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CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No.: 500-11-058116-209

S U P E R I O R C O U R T
Commercial Division
Designated tribunal under the Companies' Creditors Arrangement Act[1]

IN THE MATTER OF THE ARRANGEMENT OF 4406443 CANADA INC. (fka Spectra Premium Industries Inc.), 4406443 PREMIUM (USA) CORP. (fka Spectra Premium (USA) Corp.), 4406443 PREMIUM HOLDINGS (USA) CORP. (fka Spectra Premium Holdings (USA) Corp.), 4406443 PREMIUM PROPERTIES (USA) CORP. (fka Spectra Premium Properties (USA) Corp.).

NINTH AND FINAL MONITOR'S REPORT
DATED JUNE 20, 2023

INTRODUCTION AND CCAA BACKGROUND

1. On March 10, 2020, the Superior Court of Québec (the "Court") issued a first day initial order (the "First Day Initial Order") under the *Companies' Creditors Arrangement Act*[1] (the "CCAA") with respect to 4406443 Canada Inc. (fka Spectra Premium Industries Inc.) ("Spectra" or "Spectra Canada"), 4406443 Premium Holdings (USA) Corp. (fka Spectra Premium Holdings (USA) Corp.) ("Spectra Holdings US"), 4406443 Premium (USA) Corp. (fka Spectra Premium (USA) Corp.) ("Spectra US"), 4406443 Premium Properties (USA) Corp. (fka Spectra Premium Properties (USA) Corp.) ("Spectra Properties US"), Spectra Premium Taiwan Co. Ltd. ("Spectra Taiwan"), Spectra Premium (Shanghai) Automotive Technical Services Co. Ltd. ("Spectra Shanghai"), and Spectra Premium (Chongqing) Automotive services Co. Ltd. ("Spectra Chongqing") (collectively referred to herein as the "Spectra Group" or the "Debtors"), containing among other things, a stay of proceedings in respect of the Debtors, originally until March 20, 2020 (as further extended from time to time, the "Stay Period"), and various other relief, including certain protections from their creditors.

2. On March 9, 2020, Ernst & Young Inc. filed a report of the proposed monitor with the Court, dated March 9, 2020 (the "Pre-Filing Monitor's Report").

3. Pursuant to the First Day Initial Order, Ernst & Young Inc. was appointed as monitor ("EY" or the "Monitor") of the Debtors in the present proceedings (the "CCAA Proceedings").

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[1] *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

4. On March 12, 2020, the United States Bankruptcy Court for the District of Delaware (the "U.S. Court") issued various orders and relief under Chapter 15 of the *U.S. Bankruptcy Code* with respect to the recognition of the CCAA Proceedings in the United States, including an order granting provisional relief to recognize and effect the CCAA filing (the "Chapter 15 Proceedings"). EY acts as foreign representative (the "Foreign Representative") in the Chapter 15 Proceedings.

5. On March 24, 2020, an order was issued by the Court amending and restating the First Day Initial Order (the "Amended and Restated Initial Order") and extending the Stay Period until June 6, 2020.

6. On April 6, 2020, an order was issued by the Court granting the motion, dated April 2, 2020, regarding certain transactions in the normal course of business related to Truist Bank, Spectra US, Advance Stores Company, Inc. and O'Reilly Automotive Stores, Inc. authorizing the continuance of the factoring of invoices, in accordance with the agreements in place.

7. On April 28, 2020, the Debtors filed a motion in the CCAA Proceedings for a declaratory judgment and the issuance of a safeguard order with respect to a lease and its expiration date on a property in Indiana, USA. This motion was subsequently withdrawn as a result of a settlement between the parties (see paragraphs 12 and 13 of the Third Monitor's Report with respect to the Becknell Lease Extension).

8. On April 30, 2020, the Monitor filed its first report with the Court, dated April 28, 2020, which reports about a material adverse change (Covid-19 pandemic), and presented an update of the financial situation and revised cash-flow projections of Spectra Group (the "First Monitor's Report").

9. On May 19, 2020, the Monitor filed its second report with the Court, dated May 19, 2020, which reports on the proposed bulk sale transaction to Trico Group, LLC ("Trico") of certain inventories (the "Trico Sale Transaction") by Spectra Group (the "Second Monitor's Report").

10. On May 21, 2020, an order was issued by the Court granting the motion, dated May 19, 2020, regarding the issuance of an approval and vesting order of the Trico Sale Transaction.

11. On May 28, 2020, an order was issued by the Court granting a motion filed by Spectra on May 25, 2020 seeking the approval of a settlement agreement and amendment to a lease, with Becknell regarding one of Spectra US' Greenfield, Indiana distribution centers, referred herein as "Becknell Lease Extension".

12. The comeback hearing before the U.S. Court with respect to the Chapter 15 Proceedings was initially scheduled to take place on April 8, 2020, but was postponed to May 28, 2020 by the U.S. Court following the general postponement of all non-urgent matters by the U.S. Court, considering the Covid-19 pandemic.

13. Two US creditors had initially filed contestations opposing the Chapter 15 Proceedings and two other creditors supported these contestations. These contestations were ultimately

withdrawn by all creditors prior the comeback hearing before the U.S. Court on May 28, 2020.

14. On May 29, 2020, the U.S. Court issued various orders under Chapter 15 of the *U.S. Bankruptcy Code* with respect to the confirmation of the recognition of the CCAA Proceedings as foreign main proceedings and granted relief to recognize and effect the CCAA filing and other matters, including the approval of the Becknell Lease Extension.

15. On June 4, 2020, the Monitor filed its third report with the Court, dated June 4, 2020, which presented an update on operations and restructuring, including the financial situation and cash-flow projections of Spectra Group (the “Third Monitor’s Report”).

16. On June 5, 2020, an order was issued by the Court granting the June 3, 2020 Motion extending the Stay Period until September 26, 2020 (the “June 5, 2020 Order”).

17. On September 21, 2020, the Debtors filed a motion regarding (i) the issuance of a second amended and restated initial order, including an extension of the stay of proceedings up to January 30, 2021, (ii) the approval of the wind-up of certain Debtors in China, and (iii) the approval of a claims process (the “September 21, 2020 Motion”).

18. On September 22, 2020, the Monitor filed its fourth report with the Court, dated September 22, 2020, which presented an update on operations and restructuring, including the financial situation and cash-flow projections of Spectra Group, and the Claims Process (the “Fourth Monitor’s Report”).

19. On September 25, 2020, three orders were issued by the Court granting the September 21, 2020 Motion. The first order is related to the issuance of a second amended and restated initial order, including an extension of the stay of proceedings up to January 30, 2021 (the “Second Amended and Restated Initial Order”), a second order related to the approval of the wind-up of certain Debtors in China (the “September 25, 2020 Order”), and a third order related to the approval of a claims process (the “Claims Process Order”).

20. On November 16, 2020, the Debtors filed a motion in the CCAA Proceedings for the issuance of three (3) approval and vesting orders pertaining to three (3) sales transactions for certain real estate assets (two buildings and a vacant lot housing a storage shed) located in Debert, Nova Scotia (the “Debert Real Estate Motion”).

21. On November 18, 2020, the Monitor filed its fifth report with the Court, dated November 17, 2020, which reported on the proposed sales transactions referred to in the Debert Real Estate Motion (the “Fifth Monitor’s Report”).

22. On November 19, 2020, three (3) approval and vesting orders were issued by the Court granting the Debert Real Estate Motion pertaining to three (3) sales transactions for the following real estate assets: 48 Lysander Property, 497 McElmond Property and 42 Lysander Property (the “Debert Real Estate Orders”).

23. On November 23, 2020, the U.S. Court issued an order under Chapter 15 of the *U.S. Bankruptcy Code* enforcing the Second Amended and Restated Initial Order in respect of *De Minimis* asset sales (increase in the limit for transactions outside the ordinary course of

business without Court approval) and related relief further to a motion, dated November 5, 2020, filed by the Foreign Representative.

24. On January 8, 2021, the Debtors filed a motion in the CCAA Proceedings for the issuance of an order regarding certain transactions (factoring contracts with Wells Fargo Bank, National Association ("Wells Fargo Factoring") regarding the factoring of certain accounts receivable from Spectra Group's customers) (the "Wells Fargo Factoring Motion").

25. On January 14, 2021, an order was issued by the Court granting the Wells Fargo Factoring Motion authorizing the Debtors to enter into factoring contracts with Wells Fargo Factoring, or other related parties or assignees (the "Wells Fargo Factoring Order").

26. On January 26, 2021, the Debtors filed an application for a third extension of the stay of proceedings up to May 31, 2021 (the "January 26, 2021 Application").

27. On January 27, 2021, the Monitor filed its sixth report with the Court, dated January 27, 2021, which presented an update on operations and restructuring, including the financial situation and cash-flow projections of Spectra Group (the "Sixth Monitor's Report").

28. On January 29, 2021, an order was issued by the Court granting the January 26, 2021 Application extending the Stay Period until May 31, 2021 (the "January 29, 2021 Order").

29. On March 10, 2021, the U.S. Court issued an order under Chapter 15 of the *U.S. Bankruptcy Code* enforcing the Canadian order (i.e. Wells Fargo Factoring Order) authorizing Debtors to enter into factoring agreements to sell receivables further to a motion, dated February 23, 2021, filed by the Foreign Representative.

30. On May 27, 2021, the Debtors filed an application for a fourth extension of the stay of proceedings up to September 30, 2021 (the "May 27, 2021 Application").

31. On May 28, 2021, the Monitor filed its seventh report with the Court, dated May 28, 2021, which presented an update on operations and restructuring, including the financial situation and cash-flow projections of Spectra Group (the "Seventh Monitor's Report").

32. On May 31, 2021, an order was issued by the Court granting the May 27, 2021 Application extending the Stay Period until September 30, 2021 (the "May 31, 2021 Order").

33. On September 20, 2021, the Debtors filed an application in the CCAA Proceedings for i) the issuance of an Approval and Vesting Order; ii) the issuance of an Assigned Contracts Order; and iii) a fifth extension of the stay of proceedings up to April 30, 2022 (the "September 20, 2021 Application").

34. On September 21, 2021 the Foreign Representative filed the following two (2) motions, jointly (the "September 21, 2021 U.S. Motions") to the U.S. Court:

- Foreign Representative's motion for an order (i) enforcing (a) Canadian court order approving sale of debtors' assets and (b) Canadian court order approving assignment of certain contracts, (ii) approving sale of debtors' assets, including assumption and assignment of certain contracts, and (iii) granting related relief; and,

- Motion of the Foreign Representative to file under seal the asset purchase agreement.

35. On September 24, 2021, the Monitor filed its eighth report with the Court, dated September 24, 2021, which presented an update on operations and restructuring, including the financial situation and cash-flow projections of Spectra Group, as well as, to recommend the approval of the Turnspire Transaction (the “Eighth Monitor’s Report”).

36. On September 28, 2021, three (3) orders were issued by the Court granting the September 20, 2021, Application extending the Stay Period until April 30, 2022 (the “September 28, 2021 Orders”).

37. On October 12, 2021, an order was issued by the U.S. Court granting the September 21, 2021 U.S. Motions. This order was amended on November 8, 2021 by the U.S. Court.

38. On November 1, 2021, the Debtors filed an application in the CCAA Proceedings for the issuance of an Amended Assigned Contracts Order amending the list of contracts in the Assigned Contracts Order included in the September 20, 2021 Application (the “November 1, 2021 Application”).

39. On November 5, 2021, an order was issued by the Court granting the November 1, 2021 Application (the “November 5, 2021 Order”).

40. On November 12, 2021, the Monitor issued a Certificate of the Monitor subsequent to the closing of the Turnspire Transaction included in the September 20, 2021 Application (the “Certificate of Monitor”).

41. On November 17, 2021, the Debtors filed an application in the CCAA Proceedings for the Issuance of an Order Expanding the Powers of the Monitor, and for the Issuance of Other Ancillary Orders (the “November 17, 2021 Application”).

42. On December 3, 2021, an order was issued by the Court granting the November 17, 2021 Application (the “December 3, 2021 Order”).

43. On April 25, 2022, the Debtors filed and application for the sixth extension of the stay of proceedings up to December 2, 2022 (the “April 25, 2022 Application”).

44. On April 29, 2022, an order was issued by the Court granting the April 25, 2022 Application extending the Stay Period until December 2, 2022 (the “April 29, 2022 Order”).

45. On November 29, 2022, the Debtors filed and application for the seventh extension of the stay of proceedings up to June 30, 2023 (the “November 29, 2022 Application”).

46. On December 2, 2022, an order was issued by the Court granting the November 29, 2022 Application extending the Stay Period until June 30, 2023 (the “December 2, 2022 Order”). Since this order, the only companies under the CCAA proceedings are Spectra Canada, Spectra US, Spectra Holdings US and Spectra Properties US (the “CCAA Parties”).

47. On June 19, 2023 the CCAA Parties filed an application for the issuance of (i) a Distribution Order (ii) an Order Terminating the CCAA Proceedings (iii) Other Ancillary Orders (the "June 19, 2023 Application").

48. The Monitor has established a website to post information relating to the CCAA Proceedings, as well as the Chapter 15 Proceedings. The address of the Monitor's website is www.ey.com/ca/spectra.

PURPOSE

49. The present Monitor's report ("Ninth Monitor's Report") has been prepared to inform the Court on the state of the Debtors' business and financial affairs in accordance with section 23(1)(d) CCAA and to address the orders being sought in the June 19, 2023 Application, including the issuance of (i) a Distribution Order (ii) an Order Terminating the CCAA Proceedings and (iii) Other Ancillary Orders. The Ninth Monitor's Report is presented under the following headings:

- Introduction and CCAA Background;
- Purpose;
- Terms of reference and disclaimer;
- Spectra Group's background, operations and restructuring update;
- Receipts and disbursements for the ten (10) week period from September 5 to November 12, 2021 (the "Pre-Closing Period");
- Receipts and disbursements for the nineteen (19) month period from November 13, 2021 to June 20, 2023 (the "Post-Closing Period");
- Update on the Turnspire Transaction;
- Proposed final distribution by the Monitor;
- Termination of the CCAA and Chapter 15 Proceedings, including:
  - ➢ Termination of the CCAA Proceedings;
  - ➢ Termination of the Chapter 15 Proceedings;
  - ➢ Bankruptcy of Spectra Canada;
  - ➢ Request for an extension of the Stay Period to July 31, 2023;
  - ➢ Spectra US, Spectra Holdings US and Spectra Properties;
- Proposed simplified claims process in the bankruptcy proceedings of Spectra Canada:
- Recovery expectations for creditors of CCAA Parties; and
- Overall comments and conclusions.

TERMS OF REFERENCE AND DISCLAIMER

50. Capitalized terms not defined herein have the meaning ascribed to them in the Pre-Filing Monitor's Report, First Monitor's Report, Second Monitor's Report, Third Monitor's Report, Fourth Monitor's Report, Fifth Monitor's Report, Sixth Monitor's Report, Seventh Monitor's Report and Eighth Monitor's Report as the case may be.

51. In preparing the Ninth Monitor's Report and making the comments herein, the Monitor has been provided with and has relied upon certain unaudited, draft and/or internal financial

information, Debtors' records, management prepared financial information and projections, information from other third-party sources, and has engaged in discussions with the Debtors' directors, senior management team ("Management") and the Debtors' legal advisors (collectively, the "Information"). Except as described in this Ninth Monitor's Report:

- 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;

- 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 wholly or partially comply with generally accepted assurance standards or generally accepted standards for review engagements and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information; and,

- In view of the purpose of the Ninth Monitor's Report, some of the financial information therein may not comply with generally accepted accounting principles.

52. This report has been prepared by the Monitor in order to provide additional information to the Court in connection with the Debtor's business and financial affairs, and to obtain the approval of the Court for the termination of the CCAA proceedings and make a final distribution of the proceeds held by the Monitor resulting from the realization of the residual assets of the CCAA Parties since November 2021 (i.e. assets excluded from the Turnspire Transaction which closed on November 12, 2021). This Report may not be appropriate for any other purpose and consequently should not be used for any other purpose.

53. All references to currency are in Canadian dollars unless otherwise noted.

SPECTRA GROUP'S BACKGROUND, OPERATIONS AND RESTRUCTURING UPDATE

54. Spectra Group was one of Quebec's largest manufacturers and distributors of automotive products, with various distribution and manufacturing facilities located mainly across Canada and the United States.

55. As of the commencement of the CCAA Proceedings, Management has attributed the Debtors' financial difficulties to both the strain placed on the cash flow as a result of Spectra Group's venture in Sweden, as well as a general decrease in profitability of their North American activities over the past few years. This decreased profitability was apparently caused by a shift in customer demand towards products that have a lower price (and quality) as compared with the Debtors' products, over capacity of production for the US market for particular products which creates a downward pressure on prices, and the impact of tariffs imposed in the US on goods imported from China. These factors affected most particularly what is referred as the aftermarket division.

56. As stated in the Pre-Filing Monitor's Report, the difficulties encountered by the Debtors and the resulting cash flow strain rendered the Debtors insolvent, which led to initiation of the proceedings under the CCAA.

Operations and Restructuring update

57. Since the date of the Eighth Monitor's Report, Spectra Group conducted the following significant activities:

- Continued to manage the operations in the normal course of business up to the closing of the Turnspire Transaction as further detailed below. Subsequent to the closing, there were no other operations conducted in the CCAA Parties;
- Obtained approval from the Court and U.S. Court of the asset purchase agreement entered into on September 17, 2021 by Spectra Group and Turnspire (the "APA") issuance of the Approval and Vesting Order and closed the Turnspire Transaction resulting in the issuance of the Monitor's Certificate on November 12, 2021 (the "Closing of the Transaction"), as further discussed below. Substantially all of Spectra Canada's and Spectra US's assets transferred to the Purchasers at closing;
- Entered into a Transition Services Agreement with the Purchasers (the "TSA"), further discussed below, on November 12, 2021 to ensure an orderly transition of the Purchased Assets and business activities; and
- As anticipated, further to the Closing of the Transaction, all directors and officers of the CCAA PArties resigned. As a result, the Debtors filed an application extending the powers of the Monitor, the November 17, 2021 Application, which was granted in the December 3, 2021 Order.

58. Since the date of the Eighth Monitor's Report, the Monitor conducted the following significant activities:

- Monitored the Debtors' receipts and disbursements as contemplated in the Initial Order;
- The Monitor, with the Debtor' assistance, has been responding to questions of various stakeholders as to the status of these CCAA Proceedings and the impacts of the Turnspire Transaction;
- Assisted the Debtors in the closing of the Turnspire Transaction on November 12, 2021 and the issuance of the Monitor's Certificate on the same day;
- Supervised the implementation and execution of the TSA and follow-up with the Purchasers to conclude the TSA;
- Proceeded with the realization of certain Excluded Assets with the powers granted in the December 3, 2021 Order, as further detailed below;

- Supervised the payments to Terminated Employees (individuals whose employment was terminated prior to the Closing of the Transaction) of their pre-filing unpaid vacation, and related fringe benefits on December 23, 2021. All other employees, representing those employees transferred to the Purchasers (active & inactive employees) were not included in this payment as all amounts owing to them were assumed by the Purchasers;

- Supervised the payment of certain invoices for professional fees rendered prior to the Closing of the Transaction;

- Communicated with the Debtors' legal counsel regarding claims made by the CNESST and oversight of the settlement of these claims;

- Planed and prepared the conclusion of the CCAA and Chapter 15 Proceedings, as well as the final distribution of the remaining proceeds of the realization efforts since November 2021 with respect to the Debtors' remaining assets (i.e. assets excluded from the Turnspire Transaction closed on November 12, 2021); and,

- Prepared this report to the Court.

Spectra Shanghai, Spectra Chongqing and Spectra Taiwan

59. Spectra completed the wind-up of Spectra Shanghai and Spectra Chongqing in accordance with the applicable Chinese laws, in conjunction with the September 25, 2020 Order. Closure of Spectra Shanghai's bank account and receipt the remaining funds in the amount of $21K, was completed on March 1, 2022.

60. The December 3rd, 2021 Order terminated and discontinued the CCAA Proceedings in respect to these two entities which were effectively discharged from any orders made in their regard under the CCAA Proceedings on this date. The Monitor was discharged and released from any obligations in respect of these entities on this date as well.

61. The December 3rd, 2021 Order also terminated and discontinued the CCAA Proceedings in respect to Spectra Taiwan which was vested out as part of the Turnspire Transaction. Spectra Taiwan was effectively discharged from any orders made in its regard under these proceedings on this date. The Monitor was discharged and released from any obligations in respect of this entities on this date as well.

Spectra Premium AB (Sweden)

62. Spectra Premium AB (Sweden) a.k.a. TechRoi ("Spectra Sweden"), a subsidiary of Spectra that is not part of the CCAA Proceedings, filed for bankruptcy under the insolvency laws of Sweden on May 5, 2021.

63. The bankruptcy administrator of Spectra Sweden has realized on Spectra Sweden's assets and worked in collaboration with Spectra Canada, as a secured creditor of Spectra Sweden. The Monitor was in continued communication with the Spectra Sweden's bankruptcy administrator and/or counsel regarding the bankruptcy of Spectra Sweden, the filing of the proof of claim of Spectra Canada and the resulting distribution received by the Monitor.

64. On March 14, 2022, Spectra Canada filed its proof of claim in the bankruptcy of Spectra Sweden in the amount of SEK 21,038,285 and CAD$ 11,094,193.

65. The bankruptcy administrator of Spectra Sweden completed the realization of the Spectra Sweden's assets and proceeded with the distribution to the Spectra Sweden's creditors. As such, Spectra Canada received a distribution in the amount of approximately $5,970,000 (SEK 45,851,705) on May 1st, 2023.

66. The Monitor intends on distributing this amount in accordance with the distribution order as further detailed below.

Transition Services Agreement ("TSA")

67. In conjunction with the Closing of the Transaction, a Transition Service Agreement was entered into between the Sellers and the Purchasers in order to ensure an orderly transition of the Purchased Assets and business activities to the Purchaser.

68. Since the Closing the Transaction, the Purchasers and the Sellers (via the Monitor) have addressed transitional matters related to the Transaction. Pursuant to the TSA, the Sellers agreed to assist the Purchasers subsequent to the Closing of the Transaction. As at the date of this report, all of the services described in the TSA have been completed, with the exception of the following bank accounts. On mutual agreement between the Sellers and the Purchasers, certain bank accounts of Spectra Canada have remained open permitting the Purchasers to complete the transition of the business. These bank accounts will be closed on or before the date of the bankruptcy of Spectra Canada.

Collection and sales process of Excluded Assets

69. On the Closing of the Transaction, most of Spectra's Assets were transferred to the Purchasers, except for a specific list of excluded assets. The excluded assets not included in the Purchased Assets are defined in the APA (the "Excluded Assets") and include mainly the following assets:

- The shares of and any assets owned by Spectra Sweden, Spectra Shanghai, Spectra Chongqing, Spectra Holdings US and Spectra Properties US, including, without limitation, any claims or receivables; if any
- The shares of Spectra US;
- Any claims and receivables owing from Spectra Sweden to the Sellers up to an amount equal to the outstanding indebtedness owed by Spectra Canada to EDC that would be secured; and
- The vacant land located at 124 Dakota Road, Debert, Nova Scotia.

70. Of the Excluded Assets mentioned above, the only amounts with a realizable value are the amount receivable in the bankruptcy of Spectra Sweden, amounts recoverable from Spectra Shanghai and the vacant lot in Debert, Nova Scotia. All other Excluded Assets have no realizable value.

71. Management had previously communicated to the Monitor that the Chinese entities of Spectra Shanghai and Spectra Chongqing had been liquidated and dissolved in accordance with the applicable Chinese law. The remaining asset within these entities was a bank balance in the amount of $21K in Spectra Shanghai, which has been received by the Monitor.

72. In March 2022, the Monitor initiated the process of selling the vacant land located at 124 Dakota Road. The Monitor solicited four real estate agents to assist in the sale process for the land, with only one accepting the mandate, being Hants Realty Ltd. (the "Realtor"). The Realtor was mandated to sell the vacant land on an "as is, where is" basis, and assist the Monitor with the tender process.

73. The realtor only received one offer for the vacant lot in the amount of $42K, which the Monitor accepted. The funds for the sale of the vacant lot were received by the Monitor on June 24, 2022.

ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE TEN (10) WEEK PERIOD FROM SEPTEMBER 5, 2021, TO NOVEMBER 12, 2021.

74. As instructed by the Court, upon the issuance of the First Day Initial Order, the Monitor has continued to monitor the Debtors' receipts and disbursements for the period from September 5, 2021 to the date of this Ninth Monitor's Report. This period has been split into two periods, one from September 5, 2021 to the Closing of the Transaction (November 12, 2021) and a second from November 13, 2021 to June 20, 2023.

75. Summarized below, is a statement of receipts and disbursements for the ten (10) week period from September 5, 2021 to November 12, 2021 (the "Pre-Closing Period"):

4406443 Canada Inc. (fka Spectra Premium Industries Inc.) et Al.
Actual Receipts and Disbursements
For the ten (10) week period from September 5 to November 12, 2021
Unaudited - In $000s CAD

	Actual	Forecast	Variance
Cash Inflows - Collections	38,747	35,834	2,913
Cash Inflows - Proceeds from the Turnspire Transaction	49,918	-	49,918
Total Cash Inflows	88,665	35,834	52,831
Cash Outflows - Suppliers and Other Disbursements	(39,034)	(38,581)	(453)
Cash Outflows - Payment to Secured Creditors	(48,311)	-	(48,311)
Total Cash Outflows	(87,345)	(38,581)	(48,764)
Net Cash Flow (incl. Wells Fargo interest and fees)	1,320	(2,747)	4,067
Opening Cash Balance	287	287	-
Closing Cash Balance	1,607	-	1,607

76. Net Cash Flows for the Pre-Closing Period was $1,320K, which, when compared to the projected amount of negative $2,747K, represented a favourable net cash flow variance of $4,067K.

77. The favourable net cash flow variance of $4,067K is primarily explained by the following:

Cash Inflows (Favourable variance of $52,831K):

- Favourable variance of $52,831K is largely due to the net proceeds generated from the Closing of the Transaction on November 12, 2021 of $49,918K, which had not been forecasted in the Seventh Cash Flow. Excluding the net proceeds from sale, a favorable variance of $2,913K occurred, explained by higher than budgeted collections from existing sales.

Cash Outflows, (Unfavourable variance of approximately $48,764K):

- Unfavourable variance in the amount of $48,764K is largely due to the distributions of the sales proceeds to the secured creditors in the amount of $48,311K ($34,695K to Wells Fargo and $13,616K to Laurentian Bank) as agreed upon in the Turnspire Transaction. Excluding this distribution, an unfavourable variance in the amount of $453K occurred resulting from higher than forecasted expenses and timing differences in the payment of professional fees.

78. The Ending Cash Balance as at November 12, 2021 is $1,607K compared to the projected amount of $0. These funds were retained by Spectra Canada for distribution after the Closing of the Transaction. This amount is comprised of amounts destined to payment of pre-filing employee vacation obligations of Spectra Canada and Spectra US in the amount of $638K and for professional fees rendered prior to the Closing of the Transaction in the amount of $969K.

ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE NINETEEN (19) MONTH PERIOD FROM NOVEMBER 13, 2021, TO JUNE 20, 2023.

79. Summarized below, is a statement of receipts and disbursements for the nineteen (19) month period from November 13, 2021 to June 20, 2023 (the “Post-Closing Period”).

4406443 Canada Inc. (fka Spectra Premium Industries Inc.) et Al.
Statement of Receipts and Disbursments - Operation Under Supervision of the Monitor
From November 13, 2021, to June 20, 2023 (Approx. 19 Months)
Unaudited - In $000s CAD

	Actual
Cash Inflows - Recovery Claim of Spectra Canada in the Bankruptcy of Spectra Sweden	5,970
Cash Inflows - Retainer for the Monitor's Fees and Disbursements Received from Spectra Canada	100
Cash Inflows - Sale of the Debert, Nova Scotia Lot	42
Cash Inflows - Interests Income	29
Cash Inflows - Collection from the Closure of Spectra Shanghai	21
Total Cash Inflows	6,162
Cash Outflows - Professional Fees - Pre Transaction	(969)
Cash Outflows - Vacation Payment to Employees not Retained by the Purchaser	(638)
Cash Outflows - Monitor's Fees - Post Transaction	(90)
Cash Outflows - Sweden Lawyer (Norma) - Post Transaction	(20)
Cash Outflows - Sales Tax Payable (GST/HST/QST)	(15)
Cash Outflows - Nova Scotia Lawyers (Cox & Palmer and Steward McKenley) - Post-Transaction	(10)
Cash Outflows - Expenses - Sale of the Debert, Nova Scotia Lot	(3)
Cash Outflows - Bank Charges	(1)
Total Cash Outflows	(1,746)
Net Cash Flow	4,416
Opening Cash Balance	1,607
Closing Cash Balance	6,023

80. Net Cash Flows for the Post-Closing Period is of $4,416K, primarily explained by the receipt from the Spectra Sweden's bankruptcy administrator, partially offset by the payment of professional fees for services rendered prior to the Closing of the Transaction and the payments to employees of their unpaid vacation.

UPDATE ON THE TURNSPIRE TRANSACTION

81. Subsequent to the Go-to-Market initiated in February 2021, as described in the Eighth Monitor's Report, the terms of the proposed transaction were memorialized in the APA entered into on September 17, 2021 by Spectra Group and Turnspire.

82. The APA provides, *inter alia*, that substantially all of Spectra Group's assets be sold on a going-concern basis, to Turnspire (the "Purchaser") through its designees: Spectra Premium Mobility Solutions Canada Ltd. and Spectra Premium Mobility Solutions USA, LLC. The assets sold represent substantially all the assets of Spectra Canada, including the shares of Spectra Taiwan, and all of the assets of Spectra US, but excluding the Excluded Assets, and are defined in the APA as the Canadian Purchased Assets and the US Purchased Assets (collectively referred herein as the "Purchased Assets"). Spectra Canada and Spectra US are defined as the "Sellers".

83. The Purchased Assets include the Assumed Contracts as defined in the APA and described in Schedule A of the September 20, 2021 Application, to which the Sellers are parties. These contracts, which are key to the continued operations of Spectra 2.0, have been assigned to the Purchasers in accordance with the requirements of the CCAA.

Closing of the Turnspire Transaction

84. On November 12, 2021, the Turnspire Transaction was concluded, where all Conditions Received outlined in the APA were met. The Conditions Received included:

- The payment of an amount equal to the Sellers' indebtedness (including accrued interest) as of the Closing Date to Wells Fargo ($34,695K) and LBC ($13,616K);
- The payment of professional fees by the Purchasers for services rendered up to the Closing of the Transaction;
- The payment in trust by the Purchaser of an amount of $1,607K to Lavery de Billy, L.L.P. for restructuring fees ($969K) and payment of Terminated Employees unpaid wages, benefits and related taxes ($638K);
- The transfer of Assumed Liabilities to the Purchaser, which included:
  - Employee liabilities related to those employed by the Sellers at the Closing Date;
  - Certain liabilities pursuant to the Assumed Contracts;
  - Certain customer liabilities including rebates and obligations under written warranty agreements;
  - Post-filing accounts payable (Current Liabilities per the APA) up to a maximum of $5M; and
- The transfer of substantially all of Spectra's assets to the two new entities created, Spectra Premium Mobility Solutions Canada Ltd. and Spectra Premium Mobility Solutions USA LLC.

85. In accordance with the completion of the Conditions Received set forth in the APA, the Monitor issued the Monitor's Certificate on November 12, 2021.

86. Included in the payment in trust by the Purchasers was an amount of $638K put forth to reimburse unpaid vacation, and related fringe benefits to Terminated Employees.

87. With the assistance from the Monitor, the Purchasers (former finance department of the Sellers) compiled employee claims and calculated amounts owed to Terminated Employees. Prior to the payment of these amounts, the Monitor reviewed the listing to validate the completeness of Terminated Employees, as well as the valuation of each Terminated Employees claim.

88. On December 23, 2021, the Spectra Canada and Spectra US distributed to Terminated Employees the $638K put forth in the Purchase Price to reimburse unpaid vacation and related fringe benefits.

PROPOSED FINAL DISTRIBUTION BY THE MONITOR

89. Subsequent to the realization on the Excluded Assets, the settlement of amounts noted above and receipt of the distribution from the Spectra Sweden's bankruptcy administrator, the Monitor considers that the CCAA proceedings are completed. The Monitor is seeking authorization from the Court to perform the final distribution of the remaining proceeds of realization in the amount of $5,443K to EDC as the sole remaining secured creditor of Spectra Canada. The amount of EDC's secured claim is of $7,008K as of May 29, 2023.

90. The table below presents the detail of the proposed final distribution ("Final Distribution") of the cash balance in the Monitor's bank account as at June 20, 2023 ($6,023K), including the payment to EDC of $5,443K as secured creditor of Spectra Canada:

4406443 Canada Inc. (fka Spectra Premium Industries Inc.) et Al.
Final Distribution
In $000s CAD

		Distribution
Distribution to Export Development Canada		5,443
Distribution for Unpaid Professional Fees		
Monitor's Fees - Post Transaction	266	
Norton Rose Fulbright (Canada and USA) - Post Transaction	69	
Landis (Delaware, USA) - Post Transaction	7	
Lavery - Pre and Post Transation	88	430
Reserve/Provision for Bankruptcy Fees & Expenses		150
Total Distribution		6,023

91. In the schedule above, a provision totaling $430K was taken for the payment of professionals covered by the Court ordered Administrative Charge in the amount of $750K. The professional fees included in this provision are those of the Monitor, their counsels (Canada and US), and the Debtors counsels (Canada and US).

92. Additionally, a provision/retainer of $150K has been taken for the professional fees and disbursements of the trustee and its counsel in the bankruptcy proceedings of Spectra Canada. Following the conclusion of the bankruptcy of Spectra Canada, any remaining amount held as retainer shall be remitted to EDC.

Independent security review

93. The Monitor has asked for an independent security review (the "Security Review") from Norton Rose Fulbright Canada LLP ("NRF") on the validity of the security interest granted by Spectra Canada in favour of EDC and the enforceability of EDC's rights resulting thereto over the assets whose proceeds of realization represent the final distribution.

94. According to research performed on the Register of Personal and Movable Real Rights (the "RPMRR"), EDC holds a conventional hypothec without delivery in the amount of $6.1M in capital with an annual interest rate of 25% and an additional hypothec of $1.22M over all of Spectra Canada's movable property, corporeal and incorporeal, present and future, of whatever nature and wherever situated.

95. On June 14, 2023, the Monitor received the Security Review from NRF confirming that the security is valid and unopposable against third parties, including the Monitor.

TERMINATION OF THE CCAA AND CHAPTER 15 PROCEEDINGS AND ANCILLARY ORDERS SOUGHT

96. Upon the Closing of the Transaction, Spectra and its affiliates ceased all operations. As anticipated, further to the issuance of the Monitor's Certificate, all directors and officers resigned from the CCAA Parties.

97. In the December 3, 2021 Order, the Monitor was empowered and authorize to take possession and exercise control over the CCAA Parties property and dispose of it, as well as collect all accounts receivable due to the CCAA Parties (i.e. the Excluded Assets of the Transaction).

98. The Monitor, in accordance with the powers granted in the December 3, 2021 Order proceeded with the realization of Excluded Assets. The Monitor does not expect there to be other realizable assets.

99. Once the Final Distribution is completed, the Monitor will have fulfilled its mandate pursuant to the Initial Order, as amended.

Termination of the CCAA Proceedings

100. Pursuant to the Initial Order, as amended, the Stay Period continues until and including June 30, 2023, the Monitor is seeking an order to terminate the CCAA Proceedings and its discharge from any further obligations, duties, liabilities and responsibilities in its capacity as Monitor pursuant to the Initial Order and any other orders issued in the context of these CCAA Proceedings.

101. The realization of all CCAA Parties' assets is now complete. The CCAA Parties do not have operations, do not have employees or assets (aside from the funds to be distributed), and the Monitor do not expect any cash inflows or cash outflows (aside the Final Distribution). The Monitor will have fulfilled its mandate pursuant to the Initial Order and subsequent orders of the Court once the Final Distribution contemplated herein is effected.

102. Aside from the Final Distribution, all of the other actions of the Monitor do not require to be handled within the CCAA Proceedings and should be managed within bankruptcy proceedings for Spectra Canada.

103. It is contemplated that pursuant to the termination order sought, the termination would take effect upon the bankruptcy of Spectra Canada to be initiated by the Monitor ("the "Effective Date"), once the Final Distribution contemplated and other administrative matters are completed by the Monitor, and on or prior to July 31, 2023.The Monitor request an order discharging and terminating the charges established by the Court in the CCAA Proceedings, namely an administration charge for the benefit of certain professionals involved in the present matter, for an amount of $750K, a directors and officers charge in the amount of $800K, and a key employee retention plan charge in the amount of $850K (the "CCAA Charges").

Termination of the Chapter 15 Proceedings

104. In parallel to the June 19, 2023 Application, the Monitor, acting as Foreign Representative in the Chapter 15 recognition proceedings taking place in the United States, has also instructed its counsels to proceed with the necessary proceedings before the U.S. Court to seek the termination of the Chapter 15 proceedings, which termination is expecting to take place concurrently with the present CCAA proceedings prior or during the extended stay period sought herein (i.e. July 31, 2023).

Bankruptcy of Spectra Canada

105. The Monitor request an order authorizing Spectra Canada to make an assignment in bankruptcy pursuant to the BIA and authorizing the Monitor to proceed with such assignment on behalf of Spectra Canada.

106. As mentioned above, upon the termination of the CCAA Proceedings, the Monitor, on behalf of Spectra Canada, request to file an assignment in bankruptcy. The purpose of this bankruptcy is to a permit Terminated Employees who have unpaid severances to receive a compensation through the Wage Earners Protection Program ("WEPP"). The bankruptcy will also permit to complete final administration of the Spectra Canada as trustee-in-bankruptcy. The Monitor is requesting the authority from this Court to file an assignment in bankruptcy for Spectra Canada.

Request for an extension of the Stay Period

107. As expressed above, the Monitor requires a short extension of the stay of proceedings, until July 31, 2023, in order to proceed with the completion of the closing process of the Chapter 15 Proceedings taking place in the United States, the filing of the assignment in bankruptcy of Spectra Canada and other related administrative and ancillary matters (including the Final Distribution sought herein), at which moment the CCAA Proceedings shall be terminated and discontinued.

108. It is the position of the Monitor that no party will be materially prejudiced from the extension of the stay of proceedings and that the extension sought is appropriate under the present circumstances.

Spectra US, Spectra Holdings US and Spectra Properties

109. The Monitor does not intend to file a bankruptcy for the U.S. entities of the CCAA Parties (i.e., Spectra US, Spectra Holdings US and Spectra Properties), which are subsidiaries of Spectra Canada. There were no assets for which to realize on in these entities.

110. It is anticipated that these companies will be dissolved through an ex officio cancellation.

Proposed simplified claims process in the bankruptcy proceedings of Spectra Canada

111. The Monitor is seeking to get an order from this Court to conduct a simplified claims process in the bankruptcy proceedings of Spectra Canada, whereby permitting the trustee to determine the quantum of the claims. The purpose of this simplified claims process is to reduce the administrative burden of performing a new claim process, as no dividend is anticipated to be distributed in the bankruptcy proceedings of Spectra Canada.

112. The Monitor requests that all unsecured claims, excluding Scheduled Employees Claims, filed or deemed to have been filed in the present CCAA proceedings with respect to Spectra Canada shall be used in the bankruptcy proceedings of Spectra Canada, and an unsecured creditor, excluding Scheduled Employees, who has filed, or has been deemed to have filed, a Proof of Claim in the present CCAA proceedings shall not be required to file an additional Proof of Claim in the bankruptcy of Spectra Canada, unless such Creditor wishes to amend its Proof of Claim.

113. Pursuant to the BIA, the Scheduled Employees who have a Claim against Spectra Canada and who have or not file a Proof of Claim in the CCAA Proceedings, as well as all other creditors who have a Claim against Spectra Canada and who have not filed a Proof of Claim in the CCAA proceedings may file a Proof of Claim in the bankruptcy proceedings of Spectra Canada.

RECOVERY EXPECTATIONS FOR CREDITORS OF THE CCAA PARTIES

Creditors of Spectra Canada

114. If the Court authorizes the assignment in bankruptcy for Spectra Canada, creditors will be affected as follows:

Secured Creditors

115. Spectra Group's main secured creditors, Wells Fargo and LBC were reimbursed upon Closing by the Purchasers as per the terms of the APA.

116. As previously mentioned, EDC hold a security interest on movable assets of Spectra Canada, the balance of EDC's loan is currently at $7,008K. The Final Distribution to EDC will be $5,443K. Consequently, EDC will have a shortfall $1,565K that will be considered as an unsecured claim in Spectra Canada.

117. With regard to the other secured creditors, we understand that the rights of these creditors were considered in the APA either as Permitted Encumbrances and that the Purchasers negotiated directly with them after the Closing of the Transaction or the security interests were cancelled with the Closing of the Transaction.

Terminated Employees claims

118. Terminated Employees who had claims that remained unpaid subsequent to the Closing of the Transaction, representing the unpaid termination/severance pay, could be eligible to WEPP. Under WEPP, eligible Terminated Employees could be entitled to receive an amount of up to $8,279.

119. The Monitors estimated approximatively 55 Terminated Employees of Spectra Canada have a claim for termination/severance pay totalling approximately $810K.

120. Eligible Terminated Employees will receive from the trustee the documents needed to register to WEPP. If a Terminated Employee receives an amount through WEPP, the Terminated Employee forfeits his claim for the amounts received through the program to Service Canada.

Unsecured claims, excluding Terminated Employees claims

121. The remaining unsecured claims, excluding Terminated Employees claims, will remain unpaid.

Creditors of Spectra US, Spectra Holdings and Spectra Properties

122. The unsecured claims for creditors of Spectra US, Spectra Holdings and Spectra Properties will remain unpaid.

OVERALL COMMENTS AND CONCLUSIONS

123. The Monitor has duly and properly discharged and performed its duties, responsibilities, and obligations as Monitor in the CCAA proceedings in compliance and in accordance with the CCAA and all orders of this Court made in the CCAA proceedings.

124. The order requested provides for:

- The approval of the Final Distribution;
- The termination of the CCAA proceedings, the discharge and release of the Monitor and the approval of the conduct and activities of the Monitor, at the Effective Date
- The release of the CCAA Charges, at the Effective Date;
- The approval of the Monitor to act on behalf of Spectra Canada for the purposes of filing a voluntary assignment of Spectra Canada pursuant BIA;
- The approval that Ernst & Young Inc., in its capacity as proposed trustee, maintains prior the Effective Date a retainer of $150K in connection with fees and disbursements of the bankruptcy proceedings of Spectra Canada. Following the conclusion of the bankruptcy of Spectra Canada, any remaining amount held as retainer shall be remitted to EDC;
- The approval that all unsecured claims, excluding Scheduled Employees Claims, filed or deemed to have been filed in the present CCAA proceedings with respect to Spectra Canada shall be used in the bankruptcy proceedings of Spectra Canada, and an unsecured creditor, excluding Scheduled Employees, who has filed, or has been deemed to have filed, a Proof of Claim in the present CCAA proceedings shall not be required to file an additional Proof of Claim in the bankruptcy of Spectra Canada, unless such Creditor wishes to amend its Proof of Claim.

125. For the reasons described in this report, it is the Monitor’s view that the orders sought in the June 19. 2023 Application are appropriate in the circumstances and recommends that they be granted by the Court.

All of which is respectfully submitted this 20th day of June 2023.

ERNST & YOUNG INC.,
Licensed Insolvency Trustee
in its capacity as the Monitor in the matter of
the arrangement of 4406443 Canada Inc.
(fka Spectra Premium Industries Inc.) *et al.*

Per: Éric St-Amour, CPA, CIRP, LIT Senior Vice-President	Per: Mario Denis, CPA, CIRP, LIT Senior Vice-President