COURT FILE NUMBER	Q.B. No. 1884 of 2019
COURT	COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
JUDICIAL CENTRE	SASKATOON
PROCEEDINGS	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c.C-36, AS AMENDED (the "CCAA") AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 101098672 SASKATCHEWAN LTD., MORRIS INDUSTRIES LTD., MORRIS SALES and SERVICE LTD., CONTOUR REALTY INC., and MORRIS INDUSTRIES (USA) INC.
DOCUMENT	**ELEVENTH REPORT OF THE MONITOR** **November 23, 2020**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>**MONITOR**</u> ALVAREZ & MARSAL CANADA INC. Bow Valley Square IV Suite 1110, 250 - 6th Avenue SW Calgary, Alberta T2P 3H7 Attention: Orest Konowalchuk / Chad Artem Telephone: (403) 538-4736 / (403) 538-7518 Email: okonowalchuk@alvarezandmarsal.com / cartem@alvarezandmarsal.com <u>**COUNSEL**</u> MLT Aikins LLP Suite 1201, 409 – 3rd Avenue South Saskatoon, Saskatchewan S7K 5R5 Attention: Jeff M. Lee / Ryan Zahara Phone: (306) 975-7136 / (403) 693-5420 Fax: (306) 975-7145 Email: jmlee@mltaikins.com rzahara@mltaikins.com

ALVAREZ & MARSAL

TABLE OF CONTENTS OF THE ELEVENTH REPORT OF THE MONITOR

LISTING OF APPENDICES TO THE ELEVENTH REPORT OF THE MONITOR

INTRODUCTION

1. On January 8, 2020 (the "**Filing Date**"), upon the application of counsel for 101098672 Saskatchewan Ltd. ("**672**"), Morris Industries Ltd. ("**MIL**"), Morris Sales and Service Ltd. ("**MSS**"), Contour Realty Inc. ("**CRI**") and Morris Industries (USA) Inc. ("**MUSA**") (collectively, the "**Morris Group**", the "**Applicants",** the **"Company"** or the "**Companies**"), the Court of Queen's Bench for Saskatchewan (the "**Court**") made an order (the "**Initial Order**") granting a stay of proceedings in respect of the Companies until January 16, 2020 pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the "**CCAA**"). The proceedings commenced under the CCAA by the Applicants are referred to herein as the "**CCAA Proceedings**".

2. The Initial Order provided limited relief to the Applicants including (without limitation) an initial stay of proceedings (the "**Stay of Proceedings**") in favour of the Applicants and their assets through to January 16, 2020, an administrative charge (the "**Administrative Charge**") and a directors' charge ("**Directors Charge**").

3. The Court appointed Alvarez & Marsal Canada Inc. as monitor (the "**Monitor**" or "**A&M**") in the CCAA Proceedings.

4. On January 16, 2020, the Court granted an Amended and Restated Initial Order (the "**ARI Order**") providing an extension of the Stay through to (and including) March 27, 2020 (the "**Second Stay Extension**"), a claims process order (the "**Claims Procedure Order**"), a sales and investment solicitation process order (the "**SISP Order**") and an interim lender's charge (the "**DIP Charge**").

5. On February 16, 2020, as a result of the resignation or pending resignation of all of the directors of the Companies, the Court granted an order expanding the Monitor's powers (the "**EMP Order**"), in order to (among other things), authorize and empower the Monitor to perform various activities on behalf of the Company, including entering into any contracts, collecting receipts and approving all disbursements on behalf of the Company.

Since the EMP Order, further Orders have been granted by this Honourable Court to, among other things, approve an auction; approve the activities and fees of the Monitor and its legal counsel for services rendered; increase the interim financing borrowings; amend the SISP; and extend the Stay of Proceedings.

6. As discussed in the Tenth Report of the Monitor (the "**Tenth Report**"), on September 15, 2020, this Honourable Court granted an order extending the stay of proceedings to November 30, 2020, primarily to allow the Company, by and through the Monitor, to satisfy the conditions to closing of the two executed asset purchase agreements (the "**APA's**"), which APA's were provided to the Court in the Confidential Appendix to the Seventh Report of the Monitor dated June 30, 2020 (the "**Seventh Report**").

7. Further information regarding the CCAA Proceedings, including copies of the Initial Order, the Amended and Restated Initial Order, and other orders, application materials and reports of the Monitor are available on the Monitor's website at: www.alvarezandmarsal.com/morris (the "**Case Website**").

PURPOSE

8. The purpose of this eleventh report (the "**Report**" or "**Eleventh Report"**) is to provide this Honourable Court with information in respect of the following:

   a) an update on the activities of the Monitor since the Tenth Report;

   b) a brief update on the Morris Group's business and financial affairs;

   c) a comparison of the Morris Group's actual cash receipts and disbursements to the cash flow forecast appended to the Tenth Report of the Monitor (the "**Ninth Cash Flow Forecast**") for the period September 7, 2020 to November 15, 2020;

   d) the Applicants' updated cash flow forecast from November 16, 2020 through to January 22, 2021;

a) the Applicants' request to increase the interim financing borrowing limit from $6.5 million to $8.0 million (and corresponding request for an increase to the amount of the DIP Charge);

e) the request for approval of the Monitor's activities and the professional fees and costs of the Monitor and its legal counsel; and

f) the request for a further extension of the Stay of Proceedings to December 18, 2020.

9. Capitalized words or terms not defined in this Report are as defined in the Initial Order, the Amended and Restated Initial Order, other orders granted by this Honourable Court and the prior reports (the "**Prior Reports**") of the Monitor, as the case may be.

10. All references in this Report to dollars are in Canadian currency.

TERMS OF REFERENCE AND DISCLAIMER

11. In preparing this Report, A&M, in its capacity as Monitor, has been provided with and necessarily relied upon unaudited financial and other information supplied (the "**Information**"), and representations made to it, by certain senior management of the Morris Group ("**Management**"), the Applicants and certain external advisors or consultants of the Company. Except as otherwise described in this Report in respect of the Morris Group's cash flow forecast:

a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the Chartered Professional Accountants Canada Handbook (the "**CPA Handbook**") and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the Information; and

b) some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the CPA Handbook, has not been performed.

12. Although this information has been subject to review, A&M has not conducted an audit nor otherwise attempted to verify the accuracy or completeness of any of the information prepared by Management, the Applicants or otherwise provided by the Companies. Accordingly, A&M expresses no opinion and does not provide any other form of assurance on the accuracy and/or completeness of any information contained in this report, or otherwise used to prepare this report.

13. Future oriented financial information referred to in this Report was prepared based on estimates and assumptions provided by senior management and employees of the Morris Group. Unless expressly stated, forecasts and projections included in this Report do not reflect the potential financial impact of COVID-19 on the Company's operations. Although the Company has taken various measures to increase safety and to mitigate costs, it is impossible to quantify with certainty the true impact of COVID-19 on the Company's future business operations. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results may vary from the projections, even if the assumptions materialize, and the variations could be significant.

ACTIVITIES OF THE MONITOR

14. Since the Tenth Report, the Monitor's activities have included (but not been limited to) the following:

   a) conducting ongoing discussions, meetings and communications with Management, employees and advisors of the Companies regarding the Companies' business and financial affairs;

   b) continuing ongoing communications with the Company's stakeholders, customers and secured creditors and their respective legal counsel, including the continuing involvement of the Monitor's independent legal counsel, MLT Aikins LLP ("**MLTA**");

   c) assisting the Company in bolstering its accounts receivable analysis and collection efforts during the Reporting Period (as defined below), and providing to the Companies' various dealers an update on the Stay of Proceedings and claims process;

   d) negotiating collection of parts returns to an original equipment manufacturer, who, primarily on a pre-filing basis, supplied inventory to MSS for resale;

   e) monitoring the Company's response to COVID-19 and other operational matters of the Company during the proceedings;

   f) performing a detailed review of ongoing production and procurement activities at each of the production facilities mainly in respect of firm orders and forecast orders from the Company's major customer located in Australia (the "**Australian Dealer**") and planning for forecast whole goods and parts orders in the North American and Eastern European markets;

g) reviewing month-end reporting of inventory and accounts receivable balances to the primary secured creditor and interim financing lender, the Bank of Montreal ("**BMO**");

h) ongoing review of purchase requisitions and other funding requests pursuant to the requirements under the Interim Financing Facility; including numerous discussions with Superior Farms Solutions Limited Partnership ("**SFLP**") in respect of orders from the Australian Dealer;

a) finalizing the Australian Sales Agreement between Morris and SFLP on October 5, 2020. As previously reported, the Australian Sales Agreement allows Morris, through SFLP, to produce and ship product to the Australian Dealer from September to December 2020 and SFLP has guaranteed payment of these orders to Morris. The Australian Sales Agreement also accounts for goods produced and not yet shipped to Australia to be separately accounted for and sold to SFLP. A copy of the Australian Sales Agreement (redacted) is attached as Appendix A due to certain confidential commercial terms negotiated between Morris and SFLP. A copy of the unredacted Australian Sales Agreement is attached as Confidential Appendix 1 to this Report

i) assisting the Company in applying for and receiving wage subsidies available under the Canada Emergency Wage Subsidy ("**CEWS**") program;

j) renegotiating the APA's with SFLP, with communication and comments provided by BMO and FCC, as further described below. The two APA's are now expected to be combined into one asset purchase agreement (the "**Revised APA**") to correlate with the financing arrangements currently being negotiated and finalized between SFLP, BMO and FCC;

k) obtaining various commercial realty brokerage proposals for Yorkton and Virden real property locations and obtaining independent fair market value appraisals of the same;

l) continuing discussions, due diligence assistance, operational planning and negotiations with SFLP in respect of finalizing the Revised APA advancing transition planning for a significant Australian Dealer order for 2020/2021, and satisfying SFLP APA conditions and other pre-closing activities, as further described below; and

m) holding ongoing discussions with BMO and FCC as it relates to Revised APA and CCAA Proceedings, in general.

OPERATIONAL UPDATE SINCE THE TENTH REPORT

15. Operational activities since the Tenth Report have included the following:

a) The Companies continued to sell manufactured whole goods and parts inventory to dealers in the normal course and continued to actively pursue the collection of accounts receivable. As at October 31, 2020, the Companies maintained approximately $4.7 million of trade accounts receivable due from various dealers across Canada, the U.S.A. and Eastern Europe (excluding Australia). As at October 31, approximately $3.1 million of outstanding trade accounts receivable is owing from SFLP to the Companies.

b) As at November 13, 2020, the Companies have produced and shipped approximately $4.9 million in inventory to the Australian Dealer in accordance with the terms of the Australian Sales Agreement. The Company is forecasting to produce and ship an additional $2.2 million in inventory to the Australian Dealer by December 15, 2020.

c) In addition to and separate from the Australian Sales Agreement, the Company has received normal course annual purchase orders for parts from its Australian Dealer. The Company has shipped and invoiced for approximately $700,000 of parts as at November 13, 2020 to its Australian Dealer.

d) The Company currently maintains approximately $1.6 million in accounts receivable with its Australian Dealer. The Company expects to collect approximately $900,000 between December 2020 and January, 2021 and the remaining $700,000 between April and May 2021 pursuant to the Australian Sale Agreement.

16. The combination of timing of orders being placed for the Australian Dealer and the collection of the accounts receivable owed by SFLP has had a significant impact on the Companies' working capital, which, as discussed further below, will require Morris to urgently collect upon its accounts receivable in accordance with the Australian Sales Agreement with SFLP or have the ability to draw on additional borrowings from BMO or otherwise, in the form of additional DIP financing. As discussed below, the anticipated cash flow need will be critical up to December 18, 2020. However, over the longer term to January 21, 2021, it is anticipated that sufficient liquidity will exist. The Company's projected cash flow forecast over the next two months is disclosed in this Report.

17. The Company, by and through the Monitor and its legal counsel, continued to host multiple communications with BMO with respect to the CCAA Proceedings and the status of the APA's. The Company continued to report to BMO, as the DIP Lender, in accordance with the DIP Facility agreement and the Monitor assisted the Company in the preparation of the cash flow and variance reporting to BMO.

UPDATE ON THE SFLP APA'S

18. As disclosed in the Seventh Report of the Monitor dated June 30, 2020, the Monitor executed the APA's with SFLP on June 30, 2020 (subsequent to SFLP obtaining board approval to do so). Copies of the APA's were included in a confidential appendix to the Seventh Report, which included a brief summary of the APA's. The

outstanding conditions in the APA's largely related to SFLP and RW entering into an acceptable financing arrangement with SFLP's lender and the Company negotiating an acceptable arrangement with the Union respecting the collective bargaining agreement between the Union and the Company.

19. As discussed in the Tenth Report dated September 15, 2020, the condition for the Company to enter into an acceptable arrangement with the Union respecting the collective bargaining agreement between the Union and the Company was met on August 26, 2020.

20. As discussed above, and since the Tenth Report, the Monitor and SFLP (in addition to conducting multiple communications with FCC and BMO) have been negotiating a singly Revised APA to reflect changes and negotiations on an appropriate financing arrangement between FCC, BMO and SFLP. The Monitor is advised that the Revised APA and financing conditions amongst the parties are now in their final stages and require a limited period of additional time to finalize. The Monitor has reserved court time before the Honourable Mr/ Justice R.S. Smith on the afternoon of Friday, December 18, 2020 for the hearing of its proposed application for a Sale Approval & Vesting Order (the "**SAVO**") in regard to the Revised APA in front of Justice Smith (should this Honourable Court grant an extension to the stay of proceedings from November 26, 2020 to December 18, 2020). The Monitor understands that both BMO and FCC are supportive of this stay extension request.

21. Should this Honourable Court grant a further stay extension to December 18, 2020, and should the Revised APA and SAVO be approved by the Court on December, 18, 2020, the Monitor has identified that a further extension to the stay of proceedings into January of 2021 will be required in order to close the transaction on or before December 31, 2020.

CASH FLOW RESULTS

22. The Company's actual cash receipts and disbursements compared to the Ninth Cash Flow Forecast for the period from September 7, 2020 to November 15, 2020 (the "**Reporting Period**"), appended to the Tenth Report of the Monitor are summarized below:

MORRIS GROUP
Cash Flow Variance Analysis
For the period September 7 to November 15, 2020
(In CAD $000s)

	Jan 8, 2020 to Nov 15, 2020	September 7 to November 15, 2020		
	Actual	**Actual**	**Forecast**	**Var ($)**
Receipts				
Whole goods and parts collections	$ 7,145	$ 858	$ 4,469	$ (3,611)
Draw on EDC insured foreign receivable	7,044	5,056	4,444	612
Sale of excess inventory	1,610	-	36	(36)
CEWS receipts	2,201	666	1,084	(418)
Other collections	129	14	-	14
Total receipts	**18,128**	**6,593**	**10,033**	**(3,440)**
Disbursements				
Production costs	5,440	2,926	2,353	(573)
Operating expenses	1,965	423	249	(174)
Critical Suppliers	252	-	-	-
Wind down of MSS	63	-	-	-
Insurance costs	781	139	124	(15)
Payroll and pension	7,423	1,716	2,308	592
Marketing costs	50	-	-	-
Rent and property taxes	1,061	578	171	(407)
Other operating costs	1,000	182	155	(27)
DIP interest, fees and costs	1,028	120	134	14
PMSI priority payments	-	-	254	254
Professional fees and costs	3,780	488	588	100
Total disbursements	**22,977**	**6,572**	**6,336**	**(236)**
Net cash flow from operations	**(4,849)**	**21**	**3,697**	**(3,676)**
DIP draws (repayments)	4,849	(21)	(3,697)	(3,676)
Net cash flow from financing	**4,849**	**(21)**	**(3,697)**	**(3,676)**
Net cash flow	**$ -**	**$ -**	**$ -**	**$ -**
Interim Financing (DIP Facility)				
Maximum Available DIP	**$ 6,500**	**$ 6,500**	**$ 6,500**	
Opening Drawn Balance	**$ 1,243**	**$ 6,113**	**$ 6,113**	**$ -**
Draws (Repayments)	4,849	(21)	(3,697)	(3,676)
Ending DIP Balance (Cash)	**6,092**	**6,092**	**2,416**	**(3,676)**
DIP Availability during the Period	**$ 408**	**$ 408**	**$ 4,084**	**$ (3,676)**
Australian Dealer Collections				
Opening Cash Balance	$ -	$ 5,495	$ 5,495	$ -
Collections	7,483	-	-	-
Draws	(7,044)	(5,056)	(4,444)	(612)
Endng Cash Balance	**$ 439**	**$ 439**	**$ 1,051**	**$ (612)**

23. Over the Reporting Period, the Company experienced an unfavorable cash flow variance of approximately $3.7 million as a result of various permanent and temporary differences, which primarily related to:

a) Whole goods and parts collections were $3.6 million lower than forecast due primarily to temporary differences with respect to timing of collections from SFLP for units shipped to Australia;

b) Draws on the EDC insured foreign receivables were $612,000 higher than expected as a result of higher production and operating cost disbursements overall;

c) CEWS receipts were $418,000 lower than forecast due in part to a decrease in the amount claimed under the program and to temporary differences with respect to timing of collections for the period of September 23 to October 23, 2020, which are approximately $248,000;

d) Production costs were $573,000 higher than forecast due to procurement of raw materials required to satisfy orders from the Australian Dealer and begin production to meet forecast demand in Canada and the U.S.A;

e) Operating expenses were $174,000 higher than forecast due to an increase in production costs and related operational activities;

f) Payroll and pension costs were $590,000 lower than forecast due to timing differences with respect to increased staffing levels required to satisfy the 2021 Australian Order and payment of the union settlement as a result of additional delays to closing the transaction contemplated between the Company and SFLP and RW;

g) Rent and property taxes were $407,000 higher than forecast due to payment of 2019/2020 Yorkton and Minnedosa property taxes;

h) Purchase money security interest priority payments are lower than forecast due to timing differences pending review of the security interests and cost allocations; and

i) Professional fees and costs are lower than forecast due to timing differences in respect of payment for the Monitor's October 2020 professional fees and costs, as further described below.

UPDATED CASH FLOW FORECAST

24. The Updated Cash Flow Forecast (the "**Tenth Cash Flow Forecast**") for the Forecast Period is attached as Appendix B along with accompanying notes and assumptions, and a summary of the Tenth Cash Flow Forecast is tabled below:

MORRIS GROUP Weekly Cash Flow Forecast For the Period November 16, 2020 to January 22, 2021 *(In CAD $000s)*		Interim Period Nov 16/20 to Dec 18/20		Interim Period Dec 19/20 to Jan 22/21		Total Nov 16/20 to Jan 22/21
Receipts						
Whole goods and parts collections	$	1,577	$	6,407	$	7,984
Sale of excess inventory		21		-		21
Canada Emergency Wage Subsidy receipts		248		350		598
Recovery of Wage Earner Protection Program eligible amounts		-		402		402
Total Operating Receipts		**1,845**		**7,159**		**9,004**
Draws on the EDC Insured Foreign Receivable		439		-		439
Total Receipts		**2,285**		**7,159**		**9,444**
Disbursements						
Production costs	$	2,481	$	728	$	3,209
Operating expenses		180		58		238
Insurance costs		33		33		65
Union settlement		-		572		572
Payroll and pension		760		631		1,391
Rent and property taxes		61		61		121
Other operating costs		173		120		293
DIP interest, fees and costs		60		106		166
PMSI priority payments		-		254		254
Professional fees and costs		443		290		733
Total Operating Disbursements		**4,191**		**2,852**		**7,043**
Net Cash Flow	**$**	**(1,906)**	**$**	**4,307**	**$**	**2,401**
EDC Insured Foreign Receivables Previously Collected	**$**	**7,483**	**$**	**-**	**$**	**7,483**
Opening balance		439		-		439
Draws on Foreign Receivable previously collected		(439)		-		(439)
Ending cash available	**$**	**-**	**$**	**-**	**$**	**-**
Interim Financing Availability (Max)	**$**	**6,500**	**$**	**6,500**	**$**	**6,500**
Opening balance		6,092		7,998		6,092
DIP draws (repayments)		1,906		(4,307)		(2,401)
Ending balance	**$**	**7,998**	**$**	**3,691**	**$**	**3,691**
Remaining Interim Financing Availability	**$**	**(1,498)**	**$**	**2,809**	**$**	**2,809**

25. By the end of the Forecast Period, the ending cash available from the EDC Insured Foreign Receivables previously collected is projected to be nil. It is estimated that the remaining interim financing facility balance will be approximately $2.8 million, primarily based on collecting receipts from confirmed whole goods orders and existing parts sales and additional cash receipts from the CEWS program, offset by forecast production costs, operating costs and other costs of the proceedings during

the Forecast Period. In addition, the Monitor anticipates collecting additional material accounts receivable subsequent to the Forecast Period that were generated during these CCAA proceedings. These forecast collections may provide the Company with an ability to repay the entire DIP borrowings (subject to costs of the proceedings).

26. Notwithstanding these considerations, over the next month (to December 18, 2020), the Monitor anticipates that the Company may potentially require additional funding of $1.5 million to assist in its working capital needs should there be a timing challenge in regard to collecting the significant outstanding accounts receivable owed to the Company by SFPL (as discussed in this Report). The Company has illustrated this potential delay in collections from SFPL for this Honourable Court in the Tenth Cash Flow Forecast. In order to address the situation should this timing challenge arise, the Monitor is requesting from this Honourable Court the ability to borrow up to an additional $1.5 million as a "bridge" to get through the remainder of the CCAA Proceeding and to collect upon outstanding accounts receivables.

27. The Monitor's comments with respect to the Tenth Cash Flow Forecast (to January 21, 2021) are as follows:

   a) Whole goods and parts collections total approximately $7.9 million, which relates to the following:

      i. $6.9 million of whole goods collections under the Australian Sales Agreement with SLFP. The Company does not anticipate that there will be any uncollected accounts receivable from SFLP (in respect to Australia based whole goods shipments) by the end of the Forecast Period;

      ii. $900,000 of whole goods collections from the Australian Dealer. There will be approximately $700,000 in uncollected accounts receivable relating to parts sales at the end of the Forecast Period; and

iii. $178,000 of collections from trade accounts receivable due from various dealers across Canada, the U.S.A. and Eastern Europe (excluding Australia).

b) Canada Emergency Wage Subsidy receipts were previously received and reported on in Prior Reports. An eighth application for CEWS has been submitted and a ninth and tenth application are anticipated in November and December (with the corresponding subsidies expected to be received in November, December and January, consistent with the timelines provided by the Government of Canada);

c) Disbursements include payments in the ordinary course of business within the CCAA proceedings and on normal payment terms;

d) Professional fees and disbursements of the Monitor for the period of October to December 2020, and the Monitor's counsel for the period of November to December 2020 are paid during the Forecast Period; and

e) PMSI priority payments in respect of certain equipment sold through auction are forecast to be paid, subject to a review of the enforceability and validity of the security as well as appropriate cost allocations.

28. The Tenth Cash Flow Forecast is based on assumptions regarding future events provided by Management. Management advises that actual results will vary from the information presented even if the Cash Flow Assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Tenth Cash Flow Forecast will be accurate. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Eleventh Report or relied upon by the Monitor in preparing this Eleventh Report.

INCREASED DIP CHARGE AND BORROWINGS

29. Pursuant to paragraphs 34 to 39 of the Amended and Restated Initial Order, the Morris Group may, on further application to this Court, obtain and borrow additional interim financing under a credit facility from a lender in order to finance the Morris Group working capital requirements and other general corporate purposes as may be required.

30. As at the date of this Report, the Company has borrowed approximately $6.1 million from BMO. The current limit under the DIP Charge granted by this Honourable Court is $6.5 million.

31. The Monitor believes that, in order for the Company to conclude the proposed sales transaction, it will require additional funding of approximately $1,500,000 in order to pay for operational and restructuring costs over the period of time contemplated in the Tenth Cash Flow Forecast. Specifically, the purpose of this additional funding is to act as a potential bridge until full amounts outstanding under the Australian Sales Agreement are collected from SFLP. The Monitor is not definitively anticipating having to draw upon this additional funding, but is requesting this increase from this Honourable Court on a contingency basis to allow it to address potential emergency cash flow challenges prior to closing.

32. Further, the Monitor is of the view that the proposed $1,500,000 increase in the interim financing credit facility (and the proposed corresponding increase in the DIP Charge) will enhance the prospects of the Company retaining its going concern enterprise value and/or making a viable compromise or arrangement with its creditors. In addition, the Monitor is of the view that no creditor will be materially prejudiced by the proposed $1,500,000 increase in the interim financing credit facility (and the proposed corresponding increase in the DIP Charge).

33. Accordingly, the Monitor respectfully requests that this Honourable Court approve the Monitor's request to increase the limit on the DIP Charge from $6.5 million to $8.0 million.

APPROVAL OF FEES AND EXPENSES

34. As previously reported, the Monitor sought and received approvals from this Honourable Court of the professional fees of the Monitor and its legal counsel leading up to the Filing Date (January 8, 2020) and from the Filing Date to August 31, 2020.

35. The Monitor seeks further approval from this Honourable Court of the respective professional fees and disbursements of the Monitor and its legal counsel for the period of time from September 1, 2020 to October 31, 2020.

36. Professional fees and disbursements rendered by the Monitor, from September 1, 2020 to October 31, 2020, total $340,049.51 (exclusive of GST). These fees include those of the Monitor and its affiliated company, Alvarez & Marsal Canada Securities ULC, totaling $78,118.75, with corresponding additional expenses incurred and made on behalf of the Company totalling $1,472.26. The accounts will be made available upon request and are summarized in Appendix C to this Report.

37. Professional fees and disbursements rendered by MLT Aikins LLP, the Monitor's counsel, from September 1, 2020 to October 31, 2020, total $119,916.00 (exclusive of GST and PST). The accounts will be made available upon request and are summarized in Appendix C to this Report.

38. The accounts of the Monitor and its legal counsel outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work.

39. The Morris Group has paid the professional fees and costs of the Monitor for the period of time from January 1, 2020 through to September 30, 2020 and the Monitor's legal counsel for the period of time from January 1, 2020 through to October 31, 2020. These payments are reflected in the actual cash flow receipts and disbursements discussed above. Payment of the Monitor's professional fees and costs for the period October 1 to 31, 2020 are contemplated in the Tenth Cash Flow Forecast.

40. The Monitor respectfully submits that its professional fees and disbursements and those of its legal counsel are fair and reasonable in the circumstances, given the extensive tasks required to be performed by the Monitor and its legal counsel within the CCAA Proceedings, including, in regard to: (i) negotiations of the APA's, the Revised APA and comprehensive communication with significant stakeholders involved in the CCAA Proceedings, including the Union, Service Canada, secured creditors, unsecured creditors and various dealers; and (ii) the exercise of the enhanced powers of the Monitor required to be performed pursuant to the EMP Order, which includes the Monitor providing managerial oversight over the entire operations of the Morris Group.

41. The Monitor and its legal counsel anticipate rendering invoices for their respective fees and disbursements for services rendered in November of 2020 in the near term. These professional fees and disbursements are contemplated in the Tenth Cash Flow Forecast. The Monitor will report further to this Honourable Court with respect to these fees and disbursements in due course.

EXTENSION OF THE STAY OF PROCEEDINGS

42. Pursuant to the Initial Order, the stay period is set to expire on November 30, 2020. As described in the application materials filed on November 23, 2020, the Companies are seeking an Order granting an extension of the stay period from November 30, 2020 to December 18, 2020 (the "**Eighth Stay Extension Order**").

43. The Monitor has considered various factors with respect to the Morris Group's application for a further Stay Extension Order to December 18, 2020, including:

a) the likelihood and timing of the Company closing the transaction contemplated with SFLP and RW (subject to satisfaction of conditions included in the Revised APA and Court approval);

b) whether or not there would be any material financial prejudice to any of the Morris Group's creditors;

c) the fact that the Companies appear to have sufficient liquidity until satisfaction of conditions in the Revised APA;

d) the level of support for such an extension communicated by the Morris Group's primary secured creditors;

e) whether the Morris Group is acting in good faith and with due diligence; and

f) whether the Morris Group's prospects of effecting a viable restructuring would be enhanced by an extension of the Stay of Proceedings.

44. The Monitor is of the view that the Morris Group is (and continues to be) acting in good faith and with due diligence and that there would not be any material prejudice to the Morris Group's stakeholders should the proposed stay extension to December 18, 2020 be granted by this Honourable Court.

45. The Monitor will continue to work with SFLP in order to finalize the Revised APA and will assist SFLP, BMO and FCC to finalize their financing arrangement as contemplated in the Revised APA in order to close the transactions contemplated in the Revised APA.

MONITOR'S RECOMMENDATION

46. The Monitor respectfully recommends that this Honourable Court grant the following:

a) the proposed increase to the DIP Facility and the DIP Charge from $6.5 million to $8.0 million;

b) the proposed Stay Extension Order to from November 30, 2020 to December 18, 2020;

c) sealing of Confidential Appendices to the Eleventh Report;

d) an order approving the fees and disbursements of the Monitor and its legal counsel for the period from September 1 to October 31, 2020; and

e) an Order approving the Monitor's actions, activities and conduct as described in this Report.

All of which is respectfully submitted to this Honourable Court this 23th day of November 2020.

ALVAREZ & MARSAL CANADA INC.,
in its capacity as Monitor of 101098672 Saskatchewan Ltd., Morris Industries Ltd., Morris Sales and Service Ltd., Contour Realty Inc. and Morris Industries (USA) Inc. and not in its personal or corporate capacity

Per: Orest Konowalchuk, CPA, CA, CIRP, LIT
Senior Vice President

Per: Chad Artem, CPA, CA, CBV
Senior Manager

Appendix A

Australian Sales Agreement (redacted)

ASSIGNMENT OF A/R AGREEMENT

THIS AGREEMENT made effective as of October 5, 2020.

BETWEEN:

SUPERIORFARMS SOLUTIONS LIMITED PARTNERSHIP, by and through its General Partner, **RITE WAY MFG. CO. LTD.** ("**SFLP**");

AND:

RW ROADS SOLUTIONS LIMITED PARTNERSHIP, by and through its General Partner, **RW ROADS SOLUTIONS INC.** ("**RW Roads**" and, together with SFLP, "**Rite Way**");

AND:

MORRIS INDUSTRIES LTD., by and through its Court-appointed Monitor, **ALVAREZ & MARSAL CANADA INC.**, and not in its personal or corporate capacity ("**Morris**").

RECITALS:

A. Morris, as vendor, is party to (i) an Asset Purchase Agreement (the "**Rite Way APA**") with SFLP, as purchaser, pursuant to which SFLP would purchase certain assets from Morris; and (ii) an Asset Purchase Agreement (the "**RW Roads APA**" and, together with the Rite Way APA, the "**APAs**") with RW Roads, as purchaser, pursuant to which RW Roads would purchase certain assets from Morris.

B. McIntosh Holdings Pty. Ltd., an equipment dealer located in Western Australia ("**McIntosh**"), has ordered, and may order in the future, from SFLP and/or RW Roads certain equipment, which is to be manufactured by Morris (together with future orders from McIntosh, the "**McIntosh Orders**").

C. Pursuant to the McIntosh Orders, SFLP or RW Roads will be the legal and beneficial owner of certain accounts receivable from McIntosh accruing from time to time (the "**McIntosh A/R**"). Orders placed by McIntosh are estimated to be in the amount of [redacted] (please see Schedule A for a list of the McIntosh Orders pertaining to SFLP and Schedule B for a list of the McIntosh Orders pertaining to RW Roads), and it is estimated that such McIntosh Orders will be produced and/or shipped by November 15, 2020.

D. To fulfill the McIntosh Orders, SFLP and/or RW Roads have ordered, and may order in the future, the requisite equipment from Morris (together with future orders from SFLP and/or RW Roads which order shall hereinafter be collectively referred to as the "**Rite Way Orders**"). As of September 29, 2020, the amount of the Rite Way Orders is estimated to be [redacted] (please see Schedules A and B for a list of the Rite Way Orders details).

E. As security for all amounts owed by Rite Way to Morris under the Rite Way Orders, Rite Way has jointly and severally agreed to assign the McIntosh A/R, in the estimated amount of [redacted], to Morris, on the terms and conditions more particularly set forth herein.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. <u>Payment Terms and Assignment of A/R.</u>

The parties agree that the following terms of payment shall apply to all Rite Way Orders:

(a) Upon shipment, Morris shall invoice Rite Way for the applicable amount from the Rite Way Orders (the "**Invoiced Amount**"). For greater certainty, for purposes of this Agreement, "shipment" means the date upon which the respective unit departs from Morris's facilities in either Minnedosa or Yorkton, whichever may be the case.

(b) All Invoiced Amounts owing by Rite Way to Morris shall be paid in full within 30 days of shipment by Morris. Interest shall be charged on any overdue Invoiced Amounts at a rate of five (5%) percent per annum, accrued and calculated daily.

(c) Notwithstanding anything contained in the Rite Way Orders, it is hereby acknowledged and agreed to by each of SFLP and RW Roads that all covenants and obligations of SFLP and/or RW Roads arising under the Rite Way Orders (including, without limitation, the obligation to pay the Invoiced Amounts to Morris when due) and this Agreement are joint and several.

(d) As security for all Invoiced Amounts owing from time to time, Rite Way hereby jointly and severally assigns and transfers to Morris all amounts owing to Rite Way under the McIntosh Orders which, as of the date hereof, is in the estimated amount of [redacted], the particulars of which are set out in Schedule A and Schedule B hereto, together with all proceeds of such amounts owing, and Morris hereby accepts such assignment.

(e) Upon payment by Rite Way to Morris of all Invoiced Amounts owing with respect to the Rite Way Orders, the parties agree that the McIntosh A/R shall be released from the aforesaid assignment to Morris and sole right and title to such McIntosh A/R shall vest solely in SFLP (to the extent of those McIntosh Orders listed in Schedule A) and RW Roads (to the extent of those McIntosh Orders listed in Schedule B), and Morris shall have no further claim thereto and shall take all such steps (if any) as may be required to re-assign such McIntosh A/R to SFLP (to the extent of those McIntosh Orders listed in Schedule A) and RW Roads (to the extent of those McIntosh Orders listed in Schedule B). The aforementioned release of assignment is subject to the Asset Purchase section of this Agreement.

(f) Rite Way shall provide an irrevocable direction to pay to McIntosh, pursuant to which Rite Way shall authorize and direct McIntosh to pay directly to Morris any McIntosh A/R which have been assigned to Morris in accordance with Section 1(d).

(g) In the event that McIntosh places further McIntosh Orders with Rite Way and Rite Way desires to place further Rite Way Orders with Morris, the particulars of such orders shall be mutually agreed to (by Morris and Rite Way) and added to Schedule A and/or Schedule B (as applicable) and the parties hereto agree this Agreement, and the assignment of the McIntosh A/R, shall apply to all Invoiced Amounts under such future Rite Way Orders.

(h) Rite Way hereby jointly and severally represents and warrants as follows to Morris, and acknowledges and confirms that Morris is relying upon such representations and warranties in connection with entering into the Rite Way Orders and this Agreement:

(i) true, complete and accurate copies of all agreements and documents constituting the McIntosh Orders, together with any and all amendments or modifications thereto, and any and all ancillary or related agreements or documents, have been provided to Morris; and

(ii) the obligation of McIntosh to pay the McIntosh A/R arising under the McIntosh Orders is not conditional upon any factor (other than the delivery of the subject equipment) and, for greater certainty, is not in any way conditional or contingent in any way upon the closing of the transactions contemplated by the APAs.

2. <u>Export Insurance.</u>

(a) Rite Way jointly and severally represents and warrants to Morris that all McIntosh Orders are, and will continue to be at all relevant times, fully insured by Export Development Canada ("**EDC**"). Rite Way jointly and severally covenants to take all possible action to ensure that such insurance coverage is maintained in respect of a particular McIntosh Order during the time that any corresponding Invoiced Amount remains owing by Rite Way to Morris.

(b) To ensure continued security of all Invoiced Amounts, Rite Way hereby jointly and severally assigns and transfers to Morris any insurance proceeds payable by EDC to Rite Way in respect of any McIntosh Order which McIntosh A/R has been assigned to Morris and has not been released in accordance with Section 1(e).

(c) Rite Way shall provide an irrevocable direction to pay to EDC, pursuant to which Rite Way shall authorize and direct EDC to pay directly to Morris any insurance proceeds which have been assigned to Morris in accordance with Section 2(b).

(d) Rite Way shall provide Morris with a certificate from EDC confirming that the EDC insurance is force and that Morris is listed as first loss payable.

(e) Rite Way agrees not to take any action or step, or omit to take any required action or step, which may have the effect of limiting and/or reducing the amounts payable under the EDC insurance or which may affect the enforceability of the EDC insurance.

3. Consents.

(a) Rite Way shall obtain the consent of McIntosh to the assignment to Morris of the McIntosh A/R, and shall provide satisfactory evidence of such consent to Morris.

(b) Rite Way will use its best efforts to provide to Morris, on or before November 20, 2020: (i) the satisfactory written consent of EDC to the assignment to Morris of the EDC insurance proceeds, and (ii) the satisfactory written confirmation from EDC that EDC will make payment to Morris as directed in the irrevocable direction to pay, all as contemplated in Section 2 above.

4. Warranty Obligations.

The parties agree that, notwithstanding Morris' manufacture of equipment pursuant to the Rite Way Orders, Rite Way shall be solely responsible for any and all warranty claims arising in respect of any and all equipment sold by Rite Way pursuant to the McIntosh Orders. Morris covenants and agrees to provide access to, and use of, any intellectual property owned or controlled by Morris (including engineering drawings) to Rite Way which is necessary for Rite Way to fulfill its warranty obligations hereunder. Morris further covenants and agrees that if any intellectual property owned or controlled by Morris (including engineering drawings) relating to the Morris' manufacture of equipment pursuant to the Rite Way Orders is sold or assigned to a party other than SFLP or RW Roads, that such sale or assignment shall be subject to that party being obligated to provide the necessary access to such intellectual property and/or any parts and assistance to Rite Way so as to allow Rite Way to fulfill its warranty obligations hereunder. The obligations contained in this section shall survive the termination of this Agreement for any reason.

5. Asset Purchase.

In the event that the asset purchases contemplated in the APAs are completed, Rite Way covenants and agrees that upon collection of the McIntosh A/R outstanding as of the closing date set out in the APAs, that SFLP will pay an amount to RW Roads equal to 3% of the McIntosh Orders listed in Schedule A to RW Roads for RW Roads assuming those warranty obligations with respect to the orders listed in Schedule A. RW Roads shall thereafter be responsible to provide any necessary parts and assistance to SFLP at cost, such that SFLP can fulfill its warranty obligations with respect to the orders listed in Schedule A. In addition, but without in any way limiting or affecting the assignment to Morris or anything else herein contained, the parties acknowledge that RW Roads is entitled to the McIntosh A/R and Rite Way Orders to the extent listed in Schedule B, provided that Rite Way shall remain jointly and severally obligated to Morris under the Rite Way Orders.

Rite Way hereby jointly and severally covenants and agrees with Morris that the obligation of Rite Way to pay Morris the amounts owing under the Rite Way Orders is not conditional upon any factor (other than the delivery of the subject equipment) and, for greater certainty, is not in any way conditional or contingent in any way upon the closing of the transactions contemplated by the APAs.

6. Termination and Expiry.

The parties may terminate this Agreement at any time by mutual agreement. The parties agree that the termination of this Agreement shall not affect any of the parties' rights and obligations under the Rite Way Orders or in respect of any Invoiced Amounts then outstanding.

7. General.

(a) Any notice required to be given to any party hereunder shall be given in writing to that party at the following respective addresses:

Morris Industries Ltd.
c/o MLT Aikins LLP
1500-410 22nd Street East
Saskatoon, SK S7K 5T6

Attention: Ryan Hallman
E-mail: RHallman@mltaikins.com

SuperiorFarms Solutions Limited Partnership and/or RW Roads Solutions Limited Partnership
c/o OWZW lawyers LLP
1000-2002 Victoria Ave
Regina, SK S4P 0R7

Attention: Randy Sandbeck
E-mail: RSandbeck@owzw.com

(b) This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective administrators, successors and permitted assigns (as the case may be).

(c) This Agreement shall be governed by and construed in accordance with the laws of the Province of Saskatchewan and the federal laws of Canada applicable therein. Each party irrevocably attorns to the jurisdiction of the courts of the Province of Saskatchewan.

(d) If any one or more of the provisions contained in this Agreement should be determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

(e) Time shall be of the essence of this Agreement in all respects.

(f) The parties shall execute such further documents, deeds and assurances, and will do all such acts as may be reasonably required to fully implement the intent of this Agreement.

(g) No condoning, excusing or waiver by any party of any default, breach or non-observance by any party at any time or times with respect to any covenants or provisos contained in this Agreement shall constitute a waiver by that party of its rights to act upon such or further default, breach or non-observance.

(h) At any time by mutual agreement, the parties may modify and/or amend the terms and conditions of this Agreement.

(i) The parties hereby acknowledge, agree and confirm that Alvarez & Marsal Canada Inc. is signing this Agreement exclusively in its capacity as Court-appointed Monitor of Morris, and not in its personal or corporate capacity whatsoever. The parties each hereby acknowledge that Alvarez & Marsal Canada Inc. has no liability or obligations under this Agreement and each party to this Agreement hereby releases Alvarez & Marsal Canada Inc. from any and all claims, damages, liabilities, obligations, losses, settlement amounts and any other cost or expense of any kind whatsoever in connection with this Agreement.

(j) This Agreement may be executed in two or more counterparts, and may be signed by facsimile or other means of electronic communication producing a printed copy, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and, notwithstanding the date of execution, shall be deemed to bear the date first written above.

(*Remainder of page intentionally left blank. Signature page to follow.*)

IN WITNESS WHEREOF the parties have executed this Agreement effective as of the date first written above.

SUPERIOR FARMS SOLUTIONS LIMITED PARTNERSHIP, by and through its General Partner, **RITE WAY MFG. CO. LTD.**

Per: ______________________________
Name: Heather Forbes
Title: President + CEO

RW ROADS SOLUTIONS LIMITED PARTNERSHIP, by and through its General Partner, **RW ROADS SOLUTIONS INC.**

Per: ______________________________
Name: Heather Forbes
Title: President + CEO

MORRIS INDUSTRIES LTD., by and through its Court-appointed Monitor, **ALVAREZ & MARSAL CANADA INC.**, and not in its personal or corporate capacity

Per: ______________________________
Name: Orest Konowalchuk, LIT
Title: Senior Vice President

SCHEDULE "A"

(see attached for SFLP specific orders)

SCHEDULE "B"

(see attached for RW Roads specific orders)

Appendix B

Tenth Cash Flow Forecast to January 22, 2021

MORRIS GROUP
10 Week Cash Flow Forecast
For the Period November 16, 2020 to January 22, 2021
(In CAD $000s)

Week ended	*Notes*	Week 1 20-Nov-20	Week 2 27-Nov-20	Week 3 4-Dec-20	Week 4 11-Dec-20	Week 5 18-Dec-20	Week 6 25-Dec-20	Week 7 1-Jan-21	Week 8 8-Jan-21	Week 9 15-Jan-21	Week 10 22-Jan-21	Week 1 to 10 Total
Receipts												
Whole goods and parts collections	1	$ 4	$ 22	$ 22	$ 232	$ 1,297	$ 2,293	$ 1,632	$ 1,112	$ 1,355	$ 14	$ 7,984
Sale of excess inventory	2	-	-	21	-	-	-	-	-	-	-	21
Canada Emergency Wage Subsidy receipts	3	248	-	-	-	-	225	-	-	-	125	598
Recovery of Wage Earner Protection Program eligible amounts	4	-	-	-	-	-	-	-	-	-	402	402
Total Receipts		**252**	**22**	**42**	**232**	**1,297**	**2,518**	**1,632**	**1,112**	**1,355**	**541**	**9,004**
Disbursements												
Production costs	5	46	498	584	408	946	288	288	84	69	-	3,209
Operating expenses	6	61	23	12	36	48	23	12	3	20	-	238
Insurance costs	7	-	-	33	-	-	-	33	-	-	-	65
Union settlement	8	-	-	-	-	-	-	402	170	-	-	572
Payroll and pension costs	9	-	345	70	345	-	345	70	173	-	43	1,391
Rent and property taxes	10	-	54	7	-	-	54	7	-	-	-	121
Other operating costs	11	5	43	72	10	43	59	2	-	-	59	293
DIP interest, fees and costs	12	-	60	-	-	-	57	-	-	-	49	166
PMSI priority payments	13	-	-	-	-	-	-	-	-	254	-	254
Professional fees and costs	14	-	180	-	-	263	-	113	-	178	-	733
Total Operating Disbursements		**113**	**1,203**	**778**	**799**	**1,299**	**826**	**926**	**429**	**521**	**151**	**7,043**
Net Cash Flow		**$ 139**	**$ (1,181)**	**$ (735)**	**$ (567)**	**$ (2)**	**$ 1,692**	**$ 706**	**$ 683**	**$ 835**	**$ 390**	**$ 1,961**
EDC Insured Foreign Receivable Previously Collected	15	**$ 7,483**	**$ 7,483**	**$ 7,483**	**$ 7,483**	**$ 7,483**	**$ 7,483**	**$ 7,483**	**$ 7,483**	**$ 7,483**	**$ 7,483**	**$ 7,483**
Opening cash balance		439	439	-	-	-	-	-	-	-	-	439
Draws on Foreign Receivable previously collected		-	(439)	-	-	-	-	-	-	-	-	(439)
Ending cash available		**$ 439**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Interim Financing Availability (Max)	12	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**
Opening balance		6,092	5,952	6,693	7,428	7,995	7,998	6,305	5,599	4,916	4,081	6,092
DIP draw (repayments)		(139)	741	735	567	2	(1,692)	(706)	(683)	(835)	(390)	(2,401)
Ending balance		**5,952**	**$ 6,693**	**$ 7,428**	**$ 7,995**	**$ 7,998**	**$ 6,305**	**$ 5,599**	**$ 4,916**	**$ 4,081**	**$ 3,691**	**$ 3,691**
Remaining Interim Financing Availability		**$ 548**	**$ (193)**	**$ (928)**	**$ (1,495)**	**$ (1,498)**	**$ 195**	**$ 901**	**$ 1,584**	**$ 2,419**	**$ 2,809**	**$ 2,809**

NOTES AND ASSUMPTIONS
10 Week Cash Flow Forecast
Notice to Reader

The weekly cash flow projections for the Morris Group and its related entities has been prepared by Management based on unaudited financial information, and management's estimates of its projected receipts and disbursements. Users are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material. There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized.

The projection includes estimates and assumptions discussed below with respect to operations and certain asset sales and for clarity are under the assumption that Morris Group continues to operate within the protections afforded as a result of the CCAA Order granted on January 8th, 2020 and as may be amended from time to time during the CCAA proceedings. Upon such amendments, Management will update its cash flow forecast accordingly as included herein.

1 Whole goods collections include previously shipped whole goods products and committed orders not yet shipped. Parts collections have declined reflecting the end of the seeding season and are consistent with historical performance. The Company expects receipts from the Australian Dealer in December 2020 and January 2021 totalling approximately $900,000 for units shipped in June 2020 and August 2020. Additionally, the Company has finalized the Australian Sales Agreement with SFLP which is expected to produce approximately $6.9 million in cash receipts over the Forecast Period.

2 Sale of excess inventory consists of estimated net proceeds from the return of the remaining unused equipment to third party equipment manufacturers.

3 Canada Emergency Wage Subsidy ("CEWS") receipts of $2.2 million were received during the CCAA Period following the approval of seven applications. A eighth application has been submitted and ninth and tenth application are expected to be submitted in the Forecast Period, with corresponding receipts collected in November, December and January.

4 Recovery of Wage Earner Protection Program ("WEPP") eligible amounts include reimbursement from Service Canada for payments made by the Company to the Union for severance entitements amounts expected in January 2021.

5 Production costs include approximately $800,000 of raw material purchases for the Australian order production described in Note 1 as well as $2.4 million of raw material purchases in respect of North American whole goods and parts sales expected in February, March and April 2021.

6 Estimated costs associated with ongoing production and operating activities.

7 Insurance includes group and corporate insurance policies with scheduled monthly payments.

8 The union settlement contemplates payments to the terminated Yorkton union employees in exchange for a letter of understanding to amend the collective bargaining agreement.

9 The Work Share program effectively reducing hours to 80% has been extended through to March 27, 2021. Seven applications for government relief under the Canada Emergency Wage Subsidy program were submitted and accepted between the months of June and October 2020 and subsidies have been received by the Company. An eight application for CEWS has been submitted and a ninth and tenth application are anticipated in November and December with the corresponding subsidies expected to be received in November 2020, December 2020 and January 2021.

10 Rent includes lease payments for all of Morris' currently occupied premises as well as 2019 and 2020 property taxes.

11 Other operating costs includes payments of WCB insurance, bank fees, utilities, software, IT, travel and related costs.

12 Legal professional fees and costs associated with securing and servicing the necessary in place DIP Facility, which bears an interest rate of 12%.

13 Purchase money security interest relating to two Kubota units and four DLL-financed units sold through the Ritchie Bros. auction.

14 Expected professional fees to be incurred by Morris' professional and legal advisors as well as the CCAA Monitor and Monitor's counsel's fees, which are inclusive of anticipated bankruptcy retainers.

15 The EDC insured foreign receivables collected to date total $7.5 million and represent the net accounts receivable. $439,000 of the EDC insured foreign receivable is being held in trust by the Monitor's legal counsel until all expected payments have been received and reconciled against the Australian Dealer's records. Approximately $210,000 is expected to be collected in December 2020 for payment of product shipped in June 2020. Products valued at approximately $700,000 were shipped on July 29, 2020 and August 13, 2020 with receipts due to be collected in January 2021.

Appendix C

Summary of the Monitor and its Legal Counsel’s Fees and Costs

Morris Group
Summary of the Monitor's and its Counsel's Statements of Account
For the period September 1, 2020 to October 31, 2020

Invoice	Period	Fees	Disbursements	Sub-total	GST	PST	Total
Alvarez & Marsal Canada							
Corporate Restructuring							
10	Sep.1-30/20	126,631.00	1,116.76	127,747.76	6,387.39	-	134,135.15
11	Oct.1-31/20	133,827.50	355.50	134,183.00	6,709.15	-	140,892.15
		260,458.50	1,472.26	261,930.76	13,096.54	-	275,027.30
Corporate Finance							
10	Sep.1-30/20	40,781.25	-	40,781.25	2,039.06	-	42,820.31
11	Oct.1-31/20	37,337.50	-	37,337.50	1,866.88	-	39,204.38
		78,118.75	-	78,118.75	3,905.94	-	82,024.69
Total							
10	Sep.1-30/20	167,412.25	1,116.76	168,529.01	8,426.45	-	176,955.46
11	Oct.1-31/20	171,165.00	355.50	171,520.50	8,576.03	-	180,096.53
		$ 338,577.25	**$ 1,472.26**	**$ 340,049.51**	**$ 17,002.48**	**$ -**	**$ 357,051.99**
MLT Aikins LLP							
9	Sep.1-30/20	77,248.00	1,269.75	78,517.75	3,922.89	4,634.88	87,075.52
10	Oct.1-31/20	40,989.00	409.25	41,398.25	2,068.36	2,459.34	45,925.95
		$ 118,237.00	**$ 1,679.00**	**$ 119,916.00**	**$ 5,991.25**	**$ 7,094.22**	**$ 133,001.47**