

COURT FILE NUMBER 2301 -  
COURT COURT OF KINGS'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
APPLICANT IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS  
AMENDED

AND IN THE MATTER OF A PLAN OF  
ARRANGEMENT OF DYNAMIC TECHNOLOGIES  
GROUP INC., DYNAMIC ATTRACTIONS LTD.,  
DYNAMIC ENTERTAINMENT GROUP LTD.,  
DYNAMIC STRUCTURES LTD. and DYNAMIC  
ATTRACTIONS INC.

DOCUMENT PRE-FILING REPORT OF FTI  
CONSULTING CANADA INC., IN ITS CAPACITY AS  
PROPOSED MONITOR OF DYNAMIC  
TECHNOLOGIES INC. , DYNAMIC ATTRACTIONS  
LTD., DYNAMIC ENTERTAINMENT GROUP LTD.,  
DYNAMIC STRUCTURES LTD. and DYNAMIC  
ATTRACTIONS INC.

**March 8, 2023**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**PROPOSED MONITOR**

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# PRE-FILING REPORT OF THE PROPOSED MONITOR

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### Appendix A – The Cash Flow Statement

## INTRODUCTION

1. FTI Consulting Canada Inc. (“**FTI**” or the “**Proposed Monitor**”) understands that Dynamic Technologies Inc. (“**DTG**”), Dynamic Attractions Ltd. (“**DAL**”), Dynamic Entertainment Group Ltd. (“**DEGL**”), Dynamic Attractions Inc. (“**DAI**”) and Dynamic Structures Ltd. (“**DSL**”) (collectively, the “**Dynamic Group**” or the “**Applicants**”) intend to make an application before the Court of King’s Bench of Alberta (the “**Court**”) for an initial order (the “**Initial Order**”) to commence proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) to, among other things, obtain a stay of proceedings (the “**Stay of Proceedings**”) to allow the Applicants an opportunity to restructure their business and affairs.
2. FTI also understands that the Applicants are proposing that the Court appoint FTI as Monitor in these CCAA proceedings (FTI in such capacity, the “**Monitor**”).
3. This pre-filing report of the Proposed Monitor (the “**Pre-Filing Report**” or this “**Report**”) has been prepared (i) prior to, and in contemplation of its appointment as Monitor and (ii) to provide information to the Court solely in respect of the relief sought by the Applicants at the hearing in respect of the Initial Order. Should FTI be appointed as Monitor, FTI intends to file a further report with the Court in its capacity as Monitor in respect of the relief being sought by the Applicants at the hearing to amend and restate the Initial Order (the “**Comeback Hearing**”).

## PURPOSE

4. The purpose of this report to inform this Honourable Court and the Applicants' stakeholders with information and the Proposed Monitor’s comments with respect to the following:
  - a. background information with respect to the Applicants;
  - b. the qualifications of FTI to act as Monitor in the CCAA Proceedings;

- c. an overview of the cash flow statement (the “**Cash Flow Statement**”) for the 13-week period ending June 9, 2023 (the “**Forecast Period**”) as well as the key assumptions on which the Cash Flow Statement is based;
  - d. the anticipated relief sought by the Applicants in the proposed Initial Order and the Proposed Monitor’s recommendations in respect of same, including, among other things:
    - i. granting the Stay of Proceedings up to and including March 16, 2023;
    - ii. approving the proposed Interim Financing Term Sheet (defined below); and
    - iii. granting certain Court-ordered charges sought by the Applicants (collectively, the “**Charges**”),
5. This Pre-Filing Report should be read in conjunction with the Affidavit of Allan Francis, sworn on March 8, 2023 (the “**Francis Affidavit**”), which describes in more detail the Applicants’ operations and circumstances leading to their current situation.

## **TERMS OF REFERENCE**

- 6. Capitalized terms used but not defined herein are given the meaning ascribed to them in the Francis Affidavit.
- 7. In preparing this report, the Proposed Monitor has relied upon certain information (the “**Information**”) including the Dynamic Group’s unaudited financial information, books and records and discussions with senior management (“**Management**”).
- 8. Except as described in this Report, the Proposed Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner

that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*.

9. The Proposed Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*.
10. Future oriented financial information reported to be relied on in preparing this report is based on Management's assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

## **BACKGROUND INFORMATION**

12. DTG is incorporated and registered pursuant to the laws of the Province of Alberta and is extra-provincially registered pursuant to the laws of the Province of Ontario and the laws of the Province of Manitoba. Its registered office is in the Province of Alberta, and its shares are listed on TSX Venture Exchange under the symbol "DTG.V"
13. DTG is primarily a holding company, with operating subsidiaries situated in Canada, the United States and China. A copy of the Dynamic Group's corporate organizational chart is attached as Exhibit "1" to the Francis Affidavit.
14. The Dynamic Group is in the business of designing, producing, engineering, and manufacturing, commissioning, warranting and providing ongoing parts and services to theme park owners around the world.
15. DTG was founded in 2005 and originally named Ryjencap Inc. It changed its name to Empire Industries Ltd. as part of a reverse takeover of Empire Iron Works Ltd. in 2006.

16. As described herein, the Dynamic Group faces a material and immediate risk to its ability to continue as a going concern, which is a direct consequence of the operational challenges brought forth by the COVID-19 Pandemic. The Proposed Monitor understands that the Dynamic Group is urgently seeking the Court-ordered relief described herein in order to avoid a liquidity crisis that would prevent it from restructuring or selling its business and/or assets.
17. Over the last 5 years the Dynamic Group has a net loss of approximately \$116.1 million and its near term liquidity issues has resulted in an inability to continue to make payments as they come due.
18. According to the Dynamic Group's consolidated financial statements, for the nine-months ending December 31, 2022, revenues were approximately \$26.8 million. During the same period, the Dynamic Group experienced a net loss of approximately \$11.2 million.
19. The Dynamic Group currently employs approximately 75 full-time employees and 25 hourly unionized employees. Most employees are located in one of 5 jurisdictions: Alberta, Ontario, Manitoba, Florida or Texas.
20. The Dynamic Group's capital structure is described in further detail in the Francis Affidavit. As at December 31, 2022, the aggregate book value of the Dynamic Group's assets was approximately \$31.9 million, and the aggregate book value of its liabilities was approximately \$94.5 million.
21. On August 5, 2022, DTG, as borrower, entered into an amended and restated credit agreement (the "**Credit Agreement**"), with and Promising Experts Limited ("**PEL**"), as lender. As at December 31, 2022, there was approximately USD \$16.0 million in principal plus accrued interest and fees outstanding under the Credit Agreement.

22. The Dynamic Group's debt obligations include:
- a. secured obligations under the Credit Agreement;
  - b. a term loan owing to Export Development Canada of approximately USD \$2.0 million plus accrued interest;
  - c. an unsecured bridge loan from PEL in the approximate amount of USD \$1.0 million; and
  - d. liabilities owing under existing contracts of approximately \$6.1 million, and significant obligations to its trade creditors.

#### **FTI'S QUALIFICATIONS TO ACT AS MONITOR**

23. FTI is a trustee within the meaning of section 2(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and, with respect to the Applicants, is not subject to any of the restrictions on who may be appointed as monitor as set out in section 11.7(2) of the CCAA. FTI has provided its consent to act as Monitor in the CCAA Proceedings, a copy of which is attached as Exhibit "45" to the Francis Affidavit.
24. Since being engaged by the Dynamic Group, FTI has acquired knowledge of the business and operations of the Applicants, including its key personnel, stakeholders and key issues in the proposed CCAA Proceedings. As a result, FTI is in a position to immediately act as Monitor in the CCAA Proceedings if so appointed by this Court.
25. The senior FTI Consulting personnel with carriage of the matter are Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees who have acted in numerous restructuring and CCAA matters of this nature and scale.

26. Neither FTI, nor any of its representatives, have been, at any time in the two proceedings years:
- a. a director, officer or employee of the Dynamic Group;
  - b. related to the Dynamic Group or to any director of officer of the Dynamic Group;  
or
  - c. the auditor, accountant or legal counsel, or a partner of employee of the auditor, accountant or legal counsel, of the Dynamic Group.
27. FTI was initially engaged by the Applicants on February 16, 2023, to assist in preparing for a potential filing under the CCAA. During the course of this mandate, FTI has, among other things:
- a. participated in numerous meetings and discussions with the Dynamic Group's senior management and legal advisors in connection with the Dynamic Group's business and financial affairs generally and in connection with the preparation of the Cash Flow Statement;
  - b. participated in numerous meetings and discussions with the Dynamic Group and its legal advisors in connection with relief to be requested in these CCAA Proceedings;
  - c. engaged legal counsel in Canada who have also participated in certain of the above meetings;
  - d. obtained and reviewed financial and certain other information produced by the Dynamic Group relating to its operations, cash flow forecast and financial situation;
  - e. assisted the Dynamic in the preparation of its cashflow forecasts;



- f. assisting the Dynamic Group in assessing the quantum of potential claims against its directors and officers; and
- g. prepared this Pre-Filing Report.

## **CASH FLOW STATEMENT**

- 28. As described more fully in the Francis Affidavit, the Dynamic Group maintains a centralized cash management system in Canada and the United States to consolidate and track funds,
- 29. The Proposed Monitor has reviewed the Dynamic Group's cash management arrangements and can confirm the importance of these systems for the continuation of the Dynamic Group's business and operations. Replacement of the cash management system would be costly and unviable from a short-term operational perspective. Accordingly, the Proposed Monitor supports the Dynamic Group's request to continue to operate its existing cash management system throughout these CCAA Proceedings.
- 30. The Dynamic Group, with the assistance of the Proposed Monitor, has prepared the Cash Flow Statement to set out the liquidity requirements of the Dynamic Group during the Forecast Period for the 13 weeks ending June 9, 2023. The Cash Flow Statement and management's report on the cash-flow statement as required by section 10(2)(b) of the CCAA are attached hereto as Appendix "A". The Cash Flow Statement is summarized in the following table:

## Dynamic Technologies Group Inc

CCAA 13-Week Cash Flow

March 9, 2023

<i>(CAD\$ in thousands)</i>		<i>Initial Stay</i>
<b>Weeks Ending (Friday)</b>	<b>3/17/23 Forecast</b>	<b>13-Week Forecast</b>
<b>Forecast Week</b>	<b>Wk 1</b>	<b>Total</b>
<b>RECEIPTS</b>		
Receipts	\$ -	\$ 523.5
<b>DISBURSEMENTS</b>		
<i>Operating Disbursements</i>		
Project Purchases	-	-
Employee Payroll & Benefits	(381.4)	(1,693.7)
Contractors and Employee Expenses	(75.2)	(442.7)
Occupancy Expense	-	(276.0)
Insurance & Lease Expenses	(2.1)	(21.3)
G&A Expenses	(15.0)	(408.8)
<i>Total Operating Disbursements</i>	\$ (473.7)	\$ (2,842.4)
<b>OPERATING CASH FLOWS</b>	<b>\$ (473.7)</b>	<b>\$ (2,318.9)</b>
<i>Financing Disbursements</i>		
DIP - Borrowings / (Repayments)	-	2,600.0
<i>Restructuring Disbursements</i>		
Professional Fees	-	(525.0)
<b>NET CASH FLOWS</b>	<b>\$ (473.7)</b>	<b>\$ (243.9)</b>
<b>CASH</b>		
Beginning Balance	\$ 524.4	\$ 524.4
Net Cash Inflows / (Outflows)	(473.7)	(243.9)
<b>ENDING CASH</b>	<b>\$ 50.7</b>	<b>\$ 280.4</b>
<b>BORROWING SUMMARY</b>		
DIP Facility Credit Limit	\$ 2,600.0	\$ 2,600.0
DIP - Borrowings / (Repayments)	-	2,600.0
DIP Principal Outstanding	\$ -	\$ 2,600.0
DIP Availability	2,600.0	-

31. The Cash Flow Statement indicates that during the 8-day period ending on March 17, 2023, the Dynamic Group's will have a net cash loss from operations of approximately \$473,700 with no collection of receipts and total disbursements of approximately \$473,700.
32. The Cash Flow Statement indicates that, during the 13-week period ending on June 9, 2023, the Dynamic Group will have a net cash loss from operations of approximately \$2.3 million with total receipts of approximately \$523,500 and total disbursements of approximately \$2.8 million, before borrowings of \$2.6 million and professional fees of \$700,000 such that the net cash loss is forecast to be approximately \$243,900.
33. The Cash Flow Statement is based on the following key assumptions:
  - a. receipts are forecasted to included existing accounts receivable, JV receipts from quarterly dividends relating to the 50% joint venture ownership of Smoky Mountain Flyers LLC and other miscellaneous receipts;
  - b. project purchases consist of payments for on-going project work, including the completion of existing contracts and parts and service work for maintenance operations;
  - c. employee payroll & benefits consists of amounts due to current employees including contractual employee benefits;
  - d. contractor and employee expenses consists of hourly rates paid to contract employees as well as expenses paid by employees;
  - e. occupancy expenses includes rent, utilities, property taxes and other building related items;
  - f. G&A expenses includes office expenses and other miscellaneous expenses;

- g. DIP borrowing/ repayments consists of draws and repayments of the Debt in possession financing; and
  - h. professional fees includes fees paid to the Monitor, Monitor's Counsel, the Dynamic Group's Counsel and the Selling Agent.
34. The Cash Flow Statement shows an ending cash balance for the week ending March 17, 2023 of approximately \$50,700.
35. The Dynamic Group is in an immediate need of an advance under the Interim Facility in order to maintain sufficient cash for on-going operations through the initial Stay Period.

**Proposed Monitor's Comments on the Cash Flow Statement**

36. Section 23(1)(b) of the CCAA states that the Proposed Monitor shall, “review the company’s cash-flow statement as to its reasonableness and file a report with the court on the Proposed Monitor’s findings”.
37. Pursuant to section 23(1)(b) of the CCAA, and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1, the Proposed Monitor hereby reports as follows:
- a. the Cash Flow Statement has been prepared by management of the Dynamic Group for the purpose described in the notes to the Cash Flow Statement, using the probable assumptions and the hypothetical assumptions set out therein;
  - b. the Proposed Monitor’s review consisted of inquiries, analytical procedures and discussion related to information supplied by certain of the management and employees of the Dynamic Group. Since hypothetical assumptions need not be supported, the Proposed Monitor’s procedures with respect to those assumptions were limited to evaluating whether they were consistent with the purpose of the

Cash Flow Statement. The Proposed Monitor has also reviewed the information in provided by Management in support of the probable assumptions and the preparation and presentation of the Cash Flow Statement;

- c. based on its review, and as at the date of this Pre-Filing Report, nothing has come to the attention of the Proposed Monitor that causes it to believe that, in all material respects:
  - i. the hypothetical assumptions are not consistent with the purpose of the Cash Flow Statement;
  - ii. the probable assumptions developed by management are not suitably supported and consistent with the plans of the Dynamic Group or do not provide a reasonable basis for the Cash Flow Statement, given the hypothetical assumptions; or
  - iii. the Cash Flow Statement does not reflect the probable and hypothetical assumptions;
- d. since the Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Statement will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information present in this Report, or relied upon by the Proposed Monitor in preparing this Report; and
- e. the Cash Flow Statement has been prepared solely for the purpose of estimating liquidity requirements of the Dynamic Group during the forecast period. The Cash Flow Statement should not be relied upon for any other purpose.

## RELIEF SOUGHT IN INITIAL ORDER

### Implementing the Stay of Proceedings

38. The Dynamic Group is seeking the Stay of Proceedings up to and including March 16, 2023.
39. As a result of, among other things, its insolvent status, the Dynamic Group requires the Stay of Proceedings and other protections provided by the CCAA. In particular, the Stay of Proceedings is needed to maintain the status quo and provide time for the Dynamic Group to consider its restructuring alternatives, including an opportunity to conduct a sale and investor solicitation process.

### Proposed interim financing

40. As demonstrated by the Cash Flow Statement, the Dynamic Group is in immediate need of funding and is therefore seeking approval of a financing term sheet (the “**Interim Financing Term Sheet**”) between the Dynamic Group as borrowers (in such capacity, the “**Borrowers**”) and PEL as lender (in such capacity, the “**Interim Lender**”), pursuant to which the Interim Lender will make an interim financing facility (the “**Interim Facility**”) available to the Borrowers, subject to the terms and conditions set out in the Interim Financing Term Sheet, in the maximum principal amount of \$2.6 million.
41. The Proposed Monitor understands that the terms of the Interim Financing Term Sheet include, among others, the following:
  - a. **Interim Lender’s Charge:** the Interim Lender’s Charge must have been granted in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, subject only to the Administration Charge;

- b. **Term:** the Interim Facility will be available until the earliest of (i) the occurrence of an event of default as defined in the Interim Financing Term Sheet; (ii) the implantation of a transaction for sale of assets or issuance of shares (iii) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada) (iv) the sale of all or substantially all of the Collateral as defined in the Interim Financing Term Sheet; or (v) July 31, 2023;
  - c. **Interest:** Interest will accrue on the principal amounts outstanding under the Interim Facility at a rate equal to 12% per annum; and
  - d. **Additional Fees:** the Borrower shall pay all of the Interim Lender's out of pocket disbursements and any costs of realization or enforcement related to the Interim Facility.
42. The Dynamic Group requires access to the Interim Facility to, among other things, provide stability, continue certain ongoing operations and to run a sales and investment solicitation process. The Dynamic Group initially solicited interim financing proposals from at least 12 lenders/interim financing providers; however, the only term sheet ultimately received by the Dynamic Group was the Interim Financing Term Sheet.
43. In the Proposed Monitor's view:
- a. the financing contemplated by the Interim Financing Term Sheet is necessary to fund the Applicants' operations and restructuring and will enhance the Applicants' prospect of achieving a viable restructuring outcome or sale. Absent the funding available under the Interim Financing Term Sheet, the Dynamic Group would be forced to cease all operations due to lack of liquidity; and
  - b. the Proposed Monitor reviewed a database of approximately 140 interim financings approved in insolvency proceedings and can advise that proposed terms (interest

rate, fees, etc.) in the Interim Financing Term Sheet are customary and in line with those approved in prior CCAA restructurings.

44. Accordingly, the Proposed Monitor supports the Applicants' request for approval of the Interim Financing Term Sheet and the Interim Financing Charge. The Proposed Monitor also supports limiting the initial advances under the Interim Financing Term Sheet to \$250,000 as this amount will adequately fund the Applicant's liquidity needs through to the Comeback Hearing (with an expectation of increasing the amount to \$2.6 million at the Comeback Hearing).

### **Amount And Priority of Court Ordered Charges**

#### **Administration Charge**

45. The proposed form of Initial Order provides for a charge in the amount of up to \$100,000 (the "**Administration Charge**"), covering the period until the Comeback Hearing charging the assets of the Dynamic Group, in favour of the Proposed Monitor, the Proposed Monitor's counsel, and the Dynamic Group's counsel as security for their professional fees and disbursements incurred both before and after the commencement of the CCAA Proceedings.
46. The Administration Charge currently only secures the fees expected to be incurred by the foregoing professionals prior to and during the 10-day stay period prior to the Comeback Hearing.
47. The Proposed Monitor has reviewed (i) the underlying assumptions upon which the Applicants have based the quantum of the proposed Administration Charge, (ii) the anticipated complexity of the CCAA Proceedings and the services to be provided by the beneficiaries of the Administration Charge, and (iii) is of the view that the proposed quantum of the Administration Charge is reasonable and appropriate in the circumstances.



48. The Proposed Monitor believes it is appropriate for the beneficiaries to be afforded the Administration Charge as they will be undertaking a necessary and integral role in the CCAA Proceedings.

### **DIP Charge**

49. The Dynamic Group is seeking an Order granting the Interim Lender a charge (the “**DIP Charge**”) over all of the present and future assets, property and undertaking of the Applicants, in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, subject only to the Administration Charge. The DIP Charge will secure all obligations owing to the DIP Lender under the Interim Facility.
50. The Monitor is of the view that the Interim Facility represents the necessary financing which will allow the Dynamic Group to pay certain critical payables and maintain ongoing operations.
51. The Monitor recommends that the Court approve the Interim Facility and accordingly, also supports the granting of the DIP Charge.

### **Director’s Charge**

52. The Initial Order provides for the charge over the Dynamic Group's property in favour of the directors and officers of the Applicants as security for the indemnity contained in the Initial Order in respect of specified obligations and liabilities that the directors and officers may incur after the commencement of the CCAA Proceeding (the “**D&O Charge**”). The D&O Charge will not exceed an aggregate amount of \$250,000.
53. As described in the Francis Affidavit, the Applicants maintain certain insurance coverage for the directors and officers, but the deductibles and exclusions from the policies mean that the insurance may not fully cover the potential statutory liabilities of the beneficiaries

of the D&O Charge. The Proposed Monitor notes that the directors and officers will only be entitled to the benefit of the D&O Charge to the extent that they do not have coverage under any existing insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the directors and officers are entitled to be indemnified pursuant to the provisions of the Initial Order.

54. The proposed D&O Charge represents the amount applicable during the initial 10-day stay period prior to the Comeback Hearing. The Proposed Monitor will comment on any proposed amendment to increase the amount of the D&O Charge at the Comeback Hearing as part of a further report to this Court.
55. The Dynamic Group's directors and officers have the necessary background and knowledge that will be beneficial to the Applicants' efforts to preserve value and maximize recoveries for stakeholders through completion of the CCAA Proceedings.
56. The Proposed Monitor is of the view that the amount of the D&O Charge is reasonable in relation to the quantum of the estimated potential liability of the Dynamic Group's directors and officers.

### **Summary of the Proposed Rankings of the Court-Ordered Charges**

57. If the proposed Initial Order is granted, the Charges would have the following ranking:
  - a. First – the Administration Charge in the amount of \$100,000;
  - b. Second – the DIP Charge in the amount of \$250,000; and
  - c. Third – the D&O Charge in the amount of \$250,000.
58. The Proposed Monitor believes that the Charges, including their proposed quantum and ranking, are required and reasonable in the circumstances of these CCAA Proceedings in

order to preserve the going concern operations of the Dynamic Group and maintain its enterprise value and, as a result, supports the granting of the granting of Charges as proposed by the Dynamic Group.

## CONCLUSIONS

59. The Proposed Monitor is of the view that the relief requested by the Dynamic Group pursuant to the proposed Initial Order is necessary, reasonable and justified in the circumstances. The Initial Order and Stay of Proceedings will provide the Applicants with stability and the best opportunity to preserve value and maximize recoveries for its stakeholders.
60. Accordingly, the Proposed Monitor respectfully recommends that the Dynamic Group's request for the proposed Initial Order be granted.

\*\*\*\*\*

All of which is respectfully submitted this 8<sup>th</sup> day of March 2023.

**FTI Consulting Canada Inc.**, in its capacity as  
the Proposed Monitor of Dynamic Group  
and not in its personal or corporate capacity



Deryck Helkaa  
Senior Managing Director  
FTI Consulting Canada Inc.



Dustin Olver, CA, CPA, CIRP, LIT  
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# **Appendix A**

## Dynamic Technologies Group Inc

CCAA 13-Week Cash Flow

March 9, 2023

(CAD\$ in thousands)

Weeks Ending (Friday)	Initial Stay	3/24/23	3/31/23	4/7/23	4/14/23	4/21/23	4/28/23	5/5/23	5/12/23	5/19/23	5/26/23	6/2/23	6/9/23	13-Week Forecast
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	
Forecast Week	Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 6	Wk 7	Wk 8	Wk 9	Wk 10	Wk 11	Wk 12	Wk 13	Total
<b>RECEIPTS</b>														
Receipts	\$ -	\$ 120.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 523.5
<b>DISBURSEMENTS</b>														
<i>Operating Disbursements</i>														
Project Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Payroll & Benefits	(381.4)	(194.5)	(229.2)	(36.6)	(166.0)	(72.7)	(157.0)	(51.5)	(109.9)	(47.2)	(55.9)	(157.1)	(34.7)	(1,693.7)
Contractors and Employee Expenses	(75.2)	(162.0)	(30.0)	(45.0)	-	(85.2)	(5.0)	(5.0)	-	(25.2)	(5.0)	(5.0)	-	(442.7)
Occupancy Expense	-	(2.2)	-	(187.9)	(1.0)	(2.2)	-	(39.3)	(1.0)	-	(2.2)	(39.0)	(1.3)	(276.0)
Insurance & Lease Expenses	(2.1)	-	-	(6.4)	-	-	-	(6.4)	-	-	-	(6.4)	-	(21.3)
G&A Expenses	(15.0)	(150.0)	(15.0)	(39.8)	(17.0)	(65.0)	(15.0)	(15.0)	(15.0)	(17.0)	(15.0)	(15.0)	(15.0)	(408.8)
<i>Total Operating Disbursements</i>	\$ (473.7)	\$ (508.7)	\$ (274.2)	\$ (315.8)	\$ (184.0)	\$ (225.1)	\$ (177.0)	\$ (117.2)	\$ (125.9)	\$ (89.4)	\$ (78.0)	\$ (222.5)	\$ (51.0)	\$ (2,842.4)
<b>OPERATING CASH FLOWS</b>	<b>\$ (473.7)</b>	<b>\$ (388.7)</b>	<b>\$ (274.2)</b>	<b>\$ (315.8)</b>	<b>\$ (184.0)</b>	<b>\$ (225.1)</b>	<b>\$ (177.0)</b>	<b>\$ 286.3</b>	<b>\$ (125.9)</b>	<b>\$ (89.4)</b>	<b>\$ (78.0)</b>	<b>\$ (222.5)</b>	<b>\$ (51.0)</b>	<b>\$ (2,318.9)</b>
<i>Financing Disbursements</i>														
DIP - Borrowings / (Repayments)	-	1,000.0	-	350.0	-	600.0	-	-	-	350.0	-	-	300.0	2,600.0
<i>Restructuring Disbursements</i>														
Professional Fees	-	(225.0)	-	-	-	(162.5)	-	-	-	(137.5)	-	-	-	(525.0)
<b>NET CASH FLOWS</b>	<b>\$ (473.7)</b>	<b>\$ 386.3</b>	<b>\$ (274.2)</b>	<b>\$ 34.2</b>	<b>\$ (184.0)</b>	<b>\$ 212.4</b>	<b>\$ (177.0)</b>	<b>\$ 286.3</b>	<b>\$ (125.9)</b>	<b>\$ 123.1</b>	<b>\$ (78.0)</b>	<b>\$ (222.5)</b>	<b>\$ 249.0</b>	<b>\$ (243.9)</b>
<b>CASH</b>														
Beginning Balance	\$ 524.4	\$ 50.7	\$ 437.0	\$ 162.8	\$ 197.1	\$ 13.1	\$ 225.5	\$ 48.5	\$ 334.8	\$ 208.9	\$ 332.0	\$ 253.9	\$ 31.5	\$ 524.4
Net Cash Inflows / (Outflows)	(473.7)	386.3	(274.2)	34.2	(184.0)	212.4	(177.0)	286.3	(125.9)	123.1	(78.0)	(222.5)	249.0	(243.9)
<b>ENDING CASH</b>	<b>\$ 50.7</b>	<b>\$ 437.0</b>	<b>\$ 162.8</b>	<b>\$ 197.1</b>	<b>\$ 13.1</b>	<b>\$ 225.5</b>	<b>\$ 48.5</b>	<b>\$ 334.8</b>	<b>\$ 208.9</b>	<b>\$ 332.0</b>	<b>\$ 253.9</b>	<b>\$ 31.5</b>	<b>\$ 280.4</b>	<b>\$ 280.4</b>
<b>BORROWING SUMMARY</b>														
DIP Facility Credit Limit	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600
DIP - Borrowings / (Repayments)	-	1,000	-	350	-	600	-	-	-	350	-	-	300	2,600
DIP Principal Outstanding	\$ -	\$ 1,000	\$ 1,000	\$ 1,350	\$ 1,350	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 2,300	\$ 2,300	\$ 2,300	\$ 2,600	\$ 2,600
DIP Availability	2,600	1,600	1,600	1,250	1,250	650	650	650	650	300	300	300	-	-



Mike Martin, CFO  
Dynamic Technologies Group Inc

**Notes:**

Management has prepared this Cash Flow Statement solely for the purposes of determining the liquidity requirements of the Debtors during the CCAA Proceedings.

The Cash Flow Statement is based on the probable and hypothetical assumptions detailed below. Actual results will likely vary from performance projected and such variations may be material.

- [1] Receipts are forecasted to include existing accounts receivable, JV receipts from quarterly dividends relating to the 50% joint venture ownership of Smoky Mountain Flyers LLC and other miscellaneous receipts.
- [2] Project purchases consist of payments for on-going project work including the completion of existing contracts and parts and service work for the Company's maintenance operations.
- [3] Employee payroll & benefits consists of amounts due to current employees including contractual employee benefits.
- [4] Contractor and employee expenses consist of hourly rates paid to contract employees as well as out-of-pocket expenses paid by employees or contractors.
- [5] Occupancy expenses include rent, utilities, property taxes and other building-related items.
- [6] Insurance & lease expenses consist of corporate insurance premiums and miscellaneous G&A lease payments.
- [7] G&A expenses include office expenses and other miscellaneous expenses.
- [8] DIP borrowing/ repayments consist of draws and repayments of the Debt in possession financing.
- [9] Professional fees include fees paid to the Monitor, Monitor's Counsel, Company Counsel and the Selling Agent.