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CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

S U P E R I O R C O U R T
Commercial Division
*Designated tribunal under the Companies'
Creditors Arrangement Act¹*

No.: 500-11-066133-253

IN THE MATTER OF THE PROPOSED
PLAN OF COMPROMISE OR
ARRANGEMENT OF:
ATALLAH GROUP INC., ATALLAH
INTERNATIONAL INC., 9416-7145
QUÉBEC INC., ATALLAH GROUP US INC.,
ATALLAH GROUP LIMITED and ATALLAH
GROUP EU SRL

REPORT OF THE PROPOSED MONITOR – September 12, 2025

INTRODUCTION AND BACKGROUND

1. On August 29, 2025 the Superior Court of Québec (the "Court") rendered an interim order ("Interim Order") with respect to ATALLAH GROUP INC., ATALLAH INTERNATIONAL INC., 9416-7145 QUÉBEC INC., ATALLAH GROUP US INC., ATALLAH GROUP LIMITED, and ATALLAH GROUP EU SRL, (collectively, the "Debtors") that, amongst other things, provided a stay of proceedings with respect to the Debtors. On September 5, 2025 the Court rendered an amended and restated interim order ("Amended and Restated Interim Order") that amongst other things, provided for a limited interim lender charge with respect to advances to be made to the Debtors to fund payment of certain specific disbursements and appointed Ernst & Young Inc. ("EY") as Interim Monitor. On September 8, 2025 the Court rendered a second amended and restated interim order ("Second Amended and Restated Interim Order") that amongst other things, provided for an increased limited interim lender charge with respect to advances to be made to the Debtors to fund payment of certain specific disbursements.
2. The Debtors have brought a motion before the Court seeking an order under the *Companies' Creditors Arrangement Act*¹ ("CCAA") ("Initial Order") containing a stay of proceedings in respect of the Debtors, the appointment of Ernst & Young Inc., a licensed insolvency trustee, as monitor ("EY" or the "Proposed Monitor") and various other relief measures.

¹ *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

3. The present report ("Report") is intended to provide the Court with information relevant to the Debtors' application for an Initial Order, an amended and restated initial order and a SISP order under the CCAA ("Motion"), based on the information that has been made available to the Proposed Monitor. The Report is presented under the following headings:
 - Introduction and Background;
 - Appointment of Proposed Monitor;
 - Terms of Reference and Disclaimer;
 - Financial Position of the Debtors;
 - Cash Flow Forecast;
 - Interim Financing;
 - Sale and Invest Solicitation Process;
 - Key Employee Retention Plan;
 - Financial Thresholds Contemplated;
 - Upcoming Restructuring Measures; and
 - Overall Comments and Conclusions.
4. The Debtors operate under the trade name "Ssense" from their headquarters located in Montreal (Canada) through a global retail technology platform which features a mix of established and emerging luxury brands.
5. Ssense was founded in 2003 by Rami, Firas and Bassel Atallah, three brothers residing in Montreal.
6. Ssense experienced significant business growth between 2003 and 2021, which was followed by a material decline since 2022. It now employs approximately 1,160 individuals across multiple offices, a fulfillment center and a retail location. Most of these employees are located in Montreal.
7. In 2021, following the COVID-19 pandemic, the e-commerce sector reached a historical peak in activity, leading many online retailers to capitalize on the sharp increase in demand. It is in that context that Ssense made inventory purchase decisions and significant investments in organizational and fulfillment capacities.
8. In 2021, Ssense was valued at CA \$5 billion and welcomed a minority investment by Sequoia Capital, a prominent venture capital firm.
9. However, between the years of 2023 and 2025, consumer spending habits began to change and decline and Ssense began to face macroeconomic challenges. Ssense's sales deteriorated during this period thereby leaving Ssense with a significant amount of unsold and aging inventory and an infrastructure that quickly became too heavy and/or costly to maintain given prevailing market conditions.
10. In response to this decline in sales, Ssense took the following measures to protect its financial position and preserve liquidity:

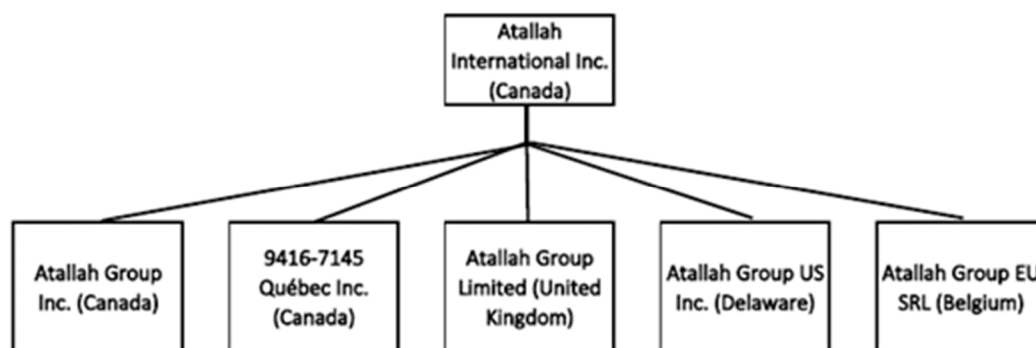
- 10.1. limiting its brand portfolio by reducing the purchasing of brands with a lower gross margin contribution and channeling its investments on the best-selling, higher margin brands;
 - 10.2. liquidating of the COVID-era overaged inventory at higher markdowns;
 - 10.3. implementing cost-saving initiatives related to shipping and logistics;
 - 10.4. lowering and optimizing advertising expenses through proprietary algorithms;
 - 10.5. reducing headcount, closing the evening shifts and increasing the use of cross-functional shifts to enhance operational efficiencies and to lower direct payroll costs;
 - 10.6. implementing compensation adjustments, including temporary base salary freezes, limited promotions to exceptional cases and modifications to the parental leave program to reduce indirect payroll costs; and
 - 10.7. reducing general overhead expenses.
- 11.Despite the implementation of the above measures, Ssense's financial situation has remained challenging. Over the course of the past few months, suppliers have increased financial pressure by requiring inventory to be paid for on a C.O.D. basis, thereby limiting Ssense's ability to secure new inventory on a timely basis, which has negatively affected its sales.
- 12.In addition to the above, on July 30, 2025, the United States government announced that it had signed an executive order pursuant to which it would suspend the "de minimis" exemption that previously allowed low-value commercial shipments at or under US \$800 to be shipped to the United States without facing tariffs, thereby directly and ultimately increasing the Debtors' ability to sell and ship inventory in the U.S., considering that:
- 12.1. Approximately 58% of the Debtors' customers were located in the U.S. prior to the change in tariffs (58% U.S., 24% Canada and 18% other countries) and only 40% are located in the U.S. since the change in tariffs (40% U.S. 35% Canada, 25% other countries); and
 - 12.2. the gross average order value for the Debtors' customers during the last 12 months is \$534.
- 13.In order to assist in the review of potential strategic alternatives, the Debtors retained the advisory services of Greenhill & Co. LLC ("Greenhill") in July 2025.
- 14.However, the Debtors' obligations under their Syndicated Credit Facilities matured as of August 24, 2025, and the Lending Syndicate has advised the Debtors that it will not agree

to refinance such credit facilities or to extend such maturity date, thereby furthering the Debtors' need for immediate liquidity.

15. After due consideration of all available alternatives, particularly in light of the recent filing of the Lending Syndicate's CCAA application on August 27, 2025, the Debtors have determined that the filing of their own CCAA application and the commencement of debtor-in-possession restructuring proceedings is necessary in order to obtain the necessary breathing room to stabilize their operations, effect and implement an operational restructuring of their businesses, while pursuing in parallel a Sale and Investor Solicitation Process ("SISP") with a view to solicit a wide variety of offers that will allow the maximization of the value of the Debtors' assets and business, for the benefit of their creditors and other stakeholders by maintaining the possibility of Ssense continuing as a going concern.
16. EY understands that further to intensive discussions and negotiations between the Debtors and the Lending Syndicate, such parties agreed upon a consensual path forward whereby the parties agreed to proceed on the basis of the Debtors' CCAA application.

CORPORATE STRUCTURE

17. The following is a simplified organizational chart of the Debtors:



THE CANADIAN DEBTORS

18. The following are the Canadian Debtors, all of whom are either borrowers or guarantors under the Lending Syndicate Credit Agreement. Their head office is located at 333 Chabanel West St., Suite 600, Montréal (Québec), H2N 2E7.

- 18.1. Atallah Group Inc. ("Group") is a Québec-based company that provides an online fashion marketplace. It is the main operating company of the Debtors and operates under the trade name "Ssense".

- 18.2. Atallah International Inc. ("International") is a holding company based in Québec. It directly owns all issued and outstanding shares of the Applicant entities. International is owned indirectly, by the Atallah family, Ocean Sense Limited and Sequoia Capital.
- 18.3. 9416-7145 Québec inc. ("9416") is a holding company based in Québec and owns all of the issued and outstanding shares in 9471-3021 Québec Inc., 9421-6116 Québec Inc., Atallah Investment USA Inc., and partially owns, directly or indirectly, 9440-7590 Québec Inc. (70%), LA & Dickey Ltd. (14.2%) and Noah Clothing LLC (8.74%).

THE FOREIGN DEBTORS

19. The following are the foreign Debtors, all of whom are also either borrowers or guarantors under the Lending Syndicate Credit Agreement.

- 19.1. Atallah Group US Inc. ("Group US") is a wholly owned subsidiary of International whose operations consist in supporting the Debtors' U.S. based operations. Its registered office is located at 413 W, 14th Street, Ground Floor & Suite 200, New York, NY, 10014, with a mailing address at 100 Crosby Street, suite 306, New York, NY, 10012.
- 19.2. Atallah Group Limited ("Group Ltd.") is a wholly owned subsidiary of International whose operations consisted in managing the Debtors' UK commercial operations, logistics and employees. Its registered office is located at 6th Floor 100 Liverpool Street, London, England, United Kingdom, EC2M 2AT.
- 19.3. Atallah Group EU SRL ("Group EU") is a wholly owned subsidiary of International whose operations consist in providing fulfillment, logistic and regulatory coverage for the EU region. Its registered office is located at Av. Louise 350, 1050 Brussels, Belgium.

THE DEBTORS' BUSINESS AND OPERATIONS

20. The Debtors operate, mainly through Group, a leading global retail online platform known as Ssense, where luxury goods are sold to approximately 1.225 million unique customers worldwide during the past 12 months.

21. A significant majority of Ssense's customer base is composed of Millennial and GenZ users, located mainly in the United States and in Canada, but also in the European Union, the United Kingdom, China and Japan.

22. Unlike a traditional retailer, Ssense has only one physical store location, a flag-ship store situated in Old Montreal. This store accounts for only approximately \$20 million or 1.5% of sales with the balance being generated online.

23. The online sales are generated through various branches:

23.1. A website (<https://www.Ssense.com>);

23.2. A mobile application;

23.3. Editorial content regularly published on its website; and

23.4. On-demand personal shopping services.

24. In 2024, Ssense's revenues were approximately \$1.3 billion dollars and in 2025 revenues were \$1.0 billion dollars, broken down as follows:

REVENUE TYPE	2024		2025	
	\$ MILLIONS	%	\$ MILLIONS	%
Website and mobile sales	1,233	94.6%	993	95.5%
On-demand personal shopping services	50	3.8%	31	3.0%
Retail flagship store sales	20	1.5%	16	1.5%
Total	1,303	100%	1,040	100%

25. All customer orders are fulfilled from a leased fulfillment center, where orders are handled, packaged and shipped. This facility is located at 3665 Blvd. Poirier, Saint-Laurent, (Québec) H4R 3J2 (the "Fulfillment Center"). From this facility Ssense ships orders to customers across one hundred and fifty-nine (159) different countries. The Fulfillment Center was previously leased to The Aldo Group Inc. and then assigned to Ssense in 2019.

26. In November 2020, in order to allow Ssense to maximize its deliveries, Ssense also entered into a leasing agreement with HSBC (now the Royal Bank of Canada), pursuant to which HSBC acquired and leased to Ssense a comprehensive automated system to handle, package and ship orders (the "Automation System").

27. As appears from the above, the Debtors' operating model is considerably different than a traditional brick-and-mortar apparel retailer. Considering the international presence of its customer base, the almost uniquely online presence, the high level of automation, the intricacies of customer procurement and retention through marketing and social media spend and the complex logistics of packing and delivering customer orders, the ongoing

operations of the business are not only dependent on merchandise vendors but also on a sophisticated network of logistics, IT/web services and marketing suppliers.

28. The automation and infrastructure required to support operations is significant considering that as at August 31, 2025 there were approximately 1,113,000 units in inventory comprised of 163,831 unique types of products at the style level and 374,390 unique SKUs at the size level. Prior to these CCAA proceedings Ssense planned to list merchandise from 627 different brands for the Fall/Winter 2025 and Spring/Summer 2026 seasons.

CASH MANAGEMENT SYSTEM

29. The Debtors' business and financial affairs require the maintenance of several bank accounts in Canada, the US, and Europe to facilitate the collections, disbursements and transfer of funds.

30. In the ordinary course of business, the Debtors use a cash management system to accumulate funds and pay expenses associated with its operations (the "Cash Management System"), and to be able to efficiently and accurately track and control corporate funds and to ensure cash availability.

31. The Debtors' payroll is made by direct deposits into the Debtors' employees' respective accounts on the date when payroll is made, through ADP Workforce Now in Canada and the US, and ADP Celergo in the UK.

32. Any significant change to the current system would be seriously disruptive to normal operations, and therefore, we understand that the Debtors intend to maintain the Cash Management System throughout the course of these CCAA Proceedings.

THE DEBTORS' EMPLOYEES

33. As at the date of this report, the Debtors employ a total of approximately 1,161 non-unionized employees, of whom 1,020 are full-time employees and 141 are part-time employees.

34. The following summarizes the geographic location of Ssense's employees:

LOCATION	NUMBER OF EMPLOYEES
Montréal head office	541
Montréal fulfillment center	546
Montréal flagship store	45
New York office	14
UK office	15
Total:	<u>1,161</u>

35. The Debtors remain current in the payment of the salaries of its employees. However, vacation accruals amount to approximately \$3.2 million.

THE DEBTORS' ASSETS AND LIABILITIES

36. Should the Interim Monitor (and Proposed Monitor) be appointed Monitor, a detailed report will be filed in advance of the Comeback Hearing. In the interim, the following is a preliminary analysis of certain financial information relating to the Debtors.

37. As per the internal unaudited financial statement of the Debtors as at July 31, 2025, the Debtors had, on a consolidated basis, total assets with a book value of \$387.3 million, summarized as follows:

ASSETS	BOOK VALUE
Current Assets	
Cash	\$ 14,498,004
Accounts receivable	\$ 6,294,176
Inventory	\$ 246,140,024
Prepaid expenses and other current assets	\$ 6,751,168
<i>Total current assets</i>	<u>\$ 273,683,372</u>
Non-Current Assets	
Other non-current assets	\$ 1,695,575
Property, plant and equipment	\$ 13,190,998
Right-of-use assets	\$ 76,720,473
Intangible assets	\$ 21,987,130
<i>Total non-current assets</i>	<u>\$ 113,594,176</u>
Total Assets:	<u><u>\$ 387,277,548</u></u>

38. As per the internal unaudited financial statement of the Debtors as at July 31, 2025, the Debtors had, on a consolidated basis, total liabilities with a book value of \$499.0 million, summarized as follows:

LIABILITIES	BOOK VALUE
Syndicated Credit Facility - Revolving	\$ 112,428,953
Syndicated Credit Facility - Term	\$ 31,987,378
Lease Obligations	\$ 94,259,940
Related Party Loan	\$ 75,000,000
IQ Loan	\$ 20,036,560
Accounts payable and accrued liabilities	\$ 158,220,492
Deferred revenue	\$ 3,110,548
Income taxes payable (receivable)	\$ 3,914,012
Total:	<u>\$ 498,957,883</u>

39. Bank of Montreal ("BMO") is the agent of syndicate of banks that provided various credit facilities (the "Syndicated Credit Facilities"). Group, International and Group EU, are borrowers and Group US, Group Ltd and 9416, are guarantors of such facilities.

40. In accordance with the applicable credit and security documents, the payment and performance of the obligations of the borrowers and guarantors thereunder are secured by, among other things:

- 40.1. a first-ranking security interest and hypothec on substantially all property of the Debtors (other than the IQ Equipment as defined below);
- 40.2. a second-ranking security interest and hypothec on the IQ Equipment (as defined below).

41. The Investissement Québec ("IQ") loan agreement was entered into on January 26, 2022, by Group and International, as borrowers, pursuant to which a term loan in the maximum principal amount of \$21.3 million (the "IQ Loan") was made available to the aforementioned borrowers to finance automation equipment and related leasehold improvements at the Fulfillment Center (the "Project"), which Project included the automation of the Fulfillment Center.

42. In accordance with the applicable credit and security documents, the obligations of Group and International under and in connection with the IQ Loan are secured by:

- 42.1. a first-ranking hypothec on certain equipment acquired in the context of the Project (the "IQ Equipment"); and
- 42.2. a second-ranking hypothec on substantially all other property of Group and International.

43. Royal Bank of Canada (previously HSBC Bank of Canada) entered into various lending agreements with Group commencing in 2020 in relation to the leasing of equipment to be acquired, namely from Dematic (i.e. the Automation System), and to be delivered and installed at the Fulfillment Center (i.e. the Automation System).
44. The obligations of Group under and in connection with the Related Party Loan Agreement are secured by:
- 44.1. a third ranking hypothec on substantially all property of Group and International (ranking after the security of BMO and IQ);
 - 44.2. a second ranking hypothec on substantially all property of 9416 (ranking after the security of BMO); and
 - 44.3. a second ranking security interest on substantially all property of Group US (ranking after the security of BMO).
45. If appointed, the Monitor will ask its legal counsel, Fasken Martineau DuMoulin LLP ("Fasken"), to conduct an independent review of the security granted to the various secured creditors over the Debtors' assets. For the purposes hereof, the Proposed Monitor has based its report on the assumption that security as described above is valid and enforceable.

THE DEBTORS' PRE-FILING COST REDUCTION INITIATIVES AND LIQUIDITY ENHANCEMENT MEASURES

46. Over the course of the past few years, the Debtors implemented a series of cost-cutting measures and liquidity-enhancing initiatives in order to address difficult market conditions and their financial situation. These efforts included:
- 46.1. Modification of Purchasing Strategy: Limiting the brand portfolio to reduce the purchasing of brands with a lower gross margin contribution and channeling investments on the best-selling, higher-margin brands;
 - 46.2. Liquidation of Aged Inventory: Liquidating the accumulated and overaged inventory from the COVID period through elevated markdown strategies, allowing the company to focus on fresh and high-margin inventory;
 - 46.3. Shipping Savings: Implementing cost-saving initiatives related to shipping, including a recent request-for-proposal implementation, which is expected to yield full-cost savings in the upcoming year;
 - 46.4. Optimization of Workforce: Lowering the indirect payroll costs by \$36 million in fiscal year 2025 by implementing several rounds of restructuring and headcount reductions;

- 46.5. Reduction of Overhead: Reducing general overhead expenses by \$4 million in fiscal year 2025, including maintenance, insurance, office transportation costs and discretionary spending across several operating expense line items (e.g. content editorial, travel, meals and entertainment); and
 - 46.6. Reduction of IT Expenses: Reducing IT expenses by \$3.9 million in fiscal year 2026, through the assessment of software usage and the termination of certain contracts, vendor negotiations and extensive review of cross-department opportunities.
47. Ultimately, despite the implementation of the cost reduction measures and the liquidity enhancement measures described above, the Debtors continue to face liquidity issues.

APPOINTMENT OF MONITOR

48. EY has been informed that the Debtors are seeking its appointment as monitor in the context of proceedings under the CCAA.
49. EY points out that while it fulfills the requirements of section 11.7(1) of the CCAA, it is subject to one of the restrictions set out in section 11.7(2) of the CCAA, in that Ernst & Young LLP, an affiliate of EY, has been acting as auditor of various companies within the Group. Ernst & Young LLP will resign from the audit engagement if it is appointed monitor in the proceedings under the CCAA. International and Group have been informed of this possibility and have accepted that EY act as monitor in this circumstance. EY and Ernst & Young LLP have put in place an ethical wall to prevent the inadvertent communication of information between the personnel involved with the audit engagement and the personnel involved in the proceedings under the CCAA.
50. In view of the restrictions set out in section 11.7(2) of the CCAA, the appointment of EY notwithstanding the prior existing relationship, must be specifically authorized by the Court.
51. With respect to this authorization, EY hereby confirms the following:
- 51.1. EY has one of the few teams in Montreal capable of carrying and managing large-scale cross-border restructuring files. Furthermore, Mr. Rosenthal, through his involvement, has earned the trust of the Debtors' management and advisors which is an essential element in the development and implementation of an operational restructuring plan.
 - 51.2. Given the timeline dictated by the circumstances, EY is the only team capable of putting in place the appropriate measures to satisfy the requirements of the secured creditors while having the confidence and support of management, all of which is necessary in order to avoid the outright liquidation of the Debtors

and provide an opportunity to restructure the business and maintain approximately 900 jobs, most of which are in Montreal.

- 51.3. EY has significant expertise in formal and informal restructuring of companies in the retail, consumer products and supply chain/ distribution sectors as well as in advising clients regarding information technology systems, IT infrastructure and web-based services.
 - 51.4. The EY partners who will oversee the execution of this mandate are Martin P. Rosenthal CPA, CIRP, LIT and Behnaz Saboonchi MSc., PhD. A copy of their biographies is attached as Appendix "A". Mr. Rosenthal has led CCAA files in 18 Court supervised CCAA processes. A list of certain of these files is also presented in Appendix "A". These mandates include numerous restructurings in multiple jurisdictions and with sizeable international operations and complex capital structures. Ms. Saboonchi has a master's degree in industrial engineering with a focus on Supply Chain and a PhD in Data Sciences with a focus on Optimization. She leads EY's Corporate Strategy Practice in Eastern Canada. In addition to these mandates, Mr. Rosenthal and Ms. Saboonchi have led numerous Strategic Operational Restructuring engagements for clients operating in these sectors.
 - 51.5. EY has put in place and will maintain an ethical wall to prevent the inadvertent communication of information between the audit team and the personnel assigned to the restructuring engagement;
 - 51.6. EY is not aware of any actual conflict of interest or loss of independence arising from the previous relationship between the Debtors and Ernst & Young LLP as auditor.
 - 51.7. EY has consented to act as monitor in these proceedings, if the Court chooses to appoint it as monitor.
52. Fasken has been retained to act as the Proposed Monitor's independent counsel in these CCAA proceedings if the Court chooses to appoint EY as monitor and is already acting as counsel to EY in its capacity of Interim Monitor.

TERMS OF REFERENCE AND DISCLAIMER

53. In preparing this Report and making the comments herein, the Proposed Monitor has been provided with and has relied upon certain unaudited, draft and/or internal financial information, company records, management prepared financial information and projections, information from other third-party sources, and has engaged in discussions with the Debtors' directors, senior management team ("Management") and the Debtors' legal advisors (collectively, the "Information"). Except as described in this Report:

- 53.1. The Proposed Monitor has assumed the integrity and truthfulness of the Information and explanations provided to it, within the context in which it was presented. To date, nothing has come to the attention of the Proposed Monitor that would cause it to question the reasonableness of this assumption.
 - 53.2. The Proposed Monitor has requested that Management bring to its attention any significant matters which were not addressed in the course of its specific inquiries. Accordingly, this Report is based solely on the Information (financial or otherwise) provided by the Debtors.
 - 53.3. The Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. The Proposed Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with generally accepted assurance standards or generally accepted standards for review engagements and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance in respect of the Information.
 - 53.4. In view of the purpose of the Report, some of the financial information therein may not comply with generally accepted accounting principles.
 - 53.5. Some of the information referred to in this Report consists of forecasts and projections that were prepared based on Management's current estimates and assumptions. Such estimates and assumptions are, by their nature, not ascertainable and as a consequence, no assurance can be provided regarding any such forecasted or projected results. Actual results will vary from the forecasts or projections, even if the estimates and assumptions are accurate, and the variations could be significant.
54. This Report has been prepared by the Proposed Monitor in order to provide additional information to the Court in connection with the Debtors' motion for the issuance of the Initial Order and the current status of the Debtors' financial affairs and prospects. This Report may not be appropriate for any other purpose and consequently should not be used for any other purpose.
55. Unless otherwise stated all monetary amounts contained herein are expressed in CDN dollars.

CASH FLOW FORECAST

56. The Debtors have prepared a statement of projected cash flow (the "Cash Flow Forecast"), on a weekly basis, for the 13 weeks ending December 5, 2025. The Cash Flow Forecast is accompanied by the representations of the Debtors as prescribed, and

by notes outlining the significant assumptions made in preparing the Cash Flow Forecast. The Cash Flow Forecast, the representations of the Debtors and the notes outlining the assumptions are attached to this Report as Appendix "B".

57. The Cash Flow Forecast is presented on a consolidated basis for all of the Debtors. The Cash Flow Forecast, including the notes attached thereto for the 13-weeks ending December 5, 2025 has been prepared by the Debtors for the purpose described in the notes accompanying the Cash Flow Forecast, using probable and hypothetical assumptions set out in the said notes.
58. The Proposed Monitor's review consisted of inquiries, analytical procedures and discussion related to information supplied by the Debtors. Since hypothetical assumptions need not be supported, the procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposed Monitor also reviewed the support provided by Management for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.
59. Based on this review, nothing has come to the Proposed Monitor's attention that causes it to believe that, in all material respects:
 - 59.1. the hypothetical assumptions are not consistent with the purpose of the projection;
 - 59.2. as at the date of this Report, the probable assumptions developed by the Debtors are not suitably supported and consistent with the plans of the Debtors or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
 - 59.3. the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
60. Since the Cash Flow Forecast 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.
61. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved. The Cash Flow Forecast has been prepared solely for the purpose described in the notes accompanying the Cash Flow Forecast, and readers are cautioned that it may not be appropriate for other purposes.
62. While the Proposed Monitor does not express reservations regarding the cash flow statement as prepared by the Debtors, some components thereof are noteworthy and are addressed below.

TRADE ACCOUNTS PAYABLE AND OTHER

63. The Cash Flow Forecast contemplates continued payments to some of the suppliers for pre-filing amounts due. As well, the Cash Flow Forecast contemplates the continued payment of suppliers which may have a right of retention or a lien, such as freight companies. These payments are not considered significant.
64. In accordance with the draft Initial Order the Cash Flow Forecast reflects the payment of certain amounts, whether incurred prior to or after the issuance of the Initial Order, related to the following:
- 64.1. all outstanding and future wages, salaries, expenses, benefits and vacation pay payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
 - 64.2. any outstanding amounts due to critical suppliers necessary to the continuing of the Business;
 - 64.3. the fees and disbursements of any advisor or counsel retained or employed by the Debtors in connection with these proceedings, at their standard rates and charges;
 - 64.4. any statutory deemed trust amounts in favour of the Crown (as defined in the Initial Order) in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Québec Pension Plan, and (iv) income taxes; and
 - 64.5. 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, including the following Sales Taxes accrued or collected prior to the date of the Initial Order:
 - 64.5.1. US sales taxes: \$4,471,000
 - 64.5.2. UK sales taxes: \$563,000; and
 - 64.5.3. Other sales taxes (China, Korea, Japan, Australia): \$700,000.
65. In accordance with the draft Initial Order the Cash Flow Forecast reflects the payment of certain amounts, whether incurred prior to or after the issuance of the Initial Order, related to the following

66. The Cash Flow Forecast also reflects the payment of employee salary and vacation in the normal course of business.

PROJECTED RECEIPTS AND DISBURSEMENTS

67. The Cash Flow Forecast suggests that the Debtors do not have sufficient liquidity to operate and will need to borrow a substantial amount to keep the operations going, pay deposits to essential logistics and IT/web service vendors, pay salaries and current expenses, and obtain merchandise for the upcoming Fall and Winter season. In this respect, the Debtors propose to borrow money through interim financing (colloquially referred to as “DIP” Financing) to provide the necessary funds.

INTERIM FINANCING

68. The statement of projected cash flow prepared by Management suggests that the Debtors will need to borrow funds imminently in the course of the proceedings under the CCAA with \$40 million required immediately and for which approval is sought in the Motion.
69. The Atallah family had advised that it was prepared to provide the entire amount of the interim financing. However, after discussions and negotiations with BMO, it was decided by the parties that BMO would provide the first tranche of \$15 million of the interim financing (the “Lenders Interim Facility”) and would seek a Court ordered priority charge and that the Atallah family would provide a second tranche of \$25 million (the “Founders Interim Facility”) and would seek a priority charge with a priority ranking described later in this report (collectively the “Interim Facilities”).
70. The Interim Facilities are each a single draw credit facility, which is expected to meet the needs of the Debtors in the short to medium term. In substance, the interim financing offer provides for the following:
- 70.1. The Debtors need to report to the interim lenders their performance as compared with the Cash Flow Forecast.
 - 70.2. The Lenders Interim Facility is intended to be secured by a charge (the “Lenders Interim Facility Charge”) over all assets and undertakings of the Debtors, ranking in priority to the existing security, but subordinated to the Administration Charge ranking in first priority, the Charge Int rimaire des Pr teurs (as defined in the Second Amended and Restated Interim Order) ranking in second priority, the D&O Charge ranking in third, the KERP Charge ranking in fourth priority (as these terms are defined below).

- 70.3. As for the Founders Interim Facility, it is intended to be secured by a charge over all assets and undertakings of the Debtors, ranking in priority to existing security, but subordinated to the Administration Charge ranking in first priority, the Charge Intérimaire des Prêteurs (as defined in the Second Amended and Restated Interim Order) ranking in second priority, the D&O Charge ranking in third, the KERP Charge ranking in fourth priority, the Lenders Interim Facility Charge and will also rank behind an amount of \$80 million relating to the Syndicated Credit Facility.
- 70.4. The Interim Facilities are subject to an interest rate of Prime plus 8% per annum which is payable monthly in the case of the Lenders Interim Facility and accrued (daily and compound monthly in arrears) and unpaid in the case of the Founders Interim Facility.
- 70.5. The Lenders Interim Facility is subject to a commitment fee of 1.5%, for a total of \$225,000, to be paid concurrently with the initial advance. There is no commitment fee for the Founders Interim Facility.
- 70.6. Barring an event of default, both interim financing facilities are expected to be repaid by December 2025.
71. Based on its reviews and discussions with Management and its review of recent interim financing transactions, the Proposed Monitor believes that:
- 71.1. The estimates made regarding the financing needs are reasonable in the circumstances;
- 71.2. The pricing and terms appear reasonable in the circumstances; and
- 71.3. The Proposed Monitor has no reason to question the good faith character of the search for a potential interim lender and the negotiations between the Debtors and BMO and the Atallah family as the proposed interim lenders.

SALE AND INVESTMENT SOLICITATION PROCESS

72. As indicated above and in the Motion, the Debtors intends to conduct and implement a SISP with a view of maximizing of the value of the Debtors' assets and business, for the benefit of their creditors and other stakeholders by maintaining the possibility of Ssense continuing as a going concern.
73. The purpose of the SISP will be to solicit a wide variety of offers, including but not limited to refinancing offers, recapitalization offers, acquisition offers and liquidation offers.
74. The SISP is intended to solicit interest in, and opportunities for:

- 74.1. one or more sales or partial sales of all, substantially all, or certain portions of the Business; and/or
- 74.2. for an investment in, restructuring, recapitalization, refinancing or other form of reorganization of the Debtors or their Business.
75. The proposed SISP shall be conducted by the Monitor and in consultation with the Debtors and Deloitte Restructuring Inc. ("Deloitte") in its capacity of financial advisor for the lending syndicate.
76. The Monitor, with the support of its corporate finance team, has experience in conducting sale processes in the context of insolvency proceedings, with significant contacts internationally.
77. The SISP is to be conducted in accordance with the procedures set out in the annex appended to the draft SISP Order (as defined in the Motion) (the "SISP Procedures"). A summary of the key milestones is provided below:

<u>Event</u>	<u>Date</u>
PHASE 1	
<u>Solicitation Letter</u> Monitor to distribute Solicitation letter to potentially interested parties	By no later than September 19, 2025
<u>CIM and VDR</u> Debtors with the assistance of the Monitor to prepare and have available for parties having executed the NDA (Potential Bidders) the CIM and VDR	By no later than September 22, 2025
<u>Phase 1 Qualified Bidders & Bid Deadline</u> Phase 1 Bid Deadline (for delivery of non-binding LOIs by Phase 1 Qualified Bidders in accordance with the SISP Procedures)	By no later than October 13, 2025, at 5:00 p.m. (prevailing Eastern Time)
<u>Phase 1 Satisfactory Bid</u> Monitor to notify each Phase 1 Qualified Bidder in writing as to whether its bid constituted a Phase 1 Satisfactory Bid.	By no later than October 17, 2025, at 5:00 p.m. (prevailing Eastern Time)
PHASE 2 (if Phase 1 Satisfactory Bid are received, which warrants to the continuation of the SISP onto Phase 2)	

<u>Event</u>	<u>Date</u>
<u>Phase 2 Bid Deadline & Qualified Bidders</u> Phase 2 Bid Deadline (for delivery of definitive offers by Phase 2 Qualified Bidders in accordance with the SISP Procedures)	By no later than November 21, 2025, at 5:00 p.m. (prevailing Eastern Time)
<u>Auction(s)</u> Auction(s) (if required in accordance with the SISP Procedures)	Week of November 24, 2025
<u>Selection of final Successful Bid(s)</u> Deadline for selection of final Successful Bid(s)	By no later than December 2, 2025, at 5:00 p.m. (prevailing Eastern Time)
<u>Definitive Documentation</u> Completion of definitive documentation in respect of Successful Bid(s)	By no later than December 4, 2025, at 5:00 p.m. (prevailing Eastern Time)
<u>Approval Application – Successful Bid(s)</u> Filing of Approval Application in respect of Successful Bid(s)	Week of December 8, 2025
<u>Closing – Successful Bid(s)</u> Anticipated deadline for closing of Successful Bid(s)	Week of December 15, 2025 or such earlier date as is achievable
<u>Outside Date – Closing</u> Outside Date by which the Successful bid must close	December 23, 2025

78. Although the timeframe may be compressed, conducting the SISP in line with the SISP Procedures will ensure a fair, efficient, and transparent process. This approach will facilitate the maximization of the Debtors' asset value and, if feasible, the continuation of its business operations as a going concern, ultimately benefiting its creditors and other stakeholders.

KEY EMPLOYEE RETENTION PLAN

79. The Debtors have identified certain key employees (collectively, the "Key Employees") who will be critical in the conduct of these CCAA proceedings and the implementation of

the restructuring efforts to be undertaken in the context thereof, including the conduct of the SISP.

80. Retaining these Key Employees during the CCAA proceedings will provide critical stability in these otherwise uncertain times for the Debtors. It is anticipated that this stability will enable the Debtors to maintain orderly operations and existing customer relations, as well as maximize enterprise value throughout the course of these CCAA proceedings.

81. Accordingly, in order to facilitate the above, and to maximize the Debtors' business' value, the Debtors have developed a key employee retention plan (the "KERP") in order to ensure that the Key Employees are retained throughout the CCAA proceedings. A summary table setting out the material terms of the KERP is communicated with the Motion, under seal.

82. The KERP will provide incentives for Key Employees to continue to remain employed by the Debtors in the unusual circumstances that face these employees. Indeed, these Key Employees will be asked to continue to work with the objective of implementing a restructuring plan for the Debtors, even if their continued employment is uncertain, as such restructuring plan may involve one or more sale transactions of some or all the Debtors' assets.

83. KERP to be structured as follows:

83.1. 30% of KERP amount to be provided up front with various clawback provisions in place; and

83.2. 70% of KERP amount to be provided at the closing of the restructuring transaction

84. In order to secure the payment which may become owing to the above-mentioned Key Employees in accordance with the KERP, the Debtors have sought in Motion, the approval of the KERP and the establishment of a KERP charge in the amount of \$2,500,000 so as to secure its obligations towards the Key Employees under the KERP.

85. The Proposed Monitor recognizes that the Key Employees included in the KERP are vital to the restructuring process due to their professional expertise and specialized experience related to the Debtors' activities and operations.

86. The Debtors believe that:

86.1. The Key Employees are critical in the conduct of these proceedings and their departure would have a negative impact on the operations and the SISP.

86.2. Considering the Debtors' restructuring proceedings, these employees could be solicited by others.

87. The Proposed Monitor supports the approval of the KERP and the KERP Charge proposed by the Debtors.

FINANCIAL THRESHOLDS CONTEMPLATED IN THE INITIAL ORDER

88. The draft Initial Order provides for a number of charges and financial thresholds that are described below.

Administration Charge

89. The draft Initial Order provides for an administration charge (the "Administration Charge") for the Proposed Monitor, the Proposed Monitor's counsel (Fasken), the Debtors' legal counsel (Stikeman Elliott LLP), the Lending Syndicate's counsel (Borden Ladner Gervais LLP) and the Lending Syndicate's financial advisor (Deloitte Restructuring Inc.), as security for the professional fees and disbursements incurred both before and after the making of the Initial Order in respect of these proceedings, in addition to the retainers already provided. The administration charge as described in the draft Initial Order provides for an amount of \$850K for the first 10 days and an equivalent amount, without increase, of \$850K thereafter. The Administration Charge threshold has been established based on the various professionals' previous history and experience with large restructurings of similar magnitude and complexity. The Proposed Monitor believes that such a charge is required and reasonable under the circumstances.

Charges established in the Second Amended and Restated Interim Order

90. The Second Amended and Restated Interim Order created the following charges to guarantee certain amounts that were advanced by the Lending Syndicate and the Founder's on an urgent basis, namely:

90.1. A charge of \$4,800,000 to guarantee an advance made by the Lending Syndicate in the amount of \$3,700,000 to fund the Debtors' August 25, 2025 payroll (the "Lenders Interim Charge"); and

90.2. A charge of \$9,712,800 to guarantee an advance made by the Founders in an aggregate amount of \$8,900,000 to pay certain essential suppliers of the Debtors (the "Founders Interim Charge").

91. The Lenders Interim Charge and the Founders' Interim ranked *pari passu* in accordance with the Second Amended and Restated Interim Order and will rank immediately following the Administration Charge pursuant to the proposed draft initial order.

92. It is contemplated that the first advance under the Lenders Interim Facility will be used to reimburse any amounts advanced by the Founders to the Debtors in accordance with

the Second Amended and Restated Interim Order, such that upon reimbursement of such amounts, the Founders' Interim Charge should ultimately be discharged.

D&O Charge

93. The draft Initial Order provides for a directors and officers' charge (the "D&O Charge") to secure the indemnity for the Debtors' directors and officers provided in the Initial Order. Pursuant to the proposed Initial Order, the Debtors' directors and officers shall be indemnified in respect of all liabilities and obligations which may arise on or after the date of the Initial Order provided that the liability relates to his or her capacity as director and/or officer and is not attributable to a gross negligence or wilful misconduct of the part of the director or officer. The draft Initial Order provides for a D&O Charge in the amount of \$7.4M.
94. It is noted that the Debtors' directors and officers benefit from an insurance policy that provides some measure of protection. The Debtors assert that the directors and officers insurance currently available is not sufficient to adequately protect the directors and officers against the liability they may incur in the context of the restructuring proceedings under the CCAA and that additional insurance would not be available or would be prohibitively expensive. The Proposed Monitor considers that this assertion is reasonable. The D&O Charge is intended to offer additional protection beyond what is available under the insurance policy coverage. The Proposed Monitor believes that such charge is required and reasonable under the circumstances.

KERP Charge

95. The draft Initial Order provides for of a Key Employee Retention Plan ("KERP") which will provide for various retention incentives to be paid to certain selected key employees and executives that will be essential for the successful conduct of these CCAA proceedings, and the establishment of a super-priority charge against the Property in an amount of \$2,500,000 (the "KERP Charge") to secure the Debtors' obligations under the KERP.

Interim Lender charges ("DIP" Charges)

96. The draft Initial Order provides for a Lenders Interim Facility charge (the "Lenders Interim Facility Charge") in the amount of \$18M which ranks fifth and is intended to be secured by a charge over all assets and undertakings of the Debtors, ranking in priority to the existing security, subordinated to the Administration Charge ranking in first priority, the Lenders Interim Charge ranking in second priority, the D&O Charge ranking in third, the KERP Charge ranking in fourth priority.

97. The draft Initial Order provides for a Founders Interim Facility charge (the “Founders Interim Facility Charge”) in the amount of \$30M which ranks in seventh behind the Interim Lenders Facility charge and an additional amount of \$80 million relating to the Syndicated Credit Facility.

UPCOMING RESTRUCTURING MEASURES

98. At this initial stage, it is expected that the restructuring process will minimally include:

- 98.1. Stabilizing the operations, by ensuring the continued supply of merchandise of the Fall and Winter seasons and reinitiation of service by the Debtors’ major carriers, web service providers and other essential vendors; and
- 98.2. Conducting the SISF with the objective of executing a going-concern transaction or implementing a plan of arrangement with the creditors for the benefit of all stakeholders.

OVERALL COMMENTS AND CONCLUSIONS

99. Based on the Proposed Monitor’s review thus far, the Debtors have displayed diligence, good faith and proper intentions in pursuing these restructuring proceedings.

100. In view of the foregoing and the information received since its recent engagement, EY considers that the restructuring efforts implemented by the Debtors to date and those contemplated by the proceedings herein are reasonable. EY considers that the Debtors motion to obtain a stay under the CCAA is necessary and appropriate in the circumstances.

101. Further to its review of the proposed Initial Order, the Proposed Monitor supports the thresholds proposed in the Initial Order, including:

- 101.1. An Administration Charge of \$850K;
- 101.2. A D&O Charge of \$7.4M;
- 101.3. A KERP Charge of \$2.5M;
- 101.4. A Lenders Interim Facility Charge of \$18M; and
- 101.5. Founders Interim Facility Charge of \$30M.

102. The Proposed Monitor supports the requested authority for the Debtors to honour all pending on-line purchases by the Debtors’ customers as of the date of the Debtors’ CCAA Application, including pre-filing purchases;

103. The Proposed Monitor also supports the requested declaration that Canada is the "centre of main interest" (the "COMI") of the Debtors considering that the mind and management of the Debtors, as well as the vast majority of its assets and operations, are located in Montreal, Canada; and

104. As well, the Proposed Monitor supports the request for an order providing for the sealing of certain confidential exhibits filed by the Debtors in support of their Motion;

All of which is respectfully submitted this 12th day of September, 2025.

ERNST & YOUNG INC.

Licensed Insolvency Trustee

In its capacity as the proposed monitor

in the matter of the proposed compromise and
arrangement of

Atallah Group Inc., Atallah International Inc., 9416-7145 Québec Inc., Atallah Group US
Inc., Atallah Group Limited and Atallah group EU srl

Martin.Rosenthal

Digitally signed by Martin.Rosenthal
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Date: 2025.09.12 10:11:42 -0400

Martin P. Rosenthal, CPA, CIRP, LIT
Senior Vice President

Appendix A



Team biographies

Martin Rosenthal – Senior Managing Director, Strategy and Transactions



Martin Rosenthal
Senior Managing Director

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Profile

- ▶ Martin is a senior member of the firm and has led the Strategy and Transactions Practice in Quebec and the Atlantic provinces, which includes services such as strategy consulting, mergers and acquisitions, business valuations, financial restructuring, financial modelling and financial due diligence. He also leads the EY Restructuring practice in this region. During the past 30+ years, Martin has provided corporate restructuring, turnaround and distress corporate finance services.
- ▶ Martin has acted as a strategic and financial advisor to management of numerous companies facing business and financial challenges, including liquidity constraints, lender and other creditor pressures and risks presented by changing market dynamics. Sectors have included retail, consumer products, distribution, real estate, life sciences, technology, engineering, forest products and recycling.
- ▶ Martin has directed and executed Canadian and cross-border financial advisory restructuring and insolvency engagements on behalf of corporations, financial institutions, private equity firms, not-for-profit organizations and governments entities.

Selected Professional Experience

- ▶ Aldo Group Inc: Acted as CCAA Monitor for international retailer with 3,000 points of sale including 700 in North America and annual revenue of US\$1.3B.
- ▶ Reitmans (Canada) Ltd.: Acted as CCAA Monitor of this public company retailer with 576 stores in Canada and annual revenue of \$870M.
- ▶ Cirque du Soleil: Acted as CCAA Monitor of this global entertainment company with annual revenue in excess of US\$1B.
- ▶ Co-op Atlantic: Acted as financial advisor to the secured lender of this Atlantic based co-operative conglomerate regarding the sale of various business units and wind-down of operations.
- ▶ Endoceutics Inc.: Acted as the CCAA Monitor of this life sciences company involved in pharmaceutical research and development, manufacturing and international distribution. Managed relationship with secured lender, ran sales process for R&D, development and distribution business as well as its CDMO division and executed transactions and operational transition with the purchaser.
- ▶ Laboratoires C.O.P. Inc.: Acted as CCAA Monitor of this health and wellness company providing solutions through a specialized protocol and operating a CMO business. Managed the relationship with its secured creditor lending syndicate.
- ▶ Penson Financial Services Canada: Financial advisor to and Liquidator of Penson Financial Services Canada Inc. to coordinate the orderly wind-down of Canada's largest non-bank owned back-office service provider with \$10 billion in Assets Under Management. Acted as primary liaison to regulators IIROC, CIPF and Canadian CSA's to monitor and support the orderly wind-down.
- ▶ White Birch Paper Company: Acted as the CCAA Monitor regarding the plan of arrangement and sale of White Birch Paper Company, the 2nd largest newsprint producer in North America, with approximately 1,300 employees and \$1 billion of debt.

Martin Rosenthal – Senior Managing Director, Strategy and Transactions



Martin Rosenthal
Senior Managing Director

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Selected Professional Experience (continued)

- ▶ La Cordée Plein Air Inc.: Acted as financial and restructuring advisor to this Quebec based retailer in support of its restructuring process.
- ▶ ROL Manufacturing Group: Acted as the CCAA Monitor of ROL Manufacturing Group, an automotive parts manufacturer with operations in Canada, the U.S.A and Mexico and ran sales processes for 3 manufacturing divisions and executed transactions and operational transition with purchasers.
- ▶ Newpage Port Hawkesbury: Acted as the CCAA Monitor regarding the plan of arrangement of NewPage Port Hawkesbury Corp. an integrated producer of supercalendered paper and newsprint (capacity of 545,000 metric tonnes) and operator of a thermo-mechanical pulp operation with an annual capacity of 650,000 air dried metric tonnes.
- ▶ Railpower Technologies Corporation: Acted as the CCAA Monitor of Railpower Technologies Corporation, a manufacturer of hybrid locomotives, ran sales process for 2 manufacturing divisions and executed transactions and operational transition with the purchaser.
- ▶ Bluberi Gaming Technologies Group: Acted as CCAA Monitor of Bluberi Gaming Technologies Group, a gaming company specializing in the development sale and deployment of casino games across North America.
- ▶ Stanford International Bank Limited: Acted as Court appointed Interim receiver to oversee the liquidation of Canadian asset and wind-down in Canada of this financial institution.
- ▶ Groupe Melior: Acted as financial advisor to a group of 40 companies involved in the development and operation of retirement homes and supported care facilities.
- ▶ Sherwood-Drolet Corp. Ltd / Inglasco Corp. Ltd: Oversaw the financial restructuring and sale of this manufacturer of hockey sticks and manufacturer of confectionary products and hockey pucks for the National Hockey League.
- ▶ Main Knitting Inc.: Acted as CCAA Monitor and Trustee for Main Knitting Inc. an apparel manufacturer with operations in Canada and the U.S.A.
- ▶ Lindor Inc.: Acted as financial advisor to this 80 store retail chain and oversaw the business exit process.

Education and memberships

- ▶ Chartered Insolvency and Restructuring Professional
- ▶ Insolvency Institute of Canada (Vice President of the Board of Directors)
- ▶ Chartered Professional Accountant

Behnaz Saboonchi – Partner, Strategy & Transaction



Behnaz Saboonchi
Partner

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Profile

Behnaz is a Partner and leader in Corporate Strategy practice in Eastern Canada. She is a transaction and turnaround strategist, with a recent c-suite role building and operating a technology consulting start-up from zero to one. Prior to that, she has been at McKinsey & Company with broad experience across sectors, within pre and post-transaction/restructuring and large transformation programs. Behnaz is an Engineer with a PhD in Data Sciences.

Selected Professional Experience

- ▶ Led the diagnostic and e-commerce strategy for an online retailer with topline and channel performance issues. Identified opportunities for a 15% topline uplift.
- ▶ Led the financial and commercial diagnostic for a CPG company and designed the turnaround plan including divestiture levers.
- ▶ Led the merger value capture strategy of the end-to-end supply chain of two food distribution companies (one of the largest mergers in industry). Designed the day 1 to 100 readiness tactical plan.
- ▶ Set up a new indirect procurement org. for an industrial client as part of post PE acquisition, enabling \$20M value
- ▶ Designed the control tower to lead parallel CAPEX projects for a chemical plant builder client, leading to 20% budget overrun avoidance and increased win rate due to better resource prioritization.
- ▶ Led an end-to-end technical operations transformation (warehousing, repairs, spare parts management) for an airline operator consisting of lean diagnostic, bottom-up end to end process re-design and change management, leading to reduced costs and lower aircraft down time by 20%.
- ▶ Designed the organization for a newly set-up supply chain function of a mining client. The new organization is to run the end-to-end supply chain from raw material logistics to finished good distribution, enabling \$20M in cash savings and \$150M working capital free-up.
- ▶ Delivered 5+ demand forecasting, anomaly detection etc. AI projects within aerospace and retail sectors. Current pilots show planning accuracy improvements, leading to 5-10% cost efficiencies.

Education

- ▶ BAsC and MSc in Industrial Engineering (Supply chain focus)
- ▶ PhD in Data Sciences (optimization)

Ernst & Young Inc.

Schedule of selected CCAA engagements

<u>Debtor group</u>	<u>Jurisdictions of Insolvency Proceedings</u>	<u>Jurisdictions of operations</u>	<u>Consolidated Revenue</u>	<u>Consolidated Debt</u>
Cirque du Soleil Canada Inc., CDS U.S. Holdings, Inc., Blue Man Inc., VStar Entertainment Group, LLC 1	Canada, USA	90 countries	US \$1.04 billion	US \$1.5 billion
Aldo Group The Aldo Group Inc., Southwest Capital Holdings Inc., Aldo US Inc., Aldo Marketing LLC, Aldo Shoes West Forty Second LLC, Aldo 5th Ave. Inc. and 2 1230 Avenue of the Americas LLC	Canada, USA, Switzerland, UK, Ireland, France	90 countries	US \$1.3 billion	US\$ 510 million
3 Reitmans (Canada) Limited	Canada	Canada	CDN \$870 million	CDN \$193 million
4 NewPage Port Hawkesbury Corp	Canada	Canada	CDN\$367 million	US \$3.3 billion
White Birch Paper White Birch Paper Holding Company, White Birch Paper Company, Stadacona General Partner Inc., Black Spruce Paper Inc., F.F. Soucy General Partner Inc., 3120772 Nova Scotia Company, Arrimage 5 de Gros Cacouna Inc., Papier Masson Ltée	Canada, USA	Canada, USA	US \$667 million	US \$953 million
6 ROL Manufacturing (Canada) Ltd	Canada, USA, Mexico	Canada, USA, Mexico	CDN \$64 million	CDN \$70 million
Railpower Technologies Corp. and 7 Railpower Hybrid Technologies Corp.	Canada, USA	Canada, USA	CDN \$96 million	CDN \$88 million
8 Main Knitting Group - Groupe Tricots Main	Canada, USA	Canada	CDN \$105 million	CDN \$112 million

RCR International Inc and WJ Dennis & 9 Company	Canada, USA	Canada,USA	USD \$44 million	CDN \$47 million
10 Bluberi Group Inc. et al	Canada, USA	Canada, USA	CDN \$20 million	CDN \$95 million
11 Ernest Enterprises (Mtl) Ltd.	Canada	Canada	CDN \$47 million	CDN \$17 million
12 Ideal Protein et al.	Canada, USA	Canada, USA	CDN \$193 million	CDN \$233 million
13 VBI Group	Canada, USA, Israel	Canada, USA, Israel, Netherlands, Hong Kong	CDN \$9 million	CDN \$91 million
14 Stokes Inc.	Canada	Canada	CDN \$82 million	CDN \$28 million



Appendix B

Insolvent Person's Report on Cash Flow Statement

In the matter of Atallah Group Inc., Atallah International Inc., Atallah Group EU SRL. Atallah Group Limited. 9416-7145 Québec Inc. and Atallah Group US Inc.

We, Atallah Group Inc., Atallah International Inc., Atallah Group EU SRL. Atallah Group Limited. 9416-7145 Québec Inc. and Atallah Group US Inc. (collectively, the “**Companies**” or the “**Ssense Group**”), have developed the assumptions and prepared the attached statement of projected cash flow for the Companies as of September 6th, 2025, consisting of a statement of projected cash receipts and disbursements for the 13 weeks ending December 5th, 2025.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes accompanying the statement of projected cash flow, and the probable assumptions are suitably supported and consistent with the plans of the Ssense Group and provide a reasonable basis for the projection. All such assumptions have been disclosed in Notes 1 to 17.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The projection has been prepared solely for the purpose described in the notes accompanying the statement of projected cash flow, using a set of probable and hypothetical assumptions set out in Notes 1 to 17. Consequently, readers are cautioned that it may not be appropriate for other purposes.

DATED AT MONTREAL, this 12th day of September, 2025.

Ssense Group



per: Stephane Derive,
Treasurer

Atallah Group et al. ("Ssense Group")
Weekly Cash Flow Forecast
For the 13 week period ending December 5th, 2025
CAD '000

Week #	1	2	3	4	5	6	7	8	9	10	11	12	13	Total
	Sep			Oct					Nov				Dec	
Week ending:	12-Sep	19-Sep	26-Sep	3-Oct	10-Oct	17-Oct	24-Oct	31-Oct	7-Nov	14-Nov	21-Nov	28-Nov	5-Dec	
Inflows														
Website sales	6,953	18,014	19,054	16,862	7,271	8,598	9,146	8,644	7,606	10,435	11,989	13,598	14,872	153,042
Dematic settlement	-	-	-	10,000	-	-	-	-	-	-	-	-	-	10,000
Credit Card holdback	(6,953)	(6,544)	(5,524)	(4,990)	(3,210)	(3,796)	(4,038)	(3,817)	(2,979)	(4,087)	(4,696)	(5,326)	(5,880)	(61,840)
Credit Card holdback - release	-	-	-	-	-	13,544	12,477	4,990	3,210	3,796	4,038	3,817	2,979	48,850
	-	11,470	13,531	21,872	4,061	18,346	17,585	9,817	7,837	10,144	11,331	12,089	11,971	150,053
Outflows														
Payroll (including benefits)	3,629	205	3,329	205	3,616	205	2,116	205	1,914	205	1,914	205	1,638	19,385
Corporate	4,230	9,951	9,197	5,838	3,724	3,724	3,724	3,724	3,535	3,535	3,535	3,535	3,620	61,870
Trade	-	9,101	7,722	6,776	7,229	7,229	7,229	7,229	7,475	7,475	7,475	7,475	5,181	87,598
Financing	225	-	162	-	-	-	-	162	-	-	-	162	-	711
Rent	-	1,095	-	1,095	-	-	-	-	1,095	-	-	-	1,095	4,380
Inventory floor covenant	-	-	4,429	4,535	(7,974)	(726)	(263)	-	-	-	-	-	-	0
Other	-	5,536	-	750	2,663	3,256	-	-	1,000	-	(212)	-	1,000	13,993
	8,084	25,888	24,840	19,199	9,258	13,688	12,806	11,320	15,019	11,214	12,711	11,376	12,534	187,937
Net Inflows/(Outflows)	(8,084)	(14,418)	(11,309)	2,674	(5,198)	4,658	4,779	(1,503)	(7,182)	(1,070)	(1,380)	713	(563)	(37,884)
Opening Cash Balance	2,000	3,916	7,498	6,189	8,863	3,665	8,323	13,102	11,599	4,417	3,347	1,967	2,680	2,000
Cash in transit	(2,000)													(2,000)
Interim Financing	12,000	18,000	10,000											40,000
Net weekly cash flow	(8,084)	(14,418)	(11,309)	2,674	(5,198)	4,658	4,779	(1,503)	(7,182)	(1,070)	(1,380)	713	(563)	(37,884)
Closing Cash Balance	3,916	7,498	6,189	8,863	3,665	8,323	13,102	11,599	4,417	3,347	1,967	2,680	2,116	2,116

In the matter of Atallah Group Inc., Atallah International Inc., Atallah Group EU SRL. Atallah Group Limited. 9416-7145 Québec Inc. and Atallah Group US Inc. (collectively, the “Companies” or the “Ssense Group”)

**NOTES AND ASSUMPTIONS TO THE
PROJECTED STATEMENT OF CASH FLOW
for the period from September 6th to December 5th, 2025**

1. **Disclaimer:** In preparing this statement of projected cash flow (“**Cash Flow Forecast**”), the Companies have relied upon unaudited financial information and have not attempted to further verify the accuracy or completeness of such information. The Cash Flow Forecast reflects estimates concerning the operations of the Companies and additional assumptions with respect to the impact of a *Companies’ Creditor Arrangement Act* (“**CCAA**”) filing. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the results achieved during the Cash Flow Forecast period will vary from what is projected, even if the assumptions materialize, and such variations may be material. There is no representation, warranty, or other assurance that any of the estimates, forecasts, or projections will be realized.
2. **Overview:** The Cash Flow Forecast, for the period from September 6th to December 5th, 2025 (the “**Cash Flow Period**”) reflects cash flows from the Companies’ operations. The Companies have prepared the Cash Flow Forecast based primarily on ongoing operations and estimated costs associated with the CCAA proceedings. The Cash Flow Forecast is presented in thousands of Canadian dollars (“**CAD**”).
3. **Purpose:** The Cash Flow Forecast has been prepared by the Companies’ management to present the anticipated cash inflows and outflows resulting from current and ongoing operations based on the latest available information.

The significant hypothetical assumptions made in preparing the Cash Flow Forecast are presented hereunder.

4. **Currency and exchange rates:** All amounts are denominated in CAD currency. The Cash Flow Forecast assumes that foreign exchange rates remain the same throughout the Cash Flow Period.
5. **Creditor support:** The Cash Flow Forecast is based on the assumption that the creditors will continue to provide support to the Companies through the delivery of goods and services, and that the Companies will be able to draw the necessary funds from its interim financing facilities to provide the liquidity necessary to carry out operations in the normal course.
6. **Website sales:** Represents revenue generated through the Ssense Group website sales.
7. **Dematic settlement:** Represents proceeds expected to be received from Dematic (provider of the warehouse automation system) in connection with a dispute and a negotiated settlement agreement.

8. **Credit card holdbacks:** In accordance with recent discussions held with payment processors the Cash Flow Forecast assumes an estimate of holdbacks calculated at a rate of 50% of gross sales for the first 3 weeks and 30% of gross sales for each week thereafter.
9. **Credit card holdback release:** Represents the release of credit card holdbacks based on estimated holdback periods of 30 to 45 days.
10. **Payroll:** Payroll disbursements include the following:
 - Bi-weekly salary and benefit payments to salaried and hourly employees in Canada and the US.
 - Monthly salary and benefit payments to UK based employees.
 - Accrued vacation that continues to be paid in the normal course of business.
 - Payments issued in accordance with the proposed Key Employee Retention Plan (“**KERP**”).
11. **Corporate:** Corporate disbursements consist primarily of marketing & advertising, IT, supply chain (third-party logistics, carriers and freight forwarders), building & office maintenance, insurance and restructuring professional (including an estimate of fees associated with the Companies’ and lending syndicate’s professionals).
12. **Trade:** Trade disbursements represent payments to merchandise suppliers for new inventory based on the Companies’ inventory purchasing plans.
13. **Financing:** The Cash Flow Forecast assumes payment of a one-time interim financing commitment fee payable to the lending syndicate as well as payment of monthly interest on the outstanding balance of the interim lender’s financing facility.
14. **Rent:** Represents payments with respect to the monthly rent for both the head office and distribution center located in Montreal.
15. **Inventory floor covenant:** Represents the net cash flow impact of the weekly inventory floor covenant calculation.
16. **Other:** Other disbursements include the following:
 - Cash collateral required in order to secure US import bonds in the absence of an active LC facility.
 - Payment of sales tax liabilities to the relevant tax authorities in Canada, US and the UK.
 - Payment of duties, taxes and tariffs to the Canadian Border and Services Agency (“**CBSA**”) for goods imported from outside Canada.
17. **Cash in transit:** Represents an estimate of sales proceeds received and on hand at any given time that are in transit to operating accounts in order to be available to pay operating expenses.