current and future assets, property and undertakings (collectively, the “**Property**”);
- (e) staying any person holding a performance bond on the Continuing QM Projects (as defined below) (collectively, the “**Performance Bonds**”), including any person named as an owner or obligee under such bond, from enforcing or calling on the Performance Bond except with the written consent of the QM Group and the Monitor, or with leave of the Court;
- (f) staying any proceeding or enforcement step taken against third parties that have provided an indemnity, guarantee, letter of credit, or similar obligation (collectively, the “**Third-Party Indemnity Obligations**”), on behalf of the QM Group in respect to the QM Group’s obligations under any construction project contract, in favour of Intact Insurance Company (“**Intact**”) and Aviva Insurance Company of Canada (“**Aviva**”);
- (v) the relief sought by the QM Group as part of the proposed Lien Regularization Order (the “**LRO**”);
- (vi) the intended next steps in these CCAA Proceedings; and
- (vii) the Proposed Monitor’s conclusions and recommendations in connection with the foregoing, as applicable.

2.2 If the Initial Order is granted, the Applicants intend to return to Court on August 7, 2025 for a hearing (the “**Comeback Hearing**”) to seek the Court’s approval of an Amended and

Restated Initial Order (the “**ARIO**”) which, among other things, would: (i) extend the stay of proceedings; and (ii) increase the amounts of the Administration Charge (as defined below) and the DIP Facility, including the DIP Lender’s Charge (as defined below).

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this Report, A&M, in its capacity as the Proposed Monitor, has been provided with, and has relied upon, unaudited financial information and the books and records prepared by the QM Group, and has had discussions with management of the QM Group, its legal counsel and representatives of WeShall (collectively, the “**Information**”). Except as otherwise described in this Report in respect of the QM Group’s cash flow forecast:

- (i) the Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed 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 Proposed Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and
- (ii) 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.

3.2 Future oriented financial information referred to in this Report was prepared based on the QM Group’s management’s estimates and assumptions. Readers are cautioned that since

projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.

- 3.3 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars (“CAD”).

4.0 A&M’S QUALIFICATIONS TO ACT AS MONITOR

- 4.1 Alvarez & Marsal Canada ULC, an affiliated company of A&M, was engaged to act as consultants to the QM Group on July 3, 2025, to, among other things, assist the QM Group in reviewing and considering their financial position and strategic alternatives. As such, the Proposed Monitor is familiar with the business and operations of the QM Group, their personnel and the key issues and stakeholders in the proposed CCAA Proceedings.
- 4.2 A&M is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada) and is not subject to any of the restrictions on who may be appointed as monitor set out in section 11.7(2) of the CCAA. The senior A&M professional personnel with carriage of this matter include experienced insolvency and restructuring practitioners who are Chartered Professional Accountants (Chartered Accountants), Chartered Insolvency and Restructuring Professionals, and Licensed Trustees in Bankruptcy, and who have acted in CCAA matters of a similar nature.
- 4.3 The Monitor has retained Goodmans LLP to act as its independent legal counsel.
- 4.4 A&M has consented to act as Monitor should the Initial Order be granted by the Court. A copy of A&M’s consent to act as Monitor is attached hereto as **Appendix “A”**.

5.0 BACKGROUND INFORMATION

- 5.1 The background of the QM Group's business and operations is set out in the Barrett Affidavit. Certain key points are summarized below.
- 5.2 As of the date of this Report, the QM Group has approximately 250 active projects, comprised of 120 demolition and remediation projects, and 130 emergency response projects.
- 5.3 The QM Group's typical demolition and remediation projects range in contract value from \$100,000 to upwards of \$100 million (earned over multiple phases and years). Notably, there are currently seven large projects that account for over \$337 million of contract value, representing approximately 66% of the QM Group's total active contract value.
- 5.4 The demolition and remediation projects vary widely in scope and size, and their respective timelines can range anywhere from a few weeks to multiple years.
- 5.5 The QM Group's emergency response business services properties damaged by environmental incidents and other catastrophic events, primarily for commercial and industrial customers. Typical emergency response projects range in contract value from \$10,000 to \$100,000, and are typically completed within a few weeks or months.

Employees

5.6 The following table summarizes QM Group's current headcount:

	Hourly	Salary	Total
Alberta	9	21	30
British Columbia	74	31	105
Manitoba	5	-	5
Ontario	169	89	259
Saskatchewan	15	4	19
Total	273	145	418

5.7 The Proposed Monitor understands QM Group is planning an immediate headcount reduction on the filing date, including the termination of approximately 40 hourly and salaried employees. The majority of the hourly employees are project level staff currently working on projects that are either being paused or are expected to be disclaimed, while the salaried employees are made up of office staff and regional project managers. Additional employees will be terminated and/or furloughed as projects are disclaimed or demobilized.

5.8 The QM Group employs approximately 140 unionized employees, consisting of highly skilled trades and labourers, and is a party to various collective agreements with different unions in Ontario and British Columbia.

5.9 The QM Group processes six different payroll registers for its various employee groups and lines of businesses. Certain of these payrolls are processed in-house, and others are processed by a third-party payroll service provider (Dayforce, formerly Ceridian).

5.10 During the CCAA Proceedings, the QM Group intends to continue funding ongoing employee related costs and benefits in the normal course. The Proposed Monitor

understands that all payroll and vacation obligations owing to employees who will have their employment terminated will be paid; however no severance or termination payments are anticipated in light of the commencement of the CCAA Proceedings. The QM Group is otherwise current on all of its obligations associated with employee costs other than arrears payable for Ontario employer health tax (“**EHT**”) in the amount of approximately \$250,000.

Secured Credit Facilities

- 5.11 The Bank of Nova Scotia (“**BNS**”) is the main operating and secured lender to the QM Group pursuant to a Credit Agreement dated June 6, 2023 (as amended, the “**Existing Credit Agreement**”) among QM LP (in such capacity, the “**Borrower**”), QMF LP, TWT LP, Quantum Holdings LP and the Applicants, as guarantors, and BNS, as lender.
- 5.12 As at the date of this Report, BNS’s aggregate potential exposure is approximately \$34.3 million, comprised of \$29.2 in outstanding secured debt and \$5.1 million in letters of credit.

<i>(CAD in millions)</i>	Total Outstanding
BNS Revolver	\$12.3
BNS Term Loan	\$16.9
Pre-filing Secured Debt Outstanding	\$29.2
Add: Letters of Credit	\$5.1 ¹
Total BNS Exposure	\$34.3

5.13 Pursuant to the Existing Credit Agreement, BNS provides revolving loans to the Borrower in the aggregate principal amount of up to \$19.8 million. The maximum amount available for borrowing under the Existing Credit Agreement is derived from a borrowing base formula based on the Borrowers' receivables and inventory, less outstanding letters of credit and availability reserves. As of the date of this Report, and in the weeks leading up to the filing, QM Group has been in an over-advance position on its borrowing base, which is a contributing reason for the liquidity constraints currently impacting the business.

Equipment Financing

5.14 The QM Group leases equipment and vehicles from various equipment companies, most of which are encumbered by capital leases registered in the applicable provincial personal property registries. The QM Group owes approximately \$9.0 million to these various equipment financing companies.

¹ The Letters of Credit are comprised of: (i) three in the aggregate amount of approximately \$3.4 million, with the beneficiary being the customer of an active project; and (ii) one in the amount of approximately \$1.7 million, with the beneficiary being the counterparty to a settlement agreement.

Sureties

- 5.15 Certain of the QM Group's ongoing projects are bonded either by its current surety, Intact, or its prior surety, Aviva (the "**Bonded Projects**"). A summary of the QM Group's current Bonded Projects is attached as Exhibit "S" to the Barrett Affidavit.
- 5.16 Pursuant to the Bond Facility Agreement dated November 17, 2020 between QM LP and Aviva, Aviva agreed to provide a bond facility for contract surety performance bonds, labour & material payment bonds, maintenance bonds, bid bonds and agreements to bond with a single contract limit of \$20 million and an aggregate program limit of \$150 million.
- 5.17 In 2023, the QM Group transitioned to a bonding facility with Intact. Pursuant to a Terms and Conditions Agreement dated June 13, 2024 entered into between QM LP and Intact, Intact agreed to provide a bonding facility with a single project size of \$25 million and an aggregate program of \$150 million.
- 5.18 As of the date of this Report, there are no outstanding liens on the Bonded Projects. As described below, there is approximately \$16.7 million currently owing by the QM Group to various contractors, trades and suppliers on the Bonded Projects.

Trade Creditors

- 5.19 Based on QM Group's books and records, as at July 14, 2025, amounts payable to trade creditors totalled approximately \$44.6 million, comprised of the following:
- (i) approximately \$16.7 million owing to various contractors, trades and suppliers on the Bonded Projects;

- (ii) approximately \$12.4 million owing to various contractors, trades and suppliers on non-bonded projects; and
- (iii) approximately \$15.5 million owing to other general suppliers and creditors.

5.20 Amounts payable to trade creditors do not include potential litigation and other contingent liabilities, which are not yet quantifiable.

6.0 INTERIM FINANCING

6.1 As set out in the Barrett Affidavit, the QM Group no longer has access to further availability under the Existing Credit Agreement and is facing a liquidity crisis. Over the past several weeks the QM Group, with the assistance of the Proposed Monitor, engaged in discussions with BNS, WeShall, Intact and Aviva to advise them of the QM Group's financial position and discuss obtaining additional financing.

6.2 BNS advised the QM Group it is no longer willing to extend credit to it, while Intact advised it is only funding the portion of the accounts payable that Intact is legally obligated to pay under the Bonded Projects. Accordingly, without additional financing, the QM Group will not have sufficient liquidity to continue operating in the normal course. Additionally, Intact recently demanded that the QM Indemnitors and QM Points Contract Limited Partnership provide credit support in the amount of \$12.5 million in the form of cash, letters of credit, or otherwise.

6.3 WeShall, the QM Group's primary shareholder, advised that it was willing to provide the QM Group with additional financing in the form of the DIP Facility, subject to obtaining a Court ordered super-priority charge.

- 6.4 To support the QM Group’s restructuring efforts and avoid an abrupt shutdown of the business, on July 28, 2025 the QM Group entered into the DIP Facility Agreement with WeShall. Pursuant to the Initial Order, the Applicants are seeking approval to borrow up to \$3.3 million under the DIP Facility during the initial 10-day period until the Comeback Hearing (the “**Initial Borrowing**” together with the subsequent advances pursuant to the DIP Facility Agreement, the “**Interim Borrowings**”).
- 6.5 The requested Initial Order contemplates that Interim Borrowings will be secured by way of a court-ordered super-priority charge (defined as the “**DIP Lender’s Charge**”), subordinate only to the Administration Charge.
- 6.6 A summary of certain of the key terms and components of the DIP Facility is set out in the table below. Reference should be made to the DIP Facility Agreement for the full detailed terms and conditions of the DIP Facility. A copy of DIP Facility Agreement is attached hereto as **Appendix “B”**.

DIP Facility <i>(Capitalized terms not otherwise defined herein have the meaning ascribed thereto in the DIP Facility)</i>	
Parties	<ul style="list-style-type: none"> • Borrowers: QM LP • Guarantors: QM GP Inc., QMF LP, TWT LP, Quantum Holdings LP and Highpoint Environmental Services Inc. • Interim Lender: WeShall Investments Inc.
Maximum Amount	<ul style="list-style-type: none"> • Revolving loan up to the maximum principal amount of \$14.0 million
DIP Facility Advances	<ul style="list-style-type: none"> • The DIP Facility shall be available in multiple advances, as follows: <ul style="list-style-type: none"> (i) an Initial Advance in the amount of \$3,300,000; and (ii) Subsequent Advances (together with the Initial Advance, the “DIP Advances”) to be drawn at the request of the Borrower.
Interest	<ul style="list-style-type: none"> • 14% on the outstanding principal owing under the DIP Facility. • Interest shall accrue and be added to the principal amount of the DIP Facility on the first day of each month. • Following an Event of Default, interest shall accrue at 16% per annum.

Costs, Fees, and Expenses	<ul style="list-style-type: none"> • Commitment Fee of 1.5% of the Maximum Amount, earned in two tranches following Court approval of: (i) the Initial Advance, and (ii) the Maximum Amount. • The Borrower shall pay all reasonable and documented costs and expenses of the DIP Lender, including the Legal Fees, all of which shall be secured by the DIP Lender's Charge.
Use of Funds	<ul style="list-style-type: none"> • The Borrower shall use proceeds of the DIP Facility solely for the following purposes and subject to the Initial DIP Budget, the DIP Budget or the Updated DIP Budget: <ul style="list-style-type: none"> (i) to pay the reasonable and documented professional and advisory fees and expenses (including legal fees and expenses) of (i) the Borrower, (ii) the Monitor, and (iii) the DIP Lender; (ii) to pay the Interest, fees and other amounts owing to the DIP Lender under the DIP Term Sheet; (iii) to fund the Borrower's working capital needs in accordance with the approved DIP Budget or Updated DIP Budget; (iv) to pay amounts for the Borrower's payroll, union dues, advisory fees, and for goods and/or services actually supplied to the Borrower; and (v) such other costs and expenses of the Borrower as may be agreed to by the DIP Lender, in writing.
Key Initial Advance Conditions	<ul style="list-style-type: none"> • The Court shall have issued the Initial Order in form and substance acceptable to the DIP Lender and the Monitor, which, among other things, shall (i) approve this Term Sheet, (ii) authorize the DIP Facility and the borrowing of the Initial Advance, and (iii) approve the DIP Lender's Charge, which DIP Lender's Charge shall have priority over all Liens on the QM Group's Collateral other than the Permitted Priority Liens.
Key Subsequent Advance Conditions	<ul style="list-style-type: none"> • The Court shall have issued the Amended and Restated Initial Order in form and substance acceptable to the DIP Lender and the Monitor, including the continuance and expansion of the DIP Lender's Charge. • All Initial Advance Conditions shall continue to be satisfied. • No Default or Event of Default shall have occurred or will occur as a result of the requested Subsequent Advance. • On or before the issuance of the Amended and Restated Order, Intact shall have returned to Kingsdale² for cancellation, the uncalled Letter of Credit issued to it by Kingsdale on behalf of the QM Group, and no Person that has issued bonds in respect of the QM Group or its projects shall have further recourse to Kingsdale, the DIP Lender or 2539593 Ontario Inc., or such other satisfactory arrangements shall have been agreed to as between such bonding companies and the DIP Lender, satisfactory to the DIP Lender in its sole discretion. • An acceptable binding bid to the Monitor and the DIP Lender under the SISP shall have been received on or before September 29, 2025, or such later date as may be agreed to by the DIP Lender in its sole discretion.

² Kingsdale Partners Limited Partnership ("Kingsdale") is a portfolio company of WeShall, not otherwise related to the QM Group.

Key Events of Default	<ul style="list-style-type: none"> • Failure of the Borrower to pay principal, interest or other amounts when due. • Any breach by the Credit Parties of any covenant or agreement contained in the DIP Credit Documentation. • Failure of to meet any of the following milestones: <ul style="list-style-type: none"> ○ the Initial Order is not issued by the Court on or before July 29, 2025; ○ the Amended and Restated Initial Order is not issued by the Court by August 8, 2025; and ○ An order approving the SISP is not issued by the Court on or before the date of issuance of the Amended and Restated Initial Order or such later date as may be satisfactory to the DIP Lender in its sole discretion, or if any SISP milestones are moved in a manner not satisfactory to the DIP Leder, or any SISP milestone is breached by more than 2 Business Days. • The occurrence of a Material Adverse Change. • Issuance of any Court Order that adversely affects the interest of the DIP Lender. • Any Plan is filed or sanctioned, or any transaction is sought to be approved, including pursuant to the SISP, that is not acceptable to the DIP Lender, including if a Plan or transaction does not provide for the repayment in cash in its entirety of the DIP Facility. • A breach by the Credit Parties of one of the following cash flow tests: <ul style="list-style-type: none"> (i) the sum of the actual cumulative Operating Disbursements shall not exceed 110% of the sum of the cumulative Operating Disbursements set forth in the then approved DIP Budget (Operating Disbursements excludes any amounts subject to the Administration Charge); and (ii) the sum of the actual cumulative cash receipts shall not be less than 90% of the of the sum of cumulative cash receipts set forth in the then approved DIP Budget.
Maturity	<ul style="list-style-type: none"> • The DIP Facility shall be due and repayable in full on the earlier of: <ul style="list-style-type: none"> (i) November 14, 2025 (or such later date as the DIP Lender in its discretion may agree to in writing with the Borrower); (ii) the closing of a Court-approved transaction for substantially all of the assets or units of the Borrower; (iii) the implementation of a Court-approved Plan in the CCAA Proceedings; (iv) the refinancing of the DIP Facility; (v) the date on which the CCAA Proceedings are terminated or converted into a proceeding under the Bankruptcy and Insolvency Act (Canada), or the stay of proceedings expires without extension; (vi) the payment in full of the Obligations owing to the DIP Lender; and (vii) the DIP Lender giving notice to the Borrower of the occurrence of an Event of Default.

Proposed Monitor's View on the DIP Facility

6.7 The Proposed Monitor respectfully recommends that the Court approve the DIP Facility for the following reasons:

- (i) the QM Group has no ability to draw under the Existing Credit Agreement and no access to alternative financing. Accordingly, in the absence of the DIP Facility being approved, the QM Group will have no liquidity to fund its operations or these CCAA Proceedings;
- (ii) WeShall was the only stakeholder who offered to provide sufficient interim financing to the QM Group and such offer was prefaced on obtaining the DIP Lender's Charge. Given the nature of the QM Group's business (including that the QM Group does not own a significant amount of hard assets or inventory), the Monitor does not believe sufficient interim financing could be obtained from third parties within the period of time available to the QM Group;
- (iii) the DIP Facility is the result of negotiations amongst the QM Group, the DIP Lender, the Monitor and their respective advisors, and represents the best terms that the QM Group could negotiate in the circumstances in order to obtain funding to seek a going concern outcome for its business;
- (iv) the Proposed Monitor has reviewed comparable DIP financing facilities and is of the view that the terms of the DIP Facility, including the interest rate and fees charged, are reasonable and within market parameters. Attached as **Appendix "C"** is a summary of select DIP financing facilities that have recently been approved by this Court in similar CCAA proceedings. The Monitor notes that these comparable DIP loans: (a) range in size from \$1.0 million to \$55.0 million; (b) have interest rates in the range of 6% to 18%, with an average rate of 12.1%; and (c) have

incremental fees that average 1.7%. In comparison, the proposed DIP Facility contemplates an interest rate of 14% and 1.5% in incremental fees; and

- (v) as discussed in section 7.0 hereof, the Initial Borrowing is projected to provide QM Group with sufficient liquidity during the initial 10-day period of the CCAA Proceedings to allow the QM Group to stabilize its business and operations until the Comeback Hearing.

6.8 The Proposed Monitor notes that the availability of Subsequent Advances under the DIP Facility is subject to, among other conditions, Intact and the DIP Lender reaching a satisfactory arrangement regarding the return and cancellation of a Letter of Credit issued to Intact by Kingsdale, for the benefit of the QM Group and that no other Person (as defined in the DIP Facility Agreement) that has issued bonds in respect of the QM Group or its projects shall have further recourse to Kingsdale, the DIP Lender or 2539593 Ontario Inc., or such other satisfactory arrangements shall have been agreed to as between such bonding companies and the DIP Lender, satisfactory to the DIP Lender in its sole discretion.

6.9 The Monitor understands that the QM Group and WeShall intend to engage with Intact in advance of the Comeback Hearing to attempt to satisfy this condition. However, if such an arrangement cannot be agreed to, satisfactory to the DIP Lender in its sole discretion, Subsequent Advances will not be made available to the QM Group, and the QM Group will need to seek alternative financing arrangement, disclaim additional projects and/or immediately cease operations.

7.0 NON-APPLICANT RELATED PARTIES

- 7.1 The Applicants are requesting that the relief sought in the Initial Order be extended to the Non-Applicant Related Parties. These parties are limited partnerships and are therefore not “debtor companies” pursuant to the CCAA.
- 7.2 QM LP, one of the Non-Applicant Related Parties, is the core operating company of the QM Group and the borrower under the Existing Credit Agreement, while certain of the other Non-Applicant Related Parties are guarantors under the Existing Credit Agreement and indemnitors under the bonding facilities with Intact and Aviva. The Non-Applicant Related Parties are deeply integrated into the QM Group and its ability to operate its business. The Proposed Monitor is therefore of the view that a relief sought in the Initial Order should be extended to the Non-Applicant Related Parties.

8.0 CASH FLOW FORECAST

- 8.1 The QM Group has prepared the Cash Flow Forecast for the two-week period ending August 8, 2025 (the “**Initial Period**”). A copy of the Cash Flow Forecast, together with a summary of assumptions (the “**Cash Flow Assumptions**”) and management’s report on the cash-flow statement required by section 10(2)(b) of the CCAA are attached hereto as **Appendices “D” and “E”**, respectively.

The following table provides a summary of the Cash Flow Forecast:

QM Environmental Cash Flow Forecast (CAD \$000's)	Week 1 1-Aug	Week 2 8-Aug	Initial Period Total
Total Receipts	559	678	1,237
Disbursements			
Vendors & Subcontractors	650	650	1,300
Payroll, Benefits, Union	1,263	740	2,003
Rents & Leases	542	72	614
Other Disbursements	140	45	185
Professional Fees	-	285	285
Total Disbursements	2,595	1,791	4,387
Net Cash Flow	(2,037)	(1,113)	(3,150)
Opening Cash Balance	-	1,263	-
Net Cash Flow	(2,037)	(1,113)	(3,150)
DIP Financing, Initial Advance	3,300	-	3,300
Closing Cash Balance	1,263	150	150

8.2 The Proposed Monitor notes the following:

- (i) receipts include the collection of existing accounts receivable anticipated to be collected during the Initial Period;
- (ii) vendors and subcontractor payments include only critical project related costs required to maintain and secure the QM Group's active project sites and facilities during the Initial Period;
- (iii) salaries and benefits include payroll, benefits, union dues and taxes, the \$250,000 EHT arrears described above, and accrued vacation payouts for certain employees anticipated to be terminated at the commencement of these CCAA Proceedings; and
- (iv) professional fees include the fees of the QM Group's counsel, the Monitor, and the Monitor's counsel.

- 8.3 During the Initial Period, net cash flows are projected to be negative \$3.15 million, projected to be sufficiently funded by customer collections and the Initial Borrowing described above.
- 8.4 The Proposed Monitor notes that following the Initial Period, the QM Group will require incremental funding by way of: (i) further DIP Advances (as described above); and (ii) Intact providing payment to the QM Group's contractors, trades and suppliers for amounts owing under labour and material payment bonds on Intact Bonded Projects, consisting entirely of pre-filing amounts owing. Without both of these critical funding sources, the QM Group will not be able to continue its operations and complete the Continuing QM Projects.
- 8.5 The Proposed Monitor notes that the QM Group's June sales tax obligations of approximately \$1.3 million would have otherwise been remitted during the Initial Period. Due to liquidity constraints, these amounts are now projected to be paid following the Comeback Hearing and approval of the full DIP Facility.
- 8.6 Based on the Proposed Monitor's review, nothing has come to its attention that causes it to believe, in all material respects, that:
- (i) the Cash Flow Assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - (ii) as at the date of this Report, the Cash Flow Assumptions are not suitably supported and consistent with the plans of the QM Group or do not provide a reasonable basis for the Cash Flow Forecast, given the Cash Flow Assumptions; or

(iii) the Cash Flow Forecast does not reflect the Cash Flow Assumptions.

8.7 The 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.

9.0 CASH MANAGEMENT SYSTEM

9.1 As described in the Barrett Affidavit, the QM Group has a centralized cash management system for the collection, transfer and disbursement of funds (the “**Cash Management System**”), which is maintained and administered by treasury and finance personnel at the QM Group’s head office.

9.2 The QM Group maintains and administers seven bank accounts with BNS, together with additional bank accounts administered on behalf of joint-venture entities and agreements. BNS has agreed to provide the QM Group with continuing access to its operating and disbursement accounts during the CCAA Proceedings.

9.3 Pursuant to the proposed Initial Order, QM Group seeks approval of its continued use of the Cash Management System in substantially the same manner as before the commencement of these CCAA Proceedings. Given the scale and nature of QM Group’s operations and the volume of transactions that are processed daily within the Cash Management System, the Proposed Monitor is of the view that the continued use of the existing Cash Management System is required and appropriate during these CCAA Proceedings.

9.4 As part of its monitoring procedures, the Proposed Monitor will:

(i) review receipts and disbursements processed through the Bank Accounts;

- (ii) review weekly receipts and disbursements summaries, compare the summaries to the corresponding cash flow forecasts and review variances with management;
- (iii) review disbursements, as reasonably appropriate, for compliance with provisions of the proposed Initial Order;
- (iv) review and track ordinary intercompany cash transfers that occur among the Bank Accounts; and
- (v) track receipts and disbursements on a project by project basis.

10.0 COURT ORDERED CHARGES SOUGHT IN THE INITIAL ORDER

10.1 In the addition to the DIP Lender's Charge discussed above, the Proposed Initial Order seeks the granting of the Administration Charge, the Directors' Charge and the Lien Charge (each as discussed below) (and together with the DIP Lender's Charge, the "**Charges**") over the Property of QM Group, in the following priorities:

Proposed Charges		\$000's
1.	Administration Charge	\$750
2.	DIP Lender's Charge	\$3,300, plus fees and interest
3.	Directors' Charge	\$3,600
4.	Lien Charge	<i>as discussed below</i>

10.2 The Initial Order provides that the Charges are to rank in priority to all other security interests, trusts, liens, charges, encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any person, provided that the Charges shall rank behind Encumbrances in favour of any parties that have not been served with notice of the Applicants' application under the CCAA. The Proposed Monitor

understands the QM Group will seek full priming for the Charges at the Comeback Hearing.

Administration Charge

- 10.3 The proposed Initial Order provides for a first ranking charge in an amount not to exceed \$750,000 on the Property to secure the fees of the Monitor, counsel to the Monitor and counsel to the QM Group (the “**Administration Charge**”). The Proposed Monitor understands that the QM Group intends to seek an increase in the amount of the Administration Charge to \$1.25 million at the Comeback Hearing.
- 10.4 The Proposed Monitor assisted the QM Group in the calculation of the Administration Charge and is of the view that the amount of the charge for the initial 10-day period is reasonable and appropriate in the circumstances, having regard to the nature of the proceedings and the size of charges approved in similar sized proceedings.

Directors’ Charge

- 10.5 The proposed Initial Order provides that the QM Group will indemnify their current and future directors and officers against obligations and liabilities that they may incur in their capacity as directors and officers of the QM Group from the commencement of the CCAA Proceedings, except to the extent that any obligation or liability was incurred as a result of gross negligence or wilful misconduct, and provides for a second ranking charge on the Property in the amount of \$3.6 million as security for any such obligations or liabilities arising after the commencement of these CCAA Proceedings (the “**Directors’ Charge**”).

10.6 As described in the Barrett Affidavit, QM Group maintains directors' and officers' liability insurance (the "**D&O Insurance**"). However, it is uncertain whether all claims for which the directors and officers may be personally liable will be covered by the D&O Insurance given exclusions under the policy. It is also uncertain whether the coverage provided by the D&O Insurance will be sufficient to adequately protect the directors and officers from liability and to incentivize the directors and officers to continue their service to the QM Group.

10.7 The Proposed Monitor assisted the QM Group in the calculation of the initial quantum of the Directors' Charge, taking into consideration the amount of the QM Group's payroll, vacation pay and federal and provincial/state sales tax liabilities during the initial 10-day stay period. The components that comprise the proposed Directors' Charge are estimated as follows:

Proposed Directors' Charge	\$000's
Provision for employee wages and source deductions	\$2,300
Provision for sales taxes	\$250
Provision for accrued vacation pay as of the Filing Date	\$250
Provision for union dues	\$600
Provision for employee termination/severance (Saskatchewan)	\$150
Provision for employee benefits, EHT and other similar amounts	\$50
Total	\$3,600

10.8 The Proposed Monitor understands that the directors and officers of the QM Group have advised that they are not willing to continue in their current roles absent the protection afforded to them under the Directors' Charge. In the circumstances, the Proposed Monitor is of the view that the Directors' Charge is required and reasonable.

11.0 CRITICAL VENDOR PAYMENTS

- 11.1 To preserve the value of the Continuing QM Projects and to allow these projects to be completed with minimal disruption, the QM Group is seeking authorization to pay, with the approval of the Monitor, certain amounts owing to critical suppliers who supplied goods or services prior to the filing date.
- 11.2 The Proposed Monitor is of the view that the payment of these pre-filing amounts is reasonable in the circumstances, as it will enhance the QM Group's ability to stabilize and complete the Continuing QM Projects, with a view of minimizing disruption to the QM Group's business and allowing it to focus on its restructuring plan.
- 11.3 The Proposed Monitor notes that this provision in the Initial Order is not intended to be used on projects supported by Intact labour and material payment bonds, as such pre-filing amounts are anticipated to be funded by Intact.

12.0 STAY OF PERFORMANCE BONDS

- 12.1 The Proposed Monitor notes that the QM Group is seeking to stay any person with recourse to the Performance Bonds, including any person named as an owner or obligee under such Performance Bonds. The Monitor understands that the QM Group is unaware of any breach or default of any of the Performance Bonds and has not been notified of any default under the Performance Bonds.
- 12.2 The Monitor is of the view that a stay of the Performance Bonds is reasonable and appropriate in the circumstances as any steps taken in respect of the Performance Bonds would disrupt to the Continuing QM Projects and negatively impact the QM Group's

ongoing operations and ability to pursue its restructuring efforts to the detriment of the QM Group and its stakeholders.

13.0 TEMPORARY STAY OF LETTER OF CREDIT

13.1 The Proposed Monitor notes that the QM Group is seeking a stay of proceedings in favour of WeShall and certain related parties in respect of the Third-Party Indemnity Obligations made on behalf of the QM Group in favour of its past or present sureties, including Intact and Aviva. As noted above, it is a specific condition of any subsequent advance under the DIP Facility that Intact shall have returned a \$5 million letter of credit issued on behalf of the QM Group by Kingsdale and that no other Person (as defined in the DIP Facility Agreement), including Intact, that has issued bonds in respect of the QM Group or its projects shall have further recourse to Kingsdale, the DIP Lender or 2539593 Ontario Inc., or such other satisfactory arrangements shall have been agreed to as between such bonding companies and the DIP Lender, satisfactory to the DIP Lender in its sole discretion. The Proposed Monitor is supportive of this stay relief being granted at this stage to facilitate the QM Group's ability to access the Initial Advance under the DIP Facility and to allow for continuing negotiations amongst stakeholders regarding these matters in the period leading up to the Comeback Hearing. The Monitor notes that similar stay relief was granted in the *Nordstrom, Balboa Inc. et al. (Re), Pride Group Holdings Inc.* and *Earth Boring* CCAA cases. If appointed, the Proposed Monitor will update the Court on the status of these matters and its views on the continuation of such stay following the Comeback Hearing.

14.0 LIEN REGULARIZATION ORDER

- 14.1 As at the date of this Report, the Proposed Monitor understands there are approximately 300 suppliers, subcontractors and other trades actively engaged on Continuing QM Projects that could hold potential lien and/or trust claims under Provincial Lien Legislation in respect of such projects. The filing of liens or assertion of trust claims under the Provincial Lien Legislation in respect of the Continuing QM Projects would undermine the purpose of these CCAA Proceedings, *i.e.* to stabilize and maintain the QM Group's business while it explores a comprehensive restructuring solution, by, among other things, negatively impacting the QM Group's ability to collect amounts owing on the Continuing QM Projects, distracting management from restructuring efforts and requiring significant professional time to address lien claims.
- 14.2 Provincial Lien Legislation has numerous technical requirements, including (generally speaking) that a lien be registered on title to the relevant project owner's property, thereby preserving the lien, and thereafter perfected by issuing a statement of claim and registering a certificate of action on title. The proposed LRO would establish a streamlined Court-supervised process, administered by the Monitor, to replace the various technical requirements for preserving and perfecting a lien under the Provincial Lien Legislation. The LRO is intended to address the practical issues created by these technical requirements without prejudicing the lien claimants' rights in any material way and, in fact, gives such claimants certainty as to how their claim will be dealt with.
- 14.3 Without the process provided for under the proposed LRO, the QM Group and Monitor would need to consent to lift the stay of proceedings under the Initial Order for each lien

claimant individually to allow such claimant to preserve and perfect its Lien Claim (as defined below) to comply with Provincial Lien Legislation, and then the QM Group would have to determine how to address the Lien Claim. There is a significant risk that the amount and quantum of liens asserted against a Continuing QM Project would be too high for the QM Group to be able to vacate liens without issue and within a reasonable timeframe, putting continued construction and collection of receivables at risk. Additionally, this process would distract from and potentially disrupt the QM Group's restructuring efforts while putting a further strain on its' financial and operational resources.

- 14.4 Lien registrations against the Continuing QM Projects would also disrupt or delay the flow of funds to the QM Group or from the QM Group's customers to their other providers. Any potential for non-payment, delay in payment, or exercise of set-off rights by the QM Group's customers due to the actual or threatened registration of liens will expose the QM Group to additional short-term liquidity risks that could jeopardize its restructuring efforts.
- 14.5 The Proposed Monitor notes that in similar circumstances, the Court has exercised its jurisdiction to establish claims processes for lien claimants similar to the process provided for in the proposed LRO, notably in the *Companies' Creditors Arrangement Act* proceedings of Comstock Canada Ltd. *et al.* (Justice Morawetz, as he then was), FirstOnSite G.P. Inc. (Justice Newbould), Carillion Canada Inc. *et al.* (Justice Hainey), One Bloor West GP Inc. (Justice Osborne) and *Earth Boring* (Justice Steele).
- 14.6 Of note, the LRO will only apply to Continuing QM Projects, and not those projects which the QM Group disclaims. The Monitor is working with the QM Group to attempt to ensure that only projects that the QM Group intends to attempt to complete are listed in the LRO,

in order to avoid interference with lien rights in situations where it is foreseeable that the applicable project may be disclaimed.

14.7 Below is a summary of the process provided for in the proposed LRO. Reference should be made directly to the LRO for a complete understanding of its terms:

- (i) any person (an “**Asserting Lien Claimant**”) who wishes to assert a lien claim under the Provincial Lien Legislation (a “**Lien Claim**”) against a Continuing QM Project will do so by delivering a lien notice (a “**Lien Notice**”) to the Monitor, counsel to the Monitor and counsel to the QM Group (and counsel to Intact and/or Aviva, as applicable, where a bond has been issued in respect of the relevant project) within the time frame prescribed by the Provincial Lien Legislation in order to preserve and perfect their Lien Claim for the applicable Continuing QM Project;
- (ii) all Lien Claims preserved or perfected by any person prior to the granting of the proposed LRO will be vacated and such persons deemed to have delivered a Lien Notice in accordance with the LRO;
- (iii) upon delivering or being deemed to have delivered a Lien Notice in accordance with the LRO, an Asserting Lien Claimant will be granted a charge (the “**Lien Charge**”) against the property of the applicable QM Group company to, and only to, the extent of, any security granted under the Provincial Lien Legislation for such Lien Claim. The Lien Charge is not intended to increase or decrease the scope of the charge that would secure a Lien Claim under Provincial Lien Legislation in the normal course;

- (iv) any person who is in possession of Holdback funds or who is required to retain Holdback funds pursuant to the Provincial Lien Legislation is restrained from paying, setting-off, releasing or encroaching upon such Holdback funds until the day after the last day upon which a Lien Claim could have been registered/delivered for the relevant contract pursuant to Provincial Lien Legislation but for the provisions of the LRO, at which time such person shall, subject only to any right of set-off claimed by the payor against such Holdback funds, pay the Holdback funds to the Monitor to be held in a segregated account; and
- (v) at a later time, the Monitor may (or shall, upon further Order of this Court) bring a motion on notice to the service list seeking approval of a process for reviewing, determining or challenging: (a) the validity or timeliness of any Lien Notice; (b) the validity or quantum of the amounts set out in any Lien Notice; (c) the entitlement of any Asserting Lien Claimant to a Lien Charge; and (d) the attachment or priority of any Lien Charge under the LRO and the Initial Order. The Monitor shall also be entitled to seek a determination by the Court of any of the foregoing with respect to any Lien Claim at any time upon notice to the relevant Asserting Lien Claimant.

14.8 The terms of the proposed LRO sought by the QM Group are intended to provide the QM Group and its stakeholders with appropriate protections and flexibility to: (i) support the QM Group's flow of funds; (ii) minimize disruption to the QM Group's restructuring efforts; and (iii) ensure that the rights of current and potential Lien Claimants are recognized.

14.9 For the reasons discussed above, the Proposed Monitor believes that the granting of the LRO is reasonable and appropriate in the circumstances, having a regard to the nature of the QM Group's business and the interests of all stakeholders in the Continuing QM Projects. The Proposed Monitor is also of the view that it is appropriate to implement the LRO at the outset of these CCAA Proceedings in order to avoid the potential filing of Lien Claims pending the Comeback Hearing.

15.0 INTENDED NEXT STEPS IN THESE CCAA PROCEEDINGS

15.1 The Proposed Monitor understands that, subject to obtaining the proposed Initial Order, the QM Group intends to:

- (i) continue to operate the QM Group's business, including focusing efforts on projects that it intends to continue through completion (the "**Continuing QM Projects**"), and maintaining the emergency response business in the ordinary course;
- (ii) continue, with the assistance of the Proposed Monitor, to review its portfolio of approximately 250 projects to determine cost to complete, completion status and forecast project profitability;
- (iii) immediately pause and/or disclaim any project that cannot be continued and completed in an economic and cash flow positive manner;
- (iv) return to Court at the Comeback Hearing to seek the ARIO; and
- (v) develop and seek approval of a SISF.

16.0 STAY OF PROCEEDINGS

16.1 The proposed Initial Order contemplates the granting of an initial 10-day stay of proceedings in respect of the QM Group, its business and the Property, as well as QM Group's directors and officers.

16.2 The proposed stay of proceedings will provide the QM Group with stability for its business and enable it to operate in the normal course while it works to implement the SISP or other restructuring solution to maximize value for stakeholders.

17.0 MONITOR'S RECOMMENDATION

17.1 For the reasons set out in this Report, the Proposed Monitor is of the view that the relief sought by the QM Group in the proposed Initial Order and LRO is reasonable, appropriate and necessary, having regard to the current circumstances of the QM Group.

17.2 As such, the Proposed Monitor supports the Applicants' application for CCAA protection and respectfully recommends that the Court grant the Initial Order and LRO containing the relief requested by the Applicants.

All of which is respectfully submitted to this Court this 28th day of July, 2025.

ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Proposed Monitor of QM
GP Inc. *et al.*



Per:

Josh Nevsky
Senior Vice President

APPENDIX B
UPDATED CASH FLOW FORECAST

QM Group
Cash Flow Forecast
(000's CAD)

	Notes	Week 1 8-Aug	Week 2 15-Aug	Week 3 22-Aug	Week 4 29-Aug	Week 5 5-Sep	Week 6 12-Sep	Week 7 19-Sep	Week 8 26-Sep	Week 9 3-Oct	Week 10 10-Oct	Week 11 17-Oct	Week 12 24-Oct	Week 13 31-Oct	Week 14 7-Nov	14-Week TOTAL
Receipts	1	300	668	1,720	3,300	4,569	6,050	6,369	3,195	5,075	6,091	5,638	1,616	5,626	2,509	52,728
Disbursements																
Vendors & Subcontractors	2	350	2,703	3,049	3,666	3,105	1,990	3,381	4,046	3,066	3,096	3,698	4,015	4,401	1,401	41,967
Payroll, Benefits, Union	3	978	1,577	596	800	558	705	821	599	488	609	811	598	380	598	10,116
Key Employee Retention Plan	4	-	-	-	134	-	-	-	-	-	-	134	-	-	269	538
Sales tax	5	-	1,300	-	450	-	-	-	-	630	-	-	-	181	-	2,561
Insurance	6	-	105	-	-	-	-	90	-	-	-	75	-	-	-	270
Rents & Leases	7	115	119	-	243	242	23	119	60	425	23	119	-	258	206	1,952
Other Disbursements	8	105	100	100	100	100	100	100	100	100	100	100	100	100	100	1,405
Professional fees		329	-	509	215	509	-	339	-	339	-	322	-	322	-	2,883
Contingency		-	300	300	300	300	300	300	300	300	300	300	-	-	-	3,000
Total Disbursements		1,877	6,204	4,554	5,908	4,813	3,117	5,151	5,104	5,347	4,127	5,560	4,713	5,643	2,575	64,692
Net Cash Flow		(1,577)	(5,536)	(2,834)	(2,607)	(244)	2,932	1,219	(1,909)	(272)	1,965	78	(3,097)	(17)	(66)	(11,964)
Beginning Cash		4,336	2,759	723	890	782	538	1,471	689	780	508	1,473	1,552	454	438	4,336
DIP Draws / (Repayments)		-	3,500	3,000	2,500	-	(2,000)	(2,000)	2,000	-	(1,000)	-	2,000	-	-	8,000
Net cash flow, excl. Intact funding		(1,577)	(5,536)	(2,834)	(2,607)	(244)	2,932	1,219	(1,909)	(272)	1,965	78	(3,097)	(17)	(66)	(11,964)
Ending Cash		2,759	723	890	782	538	1,471	689	780	508	1,473	1,552	454	438	372	372
DIP Financing																
Opening Balance		3,350	3,350	6,850	9,850	12,419	12,419	10,419	8,419	10,419	10,543	9,543	9,543	11,543	11,663	3,350
Draws		-	3,500	3,000	2,500	-	-	-	2,000	-	-	-	2,000	-	-	13,000
Repayments		-	-	-	-	-	(2,000)	(2,000)	-	-	(1,000)	-	-	-	-	(5,000)
Interest & Fees		-	-	-	69	-	-	-	-	124	-	-	-	120	161	474
Ending DIP Balance		3,350	6,850	9,850	12,419	12,419	10,419	8,419	10,419	10,543	9,543	9,543	11,543	11,663	11,823	11,823

QM Group
Cash Flow Forecast
Notes and Summary of Assumptions

Disclaimer

In preparing this illustrative forecast (the “Forecast”), the Company has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. The Forecast reflects assumptions including those discussed below with respect to the requirements and impact of a filing in Canada under the Companies’ Creditors Arrangement Act (“CCAA”). Since the Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved will vary from the 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 Forecast is presented in thousands of Canadian dollars.

1) Receipts

Collection of existing accounts receivable and sales anticipated to be collected on Continuing QM Projects and the emergency response business.

2) Vendors & Subcontractors

Includes pre- and post-filing costs relating to Continuing QM Projects and the emergency response business. Pre-filing disbursements are limited to Continuing QM Projects that are either not bonded or bonded with Aviva. No pre-filing amounts are projected to be paid on projects with Intact labour and material payment bonds, as such pre-filing amounts are forecast to be funded by Intact.

3) Payroll, Benefits, Union

Payroll, Benefits, Union costs are paid in the normal course.

4) KERP

To be paid in three installments, pursuant to the proposed KERP.

5) Sales tax

Includes a \$1.3 million payment relating to June remittances, and ordinary course payments thereafter.

6) Insurance

Insurance is paid in the normal course.

7) Rents & Leases

Rents & leases include the QM Group's offices, warehouses and equipment leases.

8) Professional fees

Includes the QM Group’s legal counsel, the Monitor, Monitor’s legal counsel, and DIP Lender's legal counsel.

APPENDIX C
MANAGEMENT'S REPRESENTATION LETTER
REGARDING THE CASH FLOW FORECAST



Alvarez & Marsal Canada Inc.
200 Bay Street, Suite 2900
Toronto ON M5J 2J1

Attention: Mr. Josh Nevsky

August 6, 2025

Dear Sirs:

Re: QM GP Inc. and Highpoint Environmental Services Inc. (together, the “Applicants”) – CCAA section 10(2) Prescribed Representations with Respect to Cash Flow Forecast


In connection with the application by the Applicants for the commencement of proceedings under the *Companies’ Creditors Arrangement Act*, management of the Applicants has prepared the cash flow forecast for the period August 2, 2025 to November 7, 2025 (the “**Cash Flow Forecast**”) and the list of assumptions on which the Cash Flow Forecast is based. The purpose of the Cash Flow Forecast is to determine the liquidity requirements of the Applicants during the CCAA proceedings.


The Applicants confirm that the hypothetical assumptions on which the Cash Flow Forecast is based are reasonable and consistent with the purpose described herein, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the projections. All such assumptions are disclosed in notes to the Cash Flow Forecast (the “**Notes**”).

Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projections have been prepared solely for the purpose described herein, using the probable and hypothetical assumptions set out in the Notes. Consequently, readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.

Yours truly,

Signed by:

Per: Name: **Robert Alidina**
Title: **Consultant**

Signed by:

Per: Name: **Agnieszka Barrett**
Title: **President and Chief Executive Officer**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT QM GP
INC. AND HIGHPOINT ENVIRONMENTAL SERVICES INC.**

Applicants

Court File No.: CV-25-00748510-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**
Proceeding commenced at Toronto

FIRST REPORT OF THE MONITOR

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Lawyers for Alvarez & Marsal Canada Inc. as
Monitor of the Applicants