Court File No: CV-22-00682153-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF ARMSTRONG FLOORING, INC., AFI LICENSING LLC, ARMSTRONG FLOORING LATIN AMERICA, INC. AND ARMSTRONG FLOORING CANADA LTD. (THE "DEBTORS")

APPLICATION OF ARMSTRONG FLOORING CANADA LTD. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT* ACT, R.S.C. 1985, c. C-36, AS AMENDED

FIRST REPORT OF GRANT THORNTON LIMITED AS THE COURT-APPOINTED INFORMATION OFFICER

September 23, 2022

GrantThornton

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Schedule "A"	Copy of the Pre-Filing Report dated June 6, 2022
Schedule "B"	Copy of the Globe and Mail advertisement dated June 15, 2022 and June 22, 2022
Schedule "C"	Settlement Agreement
Schedule "D"	Affidavit of Jonathan Krieger sworn September 22, 2022
Schedule "E"	Affidavit of Andrew Winton sworn September 22, 2022

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REPORT OF GRANT THORNTON LIMITED AS THE COURT-APPOINTED INFORMATION OFFICER

September 23, 2022

INTRODUCTION

1. On May 8, 2022 (the "**Petition Date**"), Armstrong Flooring, Inc., AFI Licensing LLC, Armstrong Flooring Latin America, Inc. (collectively, the "**US Debtors**") and Armstrong Flooring Canada Ltd (together with the US Debtors, the "**Chapter 11 Debtors**"), commenced proceedings under Chapter 11 of Title 11 of the *United States Code* in the United States Bankruptcy Court for the District of Delaware (the "**US Court**") (the "**US Bankruptcy Proceedings**"). The Chapter 11 Debtor that is a British Columbia company, is Armstrong Flooring Canada Ltd. ("the **Canadian Chapter 11 Debtor**" or "**Armstrong Flooring Canada**").

2. On May 11, 2022, which hearing was continued on May 13, 2022 and May 17, 2022, the US Court heard the Chapter 11 Debtors' first day motions and granted numerous orders (collectively, the "**First Day Orders**").

3. On June 8, 2022, Armstrong Flooring Canada (the "**Foreign Representative**") brought an application to recognize the US Bankruptcy Proceedings in Canada (the "**Canadian Recognition Proceedings**") and the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted the following orders:

   (a) an Initial Recognition Order (Foreign Main Proceeding) (the "**Initial Recognition Order**"), that, among other things, declared Armstrong Flooring Canada to be a "foreign representative" pursuant to section 45 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**") in respect of the US Bankruptcy Proceedings and recognized the US Bankruptcy Proceedings as "foreign main proceedings"; and

   (b) a Supplemental Order (Foreign Main Proceeding) (the "**Supplemental Order**"), that, among other things, appointed Grant Thornton Limited as the Information Officer (the "**Information Officer**") in relation to these CCAA recognition proceedings and recognized certain of the First Day Orders in Canada.

4. In support of the Canadian Recognition Proceedings, Grant Thornton Limited prepared and served a pre-filing report dated June 6, 2022 (the "**Pre-filing Report**"). The Pre-filing Report is attached as **Schedule "A".**

5. The purpose of the US Bankruptcy Proceedings and the Canadian Recognition Proceedings was to provide a stabilized environment for the Chapter 11 Debtors to continue to operate while they pursued a sale process.

6. Pursuant to Paragraph 12 b) of the Supplemental Order, the Information Officer is required to report to this Court at least once every three months with respect to the status of these proceedings and the status of the Foreign Proceedings, which reports may include information relating to the Property, the Business, or such other matters as may be relevant to the proceedings herein.

7. The Information Officer attended before this Court on September 12, 2022, which was the earliest available date in September, to set a date for the hearing of a motion that the Information Officer understands that the Foreign Representative intends to bring to seek various relief from the Court.

8. This report represents the first report to Court (the "**First Report**"), since the Initial Recognition Order and the Supplemental Order were granted by the Court.

PURPOSE OF THE FIRST REPORT

9. The purpose of this First Report is to provide an update regarding the following:

   (a) the steps and actions undertaken by the Information Officer pursuant to its mandate;

   (b) the result of the sale process in the US Bankruptcy Proceedings;

   (c) the claims process in the US Bankruptcy Proceedings; and

   (d) certain other matters in the US Bankruptcy Proceedings that are of relevance to the stakeholders in the Canadian Recognition Proceedings.

   And form the basis for Orders to be made by the Court:

(a) recognizing the US Sale Order (as defined below) and enforcing an order, *inter alia*, (i) approving the sale of certain of the Debtor's assets free and clear of all liens, claims, encumbrances and other interests, (ii) approving the assumption and assignment of certain executory contracts and unexpired leases related thereto, and (iii) granting related relief;

(b) approving a settlement agreement between Armstrong Flooring Canada and the US Debtors, in accordance with the terms of the Settlement Agreement dated September 23, 2022 (the "**Settlement Agreement**"), between Armstrong Flooring Canada and the US Debtors;

(c) declaring that Element Fleet Management Inc., ("**Element**") is not a secured creditor of Armstrong Flooring Canada (formally AFI Canada Ltd.);

(d) directing the registrar of personal property security to delete the registration made by Element pursuant to the provisions of the *Personal Property Security Act* (Ontario), R.S.O. 1990, c. P.10 (the "**PPSA**") on March 27, 2017 as File Number 725951925, bearing Registration Number 20170327 1402 1462 3216 from the personal property registry;

(e) amending paragraph 19 of the Supplemental Order dated June 8, 2022 to expand the Administration Charge to $600,000 and include Borden Ladner Gervais LLP ("**BLG**"), Canadian counsel to the Chapter 11 Debtors, under such charge in addition to the Information Officer and its counsel;

(f) authorizing the payment of the fees and disbursements of BLG;

(g) approving the Pre-Filing Report and this First Report;

(h) approving the activities, fees, and disbursements of the Information Officer for the period from May 1, 2022 to September 21, 2022 and its estimated fees and disbursements up to the date of its' discharge as Information Officer;

(i) approving the fees and disbursements of the Information Officer's counsel Lax O'Sullivan Lisus Gottlieb LLP ("**Lax**") for the period from May 1, 2022 to August 31, 2022 and its estimated fees and disbursement for services to be provided to the Information Officer up to its date of the Information Officer's discharge;

(j) authorizing the Information Officer to file an Assignment in Bankruptcy of Armstrong Flooring Canada, with Grant Thornton Limited acting as Trustee; and,

(k) discharging the Information Officer, terminating these proceedings and terminating the Administration Charge on the filing of a certificate with the Court certifying that its duties under the Initial Recognition Order and Supplemental Order are complete.

SCOPE AND TERMS OF REFERENCE

10. Other than where indicated, the information contained in this First Report (the "**Information**") has been obtained by the Information Officer from the books and records of the Chapter 11 Debtors, information made publicly available by the claims and noticing agent in the US Bankruptcy Proceedings ("**Epiq**"), other publicly available information, and/or is based upon discussions with, and representations made by the Chapter 11 Debtors' financial advisors and other professional advisors retained in this matter. The Information has not been audited or reviewed by the Information Officer as to its accuracy or completeness, and the reader is therefore cautioned that the Information Officer does not provide any form of assurance with respect to the accuracy of any financial information presented in this First Report or relied upon in preparing this First Report, and this First Report may not disclose all significant matters about the Chapter 11 Debtors.

11. This First Report has been prepared to provide general information to stakeholders of Armstrong Flooring Canada and the Court relating to the US Bankruptcy Proceedings and

the Canadian Recognition Proceedings. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose. The Information Officer assumes no responsibility or liability for any loss or damage occasioned by any party because of the circulation, publication, reproduction or use of this First Report. Any use that a party makes of this First Report, or any reliance on or decisions to be made based on it, is the responsibility of such party.

12. A copy of this First Report and other relevant documents with respect to these proceedings are available on the Information Officer's website at: www.GrantThornton.ca/AFI (the "**Case Website**").

NOTIFICATION OF THE CANADIAN RECOGNITION PROCEEDINGS

13. As at the date of this First Report, the Information Officer has undertaken the following tasks to notify stakeholders of Armstrong Flooring Canada of the Canadian Recognition Proceedings:

    (a) established the Case Website as a central database to access information pertaining to the Canadian Recognition Proceedings. In accordance with the E-Service Guide of the Ontario Commercial List Court, the Information Officer has posted to the Case Website all court materials, court orders and reports filed in these proceedings. The Initial Recognition Order and Supplemental Order were each made available on the Case Website on June 9, 2022. The Case Website includes a link to access materials pertaining to the US Bankruptcy Proceedings at: Armstrong Flooring, Inc. Bankruptcy Overview Case: 22-10426 | Epiq (epiq11.com) (the "**Epiq Website**");

(b) published an advertisement in the Globe and Mail, National Edition on June 15, 2022 and June 22, 2022 to notify the public of the Canadian Recognition Proceedings. A copy of this advertisement is attached as **Schedule "B"**; and

(c) corresponded with specific creditors of the Foreign Representative who made direct inquiries of the Information Officer.

INFORMATION OFFICER'S ACTIVITIES

14. As at the date of this First Report, the Information Officer has undertaken the following actions:

(a) made inquiries and corresponded with Canadian and US counsel to the Chapter 11 Debtors on various matters impacting Armstrong Flooring Canada;

(b) monitored information provided;

(c) held numerous discussions with the Chapter 11 Debtors' Canadian and US counsel and its financial advisors in the US;

(d) reviewed extensive materials in respect of the US Sale Order and engaged in discussions with the Chapter 11 Debtors' counsel and advisors in respect of same;

(e) engaged in extensive communications regarding the US Sale Order and the Settlement Agreement;

(f) reviewed the conduct of the Chapter 11 Debtors' pre and post filing activities, as it relates to Armstrong Flooring Canada's assets;

(g) reviewed certain of Armstrong Flooring Canada's financial information to understand claims which may exist against Armstrong Flooring Canada;

(h) maintained the Case Website, which includes a direct link to the Epiq Website;

(i) publicly advertised the Canadian Recognition Proceedings, as outlined above; and

(j) responded to queries from creditors.

ASSET SALE PROCESS

15. On May 26, 2022, the US Debtors filed a motion with the US Court (the "**Bidding Procedures**") seeking an order authorizing and approving procedures to facilitate the sale of its North American, Australian, and Chinese assets. The US Court saw fit to approve the motion on May 31, 2022.

16. The US Court required that within three business days following the entry of the order, or as soon as reasonably practicable thereafter, Chapter 11 Debtors notify the following, among others:

(a) all entities reasonably known by the Chapter 11 Debtors to have expressed a bona fide interest in acquiring any of the assets during the year preceding the date hereof;

(b) all entities known to have asserted any claim, liens, interests, or encumbrances in or upon any of the assets;

(c) all federal, state, and local regulatory or taxing authorities, or recording offices which have a reasonably known interest in the relief requested;

(d) the U.S. Trustee;

(e) counsel to the DIP Agents;

(f) counsel to the Prepetition Lenders;

(g) the Internal Revenue Service; and

(h) the Securities and Exchange Commission.

17. To be eligible for consideration as a qualified bid to participate in an asset auction, potential bidders were to deliver to the Debtors and their advisors a written, irrevocable offer, solicitation, or proposal (“**Bid”**) prior to the applicable bid deadline.

18. The Chapter 11 Debtors and their advisors were to determine whether a person is a Qualified Bidder, coordinate the efforts of potential bidders in conducting due diligence, receive offers from potential bidders, negotiate offers made to purchase the assets, and determine if any Qualified Bidder should be selected as a Stalking Horse Bidder to establish a minimum acceptable bid with which to begin the applicable auction.

19. The deadline by which all Bids were to be received in writing, in electronic format, by the parties specified in the Bidding Procedures for the North American assets (the “**North American Assets**”) was June 14, 2022 at 11:59 pm prevailing Eastern Time. The deadline by which all Bids were to be received in writing, in electronic format, by the parties specified in the Bidding Procedures for the Australian and Chinese assets was June 23, 2022 at noon prevailing Eastern Time. These deadlines exclude a credit bid by the DIP Agents on behalf of the DIP Lenders or the Prepetition Agents on behalf of the Prepetition Lenders.

20. If it were required, the auction for the North American Assets was to occur on June 16, 2022 at 10:00 a.m. prevailing Eastern Time. If it were required, the auction for the Australian and Chinese Assets was to occur on June 27, 2022 at noon prevailing Eastern Time.

21. On June 14, 2022, the Chapter 11 Debtors opted to, according to their right, extend certain dates and deadlines set forth in the Bidding Procedure by one or two weeks.

ASSET SALE

22. On July 10, 2022, the Debtors filed a Notice of Service/ Notice of Cancellation of North America Auction and Successful Bidder with respect to the Debtors' North American Assets in the US Court. This notice was filed in response to a Qualified Bid by AHF LLC and Gordon Brothers Commercial & Industrial, LLC (the "**AHF/GB Consortium**"), which was deemed to be the highest or otherwise best Qualified Bid for the North American Assets. The Sale Hearing was set for July 12, 2022, at which time the Debtors sought approval of the successful bid.

23. On July 13, 2022 the U.S. Court issued an order approving the sale of the North American Assets to the AHF/GB Consortium in the amount of $107 million plus adjustments to valuations on A/R, inventory, and holdbacks as outlined in the order approving the sale of the North American Assets (the "**US Sale Order**"). Prior to the sale, the US Debtors had to resolve a dispute regarding transfers of trademark licenses with Armstrong World Industries Inc. ("**AWI"**) and AWI Licensing LLC. ("**AWI Licensing**").

24. On July 20, 2022, the Chapter 11 Debtors commenced Adversary Proceedings against AWI and AWI Licensing (the "**Defendants**") to compel the Defendants to perform the ministerial act of signing three forms consenting to the assumption and assignment of a Trademark License Agreement necessary to complete the sale of the Debtor's businesses. The motion was filed after the Defendants failed to object to the Debtor's notice of assumption and assignment. Additionally, the US Debtors filed a motion seeking emergency injunctive and declaratory relief. The US Court issued an order granting the Debtor's emergency motion for a temporary restraining order and a preliminary injunction to enforce bidding procedure and sale orders.

25. Following the Order, the Chapter 11 Debtors and the Defendants were able to negotiate an agreement that was filed and ordered by the US Court, in which the Debtors agree to provide $1,000,000 USD to AWI in connection with the Chinese and Australian asset sales in exchange for AWI withdrawing and not pursuing any appeal to the Injunctive Relief order, and the Chapter 11 Debtors agreement it would not assign to anyone its rights under the Trademark License Agreement in territories other than the territories covered by the assignments made in connection with its asset sales, and an agreement that the US Debtors will relinquish any remaining rights under the Trademark License Agreement after giving effect to such assignments.

26. An order approving the settlement among the US Debtors and AWI and AWI Licensing was issued by the US Court on July 29, 2022.

27. The transaction for the sale of the North American Assets closed on July 25, 2022.

INFORMATION OFFICER'S COMMENTS ON US SALE ORDER

28. The sale for the North American Assets with the AHF/GB Consortium closed on July 25, 2022 but the Information Officer, its counsel and BLG, the Chapter 11 Debtor's Canadian counsel, were not made aware of this sale, or the inclusion of certain of Armstrong Flooring Canada's assets, namely the accounts receivable of the Canadian Chapter 11 Debtor in such sale, until it was informed by the Chapter 11 Debtor's US counsel in late July, 2022, after the transaction closed. Furthermore, the sale agreement omitted the requirement for the Chapter 11 Debtors to seek a recognition order from the Canadian Court, as it includes certain assets of Armstrong Flooring Canada.

29. There were certain holdbacks and provisions for the quantification of Armstrong Flooring Canada's assets in the sale agreement with the AHF/GB Consortium, if required.

However, the Information Officer believes that the Sale Procedure conducted by the Chapter 11 Debtors was a thorough process supervised by the US Court, and it is likely the least disruptive to allow the inclusion of Armstrong Flooring Canada's accounts receivable in the sale to the AHF/GB Consortium, provided that sufficient and fair value be allocated to Armstrong Flooring Canada as part of the reconciliation of proceeds.

30. The Information Officer and the Chapter 11 Debtors' Financial Advisors have engaged in extensive discussions in respect of the valuation of these assets and the determination of potential claims of Armstrong Flooring Canada.

31. US counsel to the US Debtors submitted a proposal for the Information Officer's consideration, whereby it proposed to withdraw its significant net unsecured intercompany claim against Armstrong Flooring Canada (the "**Intercompany Claims**") in exchange for a payment of a certain amount to Armstrong Flooring Canada from the holdback of the sale proceeds with the AHF/GB Consortium. As a key term of this proposed offer, there would be no allocation of proceeds from the sale of Armstrong Flooring Canada's accounts receivable transferred to Canada and such assets would be included in the sale to the AHF/GB Consortium (the "**Original Canadian Asset Offer**"). The Original Canadian Asset Offer is of particular relevance to Bank of America ("**BoA**"), the lead secured lender in the US Bankruptcy Proceedings, as the proposed transaction has the effect of expediting completion of the US Chapter 11 Proceedings and minimizing professional costs, while settling matters related to the Intercompany Claims. Aside from its interest in the US Bankruptcy Proceedings, BoA has no security or direct claim over the Canadian assets.

32. The Information Officer reviewed the Original Canadian Asset Offer and had extensive discussions with Houlihan Lokey Capital Inc. ("**Houlihan**") and Riveron Consulting LP ("**Riveron**") (both financial advisors to the Chapter 11 Debtors) to understand their

rationale for the amount set out in the Original Canadian Asset Offer and to obtain additional information to support their calculations. The Information Officer had to determine the impact of accepting the Original Canadian Asset Offer (or some variation thereof) on the other arms-length creditors of Armstrong Flooring Canada. In this regard, the following considerations had to be addressed by the Information Officer:

(a) The appropriate valuation of the Canadian assets included in the sale to the AHF/GB Consortium and therefore the amount that should be allocated to the Canadian entity and made available to the Canadian creditors;

(b) The status of the outstanding pension liability and more particularly, whether such claim has any priority pursuant to the provisions of the *Bankruptcy and Insolvency Act ("**BIA**")*;

(c) Aside from the pension claim, the extent and validity of claims that pertain to Armstrong Flooring Canada, including any secured claims and the extent and validity of the Intercompany Claims;

(d) An understanding of the implication of Section 6.9 of the Agreement with the AHF/GB Consortium that suggests that the Intercompany Claims were to be forgiven when the Chapter 11 Debtors closed the sale to the AHF/GB Consortium; and,

(e) To determine the portion of the costs incurred during the US Bankruptcy Proceedings that should reasonably be allocated to AFI Canada.

33. The Information Officer also believed it was appropriate to determine what amounts would likely be distributed to the US Chapter 11 Debtors in respect of the Intercompany Claims, should the assets be independently monetized in Canada through a bankruptcy

proceeding if the Original Canadian Asset Offer were not accepted and, in some variation of the Original Canadian Asset Offer, determining a reasonable counter-offer.

34. Each of these considerations are addressed below.

VALUATION OF THE CANADIAN ASSETS

35. The sale to the AHF/GB Consortium essentially included all of the accounts receivable of Armstrong Flooring Canada. The sale did not include the cash, prepaids or other assets as shown on Armstrong Flooring Canada's balance sheet. As at the date of the sale to the AHF/GB Consortium, the book value of the accounts receivable were approximately $4.7 million CDN. As at the date of the sale of the North American Assets, the accounts receivable were for the most part current, which based on the Information Officer's experience, are ordinarily valued between 80-90% of their book value upon liquidation. The Information Officer's opinion is that these assets should be valued at 85% of their book value, given the current aging of these accounts and Armstrong Flooring Canada's strong collections of accounts receivable to date. Accordingly, the Information Officer believes that the net value to be allocated from the sale of the North American Assets for the Canadian accounts receivable is $4.0 million CDN. As at the date of closing the North American Asset sale, the cash balance based on Armstrong Flooring Canada's bank statements was $2.1 million CDN. There are other assets on the Canadian Chapter 11 Debtor's balance sheet, namely prepaid and other assets (the majority of which appears to be deferred taxes or potential tax recoveries) with a book value of approximately $3 million CDN which the Information Officer is unable to value at this time. Specifically, only the trade accounts receivable are included in the sale to the AHF/GB Consortium.

PENSION LIABILITY

36. The Information Officer reviewed certain available information in respect of a potential pension claim against Armstrong Flooring Canada, including an actuarial report as at July 31, 2022 prepared by Willis Towers Watson ("**WTW**"). Based on the WTW report, the pension shortfall in Armstrong Flooring Canada's defined contribution plan is approximately $2.84 million as at July 31, 2022. Pursuant to Paragraph 81.5 of the *BIA*, should an employer participate in a prescribed pension plan for the benefit of the bankrupt's employees, the amounts unpaid on the date of the bankruptcy to the fund established for the purpose of the pension plan are secured by security on all of the assets of the bankrupt. A security under this section ordinarily ranks above every other claim, right, charge, or security, with specific exceptions.

37. It appears from the books and records of Armstrong Flooring Canada, discussions with the Chapter 11 Debtors' advisors and the findings of the WTW Report that the shortfall represents a solvency deficit, and there is no outstanding funding obligation on behalf of the Chapter 11 Debtors. Accordingly, based on the available information, the Information Officer believes that the pension shortfall is an unsecured claim in the range of $2.84 million.

OTHER CLAIMS AND LIABILITIES

38. The books and records of Armstrong Flooring Canada identify a net amount of $13.247 million CDN of Intercompany Claims as at June 30, 2022. The Information Officer has relied on Armstrong Flooring Canada's books and records with respect to the outstanding liabilities, however it has conducted additional due diligence with respect to the Intercompany Claims. Specifically, the Information Officer has taken steps to understand how the liability arose, and has reviewed evidence of advances and movements in the

intercompany accounts over the past 6 years. The Information Officer understands that the liability arose in 2016 as a result of a promissory note that had been granted from Armstrong Flooring Canada to the US subsidiary, on account of the assumption of liabilities and additional advances as part of a larger transaction. The Information Officer reviewed the promissory note, the initial advance schedule/worksheet, and subsequent movements in the general ledger. It appears over the course of the past six years, there have been a series of advances and repayments which the Information Officer understands relates to the purchase of and payment for inventory between Canada and the US. Essentially, the US supplies inventory to Canada for resale, the value of the inventory is charged against the intercompany account, and then from time to time, Armstrong Flooring Canada makes payments to the US. The Information Officer is unable to confirm the reasonableness of all payments over the course of the past six years given the volume of transactions, but it appears the intercompany ledger is reasonably well maintained. Further, and adding credibility to the intercompany balance, there was a downward adjustment in the Intercompany Claims by approximately $6 million around the time of the Canadian Recognition Proceedings, on account of an adjustment of the amount owing due to transfer pricing recalculations. The intercompany balance appears to have increased to more than $15 million CDN as at July 31, 2022. For conservatism and in the interest of arm's length creditors, the Information Officer has used the lower amount in its calculations of the waterfall of proceeds below.

39. The Information Officer is aware that there is one security registration over Armstrong Flooring Canada under the PPSA by Element. The Information Officer understands that it is the position of the Chapter 11 Debtors that there is no indebtedness owing to Element, notwithstanding the registration. In addition to being served with the Application record in

these proceedings, BLG wrote to Element on August 17, 2022 to confirm that Element had no outstanding amounts owing from the Canadian Chapter 11 Debtor. The letter to Element had a deadline to respond by August 30, 2022. BLG received no response from Element. Further, the Information Officer understands that Element will be served with the materials in respect of the above noted relief sought from the Court. In light of this, the Information Officer is not aware of any obligations owing from Armstrong Flooring Canada to Element and does not oppose the Chapter 11 Debtors' requested relief to vacate the Element PPSA registration.

40. Based on Armstrong Flooring Canada's balance sheet, there appears to be other non-arm's length liabilities of approximately $4.97 million, including referenced long-term liabilities. Houlihan and Riveron both advised they believe this balance is overstated and there may be duplication with respect to pension and other liabilities, but the Information Officer believes it is appropriate to include the entirety of this balance in its calculation.

41. The information on which the Information Officer has relied is certainly not perfect; however, it is the best information available at this time.

REFERENCE TO WITHDRAWAL OF INTERCOMPANY CLAIM

42. Section 6.9 of the AHF/GB Consortium Agreement states that, with respect to intercompany accounts and arrangements, that effective prior to closing, all outstanding intercompany accounts between Parent or any of its Subsidiaries or Affiliates and the Seller shall be settled in full without any cash payment required to be made. This clause appears to have had the effect of discharging the intercompany liability owed by Armstrong Flooring Canada to AFI effective as at the close date on July 25, 2022. The Information Officer and its counsel have spoken to the US Chapter 11 Debtor's US counsel in respect

of this clause. While it appears to have the effect of settling the claim, we are advised that such clause was inserted for the benefit of the purchaser (AHF/GB Consortium) as a non-assumed liability, but it was not meant to discharge or withdraw the Intercompany Claim from their eligibility for dividends.

43. The Information Officer and its counsel are reasonably satisfied that the Intercompany Claim should not be withdrawn, notwithstanding clause 6.9 of the APA. Specifically, there would be no reason for the Intercompany Claim to be withdrawn, as there was no benefit received in return.

<u>COST OF US PROCEEDINGS ALLOCATED</u>

44. With respect to the costs of the US Proceedings that should be reasonably allocated to Armstrong Flooring Canada, it is the Information Officer's opinion that no such costs should be allocated. Armstrong Flooring Canada has paid the professional fees of the Information Officer, counsel to the Information Officer, and BLG. Furthermore, Armstrong Flooring Canada was not a party to the majority of the costs incurred, including the DIP Financing.

WATERFALL OF PROCEEDS

45. In light of the above and in order to assess the reasonableness of the Original Canadian Asset Offer, the Information Officer has assessed the total value of assets and potential liabilities of Armstrong Flooring Canada, in order to determine how much would likely be distributed to each of the stakeholders based on Armstrong Flooring Canada's books and records, before costs of administration, if Armstrong Flooring Canada were to file an assignment in bankruptcy. Pursuant to Section 129 of the *BIA*, proven claimants are afforded the ability to file claims for adjudication by a Trustee.

46. The Information Officer has determined the best realizable value of assets as a going concern on closing are as summarized in the table below:

**All figures are in CAD (millions)*

Assets of the Canadian Chapter 11 Debtor	
Cash	$2.1
Accounts Receivable	$4.0
Prepaids and other assets	$0.0
Total Realizable Asset Value	**$6.1**

47. The Information Officer has estimated the liabilities of the Canadian Chapter 11 Debtor on closing and summarized same in the table below:

**All figures are in CAD (millions)*

Liabilities of the Canadian Chapter 11 Debtor	
Trade Payables	$0.89
Payroll	$0.22
Other	$1.22
Long-Term Liabilities	$2.64
Pension Deficit	$2.84
Intercompany Claims	$13.25
Total Value of Liabilities	**$21.05**
(%) of Claims Represented by AFI US	62.93%

48. Given the above, and based on the books and records of the Armstrong Flooring Canada, the Information Officer has calculated the waterfall of proceeds which would be available to distribute in respect of the Intercompany Claims, in the event the accounts receivable are carved out of the AHF/GB Consortium transaction.

**All figures are in CAD (millions) unless stated otherwise*

Minimum Reconciliation Amount	
Assets Available to Creditors	
Total Estimated Realisable Value of Canadian Assets as a Going Concern	$6.10
Post-Petition Claims	$0.61
	$5.49
Percentage of Total Claims	
AFI US Allocation	62.9%
Other Creditor Allocation	37.1%
	100.0%
Calculated Pro-Forma AFI US Distirbution	$3.45
Calculated Value of AFI US Consideration Bsaed on Accounts Receivable	$4.00
Minimum Amount Required to be Paid from Sale Proceeds to AFI Canada	**$0.55**
Minimum Amount Required (USD)	$0.42

49. To summarize the above table, the Information Officer believes that in the event that the Canadian accounts receivable are carved out of the AHF/GB Consortium agreement, the US Debtors would likely receive a distribution of approximately $3.45 million CDN from the Canadian proceeding. As the Information Officer believes the US Debtors will receive $4.0 million CDN of value from the Canadian accounts receivable in the sale to the AHF/GB Consortium, it believes non-arm's length creditors of Armstrong Flooring Canada have been disadvantaged by approximately $550,000 CDN or $423,000 USD. Accordingly, the Information Officer believes the minimum amount to be paid to Armstrong Flooring Canada from the North American Asset proceeds is $423,000 USD in order to achieve equality for other creditors. In this regard, the Information Officer shared its calculations with the Chapter 11 Debtors' counsel and Advisors. While the Chapter 11 Debtors and their Advisors believe that the Information Officer's calculations are conservative in favour of non-arm's length creditors, the parties agreed to a reconciliation amount of $500,000 USD be paid from the North American Sale proceeds, plus all the

cash in Armstrong Flooring Canada's bank account (currently approximately $2 million CDN after costs related to the Canadian Recognition Proceedings have been paid, including those post-closing of the AHF/GB Consortium sale) ("the "**Settlement Amount**"). The Information Officer believes the Settlement Amount is fair for Armstrong Flooring Canada's creditors, avoids collection risk of the Canadian accounts receivable, will likely result in a larger pool of available proceeds for arms-length creditors than the alternative, will substantially reduce the cost of the Canadian administration, and will expedite completion of these proceedings. The terms of the Settlement Amount has been documented in a settlement agreement between the parties (the "**Settlement Agreement**") which includes a provision for mutual releases of claims between the US Debtors and Armstrong Flooring Canada. The Settlement Agreement is subject to Court approval. A copy of the Settlement Agreement is attached as **Schedule "C"**.

US CLAIMS PROCESS AND NEED FOR A BANKRUPTCY

50. On June 16, 2022 the US Court granted an Order (I) Setting Bar Dates for Filing Proofs of Claim, Including Requests for Payment Under Section 503(b)(9), (II) Establishing Amended Schedules Bar Date and Rejection Damages Bar Date, (III) Approving the Form of and Manner For Filing Proofs of Claim, Including Section 503(b)(9) Requests, and (IV) Approving Notice of Bar Dates (the "**Bar Date Order**").

51. On August 5, 2022, the US Court issued an Order approving an extension of the bar date on behalf of the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy Allied Industrial and Service Workers International Union ("**USW**") to file a proof of claim related to the Canadian pension plan.

52. The USW received an inquiry from a USW representative in Canada regarding potential claims against the Debtors relating to a Canadian pension plan that provides benefits to certain former employees of the Debtors in Canada who are represented by the USW.

53. The US Court saw fit to approve the request to the Debtors to grant a 30-day extension of the General Bar Date for the USW to file a proof of claim. The extended deadline was September 6, 2022 at 5:00 p.m. Eastern Time. The Information Officer understands that this date has been extended again to September 27, 2022.

54. The Bar Date Order required that the Chapter 11 Debtors provide a written notice of the Bar Dates and a Proof of Claim Form (together, the "**Bar Date Package**") by first class United States mail to the following entities:

(a) all known holders of potential claims and their counsel (if known), including all persons and entities listed in the Schedules at the addresses set forth therein (or any more recent address that is known to the Debtors), as potentially holding claims;

(b) all parties that have requested notice of the proceedings in the Chapter 11 Cases pursuant to Bankruptcy Rule 2002 as of the date of the Bar Date Order;

(c) all parties that have filed proofs of claim in the Chapter 11 Cases as of the date of the Bar Date Order;

(d) all known parties to executory contracts and unexpired leases with the Debtors;

(e) all known parties to litigation with the Debtors;

(f) the District Director of the Internal Revenue Service for the District of Delaware;

(g) all other known taxing authorities or the jurisdictions in which the Debtors maintain or conduct business;

(h) and the Securities and Exchange Commission;

(i) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business;

(j) the United States Attorney for the District of Delaware;

(k) the Federal Communications Commission;

(l) the U.S. Trustee for the District of Delaware;

(m) all other entities listed on the Debtors' matrix of creditors;

(n) all persons who were employees of the Debtors as of the Petition Date, or within six months prior to the petition date; and

(o) counsel (if known) to any of the foregoing.

55. The Information Officer understand that all reasonable efforts were made to send a copy of the Bar Date Package to all known creditors of the Chapter 11 Debtors located in Canada that fall within the above categories to their last known addresses based on the books and records of the Chapter 11 Debtors.

56. The Bar Date Order also provided for notice to be provided to creditors where notice by mail is impractical, including creditors who are unknown or not reasonably ascertainable by the Chapter 11 Debtors and creditors whose addresses are unknown, by publication of a notice (the "**Publication Notice**") on one occasion in the national edition of the *New York Times.*

57. The Information Officer understands from affidavits filed in the US Bankruptcy Proceedings and available on the Epiq Website that the Publication Notice was published in the *New York Times* on June 3, 2022 and in the *New York Times International Edition* on June 8, 2022.

58. Notwithstanding the Publication Notice and additional steps taken in the US Bankruptcy Proceedings, the Information Officer is not satisfied that Canadian creditors have had sufficient opportunity to file a claim in the US Bankruptcy Proceedings, nor have they had adequate disclosure of which assets are held in Canada. Accordingly, the Information Officer believes that the Canadian creditors should be allowed to file a claim in a Canadian insolvency proceeding.

59. In order to conduct a claims process and effect distributions to proven creditors, the Information Officer recommends that it be authorized by the Court to file an Assignment in Bankruptcy for Armstrong Flooring Canada and creditors (excluding Intercompany Claims) be entitled to file claims in the Canadian bankruptcy proceeding. The Information Officer has been advised that the sole director of Armstrong Flooring Canada, Chris Parisi, has resigned effective August 31, 2022, in light of the Canadian business winding down its operations. As Armstrong Flooring Canada has no acting director, the Information Officer believes it is appropriate for the Court to authorize it to assign Armstrong Flooring Canada into bankruptcy.

ADDITIONAL RELIEF REQUESTED

60. The Canadian Chapter 11 Debtor requests that paragraph 19 of the Supplemental Order dated June 8, 2022 made by Justice Cavanagh be amended to read as follows:

THIS COURT ORDERS that the Information Officer, counsel to the Information officer and Borden Ladner Gervais LLP ("**BLG**") shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the property in Canada, which charge shall not exceed an aggregate amount of $600,000, as security for their professional fees and disbursements incurred in respect of these proceedings, both before and after the making of this order. The Administration Charge shall have the priority set out in paragraphs 21 and 23 hereof.

61. The Information Officer supports this request, as it continues to work collaboratively with BLG in effecting its responsibilities under the Initial Recognition Order and the Supplemental Order.

APPROVAL OF THE INFORMATION OFFICER'S FEES AND DISBURSEMENTS AND THAT OF ITS COUNSEL

62. The Information Officer requests that the Court approve its fees, expenses, and disbursements incurred for the period of May 1, 2022 to September 21, 2022 in performing its duties as Information Officer. For this period, the Information Officer has incurred fees of $85,763.75, disbursements of $6,182.40, and HST of $11,953.00 for a total of $103,899.14. Additionally, the Information Officer requests that the Court approve its estimated fees and disbursements in the amount of $25,000 plus HST up to the expected date of discharge, as described in the affidavit of Jonathan Krieger, sworn September 22, 2022 (the "**Krieger Affidavit**"). The Krieger Affidavit is attached as **Schedule "D"**.

63. The Information Officer additionally requests that the Court approve the fees and disbursements of its counsel, Lax, for services provided from May 1, 2022 to August 31, 2022 in the amount of $18,561.51, plus HST of $2,116.76 for a total of $ 20,678.27 as well as its estimated fees and disbursements of $19,000 plus HST for services to be provided to the Information Officer up to its date of discharge, as described in the affidavit

of Andrew Winton, sworn September 22, 2022 (the "**Winton Affidavit**"). The Winton Affidavit is attached as **Schedule "E"**.

REMAINING MATTERS AND THE INFORMATION OFFICER'S DISCHARGE

64. The Information Officer is of the view that that it is appropriate to seek a discharge as the Information Officer and termination of the Canadian Recognition Proceedings be granted effective on the filing of a discharge certificate by the Information Officer certifying that its duties (the "**Remaining Duties**") pursuant to the Initial Recognition Order and the Supplemental Order have been completed. The Information Officer is not aware of any reason to delay termination of the Canadian Recognition Proceedings, following the implementation of the Settlement Agreement and receipt of the proceeds therein.

65. Accordingly, the Information Officer is of the view that it is appropriate to seek, and respectfully requests that the Court grant an order discharging GTL as the Information Officer, releasing the Information Officer and its counsel from any and all liability that they now have or may hereafter have by reason of, or in any way arising out of their respective acts or omissions, save and except for any gross negligence or willful misconduct, and terminating the Canadian Recognition Proceedings on the filing of the aforementioned certificate.

CONCLUSION

66. In summary, the Information Officer recommends that the Court grant the Orders sought, as set forth in paragraph 8 above.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 23 day of September, 2022.

GRANT THORNTON LIMITED, IN ITS CAPACITY AS COURT APPOINTED INFORMATION OFFICER OF ARMSTRONG FLOORING CANADA LTD. AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY

Per:

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice President

SCHEDULE “A”

Pre-Filing Report

Court File No: CV-22-00682153-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF ARMSTRONG FLOORING, INC., AFI LICENSING LLC, ARMSTRONG FLOORING LATIN AMERICA, INC. AND ARMSTRONG FLOORING CANADA LTD.

APPLICATION OF ARMSTRONG FLOORING CANADA LTD. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

REPORT OF GRANT THORNTON LIMITED AS PROPOSED INFORMATION OFFICER

JUNE 6, 2022

GrantThornton

Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario
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Court File No: CV-22-00682153-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

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REPORT OF GRANT THORNTON LIMITED AS PROPOSED INFORMATION OFFICER

JUNE 6, 2022

INTRODUCTION

1. On May 8, 2022 (the "**Petition Date**"), Armstrong Flooring, Inc. ("**AFI**") and the other companies listed on **Schedule "A"** hereof (collectively, the "**Chapter 11 Debtors**"), commenced proceedings under Chapter 11 of Title 11 of the *United States Code* in the United States Bankruptcy Court for the District of Delaware (the "**US Court**") (the "**US Bankruptcy Proceedings**").

2. On May 11, 2022, which hearing was continued on May 13, 2022 and May 17, 2022, the US Court heard the Chapter 11 Debtors' first day motions and granted numerous orders (collectively, the "**First Day Orders**").

3. The purpose of the US Bankruptcy Proceedings and the proposed Canadian recognition proceeding is to provide a stabilized environment for the Chapter 11 Debtors to continue to operate while they pursue a sale process under the direction of Houlihan Lokey Capital Inc. (“**Houlihan**”).

4. At this time, Armstrong Flooring Canada Ltd. (the “**Foreign Representative**” or “**AFI Canada**”) is making an application to the Ontario Superior Court of Justice (Commercial List) (the “**Ontario Court**”) for recognition of the US Bankruptcy Proceedings under Part IV of the *Companies’ Creditors Arrangement Act* (“**CCAA**”), and is seeking the granting by the Ontario Court of an Initial Recognition Order and a Supplemental Order (collectively, the “**Recognition Orders**”):

   (a) the Initial Recognition Order which, *inter alia*, recognizes the US Bankruptcy Proceedings as a “*foreign main proceeding*” and recognizes the Foreign Representative as the “*foreign representative*”, as defined in section 45 of the CCAA, stays all proceedings against the Chapter 11 Debtors, and prevents any property within Canada from being sold, other than through the ordinary course of business; and

   (b) the Supplemental Order which, *inter alia*, appoints Grant Thornton Limited (“**GTL**”) as Information Officer, recognizes the First Day Orders issued by the US Court in the US Bankruptcy Proceedings, orders a stay of proceedings, as set out therein, and grants the Administration Charge (as defined in the Recognition Orders).

5. This report (“**Report**”) is filed by GTL in its capacity as proposed Information Officer (the “**Proposed Information Officer**”) in the Canadian recognition proceedings.

PURPOSE OF THIS REPORT

6. The purposes of this Report are as follows:

   (a) provide GTL's qualifications to act as Information Officer;

   (b) provide general background information about the Chapter 11 Debtors and the US Bankruptcy Proceedings;

   (c) provide an overview on the financial position of AFI Canada and its affiliated Chapter 11 Debtors;

   (d) provide a summary of the First Day Orders for which the Ontario Court recognition is sought;

   (e) provide information regarding the debtor-in-possession credit facilities ("**DIP Financing**"), which include:

      (i) a senior secured super-priority asset-based revolving credit facility (the "**DIP Revolver Facility**") by and among AFI, as borrower, the domestic subsidiaries of AFI party thereto, as guarantors, the lenders from time to time party thereto, and Bank of America, N.A. as administrative agent, collateral agent and Australian security trustee and as swingline lender and letter of credit issuer; and

      (ii) a senior secured super-priority multi-draw term loan facility (the "**DIP Term Loan Facility**" and, together with the DIP Revolver Facility, the "**DIP Facilities**") by and among AFI, as borrower, the domestic subsidiaries of AFI party thereto, as guarantors, the lenders from time to time party thereto, and Pathlight Capital LP, as administrative agent and collateral agent;

(f) summarize the rationale for the proposed Administration Charge; and

(g) recommend that the Ontario Court grant the relief sought by the Foreign Representative.

SCOPE AND TERMS OF REFERENCE

7. The information contained in this Report has been obtained by the Proposed Information Officer in the short time since it was engaged from the records of the Chapter 11 Debtors, publicly available information, and/or is based upon discussions with, and representations made by the Chapter 11 Debtors' financial advisors and other professional advisors retained in this matter. The information has not been audited or reviewed by the Proposed Information Officer as to its accuracy or completeness, and the reader is therefore cautioned that the Proposed Information Officer does not provide any form of assurance with respect to the accuracy of any financial information presented in this Report or relied upon in preparing this Report, and this Report may not disclose all significant matters about the Chapter 11 Debtors.

8. This Report has been prepared for the use of the Ontario Court and the Foreign Representative's stakeholders as general information relating to the Foreign Representative and to assist the Ontario Court in making a determination of whether to approve the relief sought. Accordingly, the reader is cautioned that this Report may not be appropriate for any other purpose. The Proposed Information Officer assumes no responsibility or liability for any loss or damage occasioned by any party because of the circulation, publication, reproduction or use of this Report. Any use that a party makes of

this Report, or any reliance on or decisions to be made based on it, is the responsibility of such party.

9. A copy of this Report and other relevant documents with respect to these proceedings will be made available on the Proposed Information Officer's website at: www.GrantThornton.ca/afi if appointed.

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

GTL'S QUALIFICATIONS TO ACT AS INFORMATION OFFICER

11. GTL is qualified to act as Information Officer. GTL's qualifications include:

    (a) GTL is a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada). GTL is not subject to any of the restrictions to act as set out in Section 11.7(2) of the CCAA; and

    (b) GTL has acted as information officer in several previous proceedings, as well as numerous Court-appointed capacities under various insolvency, regulatory and corporate legislation.

12. GTL had not previously been involved with the Chapter 11 Debtors and was engaged only very recently to act as the Proposed Information Officer. In that short time, GTL has gathered the information reflected in this Report and understands from representatives of the Chapter 11 Debtors that such information is the most current and appropriate information for purposes of this Report.

13. GTL has consented to act as Information Officer in these proceedings should the Ontario Court grant the Recognition Orders. GTL's duties and obligations as Information Officer

will be as set out in the Recognition Orders, as well as by statute, and GTL would from that date forward be acting as an officer of the Ontario Court.

BACKGROUND OF THE US BANKRUPTCY PROCEEDINGS

14. The Chapter 11 Debtors collectively are a leading global producer of resilient flooring products for use primarily in the construction and renovation of commercial, residential, and institutional buildings. The Chapter 11 debtors operate primarily in North America, where they are the largest producers of resilient flooring products. The AFI group (as defined below) additionally operates throughout the Pacific Rim.

15. The Chapter 11 Debtors sell their products to both specialty retailers, as well as independent wholesale flooring distributors, who re-sell the products. The majority of the AFI Group's (as defined below) sales are to distributors.

16. AFI is a Pennsylvania-based company, which wholly owns the other Chapter 11 Debtors, as well as additional subsidiaries in Australia and China (together with its subsidiaries, the "**AFI Group**").

17. AFI Canada is the only Canadian domiciled entity involved in these Chapter 11 proceedings and is a Chapter 11 Debtor. As noted above, AFI Canada is the Foreign Representative in the recognition proceedings.

18. As of the Petition Date:

    (a) AFI, as borrower, entered into a credit agreement dated December 18, 2018, with the guarantors party thereto, the lenders party thereto (the "**ABL Lenders**"), and Bank of America, N.A., in its capacity as agent (the "**ABL Agent**"), pursuant to which the ABL Lenders made available to AFI and the guarantors party thereto revolving loan commitments and other financial accommodations (the "**Prepetition ABL Credit Facility**"). The aggregate outstanding amount owed by the Chapter 11 Debtors, excluding AFI Canada, under the ABL Credit Facility was approximately US$52.9 million. Furthermore, AFI is indebted pursuant to a term loan agreement to which AFI Canada is not a party;

(b) The obligations under the Prepetition ABL Credit Facility are guaranteed by (i) liens on and a first priority security interest in certain of the AFI Group's cash and certain other financial assets, and (ii) liens on and a second priority interest in substantially all of certain of the Chapter 11 Debtors' other assets;

(c) AFI Canada is not a borrower or a guarantor in respect to the credit facilities extended to certain companies within the AFI Group. AFI has pledged the shares of AFI Canada Ltd., prior to its continuance as a British Columbia corporation under the name Armstrong Flooring Canada Ltd., to the ABL Agent and the ABL Lenders and AFI has since pledged the new shares of Armstrong Flooring Canada Ltd. to the ABL Agent and the ABL Lenders; and

(d) the Chapter 11 Debtors collectively employ 1,216 employees of which 4 are employed in Canada.

19. Additional background on the US Bankruptcy Proceedings and the Chapter 11 Debtors is set out in the affidavit of Michel S. Vermette, sworn June 1, 2022 (the "**Vermette Affidavit**").

20. Senior Management of the Chapter 11 Debtors have determined that value for the creditors will be maximized through the US Bankruptcy Proceedings and pursuing all restructuring options available to the Chapter 11 Debtors, including a going-concern sale

of the Chapter 11 Debtors' assets. An injection of liquidity is required to pursue these options, which is being provided in the form of the DIP Facilities. The DIP Facilities are discussed later in this Report.

AFI CANADA

21. AFI Canada is a wholly-owned subsidiary of AFI. AFI Canada is incorporated in British Columbia.

22. The Vermette Affidavit sets out the integrated nature of AFI Canada with the other Chapter 11 Debtors and the overall basis to establish the center of main interest ("**COMI**") of the Chapter 11 Debtors in the US. Accordingly, the COMI attributes are not repeated herein.

<u>Financial Overview: Insolvency</u>

23. AFI Canada does not independently report its financial performance. Its financial reporting is part of a consolidated reporting prepared for the AFI Group. The consolidated financial statements of the Chapter 11 Debtors are attached as an exhibit to the Vermette Affidavit.

24. The majority of the assets held by the Chapter 11 Debtors are held in the US. We understand that the only Canadian assets held are accounts receivable in the amount of approximately CDN$3.2 million and inventory in the amount of approximately CDN$103,000.

25. The Proposed Information Officer also observes, or has been informed, that:

    (a) based on the consolidated financial statements from January 1, 2022 to April 30, 2022, the Chapter 11 Debtors' consolidated revenue was approximately US$172.4 million, with AFI Canada representing approximately US$8.9 million; and

(b) for the 12-month period ended December 31, 2021, the Chapter 11 Debtors have incurred net losses of US$35.7 million and has an accumulated deficit of US$349.1 million, with further losses of US$25 million incurred from January through April 2022.

26. The Chapter 11 Debtors' small cash balance impugns their ability to cover short-term financial obligations as they come due; however, barring significant impairment to its inventories and Property, Plant, and Equipment, the Chapter 11 Debtors assets as represented in its financial statements should be sufficient to enable payment of all its liabilities.

Creditor Composition

27. As at the date of the filing of the Chapter 11 petitions, the Chapter 11 Debtors maintain two intercompany loans: one between AFI, as lender, and AFI Canada, as borrower (as detailed below), and one between non-Chapter 11 Debtor, Armstrong Flooring Pty Ltd, as lender, and AFI, as borrower, in the amount of US$26.2 million, which matures on June 23, 2025. Both intercompany loans are unsecured.

28. AFI Canada has approximately 35 unsecured creditors that are owed approximately CDN$4.4 million. AFI Canada has further unsecured debts to AFI in the amount of CDN$13.92 million in respect of an unsecured Intercompany Loan that matures on March 31, 2026.

29. AFI Canada's predecessor, AFI Canada Ltd., is the subject of one registration, as a debtor, under the *Personal Property Security Act* (Ontario), in favour of Element Fleet Management Inc. in respect to certain defined collateral. A search of the personal property registry for British Columbia as against AFI Canada by Borden Ladner Gervais LLP

discloses no registrations under the *Personal Property Security Act* (British Columbia) as against AFI Canada.

FIRST DAY ORDERS

30. The Foreign Representative is seeking recognition of the following First Day Orders by the Ontario Court:

(a) the Foreign Representative Order;

(b) the Claims and Noticing Agent Order;

(c) the Critical and Foreign Vendors Order;

(d) the Shippers and Warehousemen Order;

(e) the Customer Program Order;

(f) the Employees and Benefits Order;

(g) the Joint Administration Order;

(h) the Creditor Listing Order;

(i) the Sealing Order;

(j) the Insurance Order;

(k) the Taxes Order;

(l) the Utilities Order; and

(m) The Cash Management Order

(n) the Interim DIP Financing Order.

31. The Vermette Affidavit provides a summary of the relief sought in each of the above orders.

THE DIP FACILITIES

32. The Proposed Information Officer has been informed that immediate access to liquidity is critical to maximizing value for creditors and facilitating a potential sale process of the Chapter 11 Debtors.

33. In particular, the ABL Agent's concerns regarding depleting cash resources and the absence of a definitive agreement for the acquisition of the company has reduced the availability of funds available under the Prepetition ABL Credit Facility, leaving the US Chapter 11 Debtors little to no access to liquidity under the Prepetition ABL Credit Facility. As of the Petition Date, the Debtors' total cash balance was approximately USD$2.3 million, which is insufficient to operate their enterprise and continue paying debts as they come due, which therefore gives rise for the need to access the DIP Facilities.

34. The Proposed Information Officer has also been advised that the Chapter 11 Debtors have agreed to DIP Facilities for (a) up to US$90 million of post-Petition revolving loans under the DIP Revolver Facility and (b) up to US$37.333 million of post-Petition financing under the DIP Term Loan Facility.

35. The DIP Facilities are available on such terms and conditions set out in the applicable post-Petition credit agreements and related documents.

36. Based on Michel S. Vermette's Declaration of Support of Chapter 11 Petitions and First-Day Paper's, funds provided under the DIP Facilities would be used to allow "…the

Company [to] continue to operate, as far as possible, in the ordinary course until the completion of the sale process, which the [Chapter 11 Debtors] and the [DIP lenders] propose to occur by 50 days after the Petition Date". This use of funds could allow the Chapter 11 Debtors to continue as a going concern, as well as to maintain valuable relationships with vendors, customers, and employees, which is necessary to attract any potential going-concern buyer.

37. The Proposed Information Officer has also been advised that:

(a) The going concern sale process is supported by its senior lenders, and contemplates the sale of some, or all, of AFI's assets;

(b) the Chapter 11 Debtors require immediate access to the DIP Facilities to ensure their continued operations during these proceedings;

(c) the DIP Facilities are an important component of the Chapter 11 Debtors' going-concern sale process; and

(d) if the Chapter 11 Debtors did not secure the DIP Facilities, as required, the Chapter 11 Debtors would be unable to explore a path forward to find a buyer at a value-maximizing price.

38. As described above, AFI is the borrower under each DIP Facility. AFI Canada is not a guarantor in respect of either DIP Facility. Accordingly, no DIP charge will be sought as part of the Supplemental Order.

39. While the Proposed Information Officer has not conducted a security review of the Prepetition ABL Credit Facility and no claims process has been conducted, the Proposed Information Officer understands that AFI provided first-ranking security over its assets to secure any borrowings made under the Prepetition ABL Credit Facility.

40. Given the connection between AFI Canada and AFI, AFI Canada will benefit from the DIP Financing, as it will be used to fund ordinary course operations, meet the Chapter 11 Debtors' obligations and facilitate its efforts to restructure.

41. The US Court was satisfied that the DIP Financing Order was necessary for the orderly continuation of operations of the Chapter 11 Debtors, and that the costs and fees of the DIP Financing are market for similar levels of financing in similar circumstances, and that the fees paid and to be paid thereunder, are fair, and reasonable, and the best available to the Chapter 11 Debtors under the circumstances.

ADMINISTRATION CHARGE

42. The proposed Recognition Orders contemplate an Administration Charge.

43. The Foreign Representative is seeking an Administration Charge in an amount not to exceed $300,000 to secure the fees and expenses of the Proposed Information Officer and its counsel.

44. The Administration Charge is a customary provision in recognition orders under Part IV of the CCAA. It is required by certain of the professionals engaged to assist a debtor company and to protect those professionals in the event it is unable to pay their fees and costs during the insolvency proceedings.

45. GTL believes that the quantum of the Administration Charge is reasonable and appropriate in the circumstances, given the complexities of the cross-border proceedings and the services to be provided by the professionals involved.

CONCLUSION AND RECOMMENDATION

46. Given the interconnectedness among the Chapter 11 Debtors, particularly with most critical management and administrative functions being performed in the US, a restructuring of the business of the Chapter 11 Debtors as a whole, is likely to provide enhanced recoveries and prevent liquidation proceedings in respect of AFI Canada.

47. For the reasons set out in this Report and in reliance on the facts and assumptions set out herein, the Proposed Information Officer is of the view that the relief being sought by the Foreign Representative is reasonable in the circumstances. Accordingly, the Proposed Information officer respectfully recommends that the Ontario Court grant the Recognition Orders.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this **6**th day of June, 2022.

GRANT THORNTON LIMITED,
AS PROPOSED INFORMATION OFFICER OF
ARMSTRONG FLOORING, INC. AND OTHER CHAPTER 11 DEBTORS
AND NOT IN ITS PERSONAL OR CORPORATE CAPACITY

Per: ______________________________

J. Krieger, CPA, CA, CIRP, LIT
Sr. Vice President

SCHEDULE "A"

LIST OF CHAPTER 11 DEBTORS

Armstrong Flooring, Inc.

AFI Licensing LLC

Armstrong Flooring Latin America, Inc.

Armstrong Flooring Canada Ltd.

Court File No.:CV-22-00682153-00CL

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

AND IN THE MATTER OF ARMSTRONG FLOORING, INC., AFI LICENSING LLC, ARMSTRONG FLOORING LATIN AMERICA, INC. AND ARMSTRONG FLOORING CANADA LTD. (THE "DEBTORS")

APPLICATION OF ARMSTRONG FLOORING CANADA LTD. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

ONTARIO

SUPERIOR COURT OF JUSTICE

(COMMERCIAL LIST)

PROCEEDINGS COMMENCED AT TORONTO

REPORT OF GRANT THORNTON LIMITED AS PROPOSED INFORMATION OFFICER

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SCHEDULE "B"

Globe and Mail Notice

Inovia raises $325-million as investors wave off concerns about slump in tech sector

SEAN SILCOFF
TECHNOLOGY REPORTER

Inovia Capital, one of Canada's largest venture capital firms, has raised its largest early-stage fund to date, fuelled by strong demand from institutional investors despite the sharp recent devaluation of tech companies.

Inovia said Wednesday it had raised US$325-million for its fifth fund to back young technology companies at early stages in their growth. That's up from the US$200-million it raised for its fourth such fund in 2019. Inovia has steadily increased the size of its funds since raising its first, at $110-million, in 2007.

Inovia partner Karamdeep Nijjar said commitments for the new fund arrived briskly from past backers after the Montreal-based firm went to market in February. These include Canadian fund-of-funds HarbourVest Partners, Kensington Capital Partners, Northleaf Capital Partners and Teralys Capital, as well as Bank of Nova Scotia, Calgary's AVAC Group, Alberta Enterprise Corp., and Quebec investors Fonds de solidarité FTQ, Fondaction, Caisse de dépôt et placement du Québec and Investissement Québec.

Inovia has also added three new institutional investors: Trans-Canada Capital, Air Canada's pension fund manager; British Columbia Investment Management Corp.; and IA Financial Group. "It's the fastest fund we've ever raised" and demand exceeded funds raised, Mr. Nijjar said.

Inovia is one of Canada's leading entrepreneur-led venture capital firms that have helped revive the sector's tarnished reputation for delivering poor returns in the 2000s. It was co-founded by veteran entrepreneurs and venture investors Chris Arsenault and Shawn Abbott in 2007. That proved to be ideal timing to back young companies, at the dawn of a period of digital disruption owing to the proliferation of smartphones, cloud computing, and widespread adoption of data analytics and machine learning.

Some of Inovia's more prominent investments include Lightspeed Commerce Inc., Michele Romanow's Clear Finance Technology Corp., Hopper Inc. and Clearpath Robotics Inc. It was an early backer of Luxury Retreats International Inc., purchased by Airbnb Inc. in 2017 for $400-million.

Along the way, Inovia has expanded its team and investment scope. The firm moved into "growth" investing in 2018, providing large-scale financings to more established software companies such as Sonder Holdings Inc. and Wealthsimple Technologies Inc. It hired the former chief financial officers of BlackBerry Ltd. and Google parent Alphabet Inc. – Dennis Kavelman and Patrick Pichette, respectively – to co-lead the effort with Mr. Arsenault. Inovia raised its first, US$400-million growth fund in 2019 and a second, for US$450-million, in 2021. Last year it also launched a $334-million "continuity" fund to reinvest in top-performing portfolio companies and buy out earlier investors that wanted to sell their stakes.

Inovia has also expanded its talent, recruiting two high-profile partners last year: chief talent officer Krista Skalde, who previously led talent management for sovereign wealth fund Abu Dhabi Investment Authority, and chief technology officer Steven Woods, a Google engineering executive.

"They've built their team with a lot of intelligence," Teralys managing partner Jacques Bernier said, adding that they're "one of the few" technology-focused private capital firms in Canada to evolve the way they have over the past two decades. Mr. Bernier said it was too early to assess the success of Inovia's growth funds, which made several bets during a period of inflated valuations in 2020 and 2021.

Mr. Nijjar said Inovia's latest early-stage fund will continue the same investing strategy as its predecessors, focusing mostly on Canadian-based business-to-business cloud software companies, marketplaces and consumer-oriented technology, in retail, travel, digital, manufacturing logistics and financial services. "We've proven we can execute on that," he said.

Asked whether this was a precarious time to be investing with the recent crash in tech valuations and worsening economic picture, Mr. Nijjar said Inovia has been consistent in how it paces its investments. "There will be times when we're deploying capital in hot markets at high valuations and times when we're deploying capital into markets where there are relatively lower valuations. We don't try to time the market. We just have to focus on finding quality businesses with great unit economics and solid founding teams."

Mr. Bernier said this could prove to be a good time to back startups, as was the case during the 2008-09 recession. "Prices will be lower, with less competitors. Odds are you will do much better."

Beaver Canoe clothing is back at Roots, as seen here in one of its Toronto stores on Tuesday. Made popular in the 1980s, the brand is celebrating its 40th anniversary. FRED LUM/THE GLOBE AND MAIL

Roots relaunches its retro Beaver Canoe brand

Clothing line was first established in 1980s and found popularity with its casual, camping-inspired apparel

SUSAN KRASHINSKY ROBERTSON
RETAILING REPORTER

The nostalgic Beaver Canoe brand is making a comeback.

Retailer **Roots Corp.** announced plans on Tuesday to relaunch the brand first made popular in the 1980s. A line of sweats, T-shirts and accessories is now hitting stores and has begun selling online, with an ad campaign kicking off next week.

Beaver Canoe apparel has not been sold in stores since a 2013 partnership with Target Canada ended with that retailer's retreat from the Canadian market less than two years later. But that short-lived Target line, and the brand's enduring presence on secondhand e-commerce sites, sent a signal to current Roots executives.

"When Target first launched this, they did $20-million in sales in the first year. So we see a ton of potential upside for the business longer term," Roots chief executive Meghan Roach said in an interview. "There's so much nostalgia around Beaver Canoe. … We're seeing the positive market trends in terms of this performing in the resale market. We're seeing the positive trends towards a focus on some of those retro logos."

> A 30th-anniversary collection sold out at Roots stores. Unlike that limited-time run, however, this 40th anniversary relaunch is the beginning of long-term plans at Roots for Beaver Canoe.

For Roots, the brand's revival is a return to, well, its roots. The company's co-founders, Michael Budman and Don Green, first met at Camp Tamakwa in Ontario's Algonquin Park in the 1960s. When the camp's co-founder and canoe guide, Omer Stringer, began building canoes in his retirement under the brand Beaver Canoe, the partners financed the business. Roots then launched a line of sweatshirts and other casual camping-inspired apparel – featuring Beaver Canoe's diamond-shaped logo adorned with conifers – in 1982.

With a shift in tastes in the 1990s, the line was discontinued. But it has held a retro appeal ever since. A 30th-anniversary collection sold out at Roots stores. Unlike that limited-time run, however, this 40th anniversary relaunch is the beginning of long-term plans at Roots for Beaver Canoe.

"Part of the design process was actually looking at how people were buying vintage in the resale market, how they were styling it, how they were wearing it," Roots chief product officer Karuna Scheinfeld said in an interview. "There are so many products we could put Beaver Canoe on. Little by little, we'll be looking at the consumer response and the consumer demand, and then scaling it to what we think is appropriate long-term."

While Beaver Canoe's products for humans have been on manufacturing hiatus, dogs have been doing brisk business for the brand. Since 2017, PetSmart Canada has sold a line of Beaver Canoe-branded apparel, toys and accessories. The line is a partnership with Toronto-based Canada Pooch, which also makes Roots-branded pet accessories.

"It's been really successful and continues to be a business that we want to support, because the pet space has definitely been growing during the pandemic," Ms. Roach said.

The relaunch of Beaver Canoe at Roots is part of a larger strategy over the past two years, as Roots has been expanding into new product categories, as well as various design collaborations to draw renewed interest in its brand. For example, an athleisure collection featuring sweat-wicking fabrics has been performing well and is a continuing area of investment, Ms. Roach said.

There is a trend right now with logos from the eighties and nineties seeing renewed popularity, Ms. Scheinfeld added.

"Within Ontario particularly, but also the whole country, there's this really incredible emotional connection [with Beaver Canoe]. … We saw stories people had posted about stealing them from their parents and wearing them now," she said.

Even as customers' shopping habits have shifted – with many people buying more formal clothing to return to the office and as social events pick up – Roots has continued to see demand for its casual apparel, she said.

Roots reported a net loss of $5.3-million or 13 cents a share in the first quarter, compared with a loss of $4.9-million or 12 cents in the same period last year.

The company's results were positively affected last year by rent abatements and government subsidies, which narrowed the previous-year loss.

Roots reported total sales of $43.1-million in the quarter ended April 30, up 15 per cent compared with last year.

ROOTS (ROOT)
CLOSE: $3.20, UP 1¢

OPEC sees global oil demand growth declining in 2023, sources say

ALEX LAWLER
DMITRY ZHDANNIKOV LONDON

World oil demand growth will slow in 2023, OPEC delegates and industry sources said, as surging crude and fuel prices help drive up inflation and act as a drag on the global economy.

Fuel use has rebounded from the 2020 pandemic-induced slump and is set to exceed 2019 levels this year even as prices hit record highs. But high prices have eaten into growth projections for 2022 and fed into expectations for slower growth in 2023.

The Organization of the Petroleum Exporting Countries is expected to publish its first forecast for 2023 demand in July. Its forecast, along with that of the Paris-based International Energy Agency, will be watched closely for pointers on how OPEC supply policy might develop.

An OPEC delegate and another source familiar with OPEC thinking said they expected world demand growth of two million barrels a day (b/d) or less in 2023, a rise of just 2 per cent, compared with growth of 3.36 million b/d expected in 2022.

"Even if it is only one million bpd [barrels per day], that is still growth and not a peak," the delegate said of the outlook for next year.

OPEC is expected to publish its first demand forecast for 2023 in its monthly report on July 12, an OPEC source said.

The IEA, which advises Western governments on energy policy, will give its first 2023 demand forecast in a monthly report on Wednesday, an IEA spokesperson said.

OPEC is watching for signs that high fuel prices will lead to oil demand destruction.

Two more OPEC delegates said demand destruction is likely to take a toll on oil use in coming months, although one of them said there was little sign of it yet in the United States, citing recent gasoline demand data.

A senior industry source at a trading firm, not affiliated to the IEA or OPEC, also said he expected lower demand growth in 2023, saying his initial estimates pointed to demand growing by two million b/d or less, down from 2.6 million b/d growth in 2022.

"Crude at $120 a barrel is causing demand destruction," he said. "It is already happening."

Oil demand forecasters often have to make sizable revisions given changes in the economic outlook and geopolitical uncertainties, which this year included Russia's invasion of Ukraine and recent Chinese coronavirus lockdowns.

OPEC originally forecast demand growth in 2022 of 3.28 million b/d, in its first forecast published in July, 2021, later raising it up to more than four million b/d before cutting it to 3.36 million b/d.

REUTERS

SCHEDULE "C"

Settlement Agreement

SETTLEMENT AGREEMENT

This Settlement Agreement (this "**Agreement**") is made as of September 23, 2022

BETWEEN:

ARMSTRONG FLOORING CANADA LTD.
(hereinafter referred to as "**AFI Canada**")

– and –

ARMSTRONG FLOORING, INC.
(hereinafter referred to as "**AFI**")

AFI LICENSING LLC
(hereinafter referred to as "**AFI Licensing**")

ARMSTRONG FLOORING LATIN AMERICA, INC.
(hereinafter referred to as "**AFI Latin America**", and collectively with AFI and AFI Licensing, the "**US Debtors**")

RECITALS:

WHEREAS on May 8, 2022, AFI, AFI Licensing, AFI Latin America and AFI Canada (collectively, the "**Debtors**") commenced proceedings (the "**US Bankruptcy Proceedings**") under Chapter 11 of Title 11 of the *United States Code* (the "**US Code**") in the United States Bankruptcy Court for the District of Delaware (the "**US Court**");

AND WHEREAS on June 8, 2022, Mr. Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the "**Ontario Court**") granted the Initial Recognition Order (the "**Initial Recognition Order**") pursuant to which, *inter alia*, AFI Canada was declared a "foreign representative" as defined in Section 45 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (the "**CCAA**") of the Debtors in respect of the US Bankruptcy Proceedings and the US Bankruptcy Proceedings were recognized as a "foreign main proceeding" as defined in Section 45 of the CCAA;

AND WHEREAS on June 8, 2022, Mr. Justice Cavanagh of the Ontario Court granted the Supplemental Order (the "**Supplemental Order**") pursuant to which, *inter alia*, Grant Thornton Limited was appointed as information officer (in such capacity, the "**Information Officer**") in respect of the CCAA Proceeding (as hereinafter defined);

AND WHEREAS the Debtors entered into an asset purchase agreement dated July 10, 2022, as amended, restated, modified or supplemented from time to time (the "**APA**") among, *inter alios*, the Debtors, as sellers, and Gordon Brothers Commercial & Industrial LLC ("**GBG**"), as a buyer, pursuant to which the Debtors agreed to sell to GBG the GBG Transferred Assets (as defined in the APA) (the "**Sale Transaction**");

AND WHEREAS on July 13, 2022, the US Court entered an Order in the US Proceedings (the "**US Sale Order**"), approving, *inter alia*, the APA and the Sale Transaction, as contemplated therein;

AND WHEREAS according to the books and records of AFI Canada, AFI Canada is indebted to AFI in the aggregate amount of Cdn. $13.247 million (the "**Intercompany Debt**");

AND WHEREAS AFI Canada and the US Debtors wish to set out in this Agreement the terms of certain agreements between them pertaining to the Sale Transaction, the Intercompany Debt and the other matters set forth herein, subject to the respective approval of the Ontario Court and the US Court;

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Interpretation.** In this Agreement, capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the APA, and:

1.1 Definitions. Unless something in the subject matter or context is inconsistent therewith, the following terms have the following meanings for the purposes of this Agreement:

(a) "**Administration Order**" has the meaning ascribed thereto in Section 4.1.

(b) "**Agreement**" has the meaning ascribed thereto in the Preamble.

(c) "**APA**" has the meaning ascribed thereto in the Preamble.

(d) "**Applicable Law**" means in respect of any Person, property, transaction, event or other matter, as applicable, all domestic and foreign laws, rules, statutes, regulations, treaties, orders, judgments and decrees and, to the extent they have the force of law, all official directives, rules, guidelines, orders, policies and other requirements of any Governmental Authority (collectively, the "**Law**") and also includes any interpretation of the Law or any part of the Law by any Person having jurisdiction over it or charged with its administration or interpretation in each case having the force of law relating or applicable to such Person, property, transaction, event or other matter.

(e) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3.

(f) “**Business Day**” means any day other than a Saturday, Sunday or other day on which banks are required or authorized to close in Toronto, Ontario.

(g) “**Canadian AR**” means (i) any accounts receivable on the file entitled “2022.09.06 – Revised Closing Statement_v01” in the tab titled “2022.09.01 - AR Aging (CAN)” except for those with a net credit balance due to the customer or (ii) any cash receipts received on or after September 2, 2022 in respect thereof, whether they were applied or remain unapplied.

(h) “**Canadian Bankruptcy Estate**” means the assets, properties and undertakings of AFI Canada, which shall be subject to the proposed Canadian Bankruptcy Proceedings, in accordance with the applicable Order or Orders of the Ontario Court.

(i) “**Canadian Bankruptcy Proceedings**” means the proposed bankruptcy proceedings of AFI Canada, to be commenced upon the filing of an assignment in bankruptcy on behalf of AFI Canada under the BIA by the Information Officer, subject to the authorization of such assignment in bankruptcy by the Ontario Court, as contemplated in Section 4.

(j) “**Canadian Property**” means all assets, properties and undertakings of any nature or kind of AFI Canada, wherever located and whether now owned or existing or hereafter acquired or arising, together with all proceeds thereof.

(k) “**Canadian Trustee**” has the meaning ascribed thereto in Section 4.1.

(l) “**Cash Consideration**” has the meaning ascribed thereto in Section 2.1.

(m) “**CCAA**” has the meaning ascribed thereto in the Recitals.

(n) “**CCAA Costs and Expenses**” means reasonable fees, costs and expenses (including reasonable legal fees and disbursements) payable to, or incurred by, Borden Ladner Gervais LLP, the Information Officer, or counsel to the Information Officer, in connection with the CCAA Proceeding, on or before the Effective Date and which remain unpaid.

(o) “**CCAA Proceeding**” means the proceeding of the Debtors under the Part IV of the CCAA commenced before the Ontario Court bearing Court File No. CV-22-00682153-00CL.

(p) “**Closing**” means the completion of the transactions contemplated hereby, as evidenced by the Information Officer’s Certificate to be filed with the Ontario Court by the Information Officer, which shall be deemed to have occurred at 12:01 a.m. (Toronto, Ontario time) on the Effective Date.

(q) “**Debtors**” has the meaning ascribed thereto in the Recitals.

(r) “**Discharge Order**” has the meaning ascribed thereto in Section 4.2.

(s) “**Effective Date**” means the date on which all of the conditions precedent set forth in Section 6 are satisfied or waived in accordance with the terms hereof.

(t) “**GBG**” has the meaning ascribed thereto in the Recitals.

(u) “**Governmental Authority**” means the government of any nation, province, territory, municipality, state, region or other political subdivision thereof and any governmental department, agency, commission, bureau, authority, instrumentality, regulatory body, court, tribunal, central bank or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, any quasi-governmental or self-regulatory organization or instrumentality exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing and any corporation or other entity owned or controlled by any of the foregoing.

(v) “**Information Officer**” has the meaning ascribed thereto in the Recitals.

(w) “**Information Officer’s Certificate**” has the meaning ascribed thereto in the Administration Order.

(x) “**Initial Recognition Order**” has the meaning ascribed thereto in the Recitals.

(y) “**Insolvency Law**” means legislation in any applicable jurisdiction relating to bankruptcy, insolvency, reorganization, arrangement, compromise or readjustment of debt, dissolution or winding-up, or any similar legislation, and includes, without limitation, the BIA, the CCAA, the *Winding-Up and Restructuring Act*, R.S.C. 1985, c. W-11 and the US Code;

(z) “**Insolvency Proceeding**” means, in relation to any Person, any proceeding contemplated by any application, petition, assignment, filing of notice or other means, whether voluntary or involuntary, under any Insolvency Law seeking any moratorium, reorganization, adjustment, composition, proposal, compromise, arrangement, administration or other like or similar relief in respect of any or all of the obligations of that Person, seeking the winding up, liquidation or dissolution of that Person or all or any part of its property, seeking to set aside any payment made by or on behalf of such Person as a preference, a transaction under value or otherwise, seeking any judgment or order declaring, finding or adjudging that Person insolvent or bankrupt or seeking the appointment (provisional, interim or permanent) of any receiver or resulting, by operation of law, in the bankruptcy of that Person.

(aa) “**Intercompany Debt**” has the meaning ascribed thereto in the Recitals.

(bb) "**Obligations**" has the meaning ascribed thereto in Section 3.1.

(cc) "**Ontario Court**" has the meaning ascribed thereto in the Recitals.

(dd) "**Orders**" means the Administration Order and the Discharge Order.

(ee) "**Outside Date**" means October 15, 2022; *provided that* if the US Debtors and GBG mutually agree to extend the "Outside Date" under and as defined in the APA, the Outside Date under and as defined in this Agreement shall be automatically extended to such extended date.

(ff) "**Person**" or "**person**" means an individual, sole proprietorship, partnership, association, corporation, firm, limited liability company, unlimited liability company, trust, incorporated organization, joint venture, financial institution, a Governmental Authority, or the successor, executor, administrator or other legal representative of an individual in such capacity.

(gg) "**Sale Approval Recognition**" has the meaning ascribed thereto in Section 4.1.

(hh) "**Sale Transaction**" has the meaning ascribed thereto in the Recitals.

(ii) "**Supplemental Order**" has the meaning ascribed thereto in the Recitals.

(jj) "**US Bankruptcy Proceedings**" has the meaning ascribed thereto in the Recitals.

(kk) "**US Code**" has the meaning ascribed thereto in the Recitals.

(ll) "**US Court**" has the meaning ascribed thereto in the Recitals.

(mm) "**US Sale Order**" has the meaning ascribed thereto in the Recitals.

(nn) "**US Settlement Approval Order**" has the meaning ascribed thereto in Section 4.4.

1.2 Division into Headings. The division of this Agreement into sections and other subdivisions thereof and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 Certain Rules of Interpretation. Unless otherwise specified or the context otherwise requires:

(a) the Preamble, Recitals, Schedules and Exhibits to this Agreement form an integral part of this Agreement;

(b) reference to any Section or Schedule are references to the Section of, or Schedule to, this Agreement;

(c) references to contracts, agreements or instruments are deemed to include all present and future amendments, supplements, restatements, replacements or other modifications to or of such contracts, agreements or instruments;

(d) references to any Person includes such Person's successors and permitted assigns;

(e) words in the singular include the plural and *vice versa* and words importing one gender includes all genders;

(f) the words "include", "includes" and "including" shall be interpreted as being followed by the phrase "without limitation", and the words "will", "shall" and "must" have the same meaning and effect; and

(g) references to any act, statute or regulation, or to any section of or any definition in any act, statute or regulation are deemed to be a reference to such act, statute or regulation or section or definition, as amended, supplemented, substituted, replaced or re-enacted from time to time.

1.4 Schedules. The following Schedules and Exhibits are annexed hereto and incorporated herein by reference and deemed to be part hereof:

Schedule A – Account Details of AFI Canada

2. **Settlement Amount**.

2.1 Cash Consideration. The consideration payable to AFI Canada (the "**Cash Consideration**") shall be paid at Closing substantially simultaneously with the transfer of the Canadian AR pursuant to Section 5.2, shall consist of:

(a) U.S. $500,000; *plus*

(b) Cdn. $1,989,021.41; *plus*

(c) U.S. $7,542.36; *minus*

(d) the amount of the CCAA Costs and Expenses,

which Cash Consideration shall be, (i) in the case of Section 2.1(a), paid to AFI Canada in full at Closing on the Effective Date by wire transfer of immediately available funds to the account set forth in Schedule A hereto, and (ii) in the case of Sections 2.1(b) and 2.1(c), retained by AFI Canada in full if its account contains a credit balance equal to the amount of such Cash Consideration at Closing; provided, however, that notwithstanding anything to the contrary, the parties understand that the sole source of funds for the U.S. $500,000 is from the holdback release in accordance with the APA and the US Sale Order.

2.2 Canadian Property. AFI Canada shall retain all present and future right, title, benefit and interest in, to and under the Canadian Property, which shall, to the extent that the proposed Canadian Bankruptcy Proceedings are commenced, form a part of the Canadian Bankruptcy Estate; *provided that*, subject to the occurrence of Closing on the terms and conditions set forth herein, the Canadian Property shall exclude the Canadian AR to be transferred to GBG as set forth in Section 5.2.

3. **Settlement and Release**.

3.1 Intercompany Debt. As of Closing, each of the US Debtors hereby irrevocably and unconditionally:

(a) acknowledges, covenants and agrees that all present indebtedness, liabilities and obligations of any nature or kind owing by AFI Canada to the US Debtors, or any one of them, in respect of or in connection with the Intercompany Debt, including, without limitation, any accrued interest or applicable costs, fees, expenses, penalties or other amounts (the "**Obligations**") are fully satisfied and irrevocably and unconditionally released and discharged, without any further action on the part of AFI Canada, the US Debtors or any other Person;

(b) acknowledges, covenants and agrees that any and all liens, charges, encumbrances or other security interests or guarantees granted to, or held by the US Debtors under or in respect of the Obligations, are irrevocably and unconditionally released and discharged without any further action on the part of AFI Canada, the US Debtors or any other Person; and

(c) waives the right to file a proof of claim in the proposed Canadian Bankruptcy Proceedings, or any other Insolvency Proceeding, of AFI Canada, in respect of or in connection with the Intercompany Debt.

3.2 AFI Canada Waiver. As of Closing, AFI Canada waives the right to file a proof of claim in any Insolvency Proceeding of any of the US Debtors in respect of or in connection with any present net intercompany claim AFI Canada has against any of the US Debtors.

4. **Court Orders**.

4.1 AFI Canada shall bring a motion in the CCAA Proceeding seeking an Order of the Ontario Court providing for, *inter alia*, (i) the approval of this Agreement, (ii) the recognition and enforcement of the US Sale Order, subject to the filing of the Information Officer's Certificate (the "**Sale Approval Recognition**"), (iii) the authorization for the Information Officer to file an assignment in bankruptcy on behalf of AFI Canada under the BIA and thereby initiate the proposed Canadian Bankruptcy Proceedings, and (iv) the authorization of the Information Officer to act as trustee in bankruptcy on behalf of AFI Canada (in such capacity, the "**Canadian Trustee**"), among other relief (the "**Administration Order**").

4.2 AFI Canada shall bring a motion in the CCAA Proceeding seeking an Order of the Ontario Court providing for, *inter alia*, the termination of the CCAA Proceeding, subject to the filing of the Discharge Certificate (as defined in the Discharge Order), among other relief (the "**Discharge Order**").

4.3 The parties acknowledge and agree that AFI Canada shall seek the Orders as described in Sections 4.1 and 4.2 above, and take reasonable steps at their respective cost and expense to cooperate for the issuance of the Orders, including by using their respective commercially reasonable efforts to provide to AFI Canada all such information and assistance as AFI Canada may require or reasonably request to obtain the Orders.

4.4 The US Debtors shall bring a motion in the US Bankruptcy Proceedings seeking an Order of the US Court providing for, *inter alia*, the approval of this Agreement, among other relief (the "**US Settlement Approval Order**").

4.5 The parties covenant and agree to use commercially reasonable efforts at their respective cost and expense, to assist the Information Officer and, in the proposed Canadian Bankruptcy Proceedings, to the extent that such proceedings are commenced, the Canadian Trustee, in the administration and winding-down of the Canadian Bankruptcy Estate; it being understood that the parties intend for the costs and expenses of the US Debtors in connection with such assistance shall be *de minimis*, and that upon the conclusion of the US Bankruptcy Proceedings, the US Debtors shall have no further obligations hereunder to assist the Canadian Trustee in the administration and winding-down of the Canadian Bankruptcy Estate.

4.6 The parties acknowledge and agree that AFI Canada shall not seek an Order of the Ontario Court providing for the recognition and enforcement of the Order entered by the US Court in the US Proceedings on June 16, 2022 with respect to the filing of proofs of claim and the setting of bar dates in connection therewith in the US Proceedings.

5. **Canadian Accounts Receivable**.

5.1 Effective September 2, 2022, AFI Canada has been, and shall continue to, make commercially reasonable efforts to collect on the Canadian AR until the Effective Date.

5.2 Subject to and conditional upon the granting of the Sale Approval Recognition, pursuant to the Administration Order, in exchange for and substantially simultaneously with the receipt by AFI Canada of the portion of the Cash Consideration as set forth in Section 2(a) payable to AFI Canada at Closing, all Canadian AR, shall be paid to GBG.

6. **Conditions Precedent to Closing**.

6.1 <u>Conditions for the Benefit of AFI Canada</u>. The obligation of AFI Canada to complete the transactions contemplated by this Agreement at Closing is subject to and conditional upon the satisfaction of the following conditions precedent (in addition to the common conditions precedent set forth in Section 6.3) at or prior to Closing, any of which such conditions may be waived in writing by AFI Canada in its sole discretion, in whole or in part, without prejudice to any other rights AFI Canada may have hereunder:

(a) AFI Canada shall have received payment of the Cash Consideration in accordance with Section 2.1;

(b) each US Debtor shall have fulfilled or complied with, in all material respects, all covenants required to be fulfilled or complied with by such US Debtor pursuant to this Agreement at or prior to Closing; and

(c) the US Debtors shall have delivered or caused to be delivered such documents as required hereunder or as AFI Canada may reasonably require in connection with the transactions contemplated hereby.

6.2 Conditions for the Benefit of the US Debtors. The obligation of the US Debtors to complete the transactions contemplated by this Agreement at Closing is subject to and conditional upon the satisfaction of the following conditions precedent (in addition to the common conditions precedent set forth in Section 6.3) at or prior to Closing, any of which such conditions may be waived in writing by AFI in its sole discretion, in whole or in part, without prejudice to any other rights the US Debtors may have hereunder:

(a) AFI Canada shall have fulfilled or complied with, in all material respects, all covenants required to be fulfilled or complied with by AFI Canada pursuant to this Agreement at or prior to Closing; and

(b) AFI Canada shall have delivered or caused to be delivered such documents as required hereunder or as AFI may reasonably require in connection with the transactions contemplated hereby.

6.3 Mutual Conditions. The respective obligations of AFI Canada and the US Debtors to complete the transactions contemplated by this Agreement at Closing are subject to and conditional upon the satisfaction of the following conditions precedent (in addition to the conditions precedent set forth in Sections 6.1 and 6.2 above) at or prior to Closing, any of which such conditions may be waived in writing by both AFI Canada and AFI in their respective sole discretion, in whole or in part, without prejudice to any other rights AFI Canada or the US Debtors may have hereunder:

(a) this Agreement shall have been duly executed and delivered by each of the parties hereto;

(b) the Ontario Court shall have granted the Administration Order, which Administration Order shall not have been appealed, vacated, stayed, varied or amended;

(c) the US Court shall have granted the US Settlement Approval Order, which Administration Order shall not have been appealed, vacated, stayed, varied or amended;

(d) no provision of any Applicable Law and no judgment, injunction, order or decree of any Governmental Authority or any other Person which makes any of the agreements contemplated hereby illegal or otherwise prohibits the consummation of the transactions contemplated hereby shall be in effect, pending or threatened; and

(e) the parties to the APA shall have executed an amendment to the APA mutually acceptable to such parties.

7. **Information Officer's Certificate**. Subject to and conditional upon the satisfaction or waiver of the conditions precedent set forth in Section 6 in accordance with the terms hereof, the Information Officer shall file the Information Officer's Certificate with the Ontario Court.

8. **Representations and Warranties**.

8.1 AFI Canada. AFI Canada hereby represents and warrants that:

(a) subject to the granting of the Administration Order and the US Settlement Approval Order, it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and, subject to the satisfaction or waiver of the conditions precedent hereunder in its favour, to consummate the transactions contemplated hereby, and this Agreement shall constitute a binding obligation of AFI Canada, enforceable against it in accordance with the terms hereof; and

(b) to the knowledge of AFI Canada, subject to the granting of the Administration Order and the US Settlement Approval Order, all approvals, consents or authorizations of, notices to, or filings or registrations with, any Governmental Authority or other third parties required to be obtained or made by AFI Canada in connection with the execution, delivery, performance, validity and enforceability of this Agreement and the consummation of the transactions contemplated hereby have been obtained or made.

(c) AFI Canada has not entered into any agreement to discount or accelerate the payment of the Canadian AR.

8.2 US Debtor. Each of the US Debtors hereby represents and warrants that:

(a) subject to the granting of the Administration Order and the US Settlement Approval Order, it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and, subject to the satisfaction or waiver of the conditions precedent hereunder in its favour, to consummate the transactions contemplated hereby, and this Agreement shall constitute a binding obligation of such US Debtor, enforceable against it in accordance with the terms hereof; and

(b) to the knowledge of such US Debtor, subject to the granting of the Administration Order and the US Settlement Approval Order, all approvals, consents or authorizations of, notices to, or filings or registrations with, any Governmental Authority or other third parties required to be obtained or made by such US Debtor in connection with the execution, delivery, performance, validity and enforceability of this Agreement and the consummation of the transactions contemplated hereby have been obtained or made.

9. **Termination**.

9.1 Termination Prior to Closing. This Agreement may be terminated prior to Closing:

(a) by mutual written agreement of AFI Canada and the US Debtors;

(b) by either AFI Canada or the US Debtors if Closing has not occurred on or before the Outside Date (as such date may be extended); *provided that* if Closing shall not have occurred on or before the Outside Date due to a breach of any representations, warranties, covenants or agreements contained in this Agreement by a party, then the breaching party may not terminate this Agreement pursuant to this Section 9.1(b);

(c) by AFI Canada, if there has been a breach by any of the US Debtors of any covenant, representation or warranty under this Agreement which would prevent the satisfaction of any condition precedent set forth in Section 6.1 or Section 6.3 by the Outside Date and such breach has not been waived in writing by AFI Canada or cured within ten (10) Business Days after written notice thereof from AFI Canada; or

(d) by the US Debtors, if there has been a breach by AFI Canada of any covenant, representation or warranty under this Agreement which would prevent the satisfaction of any condition precedent set forth in Section 6.2 or Section 6.3 by the Outside Date and such breach has not been waived in writing by AFI or cured within ten (10) Business Days after written notice thereof from AFI.

9.2 Effect of Termination. In the event of termination of this Agreement pursuant to Section 9.1, this Agreement shall be of no further force and effect, except for the provisions of Section 1, this Section 9.2 and Section 10, all of which shall survive termination. Nothing in this Section 9.2 shall be deemed to relieve any party from liability for any breach of this Agreement prior to its termination or to impair any right of any party to compel specific performance by any other party of its obligations under this Agreement.

10. **General**.

10.1 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction.

10.2 Waiver. No failure on the part of any party hereto in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute otherwise conferred.

10.3 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations, understandings and agreements between the parties hereto, whether written or verbal, with respect to the subject matter hereof. No provision of this Agreement may be amended, restated, modified, waived or changed unless made in writing and signed by AFI Canada and the US Debtors, provided that AFI Canada and AFI (on behalf of the US Debtors) may waive, in whole or in part, the conditions precedent expressed to be for such party's exclusive benefit by a writing signed by such party alone.

10.4 Costs and Expenses. Except as otherwise expressly provided herein, each party hereto agrees that it shall be responsible only for the costs and expenses, including legal fees and disbursements, incurred by or on behalf of such party in connection with this Agreement and the transactions contemplated hereby.

10.5 Further Assurances. Each of the parties hereto shall, from time to time, and at such party's cost and expense, promptly do, execute, deliver or cause to be done, executed or delivered all such further acts, documents and matters as may be necessary or desirable, or as may be reasonably requested by another party hereto, in order to effectively perform and carry out the purpose and intent of this Agreement and the transactions contemplated hereby.

10.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The parties hereby irrevocably attorn to the exclusive jurisdiction of the Ontario Court with respect to any and all disputes, controversies or other matters arising out of or in connection with this Agreement.

10.7 Binding Effect. This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective permitted successors and permitted assigns. Nothing contained in this Agreement shall be construed as conferring any rights upon any Person other than the parties hereto.

10.8 Assignment. Neither AFI Canada nor any of the US Debtors may assign any of its rights, interests or obligations in or under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld, and provided that (a) the assignee agrees to be bound by the terms of this Agreement, and (b) the assigning party shall remain liable hereunder for any breach of the terms of this Agreement by such assignee.

10.9 Third-Party Beneficiaries. This Agreement does not confer any legal, equitable or other rights or remedies of any nature whatsoever under or by reason of this Agreement upon any Person other than the parties to this Agreement and their respective successors and permitted assigns.

10.10 Time is of the Essence. Time shall be of the essence of this Agreement.

10.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument, and it will not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

10.12 Delivery by Electronic Transmission. This Agreement may be executed and delivered by facsimile or other electronic transmission (including in PDF format) and such execution and delivery shall be effective as execution and delivery of a manually executed counterpart to this Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the terms set forth in this Agreement are hereby agreed to as of the date first written above.

ARMSTRONG FLOORING, INC.

By: ________________________________
Name: Dalton Edgecomb
Title: Chief Transformation Officer

By: ________________________________
Name:
Title:

I/We have the authority to bind the corporation.

AFI LICENSING LLC

By: ________________________________
Name: Dalton Edgecomb
Title: Chief Transformation Officer

By: ________________________________
Name:
Title:

I/We have the authority to bind the corporation.

ARMSTRONG FLOORING LATIN AMERICA, INC.

By: ____________________________________
Name: Dalton Edgecomb
Title: Chief Transformation Officer

By: ____________________________________
Name:
Title:

I/We have the authority to bind the corporation.

ARMSTRONG FLOORING CANADA LTD.

By: ____________________________________
Name: Dalton Edgecomb
Title: Chief Transformation Officer

By: ____________________________________
Name:
Title:

I/We have the authority to bind the corporation.

Acknowledged, accepted and agreed to as of the date first written above.

GRANT THORNTON LIMITED, in its capacity as Court-appointed Information Officer of ARMSTRONG FLOORING CANADA LTD., ARMSTRONG FLOORING, INC., AFI LICENSING LLC and ARMSTRONG FLOORING LATIN AMERICA, INC. and not in its personal or corporate capacity

By: ______________________________

Name: Jonathan Krieger, CPA, CA, CIRP, LIT
Title: Senior Vice President

I have the authority to bind the corporation.

SCHEDULE A

WIRE TRANSFER ACCOUNT DETAILS OF AFI CANADA

SCHEDULE "D"

Krieger Affidavit

Court File No. CV-22-00682153-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

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

AND IN THE MATTER OF ARMSTRONG FLOORING, INC., AFI LICENSING LLC, ARMSTRONG FLOORING LATIN AMERICA, INC. AND ARMSTRONG FLOORING CANADA LTD. (THE "DEBTORS")

APPLICATION OF ARMSTRONG FLOORING CANADA LTD. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT* ACT, R.S.C. 1985, c. C-36, AS AMENDED

AFFIDAVIT OF JONATHAN KRIEGER

I, **JONATHAN KRIEGER**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY** as follows:

1. I am a Senior Vice President of Grant Thornton Limited, ("GTL") which was appointed as Information Officer (the "**Information Officer**") pursuant to a Supplemental Order in relation to these CCAA recognition proceedings. As such, I have knowledge of the matters hereinafter deposed to, except where stated to be on information and belief and where so stated I verily believe such to be true.

2. Attached and marked as Exhibit "**A**" to this my affidavit is a detailed billing setting out the fees and disbursements of GTL incurred in its role as Receiver of the Respondent from May 9, 2022 to September 21, 2022, in the amount of $85,763.75, disbursements of $6,182.40 and HST of $11,953.00 for a total of $103,899.14 and such is summarized on Exhibit "**B**" to this my affidavit. The average hourly rate is $569.29. The Information Officer estimates its fees from September 22, 2022 to the completion of its administration at $25,000.00 plus HST.

3. Given the complexity of this insolvency matter, I believe the hourly rates and the total amount of fees are reasonable and comparable for insolvency services of this nature rendered by other firms in the Province of Ontario.

4. This affidavit is sworn in connection with the approval of the fees and disbursements of GTL and for no improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, this 22nd day of September, 2022.

Commissioner for Taking Affidavits, etc.

Faddie-Ann Lakeram,
a Commissioner, etc., Province of Ontario,
For Grant Thornton Limited
Expires March 30, 2023

JONATHAN KRIEGER

Exhibit “**A**” to the Affidavit of Jonathan Krieger,

sworn before me this 22nd day of September, 2022.

Commissioner for Taking Affidavits, etc.

Faddie-Ann Lakeram,
a Commissioner, etc., Province of Ontario,
For Grant Thornton Limited
Expires March 30, 2023

Grant Thornton

Court File No. CV-22-00682153-00CL

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

AND IN THE MATTER OF ARMSTRONG FLOORING INC., AFI LICENSING LLC., ARMSTRONG FLOORING LATIN AMERICA INC., AND ARMSTRONG FLOORING CANADA LTD.

BILLING

BN 12738 4717 RT0001
Client # 331901
Invoice#LSON-8284

To: Professional services rendered as Consultant from May 9, 2022 to June 30, 2022

Date	Full Name	Time	Detail
May 1, 2022	Jonathan Krieger	1.20	Review of AFI materials; Comment on Notice; Correspond with counsel.
May 2, 2022	Jonathan Krieger	0.50	Call with LOLG; Correspond with team.
May 8, 2022	Jonathan Krieger	0.70	Review of draft materials; Correspond with team.
May 10, 2022	Jonathan Krieger	0.60	Correspondence with counsel; Call thereto; Discussion with team re; reporting.
May 11, 2022	David Collins	3.00	Read the Vermette Affidavit and prepare Pre-filing report to reflect the AFI case facts.
May 11, 2022	Jonathan Krieger	1.70	Discussions with counsel; Correspond with team re: draft report; Review of draft materials; Communications thereto.
May 12, 2022	David Collins	2.80	Continued updating the pre-filing report to reflect the AFI case facts; Corr re: DIP ABL financing and the financial information portion of the case information section.
May 13, 2022	David Collins	2.00	Updated the pre-filing report based on the updated affidavit and added commentary on the 2021 actuals.
May 13, 2022	Jonathan Krieger	0.50	Correspond with counsel re: timeline; Call with counsel.
May 16, 2022	David Collins	0.10	Confirmed missing information required to complete the prefiling document and communicated that information to J. Krieger.
May 16, 2022	Jonathan Krieger	0.90	Correspond with team re: additional information required for report; Correspond with counsel thereto; Further communications with counsel.
May 18, 2022	David Collins	0.40	Call with Tyler McNaughton and Roger Jaipargas to discuss financial statements and progress on the Vermette affidavit Made updates to the prefiling report to reflect details from the call.
May 18, 2022	Jonathan Krieger	1.20	Review of supplemental information; Correspond with counsel; Call with counsel; Correspond with team re: report.
May 19, 2022	Jonathan Krieger	1.10	Review of draft orders.
May 20, 2022	Jonathan Krieger	0.80	Correspond with BLG re; form of order; Correspond with LOLG; Correspond with team re: update of report.

Date	Full Name	Time	Detail
May 25, 2022	David Collins	2.60	Reflected changes to the pre-filing report based on the final version of the Vermette Affidavit.
May 25, 2022	Jonathan Krieger	1.30	Correspond with counsel; Call with counsel; Correspond with team re; report; Review and comment on draft report; Communications with counsel; Review of revised affidavit and additional materials.
May 30, 2022	Jonathan Krieger	0.30	Correspond with counsel re: report; Correspond with team.
May 31, 2022	David Collins	0.80	Reviewed financial information to ensure that the numbers referenced in the pre-filing report were still valid after the changes that were made by counsel. Updated J. Krieger via email. Call with J. Krieger to confirm changes to paragraph 24 & 25.
May 31, 2022	Jonathan Krieger	1.50	Review of report amendments; Correspond with team thereto.
June 2, 2022	David Collins	0.50	Reviewed final affidavit to confirm figures, dates, and facts of the pre-filing report.
June 2, 2022	Jonathan Krieger	1.60	Finalization of draft report; Correspond with team; Correspondence from counsel.
June 3, 2022	Jonathan Krieger	0.90	Correspond with company counsel re; report; Correspondence from LOLG; Correspond with team.
June 5, 2022	David Collins	0.10	Review LOLG comments.
June 6, 2022	Ada Shahini	0.50	Reviewed communication from team and created creditor website; Communicated with IT to request redirection of website URL; Responded to teams' email.
June 6, 2022	David Collins	1.00	Finalised the details of the report with J. Krieger Confirmed limited details on the Canadian creditors.
June 6, 2022	Jonathan Krieger	1.20	Call with Company counsel; Finalization of report; Correspond and call with team; Correspond with counsel; Call with independent counsel; Further correspondence with company counsel.
June 7, 2022	David Collins	0.50	Reviewed Epiq's AFI site to gain insight on the Chapter 11 timeline.
June 7, 2022	Jonathan Krieger	0.60	Correspond with team re; case website; Protocol for information management; Correspond with counsel re: information for Skadden;
June 8, 2022	Ada Shahini	0.20	Communicated and reviewed email from team and uploaded documentation on website; Responded to teams email.
June 8, 2022	David Collins	1.00	Attended court, where GT was appointed as Information Officer on behalf of AFI. Coordinated with L. Pileggi to generate a globe and mail ad. Inquired about a list of Canadian creditors with BLG.

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Date	Full Name	Time	Detail
June 8, 2022	Jonathan Krieger	0.70	Correspondence with counsel; Communications with team; Attendance at Court application; Correspond with team re; IOs requirements.
June 9, 2022	Ada Shahini	1.20	Communicated with team re: Website update requirements; Reviewed and uploaded documentation on website; Responded to team's email.
June 9, 2022	David Collins	0.30	Coordinated details about the Globe and Mail ad with L. Pileggi and J. Krieger. Saved pertinent files from Epiq's repository to the local drive.
June 9, 2022	Jonathan Krieger	0.40	Matters related to case website; Correspond with team re; access to documents; Correspondence from company counsel.
June 10, 2022	David Collins	0.50	Reviewed Epiq's site and saved files to the drive
June 10, 2022	Jonathan Krieger	0.50	Correspondence with team re; Newspaper Notice; Case website matters; Correspondence re: review of US proceedings documents.
June 13, 2022	David Collins	1.00	Reviewed Epiq's site for new filings and took detailed notes on the Bar Date filings for the report.
June 13, 2022	Jonathan Krieger	0.50	Correspondence with counsel re; required documents; Correspondence re; file review.
June 14, 2022	David Collins	1.50	Updated the second report to reflect the timing and process of the AFI asset sale
June 14, 2022	Jonathan Krieger	0.60	Correspond with team re; case website; Globe and Mail ad; Correspondence re: matters related to access to US proceedings documents.
June 15, 2022	David Collins	0.50	Reviewed the Epiq site to find additional filings. Downloaded new documents as they pertain to the altered filing process.
June 15, 2022	Jonathan Krieger	0.30	Correspond with team and counsel re; Globe and Mail matters; Disc. with team re; reporting.
June 16, 2022	Ada Shahini	0.20	Set up folder on server re: Website details and uploaded all files posted on website.
June 16, 2022	David Collins	2.50	Responded to creditor that had inquired about the AFI proceedings; Updated draft report to reflect changes to asset bidding dates; Uploaded first version of draft report to the F: Drive
June 17, 2022	David Collins	1.25	Call with BLG to discuss necessity of additional reporting based on changes in the sale process. Copied the table from the sale process change to word to include in the first report. Made select other changes, all of which were tracked.
June 17, 2022	Jonathan Krieger	1.10	Review of matters re: reporting; Call with company counsel; Correspond with team.
June 20, 2022	David Collins	0.20	Reviewed Epiq's site and the GT mailbox.
June 20, 2022	Jonathan Krieger	0.50	Correspond with team re: notices; Correspond re: ad; Correspond re; US proceedings postings.

Date	Full Name	Time	Detail
June 21, 2022	David Collins	0.10	Reviewed Epiq's site and the GT inbox.
June 22, 2022	David Collins	0.20	Reviewed new orders on Epiq site (Bar Date).
June 23, 2022	David Collins	0.20	Reviewed documents received by Treasury.
June 23, 2022	Jonathan Krieger	0.60	Correspond re: US proceedings; Discussions thereto.
June 24, 2022	David Collins	0.20	Reviewed Epiq site for updates on US Proceedings.
June 24, 2022	Jonathan Krieger	0.80	Call with Company counsel re; sale process, status of US proceedings, considerations re: CDN reporting; Discussions with team thereto.
June 27, 2022	David Collins	0.10	Reviewed Epiq site and checked Armstrong inbox.
June 27, 2022	Jonathan Krieger	0.70	Correspond with team re: matters related to status of US proceedings; Correspond with company counsel.
June 28, 2022	David Collins	0.10	Reviewed Epiq site and checked Armstrong inbox
June 29, 2022	David Collins	0.10	Reviewed Epiq site and checked Armstrong inbox
June 30, 2022	David Collins	0.10	Reviewed Epiq site and checked Armstrong inbox

Time Charges and Expenses:

J. Krieger, Sr. Vice President	23.30	hours @	$ 695.00	per hour	$	16,193.50
D. Collins, Sr. Associate	23.65	hours @	$ 245.00	per hour	$	5,794.25
A. Shahini, Sr. Associate	2.10	hours @	$ 200.00	per hour	$	420.00
	49.05				$	22,407.75
5% Administration and Technology fees					$	1,120.39
					$	23,528.14
Disbursements						
Newspaper Ad					$	6,182.40
HST (13%)					$	3,862.37
Total Invoice Due					**$**	**33,572.91**

Grant Thornton

Court File No. CV-22-00682153-00CL

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

AND IN THE MATTER OF ARMSTRONG FLOORING INC., AFI LICENSING LLC., ARMSTRONG FLOORING LATIN AMERICA INC., AND ARMSTRONG FLOORING CANADA LTD.

BILLING

BN 12738 4717 RT0001
Client # 331901
Invoice#LSON-8380

To: Professional services rendered as Consultant from July 1, 2022 to August 15, 2022

Date	Full Name	Time	Detail
July 5, 2022	David Collins	0.10	Reviewed Epiq site for update on the US proceedings.
July 5, 2022	Jonathan Krieger	0.30	Review of materials re: proceedings.
July 6, 2022	David Collins	0.50	Updated the draft Report to reflect changes in timing for pending Hearings in the US proceedings. Checked inbox for creditor communications.
July 6, 2022	Jonathan Krieger	0.20	Correspond with BLG; Correspond with team re: review of US proceedings.
July 7, 2022	David Collins	0.10	Reviewed Epiq site and Armstrong email.
July 8, 2022	David Collins	0.20	Reviewed Epiq Site and Armstrong email.
July 8, 2022	Jonathan Krieger	0.40	Matters related to Court reporting; Correspond with team.
July 11, 2022	David Collins	0.20	Reviewed dockets and postings on the Epiq site.
July 12, 2022	David Collins	0.20	Reviewed postings.
July 12, 2022	Jonathan Krieger	0.50	Discussions with counsel re: file status; Communications thereto.
July 13, 2022	David Collins	1.50	Updated report to reflect recent activity.
July 13, 2022	Jonathan Krieger	0.60	Correspond re; file status; Review of proceeding updates.
July 14, 2022	David Collins	0.20	Reviewed Epiq's site and checked the Armstrong inbox.
July 15, 2022	David Collins	0.20	Reviewed Epiq site.
July 18, 2022	David Collins	0.10	Reviewed Epiq Site.

Date	Full Name	Time	Detail
July 18, 2022	Jonathan Krieger	0.50	Review of matters re: US proceedings; Correspond with team.
July 19, 2022	David Collins	0.10	Reviewed Epiq Site.
July 20, 2022	David Collins	0.10	Reviewed Epiq site.
July 21, 2022	David Collins	0.10	Reviewed Epiq site.
July 22, 2022	David Collins	0.10	Reviewed Epiq site.
July 25, 2022	David Collins	0.20	Reviewed Epiq Site.
July 25, 2022	Jonathan Krieger	0.30	Discussion with counsel re: go forward plan, status of proceedings.
July 26, 2022	David Collins	0.20	Reviewed Epiq Site.
July 27, 2022	David Collins	0.10	Reviewed Epiq site.
July 27, 2022	Jonathan Krieger	0.40	Call with counsel to Company; Correspond and call from payroll company re; final payroll; Meeting with team re: discussion of status and reporting requirements.
July 27, 2022	Jonathan Krieger	1.10	Call with counsel to Company; Further call from payroll company re: final payroll.
July 28, 2022	David Collins	0.30	Reviewed Epiq Site.
July 28, 2022	Jonathan Krieger	0.50	Communications re; Armstrong updates; Discussions thereto.
July 29, 2022	David Collins	0.20	Reviewed Epiq Site.
July 29, 2022	Jonathan Krieger	0.80	Call with company counsel, discussion of alternatives for Canada, status of proceedings.
July 31, 2022	Jonathan Krieger	1.70	Review of materials re; US transaction; Call with Skadden and BLG re: allocation of purchase price.
August 2, 2022	David Collins	0.70	Updated the report to reflect the sale price of the North American portion of the business. Made other minor edits to the spreadsheet.
August 2, 2022	Jonathan Krieger	0.90	Correspond with team; Review of correspond from BLG; Correspond re: case updates.
August 3, 2022	David Collins	1.00	Review of Epiq directory in respect of the purported sale.
August 3, 2022	Jonathan Krieger	1.00	Review of reporting matters; Correspond with team.
August 4, 2022	David Collins	0.70	Re-evaluated items in the Epiq directory in light of the sale of Canadian assets.
August 10, 2022	Jonathan Krieger	1.70	Call with counsel for Company re; status; Review of documentation; Correspond with US counsel; Call with LOLG; Further correspondence with US counsel.

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Date	Full Name	Time	Detail
August 11, 2022	David Collins	0.10	Calculated AR collected by AFI Canada from July to August by client.
August 11, 2022	Jonathan Krieger	1.30	Review of information from Skaddens; Calls thereto; Discussions with team; Draft communication.
August 12, 2022	Jonathan Krieger	2.60	Call with counsel; Call with Houlihan Lokey; Correspond with US counsel; Correspond with team re; analysis; Review of documentation provided.
August 15, 2022	David Collins	2.00	Meeting with J. Krieger: provided update on sale proceedings and Houlihan Lokey conference call Friday August 12. Created a spreadsheet with an alternative AR valuation. Reviewed Asset Sale Agreement.
August 15, 2022	Jonathan Krieger	1.50	Meeting with team. Review of materials re; sale. Corr with team and counsel.

Time Charges and Expenses:

J. Krieger, Sr. Vice President	16.30	hours @	$ 695.00	per hour	$ 11,328.50
D. Collins, Sr. Associate	9.20	hours @	$ 245.00	per hour	$ 2,254.00
	25.50				$ 13,582.50
5% Administration and Technology fees					$ 679.13
					$ 14,261.63
HST (13%)					$ 1,854.01
Total Invoice Due					**$ 16,115.64**

Court File No. CV-22-00682153-00CL

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

AND IN THE MATTER OF ARMSTRONG FLOORING INC., AFI LICENSING LLC., ARMSTRONG FLOORING LATIN AMERICA INC., AND ARMSTRONG FLOORING CANADA LTD.

BILLING

BN 12738 4717 RT0001
Client # 331901
Invoice#LSON-8466

To: Professional services rendered as Consultant from August 16, 2022 to August 31, 2022

Date	Full Name	Time	Detail
August 16, 2022	David Collins	2.40	Meeting with J. Krieger to review reporting. Analysis re; financial data.
August 16, 2022	Jonathan Krieger	1.70	Call with counsel; Correspond re; matters related to court relief required; Discussions with team thereto; Review of modeling prepared; Review of pension matters.
August 18, 2022	David Collins	0.30	Prepared advance notes for call with M. Gottleib and J. Krieger. Call with M. Gottleib and J. Krieger re: concerns about the sale process and the asset allocation to AFI Canada.
August 18, 2022	Jonathan Krieger	3.80	Call with counsel; Call with IO counsel; Prepare summary; Correspond with US counsel et al, Review of materials provided by US counsel; Further correspondence with counsel; Discussions thereto.
August 19, 2022	David Collins	3.00	Reviewed bank statements sent by Skadden. Made updates to the first report and sent the draft to J. Krieger for review.
August 19, 2022	Jonathan Krieger	2.80	Review of additional information from company; Discussion with team re: reporting; Call with IO counsel; Call with Company, counsel, IO counsel and advisors; Correspond with team re; draft of report.
August 22, 2022	Jonathan Krieger	3.70	Call with counsel; Correspond re; report; Discussion with team re; Epiq postings; Correspond with company counsel; Updates to report; Further communication with counsel; Correspond with Company advisors; Review of financial information.
August 23, 2022	David Collins	1.00	Reviewed audited financial statements for reference to the intercompany loan. Addressed J. Krieger NTDs on the report, including developing a waterfall to illustrate payments to creditors under different scenarios.

Date	Full Name	Time	Detail
August 23, 2022	Jonathan Krieger	3.50	Updates to report; Call with Company counsel; Call with Company advisor; Review of information provided and comments thereto; Correspond with team re: further analysis.
August 24, 2022	David Collins	2.00	Addressed open issues on the report, including commentary on S. 81.5 for the Pension Claim and section 6.9 of the APA.
August 24, 2022	Jonathan Krieger	2.50	Correspond from independent counsel; Continue work on report; Correspond with team re: analytics; Correspond with Riveron.
August 25, 2022	David Collins	1.00	Work on the report. Added tables for claim waterfall. Reviewed financials to advise J. Krieger on counteroffer re: Canadian Asset Offer.
August 25, 2022	Jonathan Krieger	3.60	Calls with counsel; Correspond with counsel; Work with team on report; Review of amendments; Discussions thereto.
August 26, 2022	David Collins	1.00	Call with J. Krieger. Updated Report tables included a couple of additional sections and discussed the CDN Asset Offer.
August 26, 2022	Jonathan Krieger	4.40	Correspond with Riveron; Call with team; Amendments to report; Preparation of summary for counsel; Call with Riveron; Call to company Canadian counsel; Speak with team re; pension provisions; Review of materials and response to Skaddens.
August 28, 2022	Jonathan Krieger	1.60	Call with Company counsel; Call with Riveron; Review of information from Riveron; Further call with Company counsel.
August 29, 2022	Jonathan Krieger	2.10	Call with counsel re; matters related to position; Review of materials; Correspond thereto; Discussion with team re; court reporting.
August 30, 2022	Jonathan Krieger	1.30	Call with counsel re; reporting, position on counteroffer; Correspond with team re; drafting of report.
August 31, 2022	Jonathan Krieger	1.10	Correspond with company counsel; Review of materials; Discussions with team re: report; Review of draft.

Time Charges and Expenses:

J. Krieger, Sr. Vice President	32.10	hours @	$ 695.00	per hour	$	22,309.50
D. Collins, Sr. Associate	10.70	hours @	$ 245.00	per hour	$	2,621.50
	42.80				$	24,931.00
5% Administration and Technology fees					$	1,246.55
					$	26,177.55
HST (13%)					$	3,403.08
Total Invoice Due					**$**	**29,580.63**

Grant Thornton

Court File No. CV-22-00682153-00CL

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

AND IN THE MATTER OF ARMSTRONG FLOORING, INC., AFI LICENSING LLC, ARMSTRONG FLOORING LATIN AMERICA, INC. AND ARMSTRONG FLOORING CANADA LTD. (THE "DEBTORS")

APPLICATION OF ARMSTRONG FLOORING CANADA LTD. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT* ACT, R.S.C. 1985, c. C-36, AS AMENDED

BILLING

BN 12738 4717 RT0001
Client # 331901
Invoice#LSON-8465

To: Professional services rendered as Consultant from September 1, 2022 to September 21, 2022

Date	Full Name	Time	Detail
September 1, 2022	Jonathan Krieger	0.50	Review of matters re; updates on Epiq; Correspond with team.
September 2, 2022	Jonathan Krieger	1.90	Review of proposal; Correspond with company counsel; Correspond with IO counsel; Further correspondence with Company counsel.
September 5, 2022	Jonathan Krieger	1.30	Correspondence with counsel; Call with IO, CDN and US counsel.
September 6, 2022	Jonathan Krieger	1.70	Correspondence with IO counsel; Call with company counsel; Correspondence from BoA counsel; Further communications with IO counsel; Correspond with team and discuss thereto re: report; Call with BLG re: report, settlement agreement.
September 7, 2022	David Collins	0.30	Update discussion with J. Krieger. Updated table for Report.
September 7, 2022	Jonathan Krieger	1.60	Amendments to report; Correspond with team re: schedules required; Call with BLG; Correspond with counsel.
September 8, 2022	David Collins	1.50	Made further updates to table, updated formatting, cross check report, attached appendices, and cleared blacklines from the Draft First Report.
September 8, 2022	Jonathan Krieger	1.80	Correspondence with team re; report, references; Discussions thereto; Call with BLG; Review of Notice of Motion.

Date	Full Name	Time	Detail
September 9, 2022	David Collins	2.00	Reviewed Motion sent by BLG and aligned terms in the First Report to terms in the BLG Motion Record. Reviewed the First Report and added additional sections to reflect additional requests to the Court.
September 9, 2022	Jonathan Krieger	1.40	Review of Notice of Motion; Comments; Correspondence from and to counsel; Further call with counsel; Correspond with team re; amendments to report.
September 10, 2022	Jonathan Krieger	4.00	Calls with Company CDN counsel; Correspond with counsel and team; Amendments to draft First Report.
September 12, 2022	David Collins	0.80	Reviewed BLG and LOLG edits to First Report. Brief discussion with J. Krieger.
September 12, 2022	Jonathan Krieger	2.30	Call with LOLG; Correspond re: report; Review of draft materials from BLG; Correspond re: amendments to report; Review of comments on report; Court attendance; Discussions with team re: matters related to further amendments.
September 13, 2022	David Collins	0.50	Briefly reviewed BLG's revisions to the Notice of Motion, Administration Order, and Discharge Order.
September 13, 2022	Jonathan Krieger	1.10	Correspondence re: settlement; Review of draft materials from BLG.
September 14, 2022	Jonathan Krieger	1.00	Correspondence to BLG re; report; Review of further versions of court documents.
September 15, 2022	Jonathan Krieger	0.90	Call with BLG; Correspond with team and discussion re; amendments to report; Correspond with BLG re; Skadden input; Review and comments on amendments to draft settlement agreement.
September 15, 2022	Jonathan Krieger	1.20	Call with BLG; Correspond with team and discussion re; amendments to report; Correspond with BLG re; Skadden input.
September 16, 2022	David Collins	0.20	Compared draft report edits provide by Skadden.
September 16, 2022	Jonathan Krieger	1.30	Correspondence re; amendments to report; Call with team; Discussion re: changes; considerations of Skadden input; Further correspondence with BLG.
September 18, 2022	Jonathan Krieger	1.20	Calls with BLG; Amendments to draft report; Correspond with team; Call with Company CDN and US counsel.
September 19, 2022	Jonathan Krieger	0.80	Correspond re: report, correspond re: relief sought; Correspond to Lax.
September 20, 2022	Jonathan Krieger	1.90	Call with LOLG re; terms of settlement agreement; Correspond with BLG; Review of settlement agreement and revised terms; Correspond with team.

Date	Full Name	Time	Detail
September 21, 2022	Jonathan Krieger	2.10	Call with BLG re; Settlement agreement; Call with Riveron re: review of Settlement Agreement; Correspond with Riveron; Correspond with LOLG re: report finalization and documents required; Correspond re: matters related to timing of service; Further call with BLG re: considerations on timing, finalization of report; Correspondence re: Riveron affidavit.

Time Charges and Expenses:

J. Krieger, Sr. Vice President	28.00	hours @	$ 695.00	per hour	$	19,460.00
D. Collins, Sr. Associate	5.30	hours @	$ 245.00	per hour	$	1,298.50
	33.30				$	20,758.50
5% Administration and Technology fees					$	1,037.93
					$	21,796.43
HST (13%)					$	2,833.54
Total Invoice Due					**$**	**24,629.96**

Exhibit "**B**" to the Affidavit of Jonathan Krieger,

sworn before me this 22nd day of September, 2022.

Commissioner for Taking Affidavits, etc.

Faddie-Ann Lakeram,
a Commissioner, etc., Province of Ontario,
For Grant Thornton Limited
Expires March 30, 2023

Exhibit "B"

Armstrong Flooring Inc.
Summary of Billings
May 9, 2022 to September 21, 2022

Date	Hours	Fees	Disbursements	Subtotal	HST	Total
May 9, 2022 to June 30, 2022	49.05	$ 23,528.14	$ 6,182.40	$ 29,710.54	$ 3,862.37	$ 33,572.91
July 1, 2022 to August 15, 2022	25.50	$ 14,261.63	$ -	$ 14,261.63	$ 1,854.01	$ 16,115.64
August 15, 2022 to August 31, 2022	42.80	$ 26,177.55	$ -	$ 26,177.55	$ 3,403.08	$ 29,580.63
September 1, 2022 to September 21, 2022	33.30	$ 21,796.43	$ -	$ 21,796.43	$ 2,833.54	$ 24,629.96
	150.65	**$ 85,763.75**	**$ 6,182.40**	**$ 91,946.15**	**$ 11,953.00**	**$ 103,899.14**

Average Hourly Rate: **569.29**

Court File No: CV-22-00682153-00CL

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

AND IN THE MATTER OF ARMSTRONG FLOORING, INC., AFI LICENSING LLC, ARMSTRONG FLOORING LATIN AMERICA, INC. AND ARMSTRONG FLOORING CANADA LTD. (THE "DEBTORS")

APPLICATION OF ARMSTRONG FLOORING CANADA LTD. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT* ACT, R.S.C. 1985, c. C-36, AS AMENDED

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

AFFIDAVIT OF JONATHAN KRIEGER

LAX O'SULLIVAN LISUS GOTTLIEB LLP
145 King St W, Suite 2750
Toronto, ON M5H 1J8
Tel: 416.598.1744
Fax: 416.598.3730

Matthew Gottlieb
Tel: 416.644.5353
mgottlieb@lolg.ca

Lawyers for Grant Thornton Limited, in its capacity as Court-appointed Information Officer

Schedule "E"

Winton Affidavit

Court File No. CV-22-00682153-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF ARMSTRONG FLOORING INC., AFI LICENSING LLC, ARMSTRONG FLOORING LATIN AMERICA, INC. AND ARMSTRONG FLOORING CANADA LTD. (THE "DEBTORS")

APPLICATION OF ARMSTRONG FLOORING CANADA LTD. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, C. C-36, AS AMENDED

AFFIDAVIT OF ANDREW WINTON

I, Andrew Winton, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. I am a partner with the law firm of Lax O'Sullivan Lisus Gottlieb LLP ("**LOLG**"), lawyers for Grant Thornton Limited (the "**Information Officer**"), and, as such, have knowledge of the matters contained in this Affidavit.

2. Grant Thornton Limited was appointed as Information Officer pursuant to a Supplemental Order (Foreign Main Proceeding) dated June 8, 2022 (the "**Order**") in relation to these CCAA recognition proceedings. The Information Officer retained LOLG as its independent counsel.

3. Pursuant to the Order, the Information Officer and its legal counsel are entitled to be paid their reasonable fees and disbursements at their standard rates and charges, and are required to pass their accounts from time to time.

4. The efforts and activities of the Information Officer are described in its First Report.

5. The LOLG invoices, which are for the period from May 1, 2022 to August 31, 2022 (the "**Billing Summary Period**"), disclose in details: (i) the dates on which the services were rendered; (ii) the time expended by each person and their hourly rates; and (iii) the total charges for the services rendered and disbursements incurred for the relevant time period. The LOLG billing summary is attached hereto as **Exhibit "A"** and copies of the actual invoices, redacted for privilege, confidential and commercially sensitive information are attached hereto as **Exhibit "B"**.

6. LOLG expended a total of 16.20 hours in connection with this matter during the Billing Summary Period, giving rise to fees and disbursements totalling $18,561.51, comprised of fees of $16,110.00 and disbursements of $334.75 and HST of $2,116.76, all of which are outlined in the LOLG billing summary.

7. LOLG has incurred unbilled fees of $9,000.00 to the date of this affidavit. It is anticipated that it will incur additional fees of approximately $10,000.00, plus HST, to the completion of the Information Officer's mandate.

8. To the best of my knowledge, the rates charged by LOLG are comparable to the rates charged for the provision of similar services by other restructuring law firms located in downtown Toronto, and are fair and reasonable.

9. The affidavit is sworn in support of a motion to be made in these proceedings seeking, among other things, approval of the fees and disbursements of LOLG in its capacity as counsel for the Information Officer.

SWORN by Andrew Winton at the City of Toronto, in the Province of Ontario, before me on September 22, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.	
Commissioner for Taking Affidavits (or as may be) **PHILIP UNDERWOOD**	**ANDREW WINTON**

This is Exhibit "A" referred to in the Affidavit of Andrew Winton sworn by Andrew Winton at the City of Toronto, in the Province of Ontario, before me on September 22, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

PHILIP UNDERWOOD

Client Summary
To 31/Aug/2022

Client Name / Matter / Description	Resp	Assgn	Open Date / Last Entry	Unbd Hrs / Bld Hrs	Unbd Fees / Bld Fees	Unbd Disb / Bld Disb	Retainers / Taxes	Last Bld / AR Bal	Ac#	Trust Activity Balance	Last Entry
Grant Thornton Limited			May 2/2022	0.00	0.00	0.00	0.00	31/8/2022			
15576	29	29	Aug 31/2022	16.20	16110.00	334.75	2116.76	11897.05	1	30000.00	10/7/2022
Armstrong Flooring CAA Proceeding											
Firm Totals:				0.00	0.00	0.00	0.00				
				16.20	16110.00	334.75	2116.76	11897.05	1	30000.00	

*** Summary by Responsible Lawyer ***

Responsible Lawyer	Total Clients	Total Matters	Unbilled Fees	Unbilled Disb	Billed Fees	Billed Disb+Tax	A/R	Trust	Retainer
29 -Matthew P. Gottlieb	1	1	0.00	0.00	16110.00	2451.51	11897.05	30000.00	0.00
Total:	**1**	**1**	**0.00**	**0.00**	**16110.00**	**2451.51**	**11897.05**	**30000.00**	**0.00**

REPORT SELECTIONS - Client Summary

Layout Template	Default
Advanced Search Filter	None
Requested by	cgaristo
Finished	Thursday, September 22, 2022 at 09:26:09 AM
Ver	14.1 (14.1.20150324)
Matters	15576
Clients	All
Major Clients	All
Client Intro Lawyer	All
Matter Intro Lawyer	All
Responsible Lawyer	All
Type of Law	All
Select From	Active, Inactive, Archived Matters
Matters Sort by	Default
New Page for Each Lawyer	No
No Activity Date	31/Dec/2199
Working Lawyer	All
Incl. Unbilled Over	0.00
Incl. Matters with Neg Unbld Disb	No
Incl. Zero Balances	Yes
Incl. Non-zero Balances	Yes
Client Totals Only	No
Totals Only	No

This is Exhibit "B" referred to in the Affidavit of Andrew Winton sworn by Andrew Winton at the City of Toronto, in the Province of Ontario, before me on September 22, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

Commissioner for Taking Affidavits (or as may be)

PHILIP UNDERWOOD

LAX O'SULLIVAN LISUS GOTTLIEB LLP

Suite 2750, 145 King Street West
Toronto ON M5H 1J8 Canada
T 416 598 1744 F 416 598 3730

May 31, 2022

Grant Thornton Limited
200 King Street West
20th Floor
Toronto, ON
M5H 3T4

File #: 15576

Inv #: 41062

RE: Amstrong Flooring CAA Proceeding

FOR PROFESSIONAL SERVICES RENDERED to May 31, 2022

SUMMARY OF HOURS & FEES	**HOURS**	**RATE**	**AMOUNT**
Andrew Winton	0.50	$800.00	$400.00
Matthew P. Gottlieb	1.50	$1,100.00	$1,650.00

TOTAL FEES	$2,050.00
HST	$266.50
TOTAL FEES & HST	$2,316.50
TOTAL DISBURSEMENTS	$0.00
HST	$0.00
TOTAL DISBURSEMENTS & HST	$0.00
TOTAL FEES, DISBURSEMENTS & HST	**$2,316.50**

Royal Bank of Canada (Bank Code: #003)
Main Branch, 200 Bay Street (Transit #00002)
Toronto, Ontario M5J 2J5

Account holder: Lax O'Sullivan Lisus Gottlieb LLP
U.S. Swift Code: 021 000021/International Code: royccat2
Account #120 256 3

HST #:886788595
E & O E
* tax exempt
Terms: Payment due upon receipt, in accordance with Section 33 of The Solicitors Act. Interest will be charged at the rate of 2% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this statement is delivered. Any disbursement not posted to your account on the date of this statement will be billed later.

DATE	DESCRIPTION	LAWYER	HOURS	AMOUNT
May-02-22	[redacted]	AW	0.50	400.00
		MPG	0.50	550.00
May-19-22		MPG	1.00	1,100.00
	Totals		2.00	$2,050.00
	Total HST on Fees			266.50
	Total HST on Disbursements			$0.00
	Total Fees, Disbursements & HST			**$2,316.50**

LAX O'SULLIVAN LISUS GOTTLIEB LLP

Suite 2750, 145 King Street West
Toronto ON M5H 1J8 Canada
T 416 598 1744 F 416 598 3730

June 30, 2022

Grant Thornton Limited
200 King Street West
20th Floor
Toronto, ON
M5H 3T4

File #: 15576

Inv #: 41159

RE: Amstrong Flooring CAA Proceeding

FOR PROFESSIONAL SERVICES RENDERED to June 30, 2022

<u>SUMMARY OF HOURS & FEES</u>	**HOURS**	**RATE**	**AMOUNT**
Andrew Winton	0.60	$800.00	$480.00
Matthew P. Gottlieb	3.00	$1,100.00	$3,300.00

TOTAL FEES	$3,780.00
HST	$491.40
TOTAL FEES & HST	$4,271.40
TOTAL DISBURSEMENTS	$67.75
HST	$8.81
TOTAL DISBURSEMENTS & HST	$76.56
TOTAL FEES, DISBURSEMENTS & HST	**$4,347.96**

Royal Bank of Canada (Bank Code: #003)
Main Branch, 200 Bay Street (Transit #00002)
Toronto, Ontario M5J 2J5

Account holder: Lax O'Sullivan Lisus Gottlieb LLP
U.S. Swift Code: 021 000021/International Code: royccat2
Account #120 256 3

HST #:886788595
E & O E
* tax exempt
Terms: Payment due upon receipt, in accordance with Section 33 of The Solicitors Act. Interest will be charged at the rate of 2% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this statement is delivered. Any disbursement not posted to your account on the date of this statement will be billed later.

DATE	DESCRIPTION	LAWYER	HOURS	AMOUNT
Jun-03-22	[redacted]	AW	0.50	400.00
Jun-04-22	[redacted]	AW	0.10	80.00
Jun-06-22	[redacted]	MPG	1.60	1,760.00
Jun-08-22	[redacted]	MPG	1.40	1,540.00
	Totals		3.60	$3,780.00
	Total HST on Fees			491.40

DISBURSEMENTS

	Photocopies	67.75
	Totals	$67.75
	Total HST on Disbursements	$8.81
	Total Fees, Disbursements & HST	**$4,347.96**

LAX O'SULLIVAN LISUS GOTTLIEB LLP

Suite 2750, 145 King Street West
Toronto ON   M5H 1J8   Canada
T 416 598 1744   F 416 598 3730

Lax O'Sullivan Lisus Gottlieb

August 31, 2022

Grant Thornton Limited
200 King Street West
20th Floor
Toronto, ON
M5H 3T4

File #: 15576

Inv #: 41752

RE: Armstrong Flooring CAA Proceeding

FOR PROFESSIONAL SERVICES RENDERED to August 31, 2022

SUMMARY OF HOURS & FEES	**HOURS**	**RATE**	**AMOUNT**
Andrew Winton	4.60	$800.00	$3,680.00
Matthew P. Gottlieb	6.00	$1,100.00	$6,600.00

TOTAL FEES	$10,280.00
HST	$1,336.40
TOTAL FEES & HST	$11,616.40
TOTAL DISBURSEMENTS	$267.00
HST	$13.65
TOTAL DISBURSEMENTS & HST	$280.65
TOTAL FEES, DISBURSEMENTS & HST	**$11,897.05**

Royal Bank of Canada (Bank Code: #003)
Main Branch, 200 Bay Street (Transit #00002)
Toronto, Ontario   M5J 2J5

Account holder: Lax O'Sullivan Lisus Gottlieb LLP
U.S. Swift Code: 021 000021/International Code: royccat2
Account #120 256 3

HST #:886788595
E & O E
* tax exempt
Terms: Payment due upon receipt, in accordance with Section 33 of The Solicitors Act.   Interest will be charged at the rate of 2% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this statement is delivered.   Any disbursement not posted to your account on the date of this statement will be billed later.

DATE	DESCRIPTION	LAWYER	HOURS	AMOUNT
Aug-10-22	[redacted]	MPG	0.70	770.00
Aug-17-22	[redacted]	AW	0.20	160.00
	[redacted]	MPG	0.20	220.00
Aug-18-22	[redacted]	AW	1.10	880.00
Aug-19-22	[redacted]	AW	1.60	1,280.00
	[redacted]	MPG	1.70	1,870.00
Aug-22-22	[redacted]	MPG	0.70	770.00
Aug-23-22	[redacted]	AW	0.20	160.00
	[redacted]	MPG	1.20	1,320.00
Aug-24-22	[redacted]	AW	0.30	240.00
	[redacted]	MPG	0.30	330.00
Aug-25-22	[redacted]	AW	0.40	320.00
	[redacted]	MPG	0.70	770.00
Aug-26-22	[redacted]	AW	0.50	400.00
	[redacted]	MPG	0.50	550.00
Aug-27-22	[redacted]	AW	0.30	240.00
	Totals		10.60	$10,280.00
	Total HST on Fees			1,336.40

DISBURSEMENTS

	On-line Research		105.00
Jun-06-22	Court Filing Fee	Notice of Appearance	162.00
	Totals		$267.00
	Total HST on Disbursements		$13.65
	Total Fees, Disbursements & HST		**$11,897.05**

TRUST STATEMENT

		Disbursements	Receipts
Jul-07-22	Received From: AFI CAN LTD. Retainer		30,000.00
	Total Trust	$0.00	$30,000.00
	Trust Balance		**$30,000.00**

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APPLICATION OF ARMSTRONG FLOORING CANADA LTD. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

Court File No. CV-22-00682153-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT OF ANDREW WINTON

LAX O'SULLIVAN LISUS GOTTLIEB LLP
Suite 2750, 145 King Street West
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Andrew Winton LSO#: 54473I
awinton@lolg.ca
Tel: **416 644 5342**

Lawyers for the Information Officer, Grant Thornton Limited

Court File No: CV-22-00682153-00CL

AND IN THE MATTER OF ARMSTRONG FLOORING, INC., AFI LICENSING LLC, ARMSTRONG FLOORING LATIN AMERICA, INC. AND ARMSTRONG FLOORING CANADA LTD. (THE "DEBTORS")

APPLICATION OF ARMSTRONG FLOORING CANADA LTD. UNDER SECTION 46 OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

FIRST REPORT OF GRANT THORNTON LIMITED AS THE COURT-APPOINTED INFORMATION OFFICER DATED SEPTEMBER 23, 2022

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Matthew Gottlieb
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Lawyers for the Grant Thornton Limited, in its capacity as Court-appointed Information Officer