

Superior Court
(Commercial Division)

Canada
Province of Québec
District of Montréal
No: 500-11-058763-208

In the matter of the *Companies' Creditors Arrangement Act* of:

Groupe Dynamite Inc.
GRG USA Holdings Inc.
GRG USA LLC

Debtors

-and-

Deloitte Restructuring Inc.

Monitor

Application for a Sanction Order
(*Companies' Creditors Arrangement Act*, s. 6)

To the Honourable Brian Riordan, Judge of the Superior Court, sitting in the Commercial Division for the District of Montréal, the Groupe Dynamite respectfully submit:

I. Introduction

1. By the present Application, Groupe Dynamite Inc., GRG USA Holdings Inc. and GRG USA LLC (collectively, "**Groupe Dynamite**") seek the issuance of an order sanctioning the *Amended and Restated Joint Plan of Compromise and Arrangement of Groupe Dynamite Inc., GRG USA Holdings Inc. and GRG USA LLC dated September 15, 2021* (the "**Plan**"), **Exhibit P-1**, which was approved by the Required Majority (as this term is defined hereinafter) of Groupe Dynamite's Creditors, substantially in the form of the draft Sanction Order, **Exhibit P-2**.
2. All capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Plan (Exhibit P-1).

II. Background

3. On September 8, 2020, this Court rendered an Initial Order, commencing proceedings in respect of Groupe Dynamite under the CCAA (the "**CCAA Proceedings**").
4. On September 17, 2020, the Court rendered an amended and restated initial order, *inter alia*, confirming the provisions of the Initial Order and extending the Stay Period to October 19, 2020.

5. On April 19, 2021, the Court rendered a Claims Procedure Order (the "**CPO**") implementing the claims process developed by Groupe Dynamite, in collaboration with the Monitor, to assess their actual and contingent liabilities.
6. On September 10, 2021, the Court issued a Meeting Order authorizing the Monitor to call, hold and conduct a meeting of Groupe Dynamite's Creditors (the "**Creditors' Meeting**") for the purpose of considering and approving the Plan.
7. On several occasions, the Court extended the Stay Period. Most recently, on September 14, 2021, the Court extended the Stay Period until October 22, 2021.
8. As it will be further discussed below, on September 30, 2021, the Creditors' Meeting was held and the Plan was approved by 100% of Groupe Dynamite's Creditors.

III. The Plan

9. As a result of their restructuring efforts, Groupe Dynamite, with the assistance of the Monitor, developed the Plan. Pursuant to the Plan, it is proposed that:
 - (a) two distribution pools (the "**Distribution Pools**"), one of which consists of Canadian dollars (the "**CAD Distribution Pool**") and the other of US dollars (the "**USD Distribution Pool**") be established for an aggregate amount of \$8,167,358.10 (the "**Plan Contribution Amount**");
 - (b) the Distribution Pools be distributed in order to pay certain claims of the Convenience Creditors and pay, *pro-rata*, the Affected Claims; and
 - (c) Groupe Dynamite and certain other parties be released.
10. The Affected Claims are all claims against Groupe Dynamite, except:
 - (a) all claims secured by the Administration Charge and the Interim Lender Charge;
 - (b) the Crown Priority Claims;
 - (c) the Gift Cards Claims;
 - (d) the Post-Filing Claims; and
 - (e) the Secured Lenders' Claims.
11. Persons having equity claims shall not be entitled to any distribution in respect of such claims.
12. For the purpose of voting on the Plan, there was only one class of creditors (the "**Voting Creditors**") composed of the persons having Voting Claims. Each Voting Creditor was entitled to one vote, which vote has a value equal to the dollar value of its Voting Claim and each Convenience Creditor was deemed to vote in favour of the Plan for the full amount of its Proven Affected Claim.

13. In order to be approved, the Plan needed to receive an affirmative vote of a majority in number of the Voting Creditors representing at least two thirds in value of the Voting Claims of such Voting Creditors who actually voted on the Resolution (in person or by proxy) at the Creditors' Meeting or who were deemed to vote in accordance with the Plan and the Meeting Order (the "**Required Majority**").
14. The Plan provides for the usual release and discharge of all claims against Groupe Dynamite and against their directors, officers and employees to the extent permitted under the CCAA.
15. The principal shareholder of Groupe Dynamite, which holds a promissory note in the amount of \$60 million issued by Groupe Dynamite, will not benefit from any distribution under the Plan as the implementation of the Plan is conditional upon the release and discharge from any obligation of Groupe Dynamite pursuant to such promissory note.

IV. Creditors' Meeting

16. On September 15, 2021, the Monitor proceeded with the issuance of all meeting materials to Groupe Dynamite's creditors, advising them, *inter alia*, that the Creditors' Meeting will virtually take place on September 30, 2021 at 10AM.
17. On September 21, 2021, the Monitor filed the Report to the Court on the State of the Debtors' Affairs and their Plan of Compromise and Arrangement Submitted by Deloitte Restructuring Inc. in its capacity as Monitor dated September 21, 2021 (the "**Monitor's Plan Report**"), **Exhibit P-3**, and sent it to Groupe Dynamite's creditors.
18. In accordance with the meeting materials and the Meeting Order, the Creditors' Meeting was convened and held on September 30, 2021 at 10AM, by videoconference from Montreal.
19. Out of 448 Voting Creditors representing \$112,836,212 in value, 87% Voting Creditors representing \$97,820,517 in value voted at the Creditors' Meeting in person or by proxy or were deemed to have voted.
20. At the Creditors' Meeting, the Plan was approved by:
 - (a) 100 % of Groupe Dynamite's Voting Creditors having voted either in person or by proxy at the Creditors' Meeting or who were deemed to have voted, in number; and
 - (b) 100 % of Groupe Dynamite's Voting Creditors having voted either in person or by proxy at the Creditors' Meeting or who were deemed to have voted, in value.

the whole as appears from a copy of the minutes of Creditors' Meeting,
communicated herewith as **Exhibit P-4**.

21. The implementation of the Plan remains conditional upon (i) the granting of the Sanction Order in form satisfactory to Groupe Dynamite and which shall be a Final Order; (ii) the granting of the US Recognition Order in form satisfactory to Groupe Dynamite and which shall be a Final Order; (iii) the remittance by Groupe Dynamite of the Plan Contribution Amount to the Monitor; and (iv) the principal shareholder of Groupe Dynamite Inc. having released and discharged Groupe Dynamite Inc. from any obligation pursuant to a promissory note in the amount of \$60 million issued by Groupe Dynamite.
22. It is currently expected that, provided the Plan is sanctioned by this Court and, subsequently, by the U.S. Bankruptcy Court, the Plan will be implemented on or around October 11, 2021.
23. The Initial Distribution to Groupe Dynamite's Affected Creditors will be made within 30 days of the Plan Implementation Date, which Initial Distribution will include the distribution of the CAD Distribution Pool and the USD Distribution Pool.
24. Within 30 days of the date on which there will no longer be Undetermined Affected Claims, the Monitor will complete the Final Distribution. Pursuant to the Plan, the Monitor is also entitled to effect partial distributions between the Initial Distribution and the Final Distribution when additional funds become available.
25. At the time any distribution is made from the Distribution Pools, the Monitor shall keep and set aside from the Distribution Pools any distribution which would have been made in respect of an Undetermined Affected Claim had it been a Proven Affected Claim.

V. Approval and Sanction of the Plan

26. Considering the above, Groupe Dynamite respectfully submits that the Plan should be sanctioned by this Court as:
 - (a) Groupe Dynamite and their representatives have acted and continue to act in good faith and with due diligence. At all times, Groupe Dynamite has complied and continues to comply with all statutory requirements and strictly adhered to orders of this Court;
 - (b) throughout the CCAA Proceedings, Groupe Dynamite cooperated with the Monitor regarding access to information requested and internal resources required by the Monitor to fulfill its duties;
 - (c) all material and procedures filed by Groupe Dynamite were authorized by this Court in accordance with the CCAA; and
 - (d) the Plan is fair and reasonable, as reflected in the favourable vote of the overwhelming majority of the Affected Creditors.
27. Throughout the CCAA Proceedings, the Monitor has, at all relevant times, filed reports to the Court to provide updates regarding these CCAA Proceedings and the efforts of Groupe Dynamite to emerge from these CCAA Proceedings.

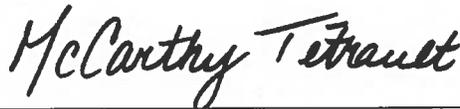
28. As it appears from the Monitor's Plan Report, and from the Report to the Court on the Meeting prepared by Deloitte Restructuring Inc. in its capacity as Monitor, the Monitor was and remains of the view that the Plan is fair and reasonable, represents the best available alternative to Groupe Dynamite's creditors and stakeholders in the circumstances, and should be sanctioned.
29. In a bankruptcy context, it is estimated that Groupe Dynamite's unsecured creditors' recovery would be nil, whereas under the Plan, said unsecured creditors will benefit from a dividend equivalent to at least 7% of their Affected Proven Claim, based on the amount of the Affected Proven Claims as of September 30, 2021, the whole as appears from the Monitor's Plan Report (Exhibit P-3). Moreover, if Groupe Dynamite is forced to file for bankruptcy, all stakeholders, including Groupe Dynamite's employees, would suffer significant harm.
30. Considering the above, Groupe Dynamite respectfully submits that the terms and conditions provided by the Plan are fair and reasonable in the circumstances and should therefore be approved by this Court.
31. Given the need to advance the restructuring process as quickly as possible, it is respectfully requested that this Court order the provisional execution of the orders sought pursuant to this Application notwithstanding any appeal.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

RENDER an order substantially in the form of the draft Sanction Order, Exhibit P-2;

THE WHOLE without legal costs, except if contested.

Montréal, September 30, 2021



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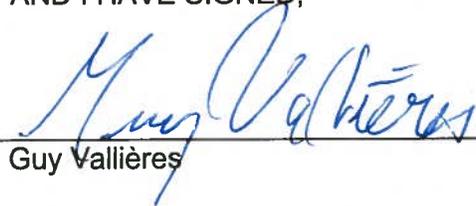
Deloitte Restructuring Inc.

Monitor

Affidavit

I, the undersigned, Guy Vallières, authorized representative of the Debtors, domiciled for the purpose hereof at 5592 Ferrier Street, Mount-Royal, Québec, Canada, solemnly affirm that all the facts alleged in the present *Application for a Sanction Order* are true.

AND I HAVE SIGNED,



Guy Vallières

SOLEMNLY AFFIRMED TO BEFORE ME AT
MONTREAL BY TECHNOLOGICAL MEANS, this
September 30, 2021



COMMISSIONER OF OATHS
FOR THE PROVINCE OF QUÉBEC



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Notice of Presentation

TO: Service List

1. PRESENTATION OF THE PROCEEDING

TAKE NOTICE that the present *Application for a Sanction Order* will be presented for adjudication before the Superior Court of Québec, sitting in the commercial division for the district of Montréal, located at 1 Notre Dame Street East, Montréal, QC, H2Y 1B6, **during the virtual roll** on **October 7, 2021** and in room to be determined or soon thereafter as counsel may be heard.

2. HOW TO JOIN THE VIRTUAL PRACTICE ROLL CALL

The coordinates for joining the room virtual roll call are the following:

- a) **With Microsoft Teams Tool:** by clicking on the link available on the website www.tribunaux.qc.ca;

You need at that time to inscribe your name and click on "Joining now". In order to facilitate the progress and the identification of the participants, we are inviting you to inscribe your name by this manner:

The lawyers: Mtre First name, Last Name (name of the represented party)

The syndics: First name, Last Name (syndic's name)

The superintendent: First name, Last name (superintendent's name)

The parties non-represented by lawyers: First name, Last name (precise: Plaintiff, Defendant, Petitioner, Respondent, Creditor, Opponent or other)

For people who are assisting to a public hearing: the mention may be limited to entering: (public)

b) By telephone:

Canada, Québec (paid number): + 1 581-319-2194

Canada (toll-free number): (833) 450-1741

Conference ID: 991 211 186#

c) By videoconference: teams@teams.justice.gouv.qc.ca

Conference VTC ID: 1185631255

d) In person: If and only if you do not have access to one of these technological means above-identified. You can then go to room 17.09 of the Courthouse of Montreal, located at:

1 Notre-Dame Street East.

3. DEFAULT OF PARTICIPATING TO THE VIRTUAL ROLL CALL

TAKE NOTICE that if you wish to contest the proceeding you need to advise by written the instigator of the proceeding at the indicated coordinates in this Notice of Presentation at least 48 hours before the presentation date and participate to the virtual roll call. Failing that, a judgment could be rendered during the presentation of the proceeding, without any further notice or delay.

4. OBLIGATIONS

4.1 The Collaboration

TAKE NOTICE that you have the obligation to cooperate with the other party, in particular by informing each other, at all relevant times, of all facts and elements susceptible of promote a loyal debate and making sure you preserve the relevant evidence (*Civil Code of Procedure*, Art. 20).

4.2 Preventing and Resolving Disputes Method

TAKE NOTICE that you must, before going to the Tribunal, considerate the recourse of all preventing and resolving disputes methods which are, among others, negotiation, mediation or arbitration, for which the parties appeal a third-party assistance (*Civil Code of Procedure*, Art. 2).

DO GOVERN YOURSELVES ACCORDINGLY.

Montréal, September 30, 2021

McCarthy Tétrault

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Lawyers for the Debtors

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List of Exhibits

EXHIBITS	DESCRIPTION
Exhibit P-1	Joint Plan of Compromise and Arrangement of Groupe Dynamite
Exhibit P-2	Draft Sanction Order
Exhibit P-3	Monitor's Plan Report
Exhibit P-4	Minutes of Creditors' Meeting

Montreal, September 30, 2021



McCarthy Tétrault LLP
Lawyers for the Debtors

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