

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:**

GRUPE 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

**SIXTH REPORT TO THE COURT
SUBMITTED BY DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS MONITOR ("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 "**Application**") under the *Companies' Creditors Arrangement Act* ("**CCAA**").
2. Unless otherwise stated, the Debtors are also 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 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 Application and rendered an 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 ("**Deloitte**" or 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 16, 2020, the Monitor issued its second report to the Court (the "**Second Report**"). The purpose of the Second Report was to provide information to the Court on the activities of Groupe Dynamite and of the Monitor since the commencement of the CCAA Proceedings and to support the Debtors' demand for the issuance of an Amended and Restated Initial Order.
8. On September 18, 2020, an Amended and Restated Initial Order was issued by the Court (the "**Amended and Restated Initial Order**") 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.
9. On October 7, 2020, the Debtors filed an Application to extend the Stay Period.
10. On October 8, 2020, pursuant the terms of the Amended and Restated Initial Order, the Monitor issued its third report to the Court (the "**Third Report**"). The purpose of the Third Report was to provide information to the Court on the activities of Groupe Dynamite since the Second Report and to support the Application mentioned at the previous paragraph.
11. On October 15, 2020, the Court issued an order extending the Stay Period until December 11, 2020.
12. On November 16, 2020, the Debtors filed an application to amend the Amended and Restated Initial Order seeking certain relief in respect of leased premises located in the province of Manitoba (as amended, the "**Post-Filing Rent Application**").
13. On November 24, 2020, the Debtors amended the Post-Filing Rent Application to seek the same relief in respect of certain leased premises in the province of Ontario.
14. On December 3, 2020, the Debtors filed an Application to extend the Stay Period until February 26, 2021.

15. On the same day, the Monitor issued its fourth report to the Court (the "**Fourth Report**"). The purpose of the Fourth Report was to provide information to the Court on the activities of Groupe Dynamite since the Third Report and to support the Application mentioned in the previous paragraph.
16. On December 10, 2020, the Court extended the Stay Period up to and including February 26, 2021.
17. On January 5, 2021, the Court dismissed the Post-Filing Rent Application (the "**Post-Filing Rent Decision**").
18. On February 17, 2021, the Debtors filed an Application to extend the Stay Period until April 19, 2021.
19. On February 25, 2021, the Court issued an order extending the Stay Period up to and including April 19, 2021 (the "**Extension Order**").
20. On March 27, the Debtors served an Application to Amend the Amended and Restated Initial Order with Respect to Sales Taxes (the "**Amendment Application**").
21. On April 12, 2021, the Debtors filed an Application seeking the issuance of a Claims Procedure Order (the "**Claims Procedure Application**") and an Application to extend the Stay Period to July 6, 2021 (the "**Extension Application**").
22. In accordance with the Amended and Restated Initial Order, the Monitor hereby issues this sixth report to the Court (the "**Sixth Report**"), the purpose of which is to provide the Court with an update with respect to the following:
 - I. Update regarding Groupe Dynamite's operations (page 4);
 - II. The Monitor's activities since the Fifth Report (page 5);
 - III. Actual receipts and disbursements (page 6);
 - IV. Overview of the weekly Cash Flow Projections (as defined below) (page 6);
 - V. The proposed Claims Process (page 8);
 - VI. The Amendment Application, (page 8);
 - VII. The request for an extension of the Stay Period (page 10); and
 - VIII. The Monitor's conclusions and recommendations (page 11).
23. In preparing the Sixth 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 and financial information prepared by the Debtors and discussions with management ("**Management**") of Groupe Dynamite (collectively, the "**Information**"). Except as described in this Sixth 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 Sixth 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.
24. Future oriented financial information referred to in this Sixth 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.
 25. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this Sixth Report concerning Groupe Dynamite and their business is based on the Information, and not independent factual determinations made by the Monitor.
 26. 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 Sixth 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.
 27. 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 REGARDING GROUPE DYNAMITE'S OPERATIONS

General

28. Since the issuance of the Fifth Report, Groupe Dynamite, in collaboration with its real estate advisor, Oberfeld Snowcap, and the Monitor, has continued its discussions and negotiations with landlords regarding their real estate portfolio. As mentioned in the previous report, Groupe Dynamite has reached agreements with all of its landlords and is documenting those agreements by way of amendments to existing leases. As of the date of this Sixth Report, Groupe Dynamite has documented agreements in connection with 160 stores. Group Dynamite is confident that it will be able to document the remaining agreements in the coming weeks, subject to the impact of the pandemic in North America, including potential additional restrictions that could be imposed by local governmental authorities.
29. Groupe Dynamite, pursuant the Amended and Restated Initial Order, continues to pay its employees in the normal course of business.
30. Since the Fifth Report, Groupe Dynamite has paid an additional \$3K to a Critical Supplier bringing the total amount to \$3.1M, which is lower than the \$5M that was authorized by the Court pursuant to the Initial Order. The detailed list of these payments is presented in **Appendix A (under seal)**.
31. Since the Fifth Report, security deposits previously provided by Groupe Dynamite remained in place. Groupe Dynamite was not required to provide any additional security deposits to creditors. The Monitor was consulted by the Debtors and approved such deposit being made. At this point, existing agreements with suppliers allow Groupe Dynamite to reasonably operate under the CCAA Proceedings.
32. Since the Fifth Report, Groupe Dynamite issued 1 additional Disclaimer Notice (as defined

therein). A list of the Disclaimer Notices issued since the beginning of the CCAA Proceedings is presented in **Appendix B**.

33. Groupe Dynamite and the Monitor also continue to have discussions on a bi-weekly basis with the Debtors' lenders (the "**Lending Syndicate**") in order to keep them informed on Groupe Dynamite's financial position and to provide a weekly reporting on cash position as well as a detailed receipts and disbursements analysis. Groupe Dynamite also updated them on the status of its negotiations with its landlords as well as the ongoing restructuring initiatives.
34. Since the Fifth Report, Groupe Dynamite, with the assistance of the Monitor, has updated its cash-flow forecast for the coming months in order to account for the reopening and closure of various stores as well as the most recent market conditions and the latest sales trends.

Temporary Store Closures

35. At the time of the Fifth Report, Groupe Dynamite had 27 stores in Ontario and 3 in Newfoundland and Labrador closed due to sanitary lockdowns. These stores were all able to reopen in the weeks following the filing of the Fifth Report.
36. On February 24, 2021, Groupe Dynamite paid an amount of approximately \$4M to its landlords, representing all outstanding amounts due for post-filing rent.
37. On March 31, 2021, the Quebec Government announced a new series of sanitary measures for the Bas-Saint-Laurent, Capitale Nationale, Chaudières-Appalaches and Outaouais regions including the closure of all non-essential businesses starting on April 1, 2021. Groupe Dynamite has been impacted and has temporarily closed 14 stores.
38. In Ontario, the provincial government announced on April 7, 2021, the closure of all non-essential businesses until May 6, 2021. Groupe Dynamite has been impacted and has temporarily closed 82 stores.
40. As of the date of this Sixth Report, 96 stores are temporarily closed in the province of Québec and the province of Ontario.

II. THE MONITOR'S ACTIVITIES SINCE THE FIFTH REPORT

41. Since the Fifth Report, the Monitor posted a copy of the Fifth Report as well as a copy of the Extension Order on the Monitor's website.
42. The Monitor has continued to assist Groupe Dynamite in its discussions and negotiations with its landlords and suppliers.
43. The Monitor, with the assistance of Groupe Dynamite, has been responding to questions from various stakeholders as to the status of the CCAA Proceedings.
44. The Monitor also maintains an ongoing dialogue with Management regarding Groupe Dynamite's operations.
45. The Monitor has reviewed the receipts and disbursements transacted through Groupe Dynamite's bank accounts, with full co-operation of Management.
46. The Monitor had various communications with the Lending Syndicate's financial advisor about Groupe Dynamite's forecast and restructuring initiatives.

47. Since the Fifth Report, the Monitor, with the assistance of the Debtors, continued to work on a 36-month financial projection model, which includes an income statement, a balance sheet and a statement of cash flows. The work included the analysis of several scenarios accounting for the volatile market conditions created by the Covid-19 pandemic, as well as the advancement of the ongoing negotiations with landlords for the amendment of leases. In fact, since the Fifth Report, stores have gradually reopened in Canada, but with various restrictions and further closures, which creates an additional level of complexity in forecasting in-store sales and consequently, online sales. Still, the Debtors are approaching a state of consensus and alignment on the underlying key assumptions that will support the financial projection. This should allow the Debtors, with the assistance of the Monitor, to make some progress on the analysis of potential scenarios for the elaboration of a plan of arrangement.
48. The Debtors, with the assistance of the Monitor, have continued their discussions with the Lending Syndicate with regards to the exit financing required for the Debtors' emergence from the CCAA Proceedings. In the course of those discussions, it was agreed that the work progress on the 36-month financial projection model would be shared with the Lending Syndicate in the coming weeks, in order to advance the establishment of the exit financing.
49. The Monitor has also worked with the Debtors to develop a process for the identification, review and determination of claims in accordance with the CCAA (the "**Claims Process**"). The Monitor and the Debtors are of the view that the initiation of the Claims Process at this time is appropriate, particularly given the progress in renegotiating the Debtors' lease portfolio and in preparing the Debtors' financial projection model.
50. As explained more fully below, the Monitor has been consulted in connection with the proposed Claims Procedure Order and approves of the features of the Claims Process, as set out therein.

III. ACTUAL RECEIPTS AND DISBURSEMENTS

51. Groupe Dynamite's financial position for the period commencing on February 14, 2021, and ending on April 3, 2021, has been favourable in comparison with the Cash-Flow Statement presented in the Fifth Report.
52. In comparison with the initial projections, total sales have been higher than budgeted, mainly due to brick and mortar sales since stores reopened occurring earlier than budgeted. For their part, E-commerce sales were slightly lower than budgeted. Regarding disbursements, as mentioned in the Fifth Report, Groupe Dynamite has put in place a spend control tower for which strong policies were established in order to control expenses and optimize working capital which explains the favorable variance. While government measures continue to create significant uncertainty and impact sales, Management has remained agile and has succeeded in effectively adapting Groupe Dynamite's operations and in staying aligned with its budget. Groupe Dynamite also continued to receive important amounts from subsidies from the different governmental programs. The highlights of Groupe Dynamite's financial position for this period are presented in the Actual Cash Flow Statement annexed hereto as **Appendix C (under seal)**.
53. As of the date of this Sixth Report, all post-filing expenses incurred by Groupe Dynamite have been or will be paid in the normal course of business out of existing working capital of Groupe Dynamite or through a draw of additional funds from the amount made available as part of the Interim Facility, as described in the previous reports.

IV. OVERVIEW OF THE WEEKLY CASH FLOW PROJECTIONS

54. Groupe Dynamite, with the assistance of the Monitor, has prepared the revised statement of projected cash flow (the "**Revised Cash Flow Statement**") for the weekly period from April 4, 2021, to July 17, 2021 (the "**Cash Flow Period**") for the purpose of projecting Groupe

Dynamite's estimated liquidity needs during the Cash Flow Period. A copy of the Revised Cash Flow Statement is attached as **Appendix D** to this report (**under seal**).

55. The Revised Cash Flow Statement has been prepared by Groupe Dynamite using probable and hypothetical assumptions set out in the notes to the Revised Cash Flow Statement.
56. The Monitor's review of the Revised Cash Flow Statement consisted of inquiries, analytical procedures and discussions related to Information supplied to it by Management. Since the hypothetical assumptions need not be supported, the Monitor's procedures with respect to these assumptions were limited to evaluating whether they were consistent with the purpose of the Revised Cash Flow Statement. The Monitor also reviewed the documents provided by Management in support of the probable assumptions, and the preparation and presentation of the Revised Cash Flow Statement.
57. Based on the Monitor's review and the foregoing qualifications and limitations, nothing has come to its attention that causes it to believe that, in all material respects:
 - i) The hypothetical assumptions are not consistent with the purpose of the Revised Cash Flow Statement;
 - ii) As at the date of this Sixth Report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of Groupe Dynamite or do not provide a reasonable basis for the Revised Cash Flow Statement, given the hypothetical assumptions; or
 - iii) The Revised Cash Flow Statement does not reflect the probable and hypothetical assumptions.
58. Since the Revised Cash Flow Statement is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no opinion as to whether the projections in the Revised Cash Flow Statement will be achieved. The Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report. Neither does the Monitor express any opinion as to the performance of Groupe Dynamite's statutory obligations with regards to projected payments to be made in accordance with the Revised Cash Flow Statement, *inter alia* the payment of wages, the government remittances and the payroll deductions to be made by the Debtors.
59. The Revised Cash Flow Statement has been prepared solely for the purpose described in the Notes thereto, and readers are cautioned that the Revised Cash Flow Statement may not be appropriate for other purposes.
60. As mentioned above, the key assumptions used in the Revised Cash Flow Statement are based on the company's most recent sales and cost trends. The Revised Cash Flow Statement demonstrates that the liquidity level will be sufficient to fund the operations, subject to any limitation to the operations of the Debtors that may result from the possible worsening of the Covid-19 pandemic in the various jurisdictions of North America in the short term.
61. The Revised Cash Flow Statement assumes that the 82 locked-down stores in Ontario will be closed until May 6, 2021 and that the 14 locked-down stores in Québec will be closed until April 18, 2021.

62. In certain cases, Management was able to secure payment terms for purchases from suppliers as a result of the implementation of the CCAA Proceedings. Nonetheless, Management is still anticipating certain "cash on delivery" purchases, payment of deposits to certain supply providers and limited payment terms.
63. As appears from the Revised Cash Flow Statement and subject to its ongoing negotiations with its landlords, Groupe Dynamite intends to continue to pay its trade creditors for services rendered and goods supplied in the normal course of business during these CCAA Proceedings, but also, with the prior approval of the Monitor, for services rendered and goods supplied in the normal course of business before the present CCAA Proceedings with respect to the Critical Suppliers.
64. Management has advised the Monitor that it believes that the forecast reflected in the Revised Cash Flow Statement is reasonable.

V. THE PROPOSED CLAIMS PROCESS

65. Pursuant to the Claims Procedure Application, the Debtors seek the approval of the Claims Process, as contemplated in the proposed Claims Procedure Order (the "**Proposed CPO**"). All capitalized terms used but not otherwise defined in this section of the Sixth Report have the meanings ascribed to them in the Proposed CPO.
66. The Proposed CPO contemplates the establishment of a process that incorporates, *inter alia*, the following features:
 - i) the transmission to Creditors and publication on its website by the Monitor of the essential documents related to the Claims Process as well as the publication of a Newspaper Notice in widely distributed newspapers in Canada and the United States;
 - ii) the fixing of June 7, 2021 as the Claims Bar Date for Creditors to assert all Claims, except Restructuring Claims, which may also be asserted within 30 days of receipt by the applicable Creditor of a notice giving rise to such Restructuring Claim; and
 - iii) the establishment of procedures for the review and determination by the Monitor and the Debtors of all Claims against the Debtors and the Directors and Officers, under which Appeal Applications shall, in principle, be adjudicated as true appeals.
67. The Monitor is of the view that the Claims Process will allow for the effective and efficient review and determination of Claims in a manner that is fair to Creditors and that will facilitate the Restructuring. In particular, the Claims Process will allow the Debtors to assess, in a timely manner, the nature and quantum of all Claims against them and against the Directors and Officers, which will assist in the elaboration of a plan of compromise or arrangement.
68. Consequently, the Monitor supports the approval of the Proposed CPO.

VI. THE AMENDMENT APPLICATION

69. On March 27, 2021, the Debtors served the Amendment Application requesting an amendment to the Amended and Restated Initial Order to address the treatment of pre-filing arrears in Sales Taxes in the CCAA Proceedings.
70. The amendment sought pursuant to the Amendment Application (the "**Proposed Amendment**") contemplates the following modification to subparagraph 22 (b) of the Amended and Restated Initial Order (the "**Sales Tax Provision**"):

[22] ORDERS that the Debtors shall remit, in accordance with legal requirements, or pay: [...]

b) all goods and services, harmonized sales or other applicable sales taxes (collectively "**Sales Taxes**") required to be remitted by the Debtors and in connection with the sale of goods and services by the Debtors, but only where such Sales Taxes are accrued or collected after the date of this Order, ~~or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order.~~

71. The Sales Tax Provision, as currently drafted, provides that the Debtors are required to remit or pay, in accordance with legal requirements:

- i) Sales Taxes accrued or collected after September 8, 2020 ("**Post-filing Sales Taxes**"); and
- ii) Sales Taxes accrued or collected prior to September 8, 2020 but only required to be remitted on or after that date ("**Straddle Period Sales Taxes**").

72. The effect of the Proposed Amendment would be to limit the Sales Taxes that are required to be paid by the Debtors over the Course of the CCAA Proceedings, in accordance with legal requirements, to Post-filing Sales Taxes.

73. The Amendment Application was filed following various requests directed to the Monitor by the Ministry of Justice and Attorney General (British Columbia) (the "**BC Tax Authority**") in connection with a claim asserted by it for the immediate payment of certain arrears in Sales Taxes that were accrued or collected by Groupe Dynamite between March 2020 and September 8, 2020 (the "**BC Tax Claim**").

74. The amounts of British Columbia Sales Taxes ("**BC Sales Taxes**") accrued or collected by Groupe Dynamite from March 1st to October 3, 2020, are as follows:

Start of period	End of period	Description of period	Remittance date (without applying Stabilization Act)	Amount of BC Sales Taxes collected (\$)
March 1, 2020	April 4, 2020	March 2020	April 20, 2020	110,467.97
April 5, 2020	May 2, 2020	April 2020	May 20, 2020	64,278.98
May 3, 2020	May 30, 2020	May 2020	June 20, 2020	133,590.60
May 31, 2020	July 4, 2020	June 2020	July 20, 2020	230,329.97
July 3, 2020	August 1, 2020	July 2020	August 20, 2020	185,588.13
August 2, 2020	August 29, 2020	August 2020	Sept. 20, 2020	187,906.20
August 30, 2020	October 3, 2020	Sept. 2020	October 20, 2020	271,153.89
			Total:	1,183,315.74

75. Group Dynamite has remitted \$189,771.62 of BC Sales Taxes as Post-filing Sales Taxes and has yet to remit \$993,544.12 of pre-filing BC Sales Taxes.

76. Other details regarding the Sales Taxes owed by the Debtors to the BC Tax Authority as well as the circumstances surrounding the assertion of the BC Tax Claim and the subsequent exchanges between the Debtors, the Monitor and the BC Tax Authority are set out in the Amendment Application and the exhibits thereto.

77. The Monitor highlights, however, that the BC Tax Claim is claimed as Straddle Period Sales Taxes and that all Post-filing Sales Taxes owed to the BC Tax Authority have been paid by the Debtors. Furthermore, the extent of the BC Tax Claim can be attributed to the adoption by the Government of British Columbia of the *Economic Stabilization (COVID-19) Act* (the

"**Stabilization Act**"), which granted, among other relief measures, a deferral of remittance deadlines for all BC Sales Taxes collected between March 24, 2020 and September 29, 2020 until September 30, 2020.

78. Having considered the matter, in consultation with the Debtors and its legal advisors, the Monitor is of the view that authorizing the Proposed Amendment would be appropriate in the particular circumstances of this case for reasons that include the following:

- i) the BC Tax Claim is in substance a pre-filing, provable claim as it relates to liabilities for Sales Taxes to which the Debtors were subject on the date the CCAA Proceedings were commenced;
- ii) the BC Tax Claim includes 6 months of arrears in Sales Taxes remittances which have accumulated as a consequence of the financial pressure on the Debtors caused by the COVID-19 pandemic and the adoption of the Stabilization Act;
- iii) claims for arrears in Sales Taxes generally rank as unsecured claims under the CCAA and rendering the BC Tax Claim immediately payable would serve to confer a priority to the BC Tax Authority for a significant sum;
- iv) the BC Tax Authority would, absent the Proposed Amendment, receive immediate payment of this significant pre-filing debt, while the pre-filing claims of other creditors are stayed, notwithstanding that it provides no post-filing services to the Debtors that further the objectives of the Restructuring.

79. The Monitor is also advised that:

- i) the effects of the Sales Tax Provision were never intended or contemplated by the Debtors at the commencement of the CCAA Proceedings;
- ii) claims for Straddle Period Sales Taxes, including from authorities in Manitoba, Saskatchewan, Québec, Ontario and the Maritime provinces, could collectively amount to approximately \$3.5 million and, if such claims were immediately payable, it could have a material impact on the Debtors' cashflows and their Restructuring objectives;
- iii) the Proposed Amendment is supported by the representative of the Lending Syndicate, the Debtors' senior secured creditor; and
- iv) as of the date of this Sixth Report, no federal or provincial taxation authority, other than the BC Tax Authority, has indicated that it contests the Proposed Amendment.

80. The Monitor notes that the Proposed Amendment would be beneficial to the Debtors' stakeholders generally as it would lead to fairer treatment of the Debtors' creditors and enhance the prospects of the Debtors submitting and implementing a viable plan of compromise or arrangement.

81. Consequently, the Monitor supports the relief sought in the Amendment Application.

VII. THE REQUEST FOR AN EXTENSION OF THE STAY PERIOD

82. Pursuant to the Extension Application, the Debtors are seeking an extension of the Stay Period until July 6, 2021, in order to continue the Restructuring Process (as defined in the First Report), which may involve, *inter alia*:

- i) the conclusion of the renegotiation of the Debtors' real estate portfolio;
 - ii) the review of the financing options relating to the exit-financing;
 - iii) the implementation of the Claims Process; and
 - iv) the elaboration of a plan of compromise or arrangement.
83. As described above in this Sixth Report, the Cash Flow Statement indicates that Groupe Dynamite should have sufficient liquidity to continue to meet its obligations with access to the Interim Facility in the ordinary course of business.
84. The Monitor is of the view that Groupe Dynamite has acted, and continues to act, in good faith and with due diligence and that the requested extension of the Stay Period is appropriate.

VIII. THE MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

85. For the reasons set out above, the Monitor supports the relief sought in the Claims Procedure Application, the Amendment Application and the Extension Application, namely:
- i) the approval of the Claims Process contemplated in the Proposed CPO;
 - ii) the authorization of the Proposed Amendment to the Amended and Restated Initial Order; and
 - iii) the extension of the Stay Period to July 6, 2021.
86. As noted above, the Stay Period expires on April 19, 2021 and the Monitor understands that the extension of the Stay Period sought by the Debtors is required to advance the Restructuring Process.
87. The Monitor is of the view that Groupe Dynamite should be granted the continued benefit of the protections afforded by the CCAA in order to continue the pursuit of a successful Restructuring, which would be beneficial to Groupe Dynamite and all of its stakeholders.
88. The Monitor respectfully submits to the Court its Sixth Report.

DATED AT MONTREAL, this 13th day of April 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 B

APPENDIX B**GROUPE DYNAMITE INC****List of Disclaimer Notices**

Suppliers	Disclaimed agreements	Notice date	Description	Comments
1. Infor (US), Inc. (formerly GT Nexus, Inc.)	GT Nexus Master Subscription Agreement dated August 1, 2016 including: - Exhibit A, B and C - Amendment to Subscription Pricing Addendum effective August 1, 2018	November 9, 2020	Supply chain software	<i>Withdrawn</i>
2. Dash Hudson Inc.	Dash Hudson Subscription Services Agreement effective March 15, 2020	November 9, 2020	Visual marketing software	
3. MINI Mont Royal Services Financiers MINI Canada, une division de BMW Canada Inc.	- Contrat de location avec option d'achat dated July 30 2019 for a vehicle bearing identification number WMWXM5C55FT973533 - Contrat de service pour véhicule dated July 30, 2018	November 9, 2020	Car rental contract	
4. McKinsey Recovery & Transformation Services Canada Co.	Consulting Agreement dated January 21, 2019, including the Commercial Term Sheet dated May 22, 2019	November 11, 2020	Consulting services	
5. Salesforce.com Canada Corporation	Contracts number 02171535 and 02158864 for quotes number Q-03850744, Q-02726487, Q-03292648, Q-02695402 and 02158864.	February 9, 2021	Customer relationship management platform	
6. Oracle America, Inc.	Ordering document re: CrowdTwist Platform for the period from August 1st, 2020 to July 31, 2023 entered into as of July 24, 2020	March 1, 2021	Omni-channel loyalty and analytics platform	