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	**SIXTH REPORT OF THE MONITOR** **MAY 26, 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 1500, 410 – 22nd Street E. Saskatoon, Saskatchewan S7K 5T6 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

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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**") 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.

6. On March 6, 2020, the Court granted a sale approval and vesting order (the "**Auction SAVO**") authorizing the sale of certain redundant assets of MSS located in Virden, Manitoba to Ritchie Bros Auctioneers (Canada) Ltd. ("**Ritchie Bros.**") to be included in their upcoming auction on March 31, 2020.

7. On March 27, 2020, the Court granted an Order providing for, among other things, approval of the Monitor's activities and proposed courses of action, approval of the fees of the Monitor and its legal counsel, an extension of the stay of proceedings to May 8, 2020 in order to allow further time for the execution of the SISP, and an increase in the interim financing borrowing limit from $5.7 million to $6.5 million (and corresponding request for an increase to the amount of the DIP Charge).

8. On April 8, 2020, the Court granted a partial amendment (the "**First SISP Amendment**") to the SISP to permit additional time for the Monitor to seek approval from the Court of a potential transaction to no later than April 24, 2020. On April 24, 2020, the Court granted an additional SISP amendment (the "**Second SISP Amendment**") providing the Monitor with decision-making power in respect of the timing of the assessment and identification of the successful final bidder pursuant to the SISP (prior to court approval of an offer from any such bidder).

9. On May 8, 2020, the Court granted an extension of the stay of proceedings to May 29, 2020, to allow the Monitor to continue its various cost saving measures, to increase sales opportunities and to evaluate the timing required by the Company to complete a restructuring or to implement a potential sale transaction (whether through a SISP or through other means).

10. 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

11. The purpose of this sixth report (the "**Sixth Report"** or "**this Report**") is to provide this Court with information respecting the following:

    a) activities of the Monitor since the Fifth Report dated May 6, 2020;

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

    c) an update on the SISP, including the Monitor's negotiation and execution of a non-binding letter of intent with an interested party that was part of the Phase II SISP (as further discussed below);

    d) circumstances supporting the Monitor's application to seek the sealing of the Confidential Appendix 1 to this Report (the "**Sealing Order**");

    e) a comparison of the Morris Group's actual cash receipts and disbursements to the cash flow forecast appended to the Fifth Report of the Monitor (the Fourth Cash Flow Forecast) for the period May 2, 2020 to May 22, 2020;

    f) the Applicants' updated cash flow forecast from May 23, 2020 through to July 3, 2020 (the "**Revised Forecast Period**");

    g) the request for a further extension of the Stay of Proceedings to July 3, 2020; and

    h) the Monitor's recommendations regarding the items described above.

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

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

TERMS OF REFERENCE AND DISCLAIMER

14. 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.

15. 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.

16. 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

17. Since the Fifth Report, the Monitor's activities have included (but not been limited to):

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

    b) ongoing communications with the Company's key stakeholders and secured creditors and their respective legal counsel;

    c) continuing involvement and increased utilization of the Monitor's independent legal counsel, MLT Aikins LLP ("**MLTA**"), primarily as a result of the enhanced powers of the Monitor provided for in the EMP Order;

    d) extensive communications with the Morris Group's significant customer (dealer) located in Australia and various key dealers in Western Canada and the U.S.;

    e) monitoring the operations of the Company, including working closely with existing senior management; reviewing and approving sales orders, production plans, human resource matters and leading the identification and monitoring the Company's response to COVID-19 and other operational matters of the Company during the proceedings;

f) significant involvement and communication with the Morris Group's Human Resources ("**HR**") leader, with respect to employee matters, including (among other things) assisting the Company in pursuing an application under the Canadian Employee Wage Subsidy ("**CEWS**") program;

g) communicating with interested parties regarding prior offers received in the SISP, evaluating these offers and ultimately selecting and executing a non-binding letter with an interested party as discussed further below; and

h) communicating with a representative of the Union certified to represent employees at the Company's production facility in Yorkton, Saskatchewan. The Company is a party to a collective bargaining agreement ("**CBA**") with the Retail Wholesale & Department Store Union in regard to its Yorkton production facility. The Monitor understands that the Company is compliant with the terms of the CBA and will continue to communicate with the union representative on an ongoing basis.

OPERATIONAL UPDATE SINCE THE FIFTH REPORT

18. Existing senior management and key employees of the Morris Group have remained substantially intact and engaged during the CCAA Proceedings. Weekly meetings with senior management and bi-weekly meetings with staff across the entire Morris Group continue to occur.

19. With respect to the challenges of COVID-19, the Monitor, its legal counsel, and certain Morris employees have worked closely and collaboratively to formulate policies, memos and communication to all employees of Morris Group, as well as communication to key external stakeholders of Morris, including various dealers

and vendors, with the view to ensuring that satisfactory protective measures are in place for all affected persons.

20. In addition, since the date of the Fifth Report:

a) the Monitor has continued to work with its independent contractors to dispose of the remaining assets and inventory of MSS located at Virden, Manitoba. The Monitor anticipates that all of the remaining assets and inventory of MSS will be sold and/or relocated to MIL locations by May 31, 2020.

b) Kubota Canada Ltd. has picked up all of its unused equipment;

c) on April 22, 2020, the Company received payment from McDougall Auctioneers Ltd. of approximately $40,000 for the purchase of the remaining capital assets of MSS;

d) the Companies continued to sell manufactured whole goods and parts inventory to dealers in the normal course, receiving assistance from assembly depots as required and continued to actively pursue the collection of their accounts receivable. As at April 30th, 2020, the Companies maintained approximately $2.9 million of trade accounts receivable due from various dealers across Canada, the U.S. and Eastern Europe (excluding Australia);

e) the Companies have issued to their long-standing dealer located in Australia (the "**Australian Dealer**"), approximately $12.0 million of invoices for products shipped by Morris Group to the Australian Dealer over the past twelve months. These invoices became due and payable on April 30, 2020. The Monitor is currently arranging for the final settlement and collection of this amount with the Australian Dealer over the next several days. The Company continues to work with the Australian Dealer with respect to fulfilling upcoming forecast orders and arranging for procurement of parts. Scheduling and implementation are being carried out in order to be able to produce the units required by the Australian Dealer as contemplated in the 2020 order; and

f) the Company, by and through the Monitor and its legal counsel, continued to host multiple communications with Bank of Montreal (“**BMO**”), Avrio Subordinated Debt General Partner II Ltd. (“**Avrio**”) and Farm Credit Canada (“**FCC**”), with respect to the CCAA Proceedings and the status of the SISP. The Company continues to report to BMO, as the DIP Lender, in accordance with the DIP Facility agreement, including bi-weekly cash flow reporting along with margin reports. The Monitor assisted the Company in the preparation of this cash flow reporting to BMO.

UPDATE ON THE SISP

21. As disclosed in the Fifth Report, the Monitor did not obtain an acceptable offer derived from the SISP Process. As a result, the Monitor continued to explore other options, including further discussions with bidders who previously expressed an interest in the SISP and other operational and restructuring alternatives.

22. The Monitor extensively reviewed its options and the potential interest of those parties that had expressed a continued willingness to enter into a transaction with the Company. On May 22, 2020, as a result of extensive negotiations and multiple communications, the Monitor, with the support of BMO, executed a non-binding letter of intent for a proposed sale transaction (the “**SFLP LOI**”) with Superior Farms Solutions Limited Partnership and its general partner, Rite Way Mfg. Co. Ltd. (“**Rite Way**”) (collectively referred to as “**SFLP**”).

23. SFLP was established as a consolidation platform for the short-line agriculture manufacturing industry. Its current operating business is Rite Way, which produces soil preparation, tillage and forage equipment which sold primarily in North America.

24. Due to the confidential nature of the information provided in the SFLP LOI, the Monitor is concerned that disclosure of information regarding the SFLP LOI to third parties prior to the Companies entering into a binding asset purchase agreement and closing a sale, could potentially jeopardize the Monitor's efforts to attract future offers within the CCAA Proceedings and could materially jeopardize the value to be obtained. Accordingly, the Monitor respectfully requests that this Honourable Court grant a Sealing Order in relation to Confidential Appendix 1.

25. In addition to those considerations disclosed in the Confidential Appendix 1, the Monitor considered the following factors in deciding to execute the SFLP LOI on behalf of the Companies:

a) the SFLP arose from the SISP conducted within the CCAA Proceedings;

b) an extensive, broad-based marketing process for the assets of the Companies had been conducted by an experience marketing consultant, Alvarez & Marsal Canada Securities ULC (an affiliate of A&M), to a large number of prospective purchasers over a reasonable timeframe;

c) notwithstanding the non-binding nature of the SFLP LOI and the existence of several conditions which SFLP must complete and/or waive as part of its final due diligence, the Monitor is of the view that the completion of these conditions and the execution of an asset purchase agreement by June 19, 2020 (the "**Due Diligence Completion Date**") appears to be achievable, with a target closing date of June 30, 2020 for the proposed transaction contemplated in the SFLP LOI;

d) the Companies' largest secured creditor, BMO, is supportive of the SFLP LOI;

e) the SFLP LOI was negotiated between parties at arm's length in good faith and is commercially reasonable in the circumstances;

f) the SFLP LOI represents the highest and best conditional offer received through the SISP; and

g) the closing risks associated with the SFLP LOI are balanced by a meaningful opportunity for the Companies and SFLP to enter into a binding APA by the Due Diligence Completion Date and to close the resulting transaction by June 30, 2020.

UPDATE ON THE CLAIMS PROCESS

26. On January 16, 2020, the Claims Process Order was granted by this Honourable Court and provided for a process to prove all claims against the Morris Group.

27. Since the date of the Fifth Report, the claimant, 1742009 Alberta Inc. ("**AgriTerra**"), has adjourned *sine die* its application originally scheduled to be heard on June 2, 2020.

CASH FLOW RESULTS

28. The Company's actual cash receipts and disbursements compared to the Fourth Cash Flow Forecast for the period from May 2, 2020 to May 22, 2020 (the "**Reporting Period**"), appended to the Fifth Report of the Monitor are summarized below:

MORRIS GROUP Cash Flow Variance Analysis For the Period May 2, 2020 to May 22, 2020 *(In CAD $000s)*	January 8 to May 22, 2020	May 2 to May 22, 2020		
	Actual	**Actual**	**Forecast**	**Var ($)**
Receipts				
Equipment sales and accounts receivable collections	$ 3,953	$ 1,573	$ 1,178	$ 396
Sale of redundant assets and other receipts	985	116	107	9
Total receipts	**4,938**	**1,689**	**1,284**	**405**
Disbursements				
Production costs	822	231	414	183
Operating expenses	1,053	134	69	(65)
Critical Suppliers	252	-	-	-
Wind down of MSS	53	29	30	1
Insurance costs	391	18	47	29
Payroll and related	2,792	259	280	21
Pension	305	43	105	62
Marketing costs	50	-	-	-
Rent	256	-	-	-
Other operating costs	463	97	169	72
DIP interest, fees and costs	403	52	102	50
PMSI priority payments	-	-	135	135
Professional fees and costs	2,192	275	421	145
Other Expenses	14	-	-	-
Total disbursements	**9,045**	**1,139**	**1,772**	**633**
Net cash flow from operations	**(4,107)**	**550**	**(488)**	**1,038**
DIP draws (repayments)	4,107	(550)	488	(1,038)
Net cash flow from financing	4,107	(550)	488	(1,038)
Net cash flow	**$ -**	**$ -**	**$ -**	**$ -**
Interim Financing (DIP Facility)				
Maximum Available DIP	**$ 6,500**	**$ 6,500**	**$ 6,500**	
Opening Drawn Balance	**$ 1,243**	**$ 5,900**	**$ 5,900**	**$ -**
Draws (Repayments)	**4,107**	**(550)**	**488**	**(1,038)**
Ending DIP Balance (Cash)	**5,350**	**5,350**	**6,388**	**(1,038)**
Ending DIP Availability	**$ 1,150**	**$ 1,150**	**$ 112**	**$ 1,038**

29. Over the Reporting Period, the Company experienced a favorable cash flow variance of approximately $1.0 million as a result of various permanent and temporary differences, most notably:

a) Equipment sales and accounts receivables collections were $396,000 higher than forecast primarily due to permanent differences from higher than anticipated parts sales and collections;

b) Production costs were $183,000 lower than forecast due to both timing and permanent differences;

c) Operating expenses were $65,000 higher than forecast due in part to timing differences that are expected to reverse in the near term as well as certain permanent differences resulting from higher costs of freight and other expenses;

d) Insurance and payroll and related costs and other operating costs (such as utilities) were approximately $122,000 lower than forecast due to temporary timing differences;

e) DIP interest, fees and costs are $50,000 lower than forecast due to timing differences;

f) Purchase money security interest ("**PMSI**") priority payments are $135,000 lower than forecast due to timing differences and pending review of the validity and enforceability of relevant security; and

g) Professional fees and costs were $145,000 lower than forecast due to timing differences. Since the Fifth Report, within the Reporting Period, the Company paid the Monitor's court-approved April 2020 fees and costs totaling approximately $261,078.21 and anticipates paying the court-approved April 2020 invoice from Monitor's counsel $140,190.01 within the upcoming Forecast Period (as defined below). The Company also anticipates paying the Monitor and its legal counsels May and June invoices within the Forecast Period once such amounts have been finalized and invoiced.

UPDATED CASH FLOW FORECAST

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

MORRIS GROUP 6 Week Cash Flow Forecast For the Period May 23, 2020 to July 3, 2020 *(in CAD $000s)*		
Receipts		
Equipment sales and accounts receivable collections	$	2,032
EDC insured foreign receivable collection		11,323
Sale of redundant assets and other receipts		139
Total Receipts		**13,544**
Disbursements		
Production Costs		501
Operating expenses		198
Wind down of MSS		6
Insurance costs		127
Payroll and related		965
Pension		124
Rent		107
Other operating costs		238
DIP interest, fees and costs		173
PMSI priority payments		254
Professional fees and costs		770
Total Operating Disbursements		**3,465**
Net Cash Flow	**$**	**10,079**
Interim Financing (DIP Facility)		
Maximum Available DIP	**$**	**6,500**
Opening DIP Balance (Cash)		5,350
DIP Draws (Repayments)		(10,079)
Ending DIP Balance (Cash)		**(4,729)**
Ending DIP Availibility		**6,500**

31. During the Forecast Period, the net cash flows are projected to be positive $10.1 million, which will allow the Company to repay the existing and forecast DIP Loan drawn by the end of the Forecast Period and will leave approximately $4.7 million available in cash. The positive cash flow is primarily based on the collection of the EDC insured foreign accounts receivable and collecting receipts from confirmed equipment orders and parts sales.

32. The Monitor's comments with respect to the Fifth Cash Flow Forecast are as follows:

a) Equipment sales and accounts receivable collections are comprised of the sale of parts and confirmed orders of whole goods totalling approximately $2.0 million. Of the $2.0 million, $823,000 relates to committed whole goods orders and $1.2 million relates to forecast parts sales and the corresponding collections thereof, which reflect the recent increase in parts sales and collections that are consistent with historical performance;

b) EDC insured foreign receivable collections are anticipated to be collected over the Forecast Period;

c) Sale of redundant assets and other receipts consist primarily of the return of unused third-party branded equipment to the original manufacturer as discussed in the Fourth Report.

d) Other receipts collections relate primarily to GST refunds which are expected to be lower than previously forecast due to reduced production levels;

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

f) Professional fees and disbursements of the Monitor and its counsel for unpaid fees and costs for April and forecast May and June 2020 fees and costs that are anticipated to be invoiced and paid in the ordinary course;

g) PMSI priority payments in respect of certain equipment sold through auction are forecast to be paid in the coming weeks, subject to a review of the enforceability and validity of the security; and

h) In response to the impact of COVID-19, the Company has applied for government relief through the Canada Employment Wage Subsidy ("**CEWS**") and has utilized payment deferrals where possible. In the interest of presenting a conservative financial forecast, potential recoveries from pending applications for government assistance, including CEWS, are not reflected in the Fifth Cash Flow Forecast.

33. The Fifth 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 Fifth 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 Sixth Report or relied upon by the Monitor in preparing this Sixth Report.

EXTENSION OF THE STAY OF PROCEEDINGS

34. Pursuant to the Initial Order, the stay period is set to expire on May 29, 2020. As described in the application materials filed on May 26, 2020, the Companies are seeking an Order granting an extension of the stay period from May 29, 2020 to July 3, 2020 (the "**Fourth Stay Extension Order**").

35. The Monitor has considered various factors in regard to the Morris Group's application for the Fourth Stay Extension Order to July 3, 2020, including:

a) the likelihood and timing of the Company closing the transaction contemplated with SFLP (subject to further Court approval);

b) whether there would be any material financial prejudice to any of the Morris Group's creditors;

c) the fact that the Company appears to have sufficient liquidity over the Forecast Period;

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.

36. The Monitor is of the view that the Morris Group is (and has been) acting in good faith and with due diligence and that there would not be material prejudice to the Morris Group's stakeholders should the proposed stay extension to July 3, 2020 be granted by this Honourable Court.

37. The Monitor notes that the month of June 2020 will be a critical month within which to determine whether or not SFLP is able to complete its remaining due diligence, to sign an asset purchase agreement and to close the proposed transaction (subject to Court approval), in order to achieve a positive outcome and to maximize value. For so long as the Company has the continued support of its primary secured lenders and continued access to the DIP Facility, the Morris Group is likely to be able to continue to make meaningful progress toward an outcome that will maximize value for stakeholders.

MONITOR'S RECOMMENDATION

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

    a) the proposed Fourth Stay Extension Order; and

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

All of which is respectfully submitted to this Honourable Court this 26th day of May 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

Fifth Cash Flow Forecast

MORRIS GROUP
6 Week Cash Flow Forecast
For the Period May 23, 2020 to July 3, 2020
(in CAD $000s)

Week ended	*Notes*	**Week 1 29-May-20**	**Week 2 5-Jun-20**	**Week 3 12-Jun-20**	**Week 4 19-Jun-20**	**Week 5 26-Jun-20**	**Week 6 3-Jul-20**	**Week 1 to 6 Total**
Receipts								
Equipment sales and accounts receivable collections	*1*	$ 125	$ 660	$ 297	$ 420	$ 330	$ 199	$ 2,032
EDC insured foreign receivable collection	*2*	-	11,323	-	-	-	-	11,323
Sale of redundant assets and other receipts	*3*	-	13	62	64	-	-	139
Total Receipts		**175**	**11,996**	**359**	**484**	**330**	**199**	**13,544**
Disbursements								
Production Costs	*4*	95	96	96	72	72	72	501
Operating expenses	*5*	42	42	11	5	69	30	198
Wind down of MSS	*6*	-	6	-	-	-	-	6
Insurance costs	*7*	45	18	-	-	16	47	127
Payroll and related	*8*	260	-	445	-	260	-	965
Pension	*8*	-	62	-	-	-	62	124
Rent	*9*	-	54	-	-	-	54	107
Other operating costs	*10*	25	30	62	61	11	48	238
DIP interest, fees and costs	*11*	-	109	-	5	-	59	173
PMSI priority payments	*12*	-	-	254	-	-	-	254
Professional fees and costs	*13*	140	-	365	-	-	265	770
Total Operating Disbursements		**608**	**417**	**1,233**	**142**	**428**	**638**	**3,465**
Net Cash Flow		**$ (432)**	**$ 11,579**	**$ (874)**	**$ 342**	**$ (98)**	**$ (439)**	**$ 10,079**
Interim Financing (DIP Facility)	*11*							
Maximum Available DIP		**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**
Opening DIP Balance (Cash)		$ 5,350	$ 5,782	$ (5,797)	$ (4,923)	$ (5,265)	$ (5,168)	5,350
DIP Draws (Repayments)		432	(11,579)	874	(342)	98	439	(10,079)
Ending DIP Balance (Cash)		**5,782**	**(5,797)**	**(4,923)**	**(5,265)**	**(5,168)**	**(4,729)**	**(4,729)**
Ending DIP Availibility		**$ 718**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**$ 6,500**	**6,500**

NOTES AND ASSUMPTIONS
6 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 Accounts receivables and equipment sales include the expected collections of existing accounts receivable (previously shipped products) and committed orders not yet shipped and forecast sales of parts. Sales of parts have begun to ramp up and are becoming more consistent with historical run rates. This forecast is based on the latest estimate from the Management of the Parts division.

2 The Australian receivable is expected to be collected. The Australian Dealer and the Monitor are currently in the process of reconciling the amounts receivable outstanding net of appropriate costs that may have been occurred during the year past year.

3 Sale of redundant assets primarily consists of estimated net proceeds from the put back of unused equipment to third party equipment manufacturers. Other receipts are primarily expected GST refunds from post filing activity.

4 The Morris Group continues to produce primarily parts to service their early order program for dealers across the Morris Group network, however this is nearing the end of its program. The Company is also ramping up their material purchases for an Australian order in order to meet their time-lines.

5 Estimated costs associated with ongoing production and operating activities.

6 Costs related to the wind down of the MSS include estimated independent contractor labor and fees through to May 31, 2020.

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

8 Management is continuing to evaluate the potential for targeted reductions in payroll during the CCAA proceedings based on the various restructuring plans being analyzed and evaluated, also taking into account the time-lines and milestones of the SISP. The Work Share program effectively reducing hours to 80% has been extended through to March 27, 2021 and an application has been made for government relief under the Canada Emergency Wage Subsidy ("CEWS") program. Should the application for CEWS be approved, the Company could receive approximately $1 million of wage subsidies starting retroactively from March 15, 2020 to August 29, 2020.

9 Rent includes lease payments for all of Morris' currently occupied premises. Management team is evaluating the merits of relocating certain of its premises.

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

11 Costs associated with securing and servicing the necessary in place DIP Facility, which bears an interest rate of 12%.

12 Purchase money security interest relating to two Kubota units and four DLL-financed units sold through the Ritchie Bros. auction that may result in a payouts of security interests, subject to the validity and enforceability of the security.

13 Expected professional fees to be incurred by Morris' professional and legal advisors as well as the CCAA Monitor and Monitor's counsel.