

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL
No.: 500-11-058763-208

SUPERIOR COURT
Commercial Division

**IN THE MATTER OF A PLAN OF
ARRANGEMENT OR COMPROMISE OF:**

GROUPE DYNAMITE INC., a legal person
having its head office at 5592 Ferrier Street, in
the city of Montreal, Province of Quebec,
H4P 1M2;

- and -

GRG USA HOLDINGS INC., a legal person
having its head office at 1209 Orange Street,
Wilmington, County of New Castle, Delaware,
United States of America;

- and -

GRG USA LLC, a legal person having its head
office at 1209 Orange Street, Wilmington,
County of New Castle, Delaware, United States
of America;

Debtors

- and -

DELOITTE RESTRUCTURING INC., a company
incorporated under the laws of Canada, having a
place of business at 500-1190 av. des
Canadiens-de-Montréal, in the city of Montreal,
Province of Quebec, H3B 0M7;

Monitor

**TENTH REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR**

(Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended)

INTRODUCTION

1. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the Application for an Initial Order and an Amended and Restated Initial Order (the "**Initial Application**") under the *Companies' Creditors Arrangement Act* ("**CCAA**").
2. Unless otherwise stated, the Debtors are collectively referred to as "**Groupe Dynamite**".

3. On September 7, 2020, the Monitor (as defined below) issued its first report to the Court submitted by Deloitte Restructuring Inc. in its capacity as Proposed Monitor (the "**First Report**"). The purpose of the First Report was to provide information to the Court with respect to: (i) Deloitte's qualification to act as Monitor; (ii) the Recognition Proceedings in the United States; (iii) the business, financial affairs and financial results of Groupe Dynamite; (iv) Groupe Dynamite's main creditors; (v) the proposed restructuring; (vi) the charges sought in the proposed Initial Order and in the proposed Amended and Restated Initial Order; (vii) payments to Critical Suppliers (as defined in the First Report); (viii) overview of the 4-week cash flow projections as of the date of the First Report; and (ix) the Proposed Monitor's conclusions and recommendations.
4. On September 8, 2020, Groupe Dynamite filed the Initial Application seeking the issuance of an Initial Order and an Amended and Restated Initial Order.
5. On September 8, 2020, the Superior Court of Quebec, Commercial Division (the "**Court**"), granted the Initial Application and rendered an Initial Order (as thereafter amended and restated, the "**Initial Order**"), which provided for, inter alia, (i) a stay of proceedings against Groupe Dynamite until and including September 18, 2020 (the "**Stay Period**"); (ii) a stay of proceedings against the Directors and Officers; (iii) the appointment of Deloitte Restructuring Inc. as the Monitor under the CCAA (the "**Monitor**"); (iv) the approval of the Interim Facility; and (v) the granting of an Interim Lender Charge.
6. These proceedings commenced under the CCAA by Groupe Dynamite will be referred to herein as the "**CCAA Proceedings**".
7. On September 18, 2020, an Amended and Restated Initial Order was issued by the Court which provided for, inter alia, (i) an extension of the Stay Period until October 19, 2020; (ii) an increase of the maximum principal amount of the Interim Facility to \$20M; (iii) an increase of the Interim Lender Charge to up to \$24M and iv) an Administration charge in an amount up to \$750K.
8. On October 7, 2020, Groupe Dynamite filed an application to extend the Stay Period and on October 15, 2020, the Court issued an order extending the Stay Period until December 11, 2020.
9. On November 16, 2020, Groupe Dynamite filed an application to amend the Initial Order seeking relief in respect of certain leased premises (as amended, the "**Post-Filing Rent Application**").
10. On December 3, 2020, Groupe Dynamite filed an application to extend the Stay Period and on December 10, 2020, the Court extended the Stay Period up to and including February 26, 2021.
11. On January 5, 2021, the Court dismissed the Post-Filing Rent Application.
12. On February 17, 2021, Groupe Dynamite filed an application to extend the Stay Period and on February 25, 2021, the Court issued an order extending the Stay Period until April 19, 2021.
13. On March 27, Groupe Dynamite served an Application to Amend the Amended and Restated Initial Order with Respect to Sales Taxes (the "**Amendment Application**").
14. On April 12, 2021, Groupe Dynamite filed an application seeking the issuance of a Claims Procedure Order and an application to extend the Stay Period to July 6, 2021.

15. On April 19, 2021, the Court issued an order (the "**Claims Procedure Order**") establishing a process for the identification, review and determination of claims in the CCAA Proceedings (the "**Claims Process**") as well as an order extending the Stay Period up to and including July 6, 2021.
16. On May 18, 2021, the Court granted the Amendment Application and issued a Re-Amended and Restated Initial Order.
17. On June 10, 2021, Groupe Dynamite filed an application to extend the Stay Period.
18. On June 17, 2021, the Court issued an order extending the Stay Period until September 24, 2021.
19. On September 2, 2021, Groupe Dynamite filed an application seeking:
 - i) the Court's authorization to file its Joint Plan of Compromise and Arrangement (the "**Initial Plan**") and to convene a meeting of creditors (the "**Creditors' Meeting**") to vote on the Plan;
 - ii) the Court's authorization to admit certain claims filed after the Claims Bar Date for review and determination in accordance with the Claims Procedure Order; and
 - iii) an extension of the Stay Period to October 22, 2021.
20. On September 4, 2021 the Monitor issued its Eighth Report to the Court (the "**Eighth Report**"), the purpose of which was to provide information on the activities of Groupe Dynamite and the Monitor since the latter's previous report and to support the aforementioned application.
21. On September 13, 2021, the Court issued an order authorizing Group Dynamite to file the Initial Plan and to convene the Creditors' Meeting on September 30, 2021 (the "**Meeting Order**").
22. On September 14, 2021, the Court issued an order admitting certain Late Claims and extending the Stay Period until October 22, 2021 (the "**Extension and Late Claims Order**").
23. On September 15, 2021, Groupe Dynamite filed an Amended and Restated Joint Plan of Compromise and Arrangement (the "**Plan**").
24. On September 21, 2021, the Monitor issued its Report on the Plan (the "**Report on the Plan**"), which was filed in the Court record and published on the Monitor's website. The Monitor also advised all Known Creditors (as defined in the Meeting Order) that the Report on the Plan was available.
25. The Report on the Plan sets out the Monitor's observations and conclusions on the Plan and provides additional information on, *inter alia*, the circumstances surrounding the CCAA Proceedings, Groupe Dynamite's financial situation and the status of the Claims Process.
26. On September 30, 2021 the Plan was approved by the requisite majority of Groupe Dynamite's creditors at the Creditors' Meeting and Groupe Dynamite filed an application (the "**Application**") seeking the sanction of the Plan by the Court in accordance with the terms of the proposed order filed as Exhibit P-2 to the Application (the "**Proposed Sanction Order**").
27. In connection with the relief sought in the Application, the Monitor hereby issues its tenth report to the Court (this "**Tenth Report**"), the purpose of which is to provide the Court with information with respect to the following:

- I. Update on the Claims Process (page 4);
 - II. The Creditors' Meeting and the vote on the Plan (page 5);
 - III. The Monitor's conclusions and recommendations (page 6).
28. In preparing the Tenth Report and making the comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, Groupe Dynamite's books and records, financial information prepared by Groupe Dynamite and discussions with its management ("**Management**") of Groupe Dynamite (collectively, the "**Information**"). Except as described in this Tenth Report in respect of Groupe Dynamite's Revised Cash Flow Statement (as defined below):
- i) The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - ii) Some of the information referred to in this Tenth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in Chartered Professional Accountants Canada Handbook, has not been performed.
29. Future oriented financial information referred to in this Tenth Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
30. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Tenth Report concerning Groupe Dynamite and their business is based on the Information, and not independent factual determinations made by the Monitor.
31. The Information that was analyzed does not include the extent of the impact of Coronavirus ("**COVID-19**") on Groupe Dynamite's operations. At the time of the Tenth Report, the situation is continuing to evolve, and many uncertainties remain as to the effect the COVID-19 crisis has had and will continue to have on Groupe Dynamite and the broader domestic and global economies.
32. The Monitor relied, in part, on publicly available information, Management forecasts and other information provided by Management in relation to the effect COVID-19 has had and will continue to have on Groupe Dynamite.

I. UPDATE ON THE CLAIMS PROCESS¹

33. Since the Report on the Plan, the Monitor has not received any further Proofs of Claim in the context of the Claims Process.
34. Of the 20 Late Claims admitted for review and determination pursuant to the Extension and Late Claims Order, 19 have been finally determined in accordance with the Claims Procedure

¹ All capitalized terms used in this section but not otherwise defined in this Tenth Report shall have the meanings ascribed to them in Section II. of the Report on the Plan.

Order. The Monitor also issued a Notice of Revision or Disallowance in respect of 1 of the Late Claims, reducing it by approximately \$30K.

35. Since the Report on the Plan was issued, the Monitor continued its discussions with certain Appellants in connection with the pending Appeal Applications. Settlements were concluded with 1 additional Appellant such that 3 Appeal Applications have now been consensually resolved and 8 Disputed Claims have been determined in accordance with the Claims Procedure Order. The Monitor and Groupe Dynamite are in advanced discussions with the remaining Appellant and expect a settlement to be concluded imminently in respect of the last Disputed Claim.
36. Of the 5 Claims that were Undetermined Claims at the time the Report on the Plan was issued, 2 were determined in accordance with the Claims Procedure Order prior to the Creditors' Meeting in an amount of \$499,058.
37. 3 Undetermined Claims and the remaining Disputed Claim were determined for voting purposes in an aggregate amount of \$16,624,501 prior to the Creditors' Meeting in accordance with paragraph 26 of the Meeting Order. The Monitor is of the view that these determinations had no impact on the ultimate outcome of the vote at the Creditors' Meeting, given the level of creditor support for the Plan.
38. Any remaining Disputed Claims and Undetermined Claims shall be dealt with as "Undetermined Affected Claims" under the Plan and determined in accordance with the Claims Procedure Order or, in the case of United States Customs and Border Protection, in the context of ongoing administrative proceedings, as provided for in the Proposed Sanction Order.

II. THE CREDITORS MEETING AND THE VOTE ON THE PLAN²

39. In accordance with the Meeting Order, the Monitor sent the meeting materials to all Known Creditors on September 15, 2021.
40. In advance of the Creditors' Meeting, the Monitor communicated with creditors to answer questions and coordinate their registration. The Monitor also continued to receive votes by proxy and transmitted a voting form to all registered Voting Creditors to facilitate any vote by email at the Creditors' Meeting.
41. On September 30, 2021, the Creditors' Meeting was hosted by the Monitor via Zoom for the purposes of considering and voting on the Plan, the whole in accordance with the terms of the Meeting Order. The minutes of the Creditors' Meeting are attached to this Report as **Appendix 1**.
42. In accordance with the Supplement to the Plan, the Monitor determined the Top-Up Amount to be \$167,358 and informed the attendees of the Creditors' Meeting. Consequently, creditors are expected to receive distributions equaling 7% of their Proven Affected Claims under the Plan.

² All capitalized terms used in this section but not otherwise defined in this Tenth Report shall have the meanings ascribed to them in the Plan.

43. The Resolution to Approve the Plan was approved by an overwhelming majority of Groupe Dynamite’s creditors. The results of the vote are summarized in the table below:

| Groupe Dynamite Inc. Summary of the vote on the Plan | | | | |
|---|------------------|-----------------------|------------------------|-----------------------|
| | In number | Percentage (%) | Amount (CAD \$) | Percentage (%) |
| In Favor | 346 | 99.71% | 97,776,316 | 99.95% |
| Against | 1 | 0.29% | 44,201 | 0.05% |
| Total votes | 347 | 100% | 97,820,518 | 100% |

44. 99.71 % of Voting Creditors, present and voting (by email or by proxy) or that were deemed to vote, representing 99.95% in value of Voting Claims, voted in favor, or were deemed to vote in favor, of the Plan such that the Required Majority was attained and the Plan was duly approved by Groupe Dynamite’s creditors.
45. It is also noteworthy that 86.69% of all creditors with Proven Affected Claims participated in the vote (by email or by proxy) or were deemed to vote under the Plan.

III. THE MONITOR’S CONCLUSIONS AND RECOMMENDATIONS

46. For the reasons explained in the Report on the Plan, the Monitor was of the view at the time that report was issued that the Plan was fair and reasonable in the circumstances and recommended that Groupe Dynamite’s creditors vote in favor of the Plan.
47. The Monitor continues to be of the view that the Plan is fair and reasonable and beneficial to Group Dynamite, its creditors and other stakeholders, noting that these conclusions are reinforced by the overwhelming support the Plan received at the Creditors’ Meeting.
48. The Monitor considers that Groupe Dynamite has complied with the provisions of the CCAA and the orders of the Court in the context of the CCAA Proceedings and is not aware of any action taken by Groupe Dynamite that is not authorized by the CCAA.
49. The Monitor also considers that:
- i) Groupe Dynamite and Management have acted in good faith and with due diligence in the CCAA Proceedings and in developing the Plan; and
 - ii) the sanction by the Court and implementation of the Plan will allow Groupe Dynamite to complete its restructuring under the CCAA and emerge as a rehabilitated business, which will be beneficial to all of its stakeholders, including its thousands of employees, landlords, customers and other trading partners in Canada, the United States and elsewhere.
50. For these reasons, the Monitor supports the relief sought in the Application and recommends that the Plan be sanctioned in accordance with the terms of the Proposed Sanction Order.

51. The Monitor respectfully submits to the Court its Tenth Report.

DATED AT MONTREAL, this 4th day of October 2021.

DELOITTE RESTRUCTURING INC.

In its capacity as Court-Appointed Monitor of Groupe
Dynamite



Pierre Laporte, FCPA, FCA, CIRP, LIT
Senior Vice-President



Jean-François Nadon, CPA, CA, CIRP, LIT
President

Appendix 1



Deloitte Restructuring Inc.
La Tour Deloitte
1190, avenue des
Canadiens-de-Montréal
Suite 500
Montréal
(Québec) H3B 0M7
Canada

CANADA

PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
Commercial Division

File: No: 500-11-058763-208

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

GROUPE DYNAMITE INC.

- and -

GRG USA HOLDINGS INC.

- and -

GRG USA LLC

Debtors

- and -

DELOITTE RESTRUCTURING INC.

Monitor

MINUTES OF THE CREDITORS' MEETING

Date : September 30, 2021 at 10 a.m.
Location: Zoom meeting
Chairman: Jean-François Nadon, CPA, CA, CIRP, LIT

ATTENDANCE:

Monitor

Jean-François Nadon, CPA, CA, CIRP, LIT

Chairman of the meeting,
Deloitte Restructuring Inc.
Secretary of the meeting,
Deloitte Restructuring Inc.

Sébastien Beaulieu, CPA

Jacob Dubé-Dupuis, CPA

Deloitte Restructuring Inc.

Jean-François Boucher, CPA

Deloitte Restructuring Inc.

Marc-Alexandre Cormier, CPA

Deloitte Restructuring Inc.

Jean-Philippe Leclerc, CPA

Deloitte Restructuring Inc.

M^e Luc Morin

Norton Rose Fulbright Canada LLP

M^e Noah Zucker

Norton Rose Fulbright Canada LLP

Debtors

Olivier Kaade

Groupe Dynamite Inc.

Guy Vallières

Groupe Dynamite Inc.

Adil Salam

Groupe Dynamite Inc.

M^e Alain Tardif

McCarthy Tétrault LLP

M^e Gabriel Faure

McCarthy Tétrault LLP

M^e Frédérique Drainville

McCarthy Tétrault LLP

Creditors

Please refer to the attached
attendance list

CALL TO ORDER AND AGENDA

Mr. Jean-François Nadon, the Monitor's representative, acts as the chairman of the meeting (the "**Chair**") and Mr. Sébastien Beaulieu acts as secretary of the meeting.

The purpose of the meeting is to consider and to vote on the *Amended and 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 (the "**Plan**").

The Chair presents the agenda of the meeting:

- i) Introduction
- ii) Determination of the Top-Up Amount
- iii) Quorum
- iv) Overview of the Monitor's Report on the Plan
- v) Question period for Voting Creditors
- vi) Vote on the Plan

DETERMINATION OF THE TOP UP AMOUNT

In accordance with the Plan, Top-Up Amount (as defined therein) is determined to be \$ 167,358.

QUORUM

The Monitor notes the presence of the required quorum and declares the meeting duly convened.

OVERVIEW OF THE REPORT ON THE PLAN AND QUESTION PERIOD

The Chair reviews the *Monitor's Report to the Court on the State of the Debtors' Affairs and their Plan of Compromise and Arrangement* dated September 21, 2021, which was made available to creditors in advance of the meeting.

The Chair explains the applicable procedures for submitting questions and asks the creditors if they have any questions for the Monitor or the Debtors.

No creditor present at the meeting has any questions.

VOTE ON THE RESOLUTION TO APPROVE THE PLAN

The Chair reads the resolution and invites creditors to cast their votes on the Plan.

The Chair adjourns the meeting for ten (10) minutes in order to proceed with the compilation of the votes, which consist of proxies received by the Monitor prior to the meeting and voting forms received by email at the meeting.

After the meeting resumes, the Chair communicates the result of the vote on the Plan which is described in the table below:

| Groupe Dynamite Inc. Summary of the vote on the Plan | | | | |
|---|------------------|-----------------------|------------------------|-----------------------|
| | In number | Percentage (%) | Amount (CAD \$) | Percentage (%) |
| In Favor | 346 | 99.71% | 97,776,316 | 99.95% |
| Against | 1 | 0.29% | 44,201 | 0.05% |
| Total votes | 347 | 100% | 97,820,518 | 100% |

The Chair declares that the Plan has been approved by the required majority of voting creditors.

ADJOURNMENT OF THE MEETING

There being no further items on the agenda, the meeting is adjourned at 10:38 am.



Jean-François Nadon
CPA, CA, CIRP, LIT
Chairman of the meeting



Sébastien Beaulieu
CPA
Secretary of the meeting

Appendixes: Appendix A – Attendance List
Appendix B – Resolution

Appendix A

Appendix A – Attendance List

Groupe Dynamite Creditor's Meeting Attendance September 30, 2021

| <u>Participant Full Name</u> | <u>Creditors / Legal Counsel</u> |
|-------------------------------------|--|
| Adele Comparelli | Trimax Security |
| Company Representative | Verizon |
| Alexandre Forest | Gowling representing Cadillac Fairview, Ivanhoe Cambridge, Oxford, Cominar and Leikin |
| Alexandre Leblanc | National Bank |
| Antonia Logiudice | Prescott SM |
| Braden Macleod | Campus Energy |
| Charlotte Dion | Dentons representing the Lending Syndicate |
| Christopher Watchorn | Canada Post |
| Daniel Cantin | Revenu Québec |
| Daryl Ceolho | TD Bank |
| Eloy Peral | Kelley Drye representing Brookfield |
| Justin Allard | National Bank |
| Jessica Wuthmann | CG Legal representing Riocan, Cushman and Morguard |
| Lalit Kaushal | Intertek |
| Marc-Antione Boucher | BLG representing the United States of America |
| Micheal Citac | Gardiner Roberts representing Crombie |
| Micheal Vox | TD Bank |
| Nathalie Robichaud | Alithya |
| Peter Lattaca | Desjardins |
| Roger Simard | Dentons representing the Lending Syndicate |
| Company Representative | Prodcotech |
| Company Representative | Epam |

Appendix B

Appendix B – Resolution

**CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL**

No.: 500-11-058763-208

SUPERIOR COURT
(Commercial Division)

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

**GROUPE DYNAMITE INC.
GRG USA HOLDINGS INC.
GRG USA LLC**

Debtors

DELOITTE RESTRUCTURING INC.

Monitor

RESOLUTION OF AFFECTED CREDITORS AT THE CREDITORS' MEETING

BE IT RESOLVED THAT:

1. the Joint Plan of Compromise and Arrangement dated September 2nd, 2021 filed by Groupe Dynamite under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as may be further amended, restated or supplemented from time to time in accordance with its terms (the "**Plan**"), which Plan has been presented to this Meeting, be and is hereby accepted, approved and authorized.