



Groupe Arboit Inc.

Answers to Creditors' Frequently Asked Questions

On October 28, 2024, the court appointed C.S. Adjami Inc. as receiver to the assets of **Groupe Arboit Inc.** (the "Company").

We have prepared this document, presented in a question-and-answer format, to inform you of the impact of the receivership on the Company's operations and on you personally.

What is a receivership?

1. A receivership is a solution available to secured creditors to recover amounts advanced under a secured loan, in the event of a default by the company. A receiver can also be appointed in a shareholder dispute to carry out/complete a project, liquidate the assets or sell the company.
2. Typically, the process begins with the appointment of a receiver by the court at the request of a secured creditor ("court-appointed receiver"). Only a licensed Insolvency Trustee can act as a receiver.
3. The court-appointed receiver is an officer of the court and acts on behalf of all creditors. The powers and rights of the court-appointed receiver are stipulated in the order of the court that appointed the receiver.
4. A Receiver may be appointed, among other things, to operate and manage a business until it is sold on a going concern basis or to take possession and sell or liquidate assets to pay off secured debts.
5. A Receivership does not prevent bankruptcy and vice-versa, they can occur at the same time, or a receivership can occur without a company being bankrupt.
6. The receiver is responsible for the sale of certain assets and, after deduction of its fees and disbursements, the distribution of the proceeds of the sale to creditors is made based on the order of collocation. In situations where the proceeds from the sale of assets are not sufficient to fully repay the debts of secured creditors, no realization will be available for distribution to unsecured creditors.

What are the implications of a receivership?

The Company's assets are now under the management of **C.S. Adjami Inc.** (the "Receiver"). The Company can no longer dispose of its assets without the approval of the Receiver. The Receiver now has management powers over the operations of the Company.

The court order provides, amongst other things, that:

- the Receiver is authorized to take possession of the property of the Debtor and to exercise the powers over the property instead of the Company;
- all legal proceedings against the Corporation are stayed and prevent anyone from taking legal action for unpaid debts (i.e., all accounts payable are suspended as of the date of the order);
- the Receiver shall have all necessary powers to allow access to all the books and records of the Company, as well as to any document, contract, register, of any nature whatsoever, relating to the operations of the Company, wherever they are located and regardless of the medium (format);
- the Receiver may continue or cease, in whole or in part, the operations of the Debtor;
- the Receiver shall have all necessary powers to effect the sale or disposition of the Property in the ordinary course of the Company's business;
- the Receiver shall have all necessary powers to interest or solicit a prospective purchaser or purchaser of the Debtor's Property or business (outside the normal course of business);
- contracts, leases and other agreements involving the Debtor may not be cancelled or terminated by any suppliers, lessors or any other party.

Does the Company cease operations at the time of appointment?

No, the Company will continue to operate, but under the supervision and control of the Receiver. The Receiver, with the assistance of the CRO (Solstice) will, following his appointment, quickly assess the degree of operations to be pursued, which will depend on several factors (liquidity, transaction risks, etc.)

What will be the role of Solstice (Mr. Claude Rouleau) following the appointment of the Receiver?

Mr. Rouleau's mandate will be maintained following the appointment of the Receiver. The role of Mr. Rouleau and his team will be to support the Receiver in its actions and decisions relating to the continuity of operations, given his knowledge of the Company's staff, principal creditors and operating activities.

What will happen to the balances due to suppliers?

All amounts owed to creditors as of the date of the order (October 28, 2024) are suspended and will not be paid until the Company's property is sold. In the meantime, we will keep them informed of the situation.

How will payments be made following the appointment of the Receiver?

Following the appointment of the Receiver, the Receiver will take control of the disbursements, and any payments will only be processed following the approval of the Receiver.

How will orders for goods and services be made following the appointment of the Receiver?

The Receiver shall approve (in writing) any order for goods and services issued by the Company. The Receiver, in consultation with the Company's employees, will assess the flow of productive activities and orders from suppliers (as well as the orders and supplies required).

And the receipts of goods having been ordered before the appointment?

Any receipt of goods must be approved by the Receiver or his representative. No receipt will be valid unless approved by the Receiver. The Receiver shall assume no responsibility or cost related to the non-acceptance of goods.

Can suppliers, equipment lessors or lessors withdraw goods or other assets from the premises occupied by the Company?

No. Under no circumstances shall suppliers, lessors of equipment, any creditor or other party have the right to withdraw inventory, equipment or other assets from the Company's premises during this process. Both employees and representatives must verbally refuse such efforts and immediately notify the following person if such an attempt occurs:

- Carl Adjami: cadjami@csadjami.ca – 514-341-5511 ext. 395

If efforts to remove the property continue, police will be called to the scene.

Other questions?

All supplier and media inquiries should be directed to Carl Adjami (cadjami@csadjami.ca – 514-341-5511 ext. 395).

You can also find additional information on the CS Adjami Inc. website in www.psbboisjoli.ca/dossiers-dinsolvabilite-courants