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CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

S U P E R I O R C O U R T
Commercial Division

COURT N^{O}: 500-11-067437-265

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

ROYAL BANK OF CANADA

Secured Creditor

PREMIER HEALTH OF AMERICA INC. / PREMIER SOIN D'AMÉRIQUE INC.,
- and -
9104-8306 QUÉBEC INC.,
- and -
6150977 CANADA INC.,
- and -
10544485 CANADA INC.,
- and -
SOLUTIONS NURSING PHA INC.,
- and -
8961760 CANADA INC.,

Debtors

-and-
FTI CONSULTING CANADA INC.

Monitor / Applicant

SECOND REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS MONITOR

INTRODUCTION

1. The present report (the "**Second Report**") supplements the report dated June 22, 2026 (the "**Pre-Filing Report**") and the report dated July 2, 2026 (the "**First Report**"), each prepared by FTI Consulting Canada Inc. ("**FTI**" or the "**Monitor**"), in its respective capacities as proposed monitor and Court-appointed monitor in these proceedings. This Second Report should be read in conjunction with the Pre-Filing Report and the First Report.

2. On June 22, 2026, the Royal Bank of Canada ("**RBC**"), in its capacity as secured creditor, filed an application entitled *Application for the Issuance of an Initial Order and an Amended and Restated Initial Order* (the "**Initial Application**") before the Superior Court of Québec (the "**Court**") to commence proceedings under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended, the "**CCAA**") seeking the issuance of an order (the "**Initial Order**") declaring that Premier Health of America Inc. / Premier Soin d'Amérique Inc. ("**PHA**"), 9104-8306 Québec Inc. ("**Code Bleu**"), 6150977 Canada Inc. ("**Placement Premier Soin**"), 10544485 Canada Inc. ("**10544485**"), Solutions Nursing PHA Inc. ("**Nursing PHA**"), and 8961760 Canada Inc. (the "**Guarantor**", and together with the foregoing entities, the "**Debtors**" or the "**PHA Group**") are debtor companies subject to the CCAA, providing for a stay of proceedings in respect of the Debtors, the appointment of FTI as monitor and for various other relief measures (the "**CCAA Proceedings**").

3. It should be noted that, pursuant to the terms of the RVOs (as defined below), since the issuance on July 14, 2026, of the Monitor's Certificates (as defined below), former Debtors Premier Soin Nordik Inc. / Premier Health Nordik Inc. ("**Nordik Québec**"), Premier Health Nordik Ontario Inc. ("**Nordik Ontario**"), Canadian Health Care Agency Ltd. ("**CHCA**") and Solutions Staffing Inc. ("**SSI**") have ceased to be Debtors in the CCAA Proceedings. The style of cause reflects the remaining Debtors only.

4. On June 22, 2026, FTI, in its capacity as the proposed Monitor, issued its Pre-Filing Report. The Pre-Filing Report was prepared to provide the Court with information concerning the Debtors' financial affairs and the relief sought by RBC in connection with the Initial Application, including, in particular, the relief sought pursuant to the proposed Initial Order.

5. On June 23, 2026, the Court granted the Initial Application and issued the requested Initial Order, which provided for the following, among other things:

   a. a stay of proceedings in favour of the Debtors, their property, and their directors and officers until and including July 3, 2026 (the "**Stay Period**");

   b. the appointment of FTI as monitor to the Debtors in the CCAA Proceedings, with the extended powers set out in the Initial Order;

   c. the establishment of an Administration Charge in the amount of $250K;

   d. the approval of Interim Financing of an amount of up to $1.5M, to be secured by an Interim Lender's Charge of $1.8M; and

   e. the establishment of a D&O Charge in the amount of $400K.

6. On June 30, 2026, the RBC filed an *Amended Application for the Issuance of an Initial Order, an Amended and Restated Initial Order, Approval and Reverse Vesting Orders and Ancillary Relief* (the "**June 30 Application**") for the issuance of an Initial Order, an Amended and Restated Initial Order (the "**ARIO**"), Approval and Reverse Vesting Orders (the "**RVOs**") and ancillary relief. The Court scheduled a hearing on July 3, 2026 (the "**Comeback Hearing**") to consider the June 30 Application.

7. On July 2, 2026, FTI, in its capacity as Monitor, issued its First Report. The First Report was prepared to provide the Court with information concerning the Debtors' financial affairs and the relief sought by RBC in connection with the June 30 Application, including, in particular, the relief sought pursuant to the proposed ARIO and RVOs.

8. On July 3, 2026, the Court issued (a) the ARIO, (b) the three (3) RVOs approving the transaction (the "**Polar Valley Transaction**"), consisting in the acquisition by Polar Valley Investments Limited ("**Polar Valley**") of the equity interests in SSI, CHCA and Nordik Québec (including its wholly-owned subsidiary, Nordik Ontario), pursuant to three (3) subscription agreements dated June 30, 2026 (collectively, the "**Polar Valley Subscription Agreements**"), and (c) three (3) Discharge Orders (*Ordonnances de radiation*) ordering the reduction of the security registrations affecting the retained assets of SSI, CHCA and Nordik Québec at the applicable registries.

9. On July 14, 2026, the Polar Valley Transaction closed, as appears from the Monitor's certificates (the "**Monitor's Certificates**") issued on the same date in respect of each of SSI, CHCA and Nordik Québec, and filed with the Court.

10. Pursuant to the terms of the RVOs, on July 14, 2026, upon closing of the Polar Valley Transaction and the issuance of the Monitor's Certificates, all Excluded Assets, Excluded Contracts and Excluded Liabilities of SSI, CHCA and Nordik Québec (including Nordik Ontario) were transferred to and vested in 10544485 Canada Inc. ("**ResidualCo**"), which continues to be subject to the CCAA Proceedings. In addition, the CCAA Charges and Encumbrances previously affecting the property of SSI, CHCA and Nordik Québec attached to the net proceeds of the Polar Valley Transaction with the same priority as existed immediately prior to closing. Following the closing, SSI, CHCA, Nordik Québec and Nordik Ontario ceased to be Debtors in these CCAA Proceedings, save and except as provided in the RVOs. Accordingly, PHA, Code Bleu, Placement Premier Soin, ResidualCo, Nursing PHA and 8961760 Canada Inc. remain as the only Debtors in the CCAA Proceedings and have no active operations and their affairs are being administered exclusively by the Monitor.

11. On August 21, 2026, the Monitor, acting for and on behalf of the remaining Debtors, filed an *Application for the Issuance of an Order Extending the Stay of Proceedings, Approving an Interim Distribution, and for Ancillary Relief* (the "**August 21 Application**") seeking the issuance of an order providing for:

   a. the extension of the Stay Period until and including January 29, 2027;

   b. the termination and discharge of the D&O Charge established under the ARIO, in the amount of $400,000 and the release and discharge of the directors and officers of the remaining Debtors (the "**D&Os**") from any claims that could have been secured by the D&O Charge; and

c. the authorization for the Monitor to make an interim distribution to RBC, BDC Capital Inc. (“**BDC**”) and Desjardins Capital PME S.E.C. (“**Desjardins**”) (collectively, the “**Senior Lenders**”) in the amount of $7,600,000, currently held in trust by the Monitor, in accordance with the priorities established under the ARIO and the Intercreditor Agreement (as defined below) (the “**Interim Distribution**”).

12. The Second Report has been prepared to provide the Court with the Monitor’s observations and recommendations with respect to the August 21 Application, based on information that has been made available to the Monitor. This report may not be appropriate for any other purpose and consequently should not be used for any other purpose.

13. The Second Report is presented under the following headings:

a. Introduction;

b. Terms of Reference;

c. Overview of the CCAA Proceedings to Date;

d. Comparison of Actual and Projected Cash Flow Results;

e. Cash Flow Forecast;

f. Leede Completion Fee Claim;

g. Discharge And Termination of the D&O Charge and Release of the D&Os;

h. Interim Distribution;

i. Extension of the Stay Period;

j. Monitor’s Recommendations; and

k. Conclusions.

14. The corporate structure of PHA Group, description of activities, causes of financial difficulties and various other issues relevant to the restructuring proceedings of the Debtors including the Polar Valley Transaction are described in greater detail in the previous Monitor's reports and will therefore not be addressed in this report. The Pre-Filing Report, First Report and other relevant and accessory documents in the present matter are accessible through the Monitor's website, at https://cfcanada.fticonsulting.com/PHA.

TERMS OF REFERENCE

15. Capitalized terms not defined herein have the meaning ascribed to them in the Pre-Filing Report, in the First Report, in the Initial Application, in the June 30 Application or the August 21 Application.

16. In preparing this Second Report, the Monitor has been provided and relied upon certain unaudited, draft and/or internal financial information, company records, management prepared financial information and projections, information from other third-party sources, and has engaged in discussions with certain former representatives of the Debtors' senior management team ("**Management**") (collectively, the "**Information**").

17. Except as otherwise described in this Second Report:

a. The Monitor has assumed the integrity and truthfulness of the Information and explanations provided to it, within the context in which it was presented. To date, nothing has come to the attention of the Monitor that would cause it to question the reasonableness of this assumption.

b. The Monitor has requested that Management bring to its attention any significant matters which were not addressed in the course of its specific inquiries. Accordingly, this Second Report is based solely on the Information (financial or otherwise) provided to the Monitor.

c. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The 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 or Generally Accepted Standards for Review Engagements pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information.

d. Some of the information referred to in this Second Report consists of forecasts and projections that were prepared based on the Monitor's and Management's current estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence, no assurance can be provided regarding any such forecasts or projected results. Actual results will vary from the forecasts or projections, even if the estimates and assumptions are accurate, and the variations could be significant.

e. The Monitor has not examined or reviewed financial forecasts and projections referred to in this Second Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.

18. Unless otherwise stated, all monetary amounts contained herein are expressed in **Canadian Dollars**.

OVERVIEW OF THE RESTRUCTURING PROCEEDINGS TO DATE

Activities of the Monitor

19. Since the issuance of the First Report dated July 2, 2026 and the granting of the ARIO and the RVOs on July 3, 2026, the Monitor has undertaken the following activities:

a. Held daily meetings with Management to address priority challenges which have resulted from the CCAA proceedings, notably those related to supply chain, customer communications and collection of accounts receivable prior to the closing of the Polar Valley Transaction on July 14, 2026;

b. Monitored the daily receipts and disbursements of the Debtors, including supervising the daily issuance of payments through prior review and approval by the Monitor of payment requests formulated by the Debtors prior to the closing of the Polar Valley Transaction on July 14, 2026;

c. Worked closely with FTI Capital Advisors ("**FTICA**"), the Senior Lenders, Polar Valley and their respective counsel and ultimately completed the closing of the Polar Valley Transaction and issued the Monitor's certificates in respect thereof;

d. Monitored and controlled the cash receipts and disbursements of the remaining Debtors, including reviewing and approving payment requests, overseeing banking activities and cash management matters, and monitoring estate liquidity and projected funding requirements subsequent to the closing of the Polar Valley Transaction on July 14, 2026;

e. Distributed to the Interim Lender the amounts owing under the Interim Facility, in accordance with the ARIO;

f. Administered the transition services arrangement (the "**TSA**") contemplated by the Polar Valley Subscription Agreements, including the continued occupancy of certain premises by the acquired entities and various post-closing transition matters;

g. Coordinated and implemented workforce transition arrangements contemplated by the Polar Valley Transaction and the TSA, including employee terminations, independent contractor arrangements, cessation of operations of the remaining Debtors, stakeholder communications and related transition activities;

h. Issued notices of disclaimer pursuant to section 32 of the CCAA in respect of certain contracts of the Debtors, including equipment leases held by Code Bleu (with Wells Fargo Equipment Finance and Delcom Groupe Melcarm) and a coworking space agreement held by PHA (with WeWork Canada LP ULC);

i. Delivered notices of stay of proceedings to the counterparties in pending litigation matters involving the Debtors;

j. Engaged in discussions to evaluate and, where appropriate, pursue the prosecution of pending litigation (the "**Ongoing Litigation**"), instituted by the Debtors, with a view to maximizing recoveries available for the benefit of the Debtors' creditors;

k. Reviewed and assessed matters relating to the D&O Insurance, including outstanding premium financing obligations, tail coverage and the D&O Charge;

l. Consulted with the Senior Lenders and their respective counsel regarding the proposed Interim Distribution and the orderly wind-down of the Debtors;

m. Posted updated information and materials regarding the CCAA Proceedings, at the following address: https://cfcanada.fticonsulting.com/PHA (the "**Monitor's Website**");

n. Responded to inquiries from creditors, employees, counterparties and other stakeholders through the Monitor's dedicated email address (phagroup@fticonsulting.com) and otherwise, and assisted the remaining Debtors and Polar Valley in relation to facilitating continued service and supply from vendors;

o. Exchanged correspondence through its counsel with Leede Financial Inc. (“**Leede**”), as more fully described below;

p. Coordinated and exchanged information with RBC, BDC Capital and Desjardins Capital regarding the Polar Valley Transaction, the CCAA Proceedings and the relief sought in the August 21 Application; and

q. Prepared this Second Report.

Activities of the Debtors

20. Since the issuance of the ARIO and the RVOs on July 3, 2026, the Debtors have conducted the following activities:

a. Continued to manage their operations in the normal course through the closing of the Polar Valley Transaction;

b. Communicated with various creditors, suppliers, employees and former employees to provide information and updates regarding the CCAA Proceedings through the closing of the Polar Valley Transaction;

c. Prior to the closing of the Polar Valley Transaction, certain members of Management assisted the Monitor, FTICA, Polar Valley and their respective advisors in connection with the implementation and closing of the Polar Valley Transaction, including transition planning, employee matters and the transfer of operational responsibilities; and

d. Ceased all operations of the remaining Debtors subsequent to the closing of the Polar Valley Transaction.

COMPARISON OF ACTUAL AND PROJECTED CASH FLOW RESULTS

21. Appendix A-2 of the First Report includes a statement of projected cash flow for the 9-week period from June 29, 2026, to August 30, 2026 (the “**Cash Flow Forecast**”). A comparison of actual to projected cash flow results, for the eight-week period from June 22, 2026, to August 16, 2026, is attached hereto as Appendix A-1, under seal.

22. The net cash inflow during this period totalled $9.6M compared to a projected net cash inflow of $8.2M, resulting in a favourable net cash flow variance totalling $1.4M.

23. The favourable variance is primarily attributable to lower-than-forecast salaries and benefits as well as travel, accommodation and professional fee expenses, partially offset by lower-than-forecast collection of accounts receivable. The professional fees variances are largely attributable to timing differences and are expected to reverse over the coming weeks.

CASH FLOW FORECAST

24. The Monitor has prepared the statement of projected cash flow (the "**Second Revised Cash Flow Forecast**"), on a weekly basis, for the 24-week period from August 17, 2026, to January 31, 2027 (the "**Cash Flow Period**") for the purpose of forecasting the remaining Debtors' liquidity needs during the Cash Flow Period. The Second Revised Cash Flow Forecast is accompanied by notes outlining the significant assumptions made in its preparation.

25. A copy of the Second Revised Cash Flow Forecast and accompanying notes are attached hereto as Appendix A-2, under seal.

26. The Second Revised Cash Flow Forecast is presented on a consolidated basis for all the remaining Debtors. The Second Revised Cash Flow Forecast, including the notes attached thereto has been prepared for the purpose described in the notes accompanying the Second Revised Cash Flow Forecast, using probable and hypothetical assumptions set out in the said notes.

27. The Second Revised Cash Flow Forecast was prepared by the Monitor based on information available to it regarding the remaining Debtors, including actual cash balances, anticipated disbursements, professional fee estimates and other known obligations of the remaining Debtors.

28. The Monitor's preparation consisted of inquiries, analytical procedures and discussions related to information supplied by the remaining Debtors and other stakeholders. Since hypothetical assumptions need not be supported, the procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Second Revised Cash Flow Forecast. The Monitor also reviewed the support provided by the remaining Debtors and other stakeholders for the probable assumptions, and the preparation and presentation of the Second Revised Cash Flow Forecast.

29. Based on this review, nothing has come to the Monitor's attention that causes it to believe that, in all material respects:

    a. The hypothetical assumptions are not consistent with the purpose of the projection;

b. As at the date of this Second Report, the probable assumptions developed by the remaining Debtors are not suitably supported and consistent with the plans of the remaining Debtors or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

c. The Second Revised Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

30. Since the Second Revised Cash Flow Forecast 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.

31. Accordingly, the Monitor expresses no assurance as to whether the Second Revised Cash Flow Forecast will be achieved. The Second Revised Cash Flow Forecast has been prepared solely for the purpose described in the notes accompanying the Second Revised Cash Flow Forecast, and readers are cautioned that it may not be appropriate for other purposes.

32. While the Monitor does not express any reservation with respect to the Second Revised Cash Flow Forecast, certain components thereof are noteworthy and are discussed below.

33. The Second Revised Cash Flow Forecast indicates no operating cash receipts as operations of the remaining Debtors have ceased.

34. The Second Revised Cash Flow Forecast reflects projected disbursements of approximately $9.1M over the Cash Flow Period, including the proposed Interim Distribution of $7.6M and approximately $1.5M relating primarily to the reimbursement of pre-closing payroll obligations and sales taxes, professional fees and expenses, ongoing expenses related to the TSA and other general administration costs.

35. The projected net cash outflow of approximately $9.1M reflected in the Second Revised Cash Flow Forecast is expected to be funded from the approximately $9.6M currently held in trust by the Monitor, indicating sufficient liquidity to fund the remaining Debtors' anticipated obligations during the Cash Flow Period.

EXCHANGES WITH LEEDE

36. In June 2025, the PHA Group retained Leede as financial advisor to evaluate strategic alternatives. The process conducted by Leede involved outreach to approximately 150 potential counterparties but did not result in any offer. Further details of the Leede process are included in the Pre-Filing Report and the First Report.

37. On July 14, 2026, following the closing of the Polar Valley Transaction, Leede sent a notice to the Monitor (the "**Leede Notice**") asserting an entitlement to a completion fee under its engagement agreement with PHA (the "**Leede Agreement**") and requested that a reserve be established from the proceeds of the Polar Valley Transaction. Leede further objected to any distribution of proceeds pending resolution of its alleged claim.

38. On July 17, 2026, following review of the Leede Agreement and the arguments set forth in the Leede Notice, the Monitor's counsel responded that no completion fee or other amount was owing and that any such claim would, in any event, constitute a pre-filing unsecured claim.

39. In a letter dated July 20, 2026, Leede subsequently disputed the Monitor's position and proposed a consensual resolution pursuant to which its claim would be recognized as an unsecured claim against PHA. Leede also requested to obtain copies of the Polar Valley Subscription Agreements.

40. On July 21, 2026, the Monitor, through its counsel, advised Leede that it remained of the view that no completion fee was owing and offered to provide copies of the Polar Valley Subscription Agreements, subject to a customary confidentiality undertaking. Leede has not responded to the Monitor's letter dated July 21, 2026.

41. The Monitor remains of the view that no completion fee or other amount is owing under the Leede Agreement and that Leede is not entitled to any reserve or priority treatment in respect of its alleged claim. The Monitor is bringing this matter to the attention of the Court as the Leede Notice sought to prevent any distribution of the proceeds of the Polar Valley Transaction.

42. In any event, even if Leede's alleged claim was ultimately determined to be valid, which is denied, the Monitor notes that the first-ranking secured claims of the Senior Lenders substantially exceed the funds currently available for distribution. Accordingly, the Monitor does not believe that the Leede Notice affects the proposed Interim Distribution, the continuation of these CCAA Proceedings or any of the relief sought in the August 21 Application.

DISCHARGE AND TERMINATION OF THE D&O CHARGE AND RELEASE OF THE D&OS

43. Pursuant to the ARIO, the D&O Charge in the amount of $400,000 was established against the Debtors' property to secure indemnification obligations towards the D&Os in connection with potential liabilities that could arise during the CCAA Proceedings, to the extent that such potential liabilities were not covered by the existing D&Os' liability insurance policies (the "**D&O Insurance**").

44. Since the commencement of the CCAA Proceedings, the D&Os remained in their positions throughout the restructuring process, including in connection with the SISP and the implementation of the Polar Valley Transaction.

45. The Polar Valley Transaction closed on July 14, 2026. Pursuant to the RVOs, SSI, CHCA and Nordik Québec, including Nordik Ontario, ceased to be Debtors in the CCAA Proceedings and the remaining Debtors have no active operations. The directors remain on the boards of the remaining Debtors, while the officers have been terminated prior to the closing of the Polar Valley Transaction. The Monitor continues to receive occasional assistance from Frédéric St-Cyr, former interim Chief Financial Officer of PHA, who provides consulting services to the Monitor in connection with the administration and wind-down of the remaining Debtors.

46. In these circumstances, and for the reasons more fully described below, the Monitor is of the view that there is no longer any continuing need for the D&O Charge. The Monitor is not aware of any stakeholder that would be materially prejudiced by the termination of the D&O Charge.

47. The Monitor considers that the termination and discharge of the D&O Charge, together with the release and discharge of the D&Os from any claims that could have been secured thereby, is warranted for the following reasons:

a. the operating entities (SSI, CHCA and Nordik Québec) have ceased to be Debtors in the CCAA Proceedings following the Polar Valley Transaction, and their operations are now being carried on by Polar Valley;

b. the remaining Debtors no longer conduct any active operations;

c. there is no longer need for active management or oversight of the affairs of the remaining Debtors;

d. since the completion of the Polar Valley Transaction, all source deduction obligations of the remaining Debtors were remitted, employee and subcontractor obligations have been satisfied or appropriately reserved for, and the Monitor is not aware of any outstanding, threatened or asserted claims against the D&Os that would be secured by the D&O Charge. In these circumstances, the Monitor is of the view that continuation of the D&O Charge is no longer necessary or appropriate; and

e. the continued funding of the D&O Insurance premium financing obligations and/or the procurement of additional tail coverage would further diminish recoveries available to the Senior Lenders, who will remain substantially under-secured notwithstanding the proposed Interim Distribution.

48. The Monitor understands that the existing D&O Insurance policy is scheduled to expire on December 3, 2026 and that certain premium financing obligations remain outstanding in respect thereof. The Monitor has taken steps to address the immediate premium default pending the presentation of the August 21 Application. The Monitor further understands that three (3) monthly premium financing payments, totalling approximately $37K, remain outstanding under the financing agreement relating to the existing D&O Insurance policies. However, the Monitor does not recommend that estate funds be utilized either to satisfy the remaining premium financing obligations or to procure additional run-off or “tail” coverage for the benefit of the D&Os.

49. The Monitor has considered the D&Os’ request that the estate continue funding the existing D&O Insurance premium financing obligations and obtain additional tail coverage. The Monitor has been advised that indicative pricing for additional run-off or “tail” coverage was approximately $115K plus applicable taxes for one year and approximately $178K plus applicable taxes for three years. The Monitor does not consider the continuation or procurement of such insurance to be an appropriate use of estate funds in the circumstances.

50. In particular, the Senior Lenders will continue to suffer a substantial deficiency on their secured claims. The use of estate funds to satisfy the remaining premium financing obligations or to procure additional tail coverage would directly reduce the funds otherwise available for distribution to the Senior Lenders. The Monitor therefore considers that such expenditure would not provide a corresponding benefit to the estate or its creditors and would not constitute a reasonable or appropriate use of estate assets.

51. The Monitor further notes that the D&O Charge and the D&O Insurance serve distinct purposes. The D&O Charge was established as security for certain indemnification obligations arising during the CCAA Proceedings to the extent such liabilities were not covered by the existing D&O Insurance.

52. While the D&Os have expressed concerns regarding potential future claims arising from historical conduct, including claims that may arise following completion of the CCAA Proceedings, the Monitor does not consider the termination of the D&O Charge to create an obligation for the estate to fund or extend insurance coverage in respect of such potential future claims.

53. Accordingly, the Monitor respectfully submits that it is appropriate and economically justified to terminate and discharge the D&O Charge, to release and discharge the D&Os from any and all claims that could have been secured thereby, and authorize the Monitor to discontinue the funding of premium financing obligations under the D&O Insurance policies. The funds so preserved will remain available for distribution to the Senior Lenders, thereby partially reducing their shortfall.

54. In light of the foregoing, including given the absence of known claims against the D&Os, the cessation of the Debtors' operations, the completion of the Polar Valley Transaction, and the lack of any continuing need for the D&O Charge, the Monitor considers that it is appropriate and fair in the circumstances that the D&Os benefit from the release sought in the August 21 Application. The release shall apply to any and all claims, liabilities or obligations relating directly or indirectly to the Debtors, their business, affairs or operations that could have been secured by the D&O Charge.

55. The proposed release shall not extend to any claims that could not have been secured by the D&O Charge, nor (i) any claim arising from gross negligence or wilful misconduct on the part of any D&O, or (ii) any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

56. The Senior Lenders support the relief sought by the Monitor, including the termination and discharge of the D&O Charge and the release of the D&Os as described above.

INTERIM DISTRIBUTION

57. Pursuant to the RVOs and paragraphs 37 and 62 to 63 of the ARIO, the CCAA Charges and all Encumbrances previously granted over the property of SSI, CHCA and Nordik Québec attached to the proceeds of the Polar Valley Transaction with the same priority as they had immediately prior to closing. Accordingly, the proceeds of the Polar Valley Transaction continue to be subject to the rights of the beneficiaries of such charges and encumbrances.

58. As noted in the First Report, the Monitor anticipated seeking a subsequent distribution order following the closing of the Polar Valley Transaction and obtaining an independent legal opinion regarding the validity and enforceability of the security granted in favour of the secured creditors of the Debtors.

59. Following completion of the Polar Valley Transaction, the Monitor prepared an analysis in order to determine the amount available for distribution and the amounts required to be retained to fund the remaining administration of these CCAA Proceedings. Based on that analysis, the Monitor determined that, after repayment of the Interim Facility and provision for the remaining costs and obligations of the remaining Debtors, the amount currently available for distribution to the Senior Lenders is approximately $7.6 million.

60. The Monitor has obtained an independent legal opinion confirming that the security interests granted in favour of RBC, BDC Capital and Desjardins Capital are valid, enforceable and opposable to third parties.

61. The Monitor further notes that the rights of the Senior Lenders are governed by the Intercreditor Agreement dated November 9, 2023. Pursuant to section 4.3 of the Intercreditor Agreement, cash proceeds of realization are to be distributed among the holders of Senior Obligations on a *pari passu* and *pro rata* basis.

62. As at June 22, 2026, the Senior Obligations consisted of:

a. RBC Facilities: $27,984,903.94;

b. BDC Senior Term Loan: $2,048,007.53; and

c. Desjardins Senior Term Loan: $2,048,007.53.

63. Based upon the foregoing and in accordance with the Intercreditor Agreement, the proposed Interim Distribution would be allocated as follows:

Allocation of the Interim Distribution	($000s CAD)
RBC (Total Indebtedness)	6,630
BDC Capital (Sr. Term Loan)	485
Desjardins Capital (Sr. Term Loan)	485
Total	**7,600**

64. Based on the indebtedness owing to the Senior Lenders as of June 22, 2026 and the calculations prepared by the Monitor, the aggregate first-ranking secured indebtedness exceeds $32M. Accordingly, the proposed Interim Distribution of $7.6 million is grossly insufficient to satisfy the Senior Lenders' *pari passu* and *pro rata* first-ranking secured claims in full, and the Senior Lenders will continue to suffer a substantial deficiency following the proposed Interim Distribution.

65. The Monitor further notes that the proposed Interim Distribution will not prejudice any unsecured creditor. Given that Senior Lenders' first ranking secured indebtedness significantly exceeds the available proceeds, no claims process is currently contemplated, and the Monitor does not currently anticipate any distribution to unsecured creditors of the Debtors.

66. Any remaining funds following the proposed Interim Distribution will continue to be held in trust by the Monitor to secure payment of professional fees and expenses incurred in connection with these CCAA Proceedings and to fund the continued administration and wind-down of the remaining Debtors, pending further order of the Court.

67. The Monitor has also considered the position asserted by Leede in the Leede Notice. For the reasons set out in this Report, and given the magnitude of the Senior Lenders' secured claims, the Monitor does not believe that the Leede Notice should affect the proposed Interim Distribution or that it provides any basis to defer the distribution sought herein.

68. In the circumstances, the Monitor is of the view that the proposed Interim Distribution is reasonable and appropriate, consistent with the priorities established by the ARIO and the Intercreditor Agreement, and is in the best interests of the Debtors' stakeholders. Accordingly, the Monitor supports the proposed Interim Distribution contemplated by the August 21 Application.

EXTENSION OF THE STAY PERIOD

69. The Stay Period currently expires on August 28, 2026. Pursuant to the August 21 Application, the Monitor seeks an extension of the Stay Period until January 29, 2027.

70. Since the closing of the Polar Valley Transaction on July 14, 2026, the principal objectives of these CCAA Proceedings have been achieved. The operating entities acquired by Polar Valley have successfully exited the CCAA Proceedings. The remaining Debtors no longer conduct active operations and their affairs are being administered exclusively by the Monitor.

71. Notwithstanding the successful implementation of the Polar Valley Transaction, additional time remains necessary to complete the orderly administration and wind-down of the remaining Debtors. In particular, the Monitor requires additional time to, among other things:

   a. complete the administration of post-closing matters arising from the Polar Valley Transaction and the TSA;

   b. evaluate and, where appropriate, pursue the Ongoing Litigation and other potential recoveries;

   c. address outstanding administrative matters;

   d. continue the review and realization of any remaining assets of the remaining Debtors; and

   e. take the steps necessary to bring these CCAA Proceedings to an orderly conclusion.

72. The Monitor continues to assess the merits and realizable value of the Ongoing Litigation and other potential recoveries and will pursue only those matters that are expected to generate a net benefit for stakeholders.

73. Based on the Second Revised Cash Flow Forecast, the Monitor expects that sufficient liquidity will remain available to fund the anticipated costs and expenses associated with the administration of these CCAA Proceedings during the proposed extension period.

74. The Monitor is of the view that the remaining Debtors and the Monitor have acted, and continue to act, in good faith and with due diligence throughout these CCAA Proceedings.

75. The Monitor is not aware of any stakeholder that would be materially prejudiced by the requested extension of the Stay Period.

76. The Senior Lenders, being the principal secured creditors of the Debtors, support the extension and the relief sought in the August 21 Application.

77. In light of the foregoing, the Monitor is of the view that the requested extension of the Stay Period until January 29, 2027, is reasonable, necessary and appropriate in the circumstances and respectfully recommends that the Court grant the requested relief.

MONITOR'S RECOMMENDATIONS

78. For the reasons set out in this Second Report, the Monitor is of the view that the relief sought in the August 21 Application is reasonable and appropriate in the circumstances.

79. In particular, the Monitor supports:

a. the extension of the Stay Period until January 29, 2027;

b. the proposed Interim Distribution in the amount of $7.6M to the Senior Lenders in accordance with the Intercreditor Agreement;

c. the termination and discharge of the D&O Charge;

d. the release of the D&Os from any claims that would be secured by the D&O Charge on the terms set out in the Draft Order; and

e. the ancillary relief sought in the August 21 Application.

CONCLUSIONS

80. Based on the Monitor's review thus far, the remaining Debtors and RBC have displayed diligence, good faith and proper intentions in pursuing these CCAA Proceedings.

81. The principal objectives of these CCAA Proceedings have been achieved through the successful completion of the Polar Valley Transaction.

82. In view of the foregoing and the information received since its appointment, FTI considers that the restructuring efforts implemented to date and those contemplated herein are reasonable.

83. The remaining Debtors have no active operations, the Interim Facility has been repaid in full and the affairs of the remaining Debtors continue to be administered by the Monitor.

84. The Monitor is satisfied that:

a. sufficient liquidity exists to fund the continued administration and orderly wind-down of the remaining Debtors during the proposed extension period;

b. the proposed Interim Distribution is appropriate and consistent with the rights and priorities of the Senior Lenders;

c. the D&O Charge no longer serves a continuing restructuring purpose;

d. the release of the D&Os from any claims that would be secured by the D&O Charge is reasonable and appropriate given the termination and discharge of the D&O Charge being sought; and

e. the relief sought in the August 21 Application is reasonable and appropriate in the circumstances.

85. Accordingly, the Monitor respectfully recommends that this Honourable Court grant the relief sought in the August 21 Application and issue the Draft Order.

The Monitor respectfully submits to the Court this Second Report.

DATED AT MONTRÉAL, this 25th day of August, 2026

FTI Consulting Canada Inc.
In its capacity as Monitor of the Debtors

Martin Franco, CPA, CIRP, LIT
Senior Managing Director

Matt Budd

Matt Budd, CPA, CIRP, LIT
Managing Director

Appendix A-1 to A-2

(under seal)