

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.**

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

OCTOBER 22, 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**”) obtained an initial order (the “**Initial Order**”) from the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). The proceedings commenced thereby are referred to herein as the “**CCAA Proceedings**”.
- 1.2 Among other things, the Initial Order appointed Alvarez & Marsal Canada Inc. as monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”) and extended the Stay (as defined below) and other protections and authorizations under the Initial Order to QM LP, QMF LP, TWT LP and Quantum Holdings LP (collectively with the Applicants, the “**QM Group**”).
- 1.3 On July 29, 2025, in addition to granting the Initial Order, the Court approved the relief sought by the QM Group pursuant to 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).
- 1.4 On August 7, 2025, the Court granted two orders:
- (i) the amended and restated Initial Order (the “**ARIO**”) which, among other things, extended the Stay (as defined in the ARIO) to and including November 7, 2025;
 - and

- (ii) an Order approving a sale and investment solicitation process (the “**SISP Approval Order**”) to be conducted by the Monitor on the terms attached as Schedule “A” to the SISP Approval Order (the “**SISP**”).

1.5 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**”) and the First Report of the Monitor dated August 6, 2025 (the “**First Report**”). The Pre-Filing Report, the First Report and other public Court-filed documents in the CCAA Proceedings are available on the Monitor’s case website at: www.alvarezandmarsal.com/QME (the “**Case Website**”). A copy of the First Report (without appendices) is attached hereto as **Appendix “A”**.

1.6 This second report of the Monitor (the “**Second Report**”) should be read in conjunction with the affidavit of Ian Gregoire, the interim Chief Executive Officer of the QM Group, sworn October 17, 2025 (the “**Gregoire Affidavit**”). Capitalized terms used herein and not otherwise defined in this Second Report have the meanings given to them in the Gregoire Affidavit.

2.0 PURPOSE OF THIS REPORT

2.1 The purpose of this Second 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 ARIO;

- (ii) an overview of the SISP which resulted in the proposed QM Transaction and HWT Transaction (each as defined and described below) (together referred to as the “**Transactions**”);
- (iii) the QM Group’s motion for:
 - (a) an order (the “**RVO**”) that approves the Subscription Agreement dated October 3, 2025 (the “**Subscription Agreement**”) between the QM Vendors (as defined herein) and WeShall Investments Inc. (in such capacity, the “**QM Purchaser**”) and the transactions contemplated therein and grants various relief in connection therewith, releases the Released Claims and the D&O Released Claims (each as defined in the RVO), grants certain enhanced powers to the Monitor to facilitate a potential distribution to creditors and a winding down of the CCAA Proceedings, and adds 1001387025 Ontario Inc. (“**ResidualCo**”) as an applicant in the CCAA Proceedings;
 - (b) an order (the “**Approval and Vesting Order**”) that approves the Asset Purchase Agreement (“**APA**”) dated October 17, 2025 between TWT LP and 1001367859 Ontario Inc. (the “**HWT Purchaser**”) and the transaction contemplated therein and vests the relevant purchased assets in the HWT Purchaser on a “free and clear” basis;
 - (c) an order (the “**Ancillary Relief Order**”), that among other things, extends the Stay until and including January 30, 2026, and seals certain confidential information filed with the Court;

- (iv) the activities of the Monitor since the date of the First Report; and
- (v) the Monitor's conclusions and recommendations in connection with the foregoing.

3.0 TERMS OF REFERENCE AND DISCLAIMER

3.1 In preparing this Second 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 Investments Inc. (“WeShall”) (collectively, the “**Information**”). Except as otherwise described in this Second 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 Second 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 Second 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 ON THE CCAA PROCEEDING

Projects

4.1 As described in the First Report, during the CCAA Proceedings, the QM Group intended to: (i) continue to operate its construction business, with a focused effort on projects that are profitable and cashflow positive that it intended to continue through completion (the "**Continuing QM Projects**"); (ii) review its portfolio of other marginal and/or cash flow negative projects, with the assistance of the Monitor, to determine if such projects could be renegotiated with project owners, and if not, pause and/or disclaim such projects; and (iii) maintain its emergency response business (the "**Emergency Response Business**") in the ordinary course.

4.2 At the commencement of the CCAA Proceedings:

- (i) the QM Group had approximately 210 continuing projects, each of which were included as Continuing QM Projects and set out in Schedule "A" of the LRO;

- (ii) 9 projects at which ongoing activity was paused while QM determined if such projects could be renegotiated with project owners and completed on a profitable basis; and
- (iii) 30 project contracts for which QM subsequently delivered disclaimer notices to the counterparties pursuant to the CCAA.

4.3 As of the date of this Second Report:

- (i) there are currently 219 Continuing QM Projects, comprised of: (i) the initial 210;
(ii) 3 existing contracts that were successfully renegotiated and restarted; and (iii) 6 new project contacts that were entered into during the CCAA Proceedings;
- (ii) of the 219 Continuing QM Projects, approximately 50 are active with ongoing or future work required, while the remaining approximately 169 are largely complete and awaiting collection of outstanding accounts receivable and holdback amounts; and
- (iii) an additional 2 project contracts were disclaimed by the QM Group, such that a total of 32 project contracts have now been disclaimed during the CCAA Proceedings. Certain other project contracts that did not restart following the commencement of the CCAA Proceedings were also consensually terminated or will be disclaimed in the coming weeks.

Employees

- 4.4 Since the date of the First Report, as a result of disclaiming certain project contracts and continuing initiatives to reduce costs, the QM Group has provided notice of termination to

approximately 29 employees. Employees whose employment was terminated were paid outstanding wages through their date of termination (including accrued vacation pay) but not paid any termination and severance pay that may be owing.

- 4.5 In addition to this group, a number of other employees have also resigned from their positions during the CCAA Proceedings. As of the date of this Second Report, approximately 292 employees are employed by the QM Group.

Communication with Key Stakeholders

- 4.6 During the CCAA Proceedings, the Monitor and the QM Group have continued to maintain active dialogue with Intact and Aviva (the QM Group's surety providers) and the Bank of Nova Scotia ("**BNS**") (the QM Group's senior secured lender), including sharing of weekly cash flow information, relevant project updates, progress on project negotiations, LRO and bond claim information, and material updates on developments in the SISP.

LRO Update

- 4.7 Subsequent to the granting of the LRO, the Monitor and Monitor's counsel assisted the QM Group with notifying and communicating with potential claimants under the LRO regarding the LRO and the related claims process.
- 4.8 As of the date of this Second Report, the Monitor has received approximately 170 LRO claims (the "**LRO Claims**") relating to approximately 70 Continuing QM Projects.
- 4.9 To date, the Monitor has responded to substantially all LRO Claims received to date, either:
- (i) confirming receipt and that, based on the QM Group's records, the LRO Claim relates to a Continuing QM Project;

- (ii) requesting clarification regarding the LRO Claim due to inability to trace the claim to a specific project or amount; or
- (iii) advising that, based on the QM Group's records, the LRO Claim does not relate to a Continuing QM Project (and therefore is not subject to the LRO).

4.10 The Monitor and Monitor's counsel continue to receive and respond to additional LRO Claims. The Monitor does not anticipate seeking approval of a process for the review and determination of LRO Claims until it can be determined what value (if any) may be available for LRO Claims.

4.11 Recoveries may be available to holders of valid LRO Claims, but any such recoveries will ultimately be dependent on the cash proceeds and residual assets available for distribution following closing of the Transactions, determination of relevant allocation and priority matters, and the approval and completion of a claims adjudication and distribution process.

4.12 Pursuant to the LRO, Holdback funds relating to Continuing QM Projects were directed to be paid to the Monitor to be held in a segregated account maintained by the Monitor. As of the date of this Second Report, the Monitor is holding approximately \$244,000 of Holdback funds relating to 7 Continuing QM Projects.

5.0 SISIP OVERVIEW

5.1 As described in the First Report, the SISIP was 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. The SISIP was a single-phase solicitation process that was administered by the Monitor with a bid deadline of September 25, 2025 (the "**Bid**

Deadline”) being approximately 45 days from the commencement date. Capitalized terms used and not defined in this section of the Second Report have meanings given to them in the SISP.

5.2 An overview of the steps taken in respect of the SISP prior to the Bid Deadline is as follows:

- (i) the Monitor commenced the SISP on August 11, 2025 and distributed a teaser document, including a summary of the QM Group’s business, the SISP process and an invitation to participate in the process (the “**Teaser**”) and a non-disclosure agreement (“**NDA**”) to 107 Interested Parties, including 67 strategic buyers and 40 financial sponsors and other parties. The Teaser and SISP Procedures were also posted to the Case Website and marketed via Insolvency Insider;
- (ii) 44 parties executed an NDA and were sent a confidential information package with information regarding the assets and the business, and were granted access to an electronic data room containing additional detailed due diligence information;
- (iii) on or about September 10, 2025, the Monitor circulated a SISP Process Letter to each Qualified Bidder that outlined the requirements for binding offers to be considered a Qualified Bid (as set out in paragraph 30 to 32 of the SISP) and confirmed the Bid Deadline; and
- (iv) the Monitor, with the assistance of the QM Group’s management, responded to questions and requests for additional information from Qualified Bidders, coordinated site visits and various management meetings with Qualified Bidders.

- 5.3 In accordance with paragraph 25 of the SISP, WeShall provided notice by August 29, 2025 of its intention to participate in the SISP as a bidder. Accordingly, the Monitor did not share any bids with WeShall and did not consult with WeShall (in its capacity as DIP Lender) with respect to the SISP. On September 25, 2025, WeShall advised the Monitor it would not submit a bid in the SISP, but reserved the right to submit a Back-Stop Credit Bid.
- 5.4 During the SISP, the Monitor notes that approximately 10 Qualified Bidders showed a relatively higher level of interest and performed various levels of diligence on various components of the QM Group's business and assets.
- 5.5 On or prior to the Bid Deadline, five bidders delivered bids to the Monitor, comprised of the following:
- (i) one bid for the Emergency Response Business, all of the QM Group's equipment, hard assets and intellectual property and certain other assets, but excluding all employees and the Continuing QM Projects (the "**ER and Equipment Bid**");
 - (ii) three bids for the Hamilton waste transfer station (the "**Hamilton Transfer Station**"), with one being from the HWT Purchaser (the "**HWT Bid**"); and
 - (iii) one bid for a grouping of select assets and equipment relating to a particular operating division of the QM Group's business.
- 5.6 None of the bids received contemplated the purchase or continuation of the Continuing QM Projects (representing the significant majority of QM's business), nor did they offer committed ongoing employment to the QM Group's employees, save for a small number

of employees working at the Hamilton Transfer Station. As such, executing on some combination of these bids would have resulted in either an immediate and abrupt cessation and liquidation of most of the QM Group's business, or alternatively required a means of completing a wind-down of all of the ongoing Continuing QM Projects, and other aspects of the QM Group's ongoing business, through the CCAA Proceedings.

- 5.7 After the bids were received, the Monitor communicated to WeShall (in its capacity as DIP Lender) that none of the bids contemplated the QM Group's entire business continuing as a going concern. In accordance with paragraph 41 of the SISP, the DIP Lender elected to submit a Back-Stop Credit Bid within four days of the Bid Deadline, which was September 29, 2025. Upon receipt of the Back-Stop Credit Bid, and in order to provide the Monitor a reasonable amount of time to review same, the deadline for the selection of a Successful Bid (as defined in the SISP) was extended to October 3, 2025.
- 5.8 Pursuant to paragraph 41 of the SISP, a Back-Stop Credit Bid is deemed the Successful Bid if no other Bid or combination of non-overlapping Bids satisfies the amounts in priority to the DIP Lender and repays the DIP Facility in full in cash on closing. A Back-Stop Credit Bid could also be selected as a Successful Bid if it was otherwise the best bid in the opinion of the Monitor.
- 5.9 The Monitor, in consultation with the QM Group and BNS, assessed the bids in accordance with the Bid Criteria and determined that two of the bids did not meet the criteria set out in the SISP, including the requirement for providing a refundable cash deposit and not being conditional on the outcome of unperformed due diligence by the Qualified Bidder. The remaining three bids were determined to be Qualified Bids.

- 5.10 Following the submissions, the Monitor held discussions with the Qualified Bidders, including WeShall, to attempt to improve the value of their bids or otherwise enhance them. In particular, the Monitor held discussions with the Qualified Bidder who submitted the ER and Equipment Bid, to explore if the Qualified Bidder could enhance its bid, including by purchasing certain of the Continuing QM Projects and/or to remove (or reduce) a material holdback provision impacting the cash consideration portion of the purchase price and potentially preventing the DIP Facility from being repaid in full in cash on closing.
- 5.11 As a result of these discussions: (i) the HWT Bid was improved, and as described below ultimately selected as a Successful Bid; and (ii) it became apparent that the ER and Equipment Bid would not be improved, and in particular the holdback provision would not be removed or reduced.
- 5.12 The Monitor also continued to work with the DIP Lender to seek enhancements to the Back-Stop Credit Bid. These efforts resulted in the DIP Lender agreeing to: (i) exclude \$1 million of cash and the Hamilton Transfer Station from the Back-Stop Credit Bid; and (ii) fund certain CCAA costs and employee obligations.
- 5.13 The Monitor consulted with the QM Group and BNS in respect of the revised bids. On October 3, 2025, following such consultation and considering input received from BNS, the Monitor determined that two non-overlapping Qualified Bids, being the improved HWT Bid and the Back-Stop Credit Bid (collectively, the “**Successful Bids**”), represented the highest and best bids for reasons including, but not limited to:
- (i) the QM Transaction represents a going-concern solution for most of the QM Group’s business, which will: (a) provide for continuing employment for at least

200 of the QM Group's employees; and (b) facilitate the completion of the Continuing QM Projects for the benefit of a wide variety of stakeholders, including suppliers on those projects, customers, project owners and the QM Group's sureties;

- (ii) the Successful Bids maximize value by facilitating the satisfaction of the obligations owing under the DIP Facility in full (via a credit bid), addressing the obligations owing under the BNS Credit Facility (which will be assigned to the QM Purchaser and retained as part of the QM Transaction, with the result that they will not participate in any distribution to creditors in the CCAA Proceedings) and will provide additional value to creditors in the form of excluded cash under the QM Transaction and the cash proceeds of the HWT Transaction; and
- (iii) the limited conditionality included in the Successful Bids and the near term timing to complete both Transactions.

5.14 A summary of the bids received in the SISP is attached hereto as **Confidential Appendix "B"**, in respect of which a sealing order is being sought on the basis that it contains commercially sensitive information that could negatively impact realization efforts in the event that the proposed Transactions do not close. The Monitor is of the view that no party will suffer prejudice if the Confidential Appendix is filed under seal.

6.0 PROPOSED TRANSACTIONS

6.1 The proposed transactions contemplated by the Successful Bids are:

- (i) an asset acquisition of TWT LP’s right, title and interest in all of the assets of the Hamilton Transfer Station on a going concern basis (the “**HWT Transaction**”); and
- (ii) pursuant to the Back-Stop Credit Bid, the acquisition of most of the remaining business of the QM Group on a going concern basis through a reverse vesting transaction, including: (a) the subscription by the QM Purchaser for newly issued common shares and limited partnership units in the QM Vendors, as applicable; and (b) the purchase of the limited partnership units of TS LP (a non-applicant) by the QM Purchaser (or its designate) (the “**QM Transaction**”).

HWT Transaction

6.2 The HWT Transaction is described in detail in the Gregoire Affidavit, to which a redacted copy of the APA is attached as Exhibit “D”. Key terms of the HWT Transaction are summarized in the following table:

Key Terms of the HWT Transaction and APA ¹	
Parties	<ul style="list-style-type: none"> 1001367859 Ontario Inc., as Purchaser. TWT LP by its general partner QM GP Inc. dba Quantum Murray Materials Management, as Vendor.
Purchase Price	<ul style="list-style-type: none"> Cash consideration paid in full on the Closing Date and payment of Cure Costs (if any).
Closing Date	<ul style="list-style-type: none"> No later than October 31, 2025.
Purchased Assets	<ul style="list-style-type: none"> Equipment, Licences and Permits, Inventory, Intangibles, Assumed Contracts (including Receivables associated with Assumed Contracts, if any), and Books and Records related to the Hamilton Waste Transfer Station on an ‘as is, where is’ basis.
Assumed Contracts	<ul style="list-style-type: none"> Certain Equipment Leases. Real Property Lease. The Collective Agreements.

¹ Capitalized terms used in this table and not otherwise defined have the meanings given to them in the APA. The following constitutes a summary only and is qualified entirely by the terms of the APA. Reference should be made directly to the APA for a complete understanding of its terms.

Key Terms of the HWT Transaction and APA¹	
Assumed Obligations	<ul style="list-style-type: none"> The Assumed Employee Liabilities. All obligations and liabilities of the Vendor under the Assumed Contracts (including any Cure Costs, any accounts payable and/or accrued liabilities under each of the Assumed Contracts relating to the period commencing on or after July 29, 2025).
Key Conditions	<ul style="list-style-type: none"> The proposed Approval and Vesting Order will have been made.

QM Transaction

6.3 The QM Transaction is described in detail in the Gregoire Affidavit, to which a copy of the Subscription Agreement is attached as Exhibit “C”. Certain key terms of the Subscription Agreement are summarized in the following table:

Key Terms of the QM Transaction and Subscription Agreement²	
Parties	<ul style="list-style-type: none"> WeShall Investments Inc., as the Purchaser. QM GP Inc., Highpoint Environmental Services Inc. and QM LP, QMF LP and Quantum Holdings LP, each by its general partner QM GP Inc, as Vendors (the “QM Vendors”).
Transaction Structure	<ul style="list-style-type: none"> Reverse vesting structure. At Closing, the QM Vendors shall issue to the Purchaser, and the Purchaser will subscribe for that number and class of shares or limited partnership units in the capital of the QM Vendors from treasury, which shares or limited partnership units shall be free and clear of all Encumbrances (other than the Permitted Encumbrances). In addition to the Purchased Shares, the Vendors shall transfer to the Purchaser or its designee(s), and the Purchaser or its designee shall purchase, the Transferred LP Interests, free and clear of all Encumbrances. Prior to the Closing Date, ResidualCo will be incorporated by the QM Vendors and all of the Excluded Assets and Excluded Contracts will be transferred to ResidualCo as part of the Closing Sequence. The Retained Assets will be retained by the QM Vendors free and clear from any and all Claims and Encumbrances.
Closing Date	<ul style="list-style-type: none"> No later than October 31, 2025.
Purchase Consideration	<ul style="list-style-type: none"> The Purchase Price is primarily comprised of: <ul style="list-style-type: none"> (a) a credit bid of approximately \$7.2 million of the DIP Facility (the “Credit Bid Amount”); (b) an amount equal to the value of the Retained Liabilities (including retaining any outstanding obligations relating to the BNS Credit Facility); and (c) a nominal value for the Transferred LP Interests.

² Capitalized terms used in this table and not otherwise defined have the meanings given to them in the Subscription Agreement. The following constitutes a summary only and is qualified entirely by the terms of the Subscription Agreement. Reference should be made directly to the Subscription Agreement for a complete understanding of its terms.

Key Terms of the QM Transaction and Subscription Agreement²	
	<ul style="list-style-type: none"> As part of the QM Transaction, \$1 million of cash will be designated as an Excluded Asset and retained by ResidualCo for the benefit of creditors.
Retained Assets	<ul style="list-style-type: none"> Retained Assets are comprised of all assets owned by the QM Vendors, except for assets sold in the ordinary course of business prior to the Closing Date and the Excluded Assets. This includes the assets utilized in the QM Group's construction and emergency response business such as equipment, Accounts Receivable (including holdbacks and choses in action), Licences, Permits and Retained Contracts (which includes Contracts in place with First Nations organizations). The Retained Assets include an estimated \$7 million to \$10 million of holdback amounts, comprised of existing amounts due as well as amounts relating to future work to be performed on a free and clear basis. As described below, the listing of Retained Contracts may be amended, supplemented or restated up to two Business Days prior to the hearing of the motion for the RVO.
Retained Liabilities	<ul style="list-style-type: none"> Retained Liabilities include the following liabilities at the Closing Date: <ul style="list-style-type: none"> (a) Employee Liabilities (retained employees); (b) Intercompany Liabilities; (c) Amounts advanced and all other obligations that remain outstanding under the DIP Facility and the BNS Credit Facility; (d) Cure Costs and Liabilities under the Retained Contracts, Retained Leases and Retained Equipment Leases from and after the Closing Time; (e) Post-Filing Trade Liabilities in respect of the Continuing Projects that remain outstanding as at the Closing Time; and (f) Tax Liabilities of the QM Vendors for any period, or the portion thereof, beginning on or after the Closing Date. As described below, the listing of Continuing Projects may be amended, supplemented or restated up to two Business Days prior to the hearing of the motion for the RVO.
Excluded Assets	<ul style="list-style-type: none"> Excluded Assets include the following, among others, at the Closing Date: <ul style="list-style-type: none"> (a) \$1 million of cash; (b) \$50,000 in cash in respect of the Administrative Expense Amount; (c) Partnership units of TWT LP, contracts, licenses permits and employees related to the Hamilton Transfer Station (and any proceeds from the sale therefrom); (d) Excluded Contracts, Excluded Leases and Excluded Equipment Leases; and (e) Books and records that primarily relate to any Excluded Liabilities or Excluded Assets.
Excluded Liabilities	<ul style="list-style-type: none"> All liabilities except for Retained Liabilities.
Employees	<ul style="list-style-type: none"> Subject to voluntary attrition of Employees, there will be at least 200 Retained Employees at the Closing Time.
BNS Credit Facility	<ul style="list-style-type: none"> In conjunction with closing the Subscription Agreement, the QM Purchaser will purchase the BNS Credit Facility from BNS for cash consideration and certain agreements relating to indemnification in respect of certain letters of credit. As described in the Pre-Filing Report, the BNS Credit Facility is comprised of approximately \$30.9 million of secured debt.
Key Conditions	<ul style="list-style-type: none"> Completion of the QM Transaction is conditional on, among other things: (a) the RVO shall have been issued and entered and shall be a Final Order; (b) the BNS Credit Facility

Key Terms of the QM Transaction and Subscription Agreement ²	
	shall have been transferred to the Purchaser; and (c) no material adverse change has occurred which would materially (i) adversely affect the value of the Retained Assets, (ii) increase the Retained Liabilities, and/or (iii) adversely affect the Business, operations, condition (financial or otherwise) of any of the QM Vendors.
Other	<ul style="list-style-type: none"> • Transitional support agreement to be entered into (as determined to be necessary), such that ResidualCo will provide the Purchaser certain transitional support, including sublease of certain premises (at no cost to ResidualCo) for a period of up to four months. • The Purchaser has committed to causing the QM Vendors to provide funds sufficient to fund or otherwise cause to be satisfied: (a) unpaid obligations in respect of Terminated Employees from the Filing Date to the Closing Date that are the subject of the indemnification secured by the Directors' Charge, including obligations owing under the KERP, but excluding any termination or severance costs; and (b) amounts accrued after the Filing Date up to the Closing Date for ordinary course goods and services requested by the QM Vendors (subject to certain exclusions). • The Subscription Agreement provides that the Purchaser may modify the list of Retained Contracts, Continuing Projects, Encumbrances to be Discharged, Permitted Encumbrances, Retained Equipment Leases and Retained Leases two Business Days prior to the hearing of the motion for the RVO (in the case of deletions) and two Business Days prior to the Closing Date (in the case of additions). • The Agreement may be terminated by the Purchaser or the QM Vendors if Closing has not occurred on or before October 31, 2025 or such later date agreed to by each of the QM Vendors and the Purchaser in writing in consultation with the Monitor.

Impact on Creditors

- 6.4 Certain pre-filing amounts owing to vendors to the QM Group and other amounts that may become owing to creditors are excluded from the Transactions and will not be assumed by either of the respective purchasers (the “**Affected Creditor Group**”).
- 6.5 As of the date of this Second Report, based on the information available to the Monitor, the Affected Creditor Group is anticipated to be comprised of the following³:

³ The Monitor notes that, aside from the process contemplated by the LRO, no claims process has been conducted to date. As such, the following constitutes summary estimates only based on the QM Group's books and records and LRO Claims asserted under the LRO.

- (i) amounts owing to pre-filing trade vendors of approximately \$35.1 million, including amounts owing on bonded projects which may receive payment from the applicable surety;
- (ii) amounts owing to holders of LRO Claims (“**LRO Claimants**”), currently estimated to be in the range of approximately \$13.5 million to \$17.1 million (pending the Monitor’s ongoing review of claims received, and subject to increase if additional LRO Claims are submitted);
- (iii) existing and potentially future employee termination and severance claims; and
- (iv) lease termination claims, project termination and/or damage claims, and other potential unsecured claims.

6.6 To evaluate the proposed Transactions and compare the expected impact on the Affected Creditor Group under the proposed Transactions relative to a bankruptcy, the Monitor prepared an illustrative alternative wind-down analysis (the “**Wind-Down Analysis**”) using available information. A copy of this Wind-Down Analysis is set out in **Confidential Appendix “C”** attached hereto, and the qualitative considerations that the Monitor took into account in its Wind Down Analysis are set out in **Appendix “D”**.

Reverse Vesting Structure

6.7 The Monitor notes that the QM Transaction is proposed to be implemented through a reverse vesting order structure. The Monitor is cognizant of the issues raised and considered by Canadian courts in other CCAA proceedings that involved RVOs. The

Monitor notes the following with respect to the necessity and appropriateness of the RVO structure as it relates to the QM Transaction:

- (i) the QM Vendors' contractual relationships, certificates and permits that are necessary to conduct the QM Vendors' business is a principal factor driving the QM Purchaser's requirement for the QM Transaction to be completed through an RVO. The QM Vendors' are party to hundreds of project contracts and subcontracts, numerous partnership agreements with Indigenous groups, various bonding arrangements in place for continuing projects and 15 licenses, certifications and permits ("**Certifications**") relating to the business. An RVO provides the opportunity for these contracts, bonding arrangements and Certifications to be preserved without the additional cost, delay, complexity and uncertainty involved in having to: (i) affect the assignment of the contracts; (ii) negotiate the transfer of the bonding arrangements or secure new ones; and (iii) obtain new Certifications. The Monitor understands that any significant loss or delay in obtaining the foregoing would have a material negative effect on the QM Vendors' business. In addition, it is a requirement of the QM Transaction that it close on or before October 31, 2025, which would not be possible except in the case of utilizing an RVO structure;
- (ii) the RVO structure produces an economic result at least as favourable as any other viable alternative. If the QM Transaction cannot be completed through an RVO, the alternative outcome is attempting to pursue a full orderly wind-down of the QM Group's business (excluding the Hamilton Transfer Station and potentially the Emergency Response Business), or an immediate cessation of operations and

liquidation. The Monitor does not expect that an orderly wind-down would preserve employment relationships and certain other contractual counterparty relationships to the same extent as the QM Transaction and would face significant risks relating to funding and execution, including the prospect of significant employee attrition which would undermine the QM Group's ability to complete the Continuing QM Projects. A cessation of operations and liquidation would be likely to result in significant set-off claims by project contract counterparties that would materially impair the QM Group's ability to collect outstanding receivables, as well as the incurrence of significant additional liabilities;

- (iii) as described above, the QM Group has been marketed since the commencement of the CCAA Proceedings, including through the SISP (which advised potentially interested parties that they may submit their respective bids as an asset vesting, reverse vesting, or alternatively structured transaction). No other offers were received that would have resulted in a going concern transaction and none contemplated acquiring or completing any Continuing QM Projects. The proposed combination of Transactions will maximize value and represents the best option available in the circumstances to benefit a wide variety of stakeholders;
- (iv) no stakeholder is worse off under the RVO structure than they would be under any viable alternative. Given the outstanding obligations under the DIP Facility, BNS Credit Facility, and amounts owing in respect of LRO Claims and unsecured claims, the anticipated recovery for creditors in a wind-down scenario is unlikely to be better (and may be worse) than the estimated economic recovery to creditors through the Transactions, is subject to significant execution risk and would likely

be subject to significant disputes regarding allocation and creditor entitlements. As discussed below, the Monitor notes that the RVO transaction could result in employees whose employment has or will be terminated by the QM Group not being eligible to make claims under WEPPA (as defined below) for any unpaid termination and severance amounts (subject to the state of applicable law at the time); however, in the Monitor's view this potential negative must be balanced against the significant preservation of employment under the QM Transaction relative to alternatives;

- (v) pursuant to the Subscription Agreement: (a) the post-filing obligations under Continuing QM Projects, including approximately 50 active projects and a number of other projects with remaining warranty and other completion obligations, will not be compromised (other than through any consensual agreement with the counterparty) and will remain as Retained Liabilities of the restructured QM Group; and (b) all accrued and unpaid vacation pay owing to employees of the QM Group (whether or not they are continuing employees) will be paid by the QM Group; and
- (vi) while the Purchase Price consists primarily of a credit bid of obligations under the DIP Facility and the retention of the Retained Liabilities, as noted above, certain Excluded Assets (namely \$1 million in cash and the Hamilton Waste Transfer Station and the proceeds thereof) will provide some value to pre-filing creditors. Further, the Purchaser's acquisition and retention of the BNS Credit Facility provides an additional benefit to creditors as the claims under the BNS Credit Facility will not participate in any distribution to creditors, resulting in a reduced

claims pool and precluding any allocation and priority disputes among creditors as relates to the BNS Credit Facility.

Monitor's Observations and Views with Respect to the SISP and the Proposed Transactions

6.8 The Monitor makes the following observations and expresses the following views in respect of the SISP and the proposed Transactions:

- (i) the SISP was reasonable in the circumstances and conducted in accordance with the terms as approved by the Court pursuant to the SISP Approval Order. The SISP specifically preserved the DIP Lender's ability to submit a Back-Stop Credit Bid. The Monitor is of the view that further time and expense marketing the QM Group's business and assets for sale would not result in superior transaction(s) being identified;
- (ii) the Transactions, in combination, will achieve a going concern outcome for the significant majority of the QM Group's business. In particular, the Transactions will preserve approximately 50 active Continuing QM Projects, the Emergency Response Business and Hamilton Transfer Station, and result in continued employment for more than 200 employees;
- (iii) the Monitor is of the view that the proposed Transactions are the best going concern outcome for stakeholders and are superior to a wind-down and/or liquidation of the QM Group's business as: (a) the Transactions are estimated to provide a similar or higher economic recovery to the Affected Creditor Group than they would receive in a bankruptcy or liquidation, as outlined in **Confidential Appendix "C"**; and (b) the Transactions also provide incremental going concern benefits to the majority of

the QM Group's stakeholders, including in excess of 200 employees who will be offered continued employment, counterparties to the retained/assumed contracts and retained/assumed leases under the respective Transactions, customers and project owners of the retained Continuing QM Projects and vendors and other stakeholders who will have the opportunity to continue to transact with the restructured QM Group in the future; and

- (iv) the DIP Lender and BNS are supportive of the Transactions. The Monitor understands that the QM Group is currently in discussions with Intact in respect of the Transactions.

6.9 Accordingly, the Monitor supports the approval of the Transactions.

Releases

6.10 The RVO provides for the following parties to be released from the Released Claims (as such term is defined in the RVO):

- (i) the directors, officers, legal counsel and advisors of the QM Group;
- (ii) the directors, officers, shareholders, consultants, legal counsel and advisors to ResidualCo;
- (iii) the QM Purchaser and its legal counsel and their respective affiliates, directors, officers, partners, employees, and advisors; and
- (iv) the Monitor and its legal counsel and their respective affiliates, directors, officers, partners and employees (the persons listed in (i), (ii), (iii) and (iv) being collectively the “**Released Parties**”).

- 6.11 The RVO also provides for the directors and officers of the QM Group to be released from the D&O Released Claims (as defined in the RVO).
- 6.12 The proposed releases do not release: (i) any claim against the directors of the QM Group that is not permitted to be released pursuant to section 5.1(2) of the CCAA; or (ii) any claim with respect to any act or omission that is finally determined by a court of competent jurisdiction to have constituted actual fraud or wilful misconduct on the part of any of the Released Parties or the Released D&O's.
- 6.13 The Gregoire Affidavit provides the rationale for the proposed releases, which are consistent with releases granted in recent reverse vesting transactions approved in other CCAA proceedings. The Monitor is supportive of the proposed releases.

Sealing of Unredacted APA and Confidential Appendices

- 6.14 The QM Group is requesting a sealing order for the unredacted APA⁴ for the HWT Transaction and Confidential Appendices "B" and "C" to this Second Report, which include sensitive confidential information.
- 6.15 The Monitor believes it is appropriate to seal the Confidential Appendices. The sealing of this type of sensitive confidential information is consistent with the approach taken in other CCAA proceedings for sensitive confidential information of this nature, protects the privacy of the SISP participants and prevents the public disclosure of commercially

⁴ A confidential executed version of the APA is attached as a Confidential Exhibit "1" appended to the Gregoire Affidavit.

sensitive information that could negatively impact realization efforts in the event that the Transactions do not close.

7.0 MONITOR'S EXPANDED POWERS & EXPECTED NEXT STEPS

Monitor's Expanded Powers

- 7.1 The Monitor understands that following the closing of the Transactions, the QM Group's directors and officers do not intend to continue in their roles for ResidualCo. The proposed RVO therefore expands the Monitor's powers to facilitate the effective and efficient administration of ResidualCo (including in its capacity as new general partner of TWT LP) following the closing of the Transactions, the completion of the CCAA Proceedings (or any subsequent proceeding) and the wind-down of ResidualCo and TWT LP.
- 7.2 Given the circumstances, the Monitor is of the view that it is best positioned to supervise and administer ResidualCo's and TWT LP's wind-down and that the proposed expansion of its powers is appropriate given, among other things that:
- (i) as of the time of Closing (as defined in the Subscription Agreement), ResidualCo and TWT LP will have no directors or officers, active business operations or retained employees;
 - (ii) additional steps in the CCAA Proceedings (or any subsequent proceedings) may be required to potentially distribute any available proceeds or other value resulting from the Transactions to stakeholders; and

- (iii) without the proposed expansion of the Monitor’s powers, no party will have the necessary authority or capacity to administer ResidualCo’s or TWT LP’s estate or wind-down, nor advance and eventually terminate the CCAA Proceedings.

Expected Next Steps in the CCAA Proceedings

- 7.3 Upon the closing of the Transactions, the Monitor anticipates that a portion of the Remaining Assets (as defined below) may be available for distribution to creditors, including LRO Claimants. Any such distribution will require a claims process to be completed and the approval and implementation of a mechanism for distributions. Following completion of the Transactions, the Monitor will review these matters and report to the Court on a proposed means of addressing them.
- 7.4 The Monitor notes that, at this time, the QM Group is not seeking any relief in connection with the *Wage Earner Protection Program Act* (“**WEPPA**”). The Monitor is aware that the Quebec Court of Appeal is currently considering an appeal by the Attorney General of Canada relating to the interplay between WEPPA and an RVO transaction, and that this Court is scheduled to hear a motion raising similar issues in another CCAA proceeding in the November 2025 timeframe. The Monitor will review and consider developments in this regard, and may (if its powers are expanded) seek relief pertaining to WEPPA at a later date.

8.0 CASH FLOW VARIANCE REPORT

- 8.1 Actual receipts and disbursements for the ten-week period from August 2, 2025, to October 10, 2025 (the “**Reporting Period**”), as compared to the cash flow forecast attached as Appendix “B” to the First Report of the Monitor, are summarized in the following table.

Cash Flow Variance Report		\$000's	
	Actual	Budget	Variance
Receipts	17,908	37,338	(19,430)
Disbursements			
Vendors & Subcontractors	8,875	28,450	19,576
Payroll, Benefits, Union	8,270	7,729	(541)
Key Employee Retention Plan	95	134	40
Sales tax	146	2,380	2,233
Insurance	214	195	(19)
Rents & Leases	1,596	1,368	(228)
Other Disbursements	741	1,005	264
Professional fees	2,071	2,239	168
Contingency	-	2,700	2,700
Total Disbursements	22,008	46,201	24,193
Net Cash Flow	(4,100)	(8,863)	4,763
Cash & DIP			
Cash on hand	3,736	1,473	2,263
DIP	(6,969)	(9,543)	(2,573)
Net DIP Balance	(3,233)	(8,069)	(4,836)

8.2 During the Reporting Period:

- (i) the negative variance in receipts of approximately \$19.4 million is due to a combination of the following factors: (a) certain projects that were initially projected to be re-started and/or continued during the CCAA Proceedings were ultimately disclaimed or have otherwise remained on pause for an extended period during project negotiations. This group of projects (including, the project contracts that were disclaimed since the date of the ARIO) account for approximately \$7 million of the variance; (b) the QM Group experienced significant delays in restarting and ramping up on a number of the Continuing QM Projects, including those projects that were successfully renegotiated and restarted following the commencement of the CCAA Proceedings. While the majority of these projects are now operating in the ordinary course, the delays resulted in approximately \$8.1 million of timing variances in the invoicing and collection of accounts receivable;

and (c) following the commencement of the CCAA Proceedings, certain issues were identified with a number of invoices (for work performed and incremental claim amounts) that required the QM Group and various customers to reconcile invoices and negotiate certain settlements. The non-collectability of certain invoices contributed approximately \$4.3 million of the collections variance, including both a timing and permanent component;

- (ii) the positive variance in vendors and subcontractors is largely due to the impact resulting from the project delays and disclaimers discussed above. Approximately \$7 million of the positive variance is permanent due to the disclaimed projects contracts, and approximately \$12.5 million of the positive variance is anticipated to be timing due to the slower than projected ramp up on a number of projects;
- (iii) the positive variance in sales tax is primarily related to certain pre-filing sales tax amounts of approximately \$1.3 million not paid by the QM Group, and not anticipated to be paid during the CCAA Proceedings;
- (iv) the negative variance in payroll, benefits, and union is related to a combination of a higher number of salaried and hourly employees being retained compared to initial projections, and due to the delays and slower ramp up on certain projects which required the QM Group to continue to pay certain wages and salaries for a longer than anticipated period; and
- (v) the remaining variances across disbursements are considered timing differences and are anticipated to reverse in future weeks.

Cash Flow Covenant Breaches

- 8.3 On August 29, 2025, the QM Group breached a negative covenant under the DIP Facility as actual cash receipts were less than 90% of the cumulative cash receipts set forth in the approved DIP Budget (due to the collection variances described above). On September 5, 2025, the DIP Lender provided a waiver of the event of default and approved a revised DIP Budget.
- 8.4 The Monitor notes that as at October 10, 2025, the QM Group has again breached the negative covenant under the DIP Facility relating to cash receipts. This collection variance continues to be due to certain ongoing projects delays and the slower than anticipated ramp up, as described above. The QM Group and the DIP Lender are currently in discussions regarding the covenant breach; however the Monitor does not anticipate the breach will impact the closing of the Transactions, if approved.

9.0 UPDATED CASH FLOW FORECAST

- 9.1 The QM Group, with the assistance of the Monitor, has prepared an updated cash flow forecast (the “**Updated Cash Flow Forecast**”) for the sixteen-week period ending January 30, 2026 (the “**Cash Flow Period**”). A copy of the Updated Cash Flow Forecast, together with a summary of assumptions (the “**Cash Flow Assumptions**”) is attached hereto as **Appendices “E”**.
- 9.2 A summary of the Updated Cash Flow Forecast is set out in the following table:

QM Group Cash Flow Forecast	16-Week (000's CAD)
Receipts & Transaction Proceeds	6,822
Vendors & Subcontractors	2,655
Payroll, Benefits, Union	1,970
Key Employee Retention Plan	402
Sales tax	220
Insurance	107
Rents & Leases	601
Other Disbursements	261
Professional fees	1,291
Contingency	-
Total Disbursements	7,508
Net Cash Flow	(686)
Ending Cash Balance (Jan 30, 2026)	3,050
Ending DIP Balance	-

9.3 The Monitor notes the following:

- (i) receipts and disbursements prior to October 31, 2025 relate to the QM Group's ongoing business, including as it relates to the Continuing QM Projects and the Emergency Response Business;
- (ii) following October 31, 2025 (the anticipated closing date of both Transactions), the Updated Cash Flow Forecast does not contemplate any material operating related costs, other than professional fees relating to the CCAA Proceedings, which include the fees of the QM Group's counsel, the Monitor and the Monitor's counsel; and
- (iii) pursuant to the transitional services agreement contemplated in the QM Transaction, certain costs incurred by ResidualCo will be funded directly by the QM Purchaser, including costs related to certain real property leases, equipment rental contracts and other miscellaneous obligations anticipated to be retained by

ResidualCo for the benefit of the QM Purchaser, but which will ultimately be disclaimed by ResidualCo.

- 9.4 As at October 31, 2025, any cash on hand held by the QM Group (in excess of the \$1 million excluded as part of the QM Transaction) will be retained by the restructured QM Group as part of the QM Transaction and the Monitor understands it will be used to fund the working capital needs of the restructured QM Group.
- 9.5 As at October 31, 2025, subject to the closing of the Transactions, the cash balance of ResidualCo and TWT LP is forecast to be approximately \$3.55 million (the “**Remaining Assets**”). The Remaining Assets will be held by ResidualCo (under the control of the Monitor) for the benefit of ResidualCo and TWT LP’s estate in the CCAA Proceedings, including to satisfy ongoing costs to administer the CCAA Proceedings and to make any potential distribution to creditors.

10.0 EXTENSION OF THE STAY PERIOD

- 10.1 The Stay period under the Initial Order expires on November 7, 2025. Pursuant to the proposed Ancillary Relief Order, the QM Group is seeking an extension of the Stay to and including January 30, 2026.
- 10.2 The Monitor supports the QM Group’s request to extend the Stay for the following reasons:
- (i) it will provide the stability and certainty necessary to complete the Transactions, if approved by the Court;

- (ii) it will allow the Monitor to administer ResidualCo for the purposes of transitioning the business pursuant to the Transactions, including the administration of any contracts vested in ResidualCo that are necessary for transition;
- (iii) it will provide the Monitor with the additional time necessary to exercise its powers and duties under the proposed RVO, including reviewing and proposing an appropriate approach to implementing a claim adjudication and creditor distribution process;
- (iv) 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;
- (v) 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; and
- (vi) the Monitor is not aware of any stakeholder that would be materially prejudiced by the proposed Stay extension.

11.0 ACTIVITIES OF THE MONITOR SINCE THE DATE OF THE FIRST REPORT

11.1 Since the date of the First Report, the primary activities of the Monitor have included the following:

- (i) reviewing and approving notices of disclaimer in connection with the termination of certain project contracts and related supply agreements;

- (ii) engaging in discussions and negotiations with BNS, the QM Group, the DIP Lender, Intact, Aviva and/or their respective advisors in respect of the Transactions and the QM Group's restructuring plan;
 - (iii) implementing the SISP as described in Section 5.0 hereof, which culminated in the HWT Bid and Back-Stop Credit Bid being declared the Successful Bids;
 - (iv) monitoring the QM Group's cash receipts and disbursements, and assisting in preparing the Updated Cash Flow Forecast;
 - (v) updating the Case Website and coordinating the posting of Court-filed documents thereon;
 - (vi) engaging with certain project owners, customers, contractors, suppliers and other stakeholders and their counsel who have reached out to the Monitor;
 - (vii) together with the Monitor's legal counsel, reviewing Lien Notices that have been submitted pursuant the LRO and working with the QM Group to provide notice to project owners, general contractors, subcontractors and suppliers regarding the LRO and corresponding with LRO Claimants;
 - (viii) responding to creditor and other inquiries received through the Monitor's toll-free number, email account for the CCAA Proceedings and other contact points;
 - (ix) reviewing and commenting on the QM Group's materials filed in support of the relief sought in the RVO, Approval and Vesting Order and Ancillary Relief Order;
- and


(x) with the assistance of the Monitor's counsel, preparing this Second Report.

12.0 MONITOR'S RECOMMENDATION

12.1 For the reasons set out in this Second Report, the Monitor respectfully recommends that the Court grant the relief sought by the QM Group in the RVO, Approval and Vesting Order and Ancillary Relief Order.

All of which is respectfully submitted to this Court this 22nd day of October, 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
FIRST REPORT (WITHOUT APPENDICES)

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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APPENDICES

Appendix A – Pre-Filing Report of the Proposed Monitor (without appendices)

Appendix B – Updated Cash Flow Forecast for the Period Ending November 7, 2025

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

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.

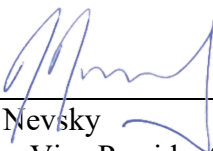
9.0 MONITOR'S RECOMMENDATION

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

**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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CONFIDENTIAL APPENDIX B

CONFIDENTIAL APPENDIX C

APPENDIX D
MONITOR'S QUALITATIVE CONSIDERATIONS

Illustrative Recovery Analysis
Qualitative Considerations

	1. Going Concern Transactions	2. Wind-Down & Bankruptcy Scenario
Impact to Creditors	<ul style="list-style-type: none"> ▪ BNS Credit Facility acquired by Purchaser and retained by restructured Company and will not participate in any distributions from ResidualCo/TWT LP (preventing potential conflict among competing creditor groups) ▪ LRO Claims (and other potential lien claims) are the sole remaining secured creditors ▪ Project damages claims limited to only those projects terminated during the CCAA ▪ Unsecured claims limited 	<ul style="list-style-type: none"> ▪ BNS Credit Facility of approximately \$30.9 million would remain a liability of QM Group with a claim against assets available for distribution ▪ Potential dispute among BNS and LRO Claimants regarding allocation of value available for distribution to creditors and in relation to who holds priority over the proceeds from the sale of certain assets and cash available for distribution ▪ Project damages claims estimated to be material in a bankruptcy scenario where the approximately 50 active Continuing QM Projects are not completed (projects at varying levels of completion, with certain material amounts still to be completed / collected) ▪ Increased unsecured claims due to significantly higher employee terminations, real property and project / subcontract termination claims
Impact to Projects / Continuing Business	<ul style="list-style-type: none"> ▪ 50 active Continuing QM Projects to be retained and continued ▪ Emergency Response Business and Hamilton Waste Transfer business to be continued on a going concern basis 	<ul style="list-style-type: none"> ▪ Significant risk associated with completing the 50 active Continuing QM Projects under a wind-down scenario, including employee retention, funding/liquidity, supplier/customer support and potential issues with collection of receivable and holdback balances
Employees	<ul style="list-style-type: none"> ▪ At least 200 employees to be retained in QM Transaction 	<ul style="list-style-type: none"> ▪ Significant disruption and eventual termination of all employees by the QM Group ▪ One alternative transaction would potentially have provided employment to a group of QM employees (~100 maximum), but bidder was not prepared to make a binding commitment
Other	<ul style="list-style-type: none"> ▪ Increased certainty and shorter time frame regarding distribution of potential proceeds to creditors 	<ul style="list-style-type: none"> ▪ Risk of insufficient realizations to pay administrative and post-filing costs of a wind-down ▪ Near-term financing may be required during the wind-down period to complete certain Continuing QM Projects

APPENDIX E
UPDATED CASH FLOW FORECAST

QM Group
Cash Flow Forecast
(000's CAD)

[illegible]

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. The Transactions (as described in the Monitor’s Second Report) are assumed to close October 31, 2025 and accordingly, no receipts or disbursements from operations are forecast after this date.

1) Receipts and Transaction Proceeds

Collection of existing accounts receivable and sales anticipated to be collected on Continuing QM Projects and the emergency response business. Transaction proceeds and excluded cash pursuant to the Transactions has been included herein.

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

The second and final installment, pursuant to the KERP.

5) Sales tax

Sales tax is paid in the normal course.

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.

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SECOND REPORT OF THE MONITOR

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