

Court File No. CV-25-00002196-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

ALGO MEDICAL GROUP INC.

Respondent

IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985 c. B-3, AS AMENDED; AND
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43 AS AMENDED

SUPPLEMENTARY REPORT TO THE RECEIVER'S FIRST REPORT
SUBMITTED BY BDO CANADA LIMITED
IN ITS CAPACITY AS RECEIVER OF
ALGO MEDICAL GROUP INC.

May 7, 2026

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1.1 Purpose of this Report

1.1.1 This report is a supplementary report (the "Supplementary Report") to the First Report of the Receiver dated March 5, 2026. The purpose of this Supplementary Report is to provide additional information to the Court in support of the Receiver's motion for approval of, among other matters:

- a. Approving the Receiver's interim statement of receipts and disbursements for the period June 5, 2025, to March 9, 2026 (the "Interim R&D");
- b. Approving the fees and disbursements of the Receiver and its legal counsel, Chaitons LLP ("Chaitons" or "Counsel"), as outlined herein;
- c. Approving the Receiver's fee accrual (the "Fee Accrual");
- d. Approving a distribution of the net proceeds from the Sale Transaction and operations, after satisfaction of professional and legal fees and the Fee Accrual for final administrative costs associated with the ongoing Receivership through to Closing, to be paid first to satisfy the indebtedness of BMO as secured creditor, to an amount not greater than its outstanding indebtedness;
- e. Upon the filing of a discharge certificate (the "Receiver's Discharge Certificate") by the Receiver certifying that all outstanding matters as referenced herein have been completed, discharging BDO as Receiver of the assets, undertakings, and properties of the Company, and releasing BDO from any and all liability as set out in the draft Order; and,
- f. Such other relief as the Court may deem appropriate.

1.1.2 Capitalized terms used herein but not otherwise defined in this Supplementary Report shall have the meaning ascribed to them in the First Report.

1.2 Terms of Reference

1.2.1 In preparing this Supplementary Report, the Receiver has relied upon the Company's books and records, unaudited and draft financial information available, certain financial information obtained from third parties, and discussions with various individuals (collectively, the "Information"). The Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information.

1.2.2 This Supplementary Report has been prepared for the use of this Court in respect of the relief sought in the First Report and the additional relief described herein. This Supplementary Report should not be relied upon for any other purpose. The

Receiver does not assume responsibility or liability for any losses incurred as a result of the circulation, publication, reproduction, or use of this Supplementary Report contrary to the provisions of this paragraph.

2.0

RECEIVER'S AND ITS COUNSEL'S ACCOUNTS

2.1 Receiver's Receipts & Disbursements

2.1.1 Attached hereto as Appendix A is the Receiver's statement of receipts and disbursements for the period June 5, 2025, to March 9, 2026 (the "Interim R&D").

2.1.2 As illustrated therein, receipts to date total \$129,220.70, relating primarily to advances from BMO and rental income. Disbursements total \$128,852.42 relating primarily to real property taxes, insurance, repairs and maintenance, appraisal fees, utilities, and property management fees to date. As of March 9, 2026, the net funds on hand total \$368.28.

2.2 Receiver's and Counsel's Accounts

2.2.1 Pursuant to paragraph 18 of the Appointment Order, any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees and disbursements of the Receiver and the fees and disbursements of its Counsel, is secured by the Receiver's Charge.

2.2.2 The Receiver's fees and disbursements for the period ending March 9, 2026, are detailed in the affidavit of Christopher J. Mazur, a copy of which is attached as Appendix B.

2.2.3 The fees and disbursements of Chaitons for the period to March 31, 2026, are detailed in the affidavit of Maleeha Anwar, a copy of which is attached as Appendix C.

2.2.4 The Receiver's fees encompass 271 hours at an average hourly rate of \$430.37 for a total of \$116,630.13 prior to disbursements of \$17,387.38 and applicable taxes. The Receiver is therefore requesting that this Honourable Court approve its total fees and disbursements to March 9, 2026, inclusive of applicable taxes in the amount of \$134,017.51.

2.2.5 Chaitons' fees to March 31, 2026, total \$7,100.87 prior to disbursements of \$636.10 and HST. The Receiver is therefore requesting that this Honourable Court approve Chaitons' total fees and disbursements inclusive of applicable taxes in the amount of \$8,683.75.

2.2.6 The Receiver and Counsel will incur additional fees and disbursements (the "Fee Accrual") with respect to completing this Supplementary Report, the related approval motion, completing the Sale Transaction, finalizing the receivership administration, and Outstanding Matters, as defined herein. Accordingly, the Receiver is hereby requesting that this Honourable Court approve a Fee Accrual in the amount of \$20,000 plus HST for the Receiver and \$20,000 plus HST and disbursements for its counsel.

3.1 Funds available for distribution

- 3.1.1 Based on the results of the Sale Process, and by proceeding with completing the Sale Transaction, the Receiver will be in a position to make a distribution to BMO.
- 3.1.2 As the Company is no longer operating, any changes to the net funds on hand in the estate will arise solely from the ongoing administration of the Receivership. Accordingly, the net funds may fluctuate prior to Closing and the completion of these proceedings. The Receiver anticipates the net proceeds of the Sale Transaction, being the Purchase Price less commissions, holding costs including the Fee Accrual through to Closing, and subject to any applicable adjustment will be available for distribution. The net funds on hand at the completion of the estate administration will be less than the outstanding amount (plus accruing interest) owing to BMO, the Company's primary secured lender.

3.2 BMO

- 3.2.1 Pursuant to a Letter of Agreement dated June 3, 2024, BMO made available to the Company a loan in the principal amount of \$2,000,000 (the "Loan") to refinance the Property. The Loan was secured by, among other things, a first-ranking mortgage in the principal amount of \$3,065,000 registered on title to the Property on July 15, 2024 (the "Mortgage") and a general security agreement dated June 28, 2024 (the "GSA"). The particulars of the Loan and security are more fully described in the affidavit of Lisa Jaques Lewis sworn April 23, 2025.
- 3.2.2 Chaitons has provided the Receiver with an opinion which, subject to the standard assumptions and qualifications contained therein, concludes that the Mortgage and GSA in favour of BMO creates valid and perfected security interests in the Property and the Company's personal property.¹
- 3.2.3 Based on a search of the parcel register for the Property obtained on March 4, 2026, only BMO has registered a mortgage/charge on title to the Property.
- 3.2.4 The Receiver has conducted a search under the *Personal Property Security Act* ("PPSA") against the Company, a copy of which is attached hereto as Appendix D. The Receiver has reviewed the PPSA search and notes that, in addition to the registrations in favour of BMO, the only other registration against the Company is a registration by Royal Bank of Canada in respect of collateral classified as motor vehicles.
- 3.2.5 The net sale proceeds from the Sale Transaction (even prior to consideration of real estate commissions, closing costs, outstanding fees, etc.) are not sufficient to pay out the amounts owing to BMO in full. As a consequence, there will be no funds available for unsecured creditors.

¹ A copy of Chaitons' security opinion can be made available to the Court upon request.

- 3.2.6 The Receiver was advised by the Canada Revenue Agency ("CRA") that an amount of \$2,628.86 relating to source deductions remains outstanding and will need to be addressed. The Receiver proposes to pay that amount out of the net sale proceeds, in priority to BMO.
 - 3.2.7 To the Receiver's knowledge, BMO supports the relief being sought by the Receiver in this motion.
- 3.3 Proposed Distribution
- 3.3.1 With the exception of the Receiver's Charge (as defined in the Appointment Order) and CRA's source deduction claim, the Receiver is not aware of any other claims that would rank in priority to BMO. Accordingly, subject to the approval of this Honourable Court, the Receiver proposes to make a distribution to BMO of the net sale proceeds plus any additional funds on hand as at the time of Closing, net of any final amounts required to pay vendors and any final tax remittances up to the Closing Date, and professional and legal fees, including the Fee Accrual as outlined herein (the "BMO Distribution").
 - 3.3.2 Given the extent of the shortfall to BMO, and since no other creditor has an interest in the net proceeds of these receivership proceedings, the Receiver hereby seeks the relief sought herein.

- 4.1.1 Once the Sale Transaction is completed, the Receiver will have largely completed the receivership administration, subject to completion of certain administrative matters set out below.
- 4.1.2 The Receiver therefore respectfully requests that the receivership proceedings be terminated and that the Receiver be discharged subject to the Receiver performing the following outstanding matters (collectively the "Outstanding Matters"):
- a. Closing of the Sale Transaction;
 - b. Payment of all expenses incurred up to the completion of the final estate administration;
 - c. Payment of the Receiver's and Counsel's invoices and Fee Accruals, together with any final estate expenses;
 - d. Payment of the BMO Distribution being the net funds on hand after concluding the Sale Transaction and paying out all final administrative expenses;
 - e. Filing government related tax returns up to the Receiver's discharge;
 - f. Issuing the Receiver's final report and statement of receipts and disbursements pursuant to S. 246(3) of the BIA; and,
 - g. Any incidental tasks that may be required in connection with concluding the receivership proceedings, including without limitation, the filing of the Receiver's Discharge Certificate (as defined herein), upon completion of the Outstanding Matters.
- 4.1.3 Upon completion of the Outstanding Matters, the Receiver will file a certificate with the Court confirming same, the Receiver's Discharge Certificate, whereupon the termination of the receivership proceedings and the discharge of the Receiver, and the accompanying release of the Receiver, would become effective.

- 5.1 For the reasons set out above, the Receiver respectfully requests that the Court issue an order:
- a) approving this Supplementary Report to the Receiver's First Report;
 - b) approving the Receiver's Interim R&D;
 - c) approving the fees and disbursements of the Receiver and its Counsel, and the Fee Accrual as outlined herein;
 - d) approving the BMO Distribution of available funds, after satisfaction of amounts secured by the Receiver's Charge and amounts relating to CRA source deductions, to be paid to BMO as the first ranking secured creditor, to the maximum amount of the indebtedness owing to BMO;
 - e) authorizing the termination of these receivership proceedings and the discharge and release of the Receiver effective upon the Receiver filing with the Court the Receiver's Discharge Certificate; and,
 - f) such further relief as the Court deems appropriate.

All of which is respectfully submitted this 7th day of May 2026.

BDO CANADA LIMITED, solely in its capacity as
Court-appointed Receiver of
Algo Medical Group Inc.
and not in its corporate or personal capacity.



Per: Christopher J. Mazur, CIRP, LIT
Senior Vice President