

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

Nº: 500-11-066133-253

S U P E R I O R C O U R T

(Commercial Division)

(Sitting as a court designated pursuant to  
the *Companies' Creditors Arrangement  
Act*, R.S.C. 1985, c. C-36)

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

**ATALLAH GROUP INC.**

-and-

**ATALLAH INTERNATIONAL INC.**

-and-

**9416-7145 QUÉBEC INC.**

-and-

**ATALLAH GROUP US INC.**

-and-

**ATALLAH GROUP LIMITED**

-and-

**ATALLAH GROUP EU SRL**

Debtors

-and-

**ERNST & YOUNG INC.**

Monitor

-and-

**BANK OF MONTREAL**, a chartered bank  
duly constituted in virtue of the *Bank Act*,  
having its head office at 129 St-Jacques  
Street, in Montréal, Province of Québec,  
H2Y 1L6, and a place of business at  
105 St-Jacques Street, 5th Floor, in

Montréal, Province of Québec, H2Y 1L6,  
in its capacity as administrative agent for  
itself and Royal Bank of Canada, JP  
Morgan Chase Bank, N.A., Toronto  
Branch, National Bank of Canada, The  
Bank of Nova Scotia, and JP Morgan SE

Applicant

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**NOTICE OF CONTESTATION OF THE DEBTORS' APPLICATION FOR THE  
ISSUANCE OF AN APPROVAL AND VESTING ORDER BY THE LENDERS  
SYNDICATE (DOCKET NO. 69 and 70)**

**AND**

**APPLICATION OF THE LENDERS SYNDICATE FOR THE ISSUANCE OF A  
LIQUIDATION SALE APPROVAL ORDER AND FOR AN ORDER EXPANDING THE  
POWERS OF THE MONITOR, OR SUBSIDIARILY, APPOINTING A RECEIVER**

(section 11 and 36 of the *Companies' Creditors Arrangement Act* and  
section 243 of the *Bankruptcy and Insolvency Act*)

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**TO THE HONOURABLE JUSTICE ANDRES C. GARIN, S.C.J., OF THE SUPERIOR  
COURT, SITTING IN COMMERCIAL DIVISION IN AND FOR THE JUDICIAL DISTRICT  
OF MONTRÉAL, THE APPLICANT RESPECTFULLY SUBMITS THE FOLLOWING:**

**I. INTRODUCTION**

1. By this *Notice of Contestation of the Debtors' Application for the Issuance of an Approval and Vesting Order by the Lenders Syndicate and Application of the Lenders Syndicate for the Issuance of a Liquidation Sale Approval Order and for an Order Expanding the Powers of the Monitor, or subsidiarily, Appointing a Receiver* (the "**Lenders Syndicate Contestation and Application**"), Bank of Montreal, acting as administrative agent (the "**Agent**") for the lenders, Royal Bank of Canada, JP Morgan Chase Bank, N.A., Toronto Branch, National Bank of Canada, The Bank of Nova Scotia, JP Morgan SE and Bank of Montreal (collectively the "**Lenders**") and the Interim Lenders<sup>1</sup> (collectively with the Lenders, the "**Lenders Syndicate**") formally objects to the Proposed Transaction and seeks the issuance of orders permitting the orderly liquidation of the Debtors' assets that are subject to the Lenders Syndicate's security, the *Charge Intérimaire des Prêteurs* and the Interim Lenders' Charge.
2. The capitalized terms not otherwise defined herein have the meaning ascribed to them in the *Debtors' Application for the Issuance of a First Day Initial Order*, an

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<sup>1</sup> As this term is defined in the *Amended and Restated Initial Order* issued on September 26, 2025, as amended from time to time (the "**ARIO**").

*Amended and Restated Initial Order and a SISP Order* (the “**Debtors Initial Application**”), the ARIO and the Debtors’ Application (as defined below), as applicable.

3. During the initial hearing, the Monitor represented to the Court that the SISP and SISP Procedures for which approval was being sought by the Debtors were necessary to sell the Debtors’ assets as a going concern, which would maximize the value of the business for all creditors and stakeholders.
4. The Relaunched SISP (as defined below) has now been fully implemented, but the offer put forward by the Monitor as the Successful Bid (the Founders Bid, defined below), and for which the Debtors seek approval from this Court through their *Application for the Issuance of an Approval and Vesting Order* (the “**Debtors’ Application**”), is for a significantly lesser amount than the Lenders Syndicate’s secured claims and the value of the assets to be sold, and its implementation would result in a significantly lower economic outcome for the Lenders Syndicate than what can reasonably be expected from a liquidation scenario as estimated by both Gordon Brothers Group, LLC (“**GB**”) and Tiger Valuation Services, LLC (“**Tiger**”), the latter having been retained by the Monitor.
5. The Lenders Syndicate contests the Debtors’ Application and formally objects to the approval of the transaction contemplated by the Founders Bid (the “**Proposed Transaction**”).
6. The Lenders Syndicate respectfully submits that the approval of the Proposed Transaction, when assessed within the full circumstances of these proceedings and the applicable legal criteria, is not appropriate, fair and reasonable, nor is it appropriate, fair and reasonable to force the fulcrum creditors in these proceedings to accept a loss of this magnitude when there is an alternative providing a real and concrete path to a considerably higher economic outcome.
7. This position is also supported by a Minimum Guarantee Amount (as defined below) from GB allowing for a significantly higher economic outcome than the Proposed Transaction.
8. Since there is no possibility of recovery for unsecured creditors under any scenario, other than the payments qualified as cure costs in the Founders Bid, the interest of the Lenders Syndicate must be at forefront when considering the approval of the Proposed Transaction.
9. As will be demonstrated at the hearing, the economic outcome to be generated by the Proposed Transaction is significantly less than what can be obtained through a liquidation process. Therefore, the consideration to be received for the assets to be sold pursuant to the Proposed Transaction, as demonstrated by the Minimum Guarantee Amount, is not fair and reasonable. The Liquidation Sale (as defined below) contemplated in the Lenders Syndicate Contests and Application

represents a minimum guaranteed scenario which will result in an economic outcome superior to the Proposed Transaction by tens of millions of dollars.

10. The Proposed Transaction emanates from related parties to the Debtors and, as such, a greater scrutiny by the Court is required.
11. As is more fully outlined below and based on the information provided by the Monitor, the economic outcome of the Proposed Transaction is lower than a liquidation. As such, the SISP did not result in a successful outcome and constitutes what is commonly referred to as a failed SISP.
12. The Lenders Syndicate therefore seeks the issuance of the following orders:
  - a) An order (the "**Liquidation Sale Approval Order**") authorizing and approving the implementation by the Monitor or, subsidiarily, Deloitte Restructuring Inc. ("Deloitte") as receiver or Monitor, of a sale liquidation process (the "**Liquidation Sale**"), the whole in accordance with the draft Liquidation Sale Approval Order, a copy of which is communicated herewith as **Exhibit L-1**;
  - b) A Second Amended and Restated Initial Order (the "**Second ARIO**") notably granting the Monitor certain extended powers in respect of the Debtors, including the powers required to implement the Liquidation Sale, the whole in accordance with the draft Second ARIO, a copy of which is communicated herewith as **Exhibit L-2**; and
  - c) Subsidiarily to the relief sought at b) above, an order (the "**Receivership Order**") appointing Deloitte, which has been acting as financial advisor to the Lenders Syndicate since July 2025 and throughout these proceedings, as receiver to the assets secured in favour of the Lenders Syndicate, pursuant to section 243 and following of the *Bankruptcy and Insolvency Act* (the "**BIA**"), with the various powers provided for in the draft Receivership Order, notably the powers required to implement the Liquidation Sale, a copy of which is communicated herewith along with a compared version of the draft Receivership Order and the standard form, en liasse as **Exhibit L-3**.
13. Deloitte, in its capacity as financial advisor to the Lenders Syndicate (in that capacity, the "**Financial Advisor**"), prepared and issued a Liquidation Value Assessment (the "**Deloitte Assessment**") setting out its analysis of the Founders Bid as well as projected net proceeds to be generated by the Proposed Transaction versus various liquidation processes, a copy of which is communicated herewith *under seal* as **Exhibit L-4**.
14. The Lenders Syndicate respectfully submits that it is well founded to seek the issuance of the Liquidation Sale Approval Order, the Second ARIO, and, subsidiarily, the Receivership Order.

## II. THE LENDERS SYNDICATE AND INTERIM LENDERS' INDEBTEDNESS

15. The Lenders Syndicate is the Debtors' principal lender and most significant secured creditor, holding the primary economic interest in these proceedings.
16. The unsecured creditors have no economic interest in the Proposed Transaction or under any disposition of the assets offered for sale as part of the SISP, other than the payments qualified as cure costs in the Founders Bid, as the Monitor and Deloitte see no potential recovery for them.
17. As of January 12, 2026, the Lenders Syndicate is owed an aggregate amount of approximately \$113,257,000.00 pursuant to (a) the Revolving Credit Facility, (b) the *Paiements Intérimaires*<sup>2</sup> and (c) the Interim Lenders Interim Facility (collectively the "**Indebtedness**").
18. It should be noted that the termination date under both the TARCA (August 24, 2025) and the Interim Lenders Interim Facility (December 23, 2025) have elapsed and were never extended. The Debtors' Indebtedness toward the Lenders Syndicate has not been repaid.

## III. THE CCAA PROCEEDINGS AND THE SISP PROCESS

19. On August 27, 2025, after months of communications and discussions with the Debtors as well as the occurrence of the Termination Date under the TARCA, the Lenders filed an *Application for the Issuance of an Initial Order, an Amended and Restated Initial Order and a Sale and Investment Solicitation Process Approval Order*, the whole as appears from the Court record.
20. After more than two weeks of negotiations between the Debtors and the Lenders to find a mutually agreeable path forward, including the undertaking by the Debtors to respect the Inventory Covenant (as defined below) throughout the SISP, the Debtors and the Lenders came to an agreement.
21. On September 12, 2025, this Court issued an initial order (the "**Initial Order**") under the CCAA with respect to the Debtors, as well as a SISP Order approving the conduct of the SISP in accordance with the SISP Procedures.
22. The Phase 2 Bid Deadline was set as November 21, 2025, with an outside date by which the transaction contemplated by the Successful Bid must close of December 23, 2025.
23. Pursuant to the Initial Order, Ernst & Young Inc. was appointed as monitor to the Debtors in these proceedings (the "**Monitor**").

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<sup>2</sup> As this term is defined in the *Ordonnance intérimaire* issued by the Honourable Justice Andres C. Garin on August 29, 2025.

24. The Phase 2 Bid Deadline was extended by the Monitor, with the consent of the Debtors and the Lenders Syndicate, on two occasions, the second of which extended the Phase 2 Bid Deadline to December 8, 2025, the whole as more fully appears from the Third Report of the Monitor dated December 11, 2025 (the “**Third Report**”).
25. After analyzing the Binding Offers received in Phase 2 of the SISP, the Monitor determined that the terms and conditions of those offers were not acceptable, and recommended to the Court that all Phase 2 Qualified Bidders that remained interested be provided with a final opportunity to confirm, submit, revise or improve a Binding Offer by no later than December 23, 2025 (the “**Relaunched SISP**”), the whole as more fully appears from the Third Report.
26. Although the Lenders Syndicate ultimately did not contest the recommendation of the Monitor and the Debtors’ request for an order extending the stay of proceedings to allow for the Relaunched SISP, which proceeded before the Court on December 12, 2025, the Lenders Syndicate made it abundantly clear during that hearing that it was deeply dissatisfied with the SISP, and that it reserved all of its rights to contest an eventual application for the approval of a transaction unsatisfactory to the Lenders Syndicate.
27. In fact, given the unsatisfactory offers received on December 8, 2025, which were all rejected by the Monitor, the Lenders Syndicate requested that the Debtors undertake to keep a minimum of \$20,000,000.00 of liquidities until January 9, 2026, being the deadline for the selection of a Successful Bidder. This covenant was implemented for the sole purpose of avoiding a deterioration of the banking position of the Lenders Syndicate should a liquidation process be ultimately required, the whole as more fully appears from the Third Report.
28. On Saturday January 3, 2026, being the 11<sup>th</sup> day after the Bid Deadline of December 23, 2025, Deloitte received the Monitor’s recommendation dated January 2, 2026 (the “**Monitor’s Analysis**”), the whole as more fully appears from a copy of the Monitor’s Analysis and email communications related thereto communicated herewith en liasse *under seal* as **Exhibit L-5**.
29. Following receipt of the Monitor’s Analysis, Deloitte diligently proceeded to request complementary information to allow the Lenders Syndicate to understand the Monitor’s recommendation. This notably led to the receipt by Deloitte of the Monitor’s updated Projected Liquidation Analysis and Comparison to Group Offer on January 5, 2026 (the “**Addendum**”), the whole as more fully appears from a copy of the Addendum and email communications related thereto communicated herewith en liasse *under seal* as **Exhibit L-6**.
30. On January 6, 2026, Deloitte verbally informed the Monitor that the Lenders Syndicate was highly unlikely to support the Proposed Transaction and was seriously considering an orderly liquidation of the Debtors’ assets as this would generate a more favourable economic outcome.

31. On January 7, 2026, following its review of the Founders Bid as well as the additional information provided by the Monitor, the Lenders Syndicate delivered to the Debtors and the Monitor a Notice of Contestation of the Monitor's Recommendation for the Successful Bid (the "**January 7 Notice**"), advising that **(a)** the Founders Bid's terms and conditions were not fair and reasonable, **(b)** the Lenders Syndicate intended to contest any application for the approval of the Founders Bid as the Successful Bid, and **(c)** the Lenders Syndicate intended to ask the Court to authorize the orderly liquidation of the Debtors' property, the whole as more fully appears from a copy of the January 7 Notice, communicated herewith as **Exhibit L-7**.
32. On the same day, notwithstanding discussions with Deloitte and receipt of the January 7 Notice, the Monitor elected to confirm its selection of the Founders Bid as the Successful Bid.
33. On January 12, 2026, following receipt of the confirmation of the Founders Bid as the Successful Bid, counsel for the Lenders Syndicate delivered to counsel for the Debtors and the Monitor a correspondence pursuant to which, notably, they formally demanded from the Debtors the immediate and integral repayment of the Indebtedness, the whole as more fully appears from a copy of the aforementioned correspondence, communicated herewith as **Exhibit L-8**.
34. Since the issuance of the Initial Order, the Lenders Syndicate actively participated in these proceedings and always made clear their intention to preserve their collateral position and their ultimate ability to realise on their security should the SISP fail, for instance, by requesting the Inventory Covenant (as defined below), the \$20,000,000.00 liquidity covenant (as more fully detailed below) and the unaffected creditor status in the present proceedings.
35. As more fully appears from the Court file, the Lenders Syndicate initially filed its own application for the issuance of an initial order in these proceedings on August 27, 2025. Following extensive negotiations, the Lenders Syndicate ultimately supported the Debtors' restructuring efforts, including the SISP, by providing the Interim Lenders Interim Facility in the amount of \$15,000,000.00.
36. The Lenders Syndicate provided this support to allow the Debtors a chance to maintain their business as a going-concern during the SISP process, a course of action presented by the Debtors and the Monitor as the best option to maximize the value of that business during a sale process or eventually a liquidation, the whole as more fully appears from the Report of the Proposed Monitor dated September 12, 2025, filed in support of the Debtors Initial Application.
37. As a condition of providing the Interim Lenders Interim Facility and supporting the Debtors' CCAA restructuring efforts through the SISP, the Lenders Syndicate required the Debtors to maintain at all time throughout the restructuring process a minimum level of inventory (the "**Inventory Covenant**"), to avoid the deterioration of the Lenders Syndicate's collateral position in the event of a failed SISP or

unsatisfactory results of the SISP. To that effect, section 8.1(o) of the Interim Facility Credit Agreement dated September 18, 2025, entered into between the Interim Lenders and the Debtors (the “**Interim Facility Credit Agreement**”) provides as follow:

(o) Until completion of the CCAA Proceedings and notwithstanding any repayment of the Interim Facility, the Obligors shall maintain an inventory level in an amount of at least \$142,962,000 (the “**Required Inventory Level**”), as such amount is determined using the weighted average methodology set out in Schedule 8.1(o). The Obligors shall provide to the Interim Lenders’ Financial Advisor a weekly report by Wednesday at 5:00 p.m. of each week for the preceding weekly period ending Friday (each a “Reporting Period”) and if the inventory level as at the end of the Reporting Period is lower than the Required Inventory Level, the Obligors shall demonstrate, before the subsequent Reporting Period, a cash reserve equal to the shortfall in the inventory level until the determination of the inventory level for the subsequent Reporting Period, at which point the cash reserve shall be adjusted or eliminated (as the case may be) in accordance with the inventory level of the latest Reporting Period. An illustration of the calculation of inventory levels and required cash reserves is included in Schedule 8.1(o) for the period of August 31, 2025 to November 30, 2025.

the whole as more fully appears from a copy of the Interim Facility Credit Agreement, a copy of which is communicated herewith as **Exhibit L-9**.

38. The Lenders Syndicate respectfully submits, that by seeking the approval of the Proposed Transaction, the Debtors and the Monitor are attempting to impose an unfair and unreasonable transaction. The most significant secured creditor should not be compelled to accept a transaction that would discharge its security without consent, for consideration substantially below the value of the assets being sold – especially when a serious and credible alternative exists that offers a significantly better economic outcome, including a scenario guaranteeing a materially higher recovery than the Proposed Transaction.

#### **IV. THE FOUNDERS BID**

39. On December 23, 2025, 9549-0348 Québec Inc. (“**Atallah Co.**”), an entity who’s primary shareholder is ultimately owned and controlled by Firas, Rami and Bassel Atallah, submitted a revised binding offer for the acquisition of substantially all of the assets of the Debtors by Atallah Co. itself or through a company to be incorporated or any other affiliate (the “**Founders Bid**”), the whole as more fully appears from a copy of the relevant extracts from the Québec Entreprise Register for Atallah Co. and for 9421-6181 Québec Inc., a copy of which is communicated herewith en liasse as **Exhibit L-10**.
40. According to the Monitor, the total consideration offered under the Founders Bid for the Purchased Assets is made up of **(a)** a cash amount (the “**Cash Purchase Price**”) and **(b)** the assumption by Atallah Co. of unsecured assumed liabilities to cure the monetary defaults under the contracts and leases Atallah Co. wishes to assume (the “**Cure Costs**”).

41. In assessing the fairness and the reasonableness of the Founders Bid, the following elements, without limitation, must be taken into consideration:
  - a) The ultimate economic impact for the Lenders Syndicate, the first ranking secured creditors on the vast majority of the Debtors' assets;
  - b) The assets being purchased pursuant to the Founders Bid notably include non strategic assets that have a value for the Lenders Syndicate, namely a credit card holdback of approximately \$19,290,000.00 (the "**Holdback**") as well as the Dematic litigation, which could result in the payment of \$10,000,000.00 to Atallah Co. (the "**Dematic Settlement**");
  - c) Although the Founders Bid excludes "cash and cash equivalents", it expressly stipulates that such cash shall be used by the Debtors in the ordinary course of business in accordance with the cash-flow forecast included as Appendix B to the Third Report. The Opening Cash Balance for the Debtors is expected to deteriorate from \$23,384,000.00 on January 2, 2026, to \$2,839,000.00 on February 13, 2026 (the outside date for the closing of the Proposed Transaction), thereby significantly reducing the economic outcome to the Lenders Syndicate while increasing the Debtors' inventory, to the sole advantage of Atallah Co.;
  - d) The value of "Cure Costs" targeted by the Founders Bid should not be included as a cash consideration of said bid as they, notably, constitute payments to unsecured creditors; and
  - e) The Purchase Price Allocation showed at Schedule "G" of the Purchase Agreement does not provide for any allocation of the amount constituting the Purchase Price, therefore leaving the Lenders Syndicate with uncertainty as to the actual amount it will recover should the Proposed Transaction be approved by the Court and close, considering the existence of another secured creditor benefitting from security charging some of the assets targeted by the Purchase Transaction.
42. The Lenders Syndicate respectfully submits that, in addition to the existence of a concrete and serious alternative to the Founders Bid offering a significantly better economic outcome, which is more fully outlined below, the above elements ought to be considered by the Court in assessing whether the Proposed Transaction is fair, reasonable and appropriate.

## V. THE LIQUIDATION ALTERNATIVE

43. Based on assessments provided both by Tiger, retained by the Monitor, and GB, retained by the Lenders Syndicate, it appears that the route to maximizing the value of the Debtors' assets, particularly its inventory, is through an orderly

liquidation, notably in view of the fact that a forced liquidation cannot be properly assessed and is not realistic in the current circumstances.

**A. The Monitor's Analysis, the Addendum and the Tiger Liquidation Values**

44. The Monitor's Analysis sets out that the Founders Bid is more advantageous than a bankruptcy, as it would generate proceeds for the Lenders Syndicate that are no less than what would be generated in a forced liquidation scenario.
45. As set out in the Monitor's Analysis, the Monitor retained Tiger to provide an assessment of the estimated Net Orderly Liquidation Value ("NOLV") as well as the estimated Forced Liquidation Value ("FLV") of the Debtors' inventory (the "Inventory") (Exhibit B to the Monitor's Analysis).
46. The projected economic outcome of an NOLV based on Tiger's assessment represents a 118% increase from the economic outcome of the Proposed Transaction.
47. On January 5, 2026, following requests to that effect, Deloitte received the Addendum, outlining the projected net proceeds to be realized from the Debtors' assets in a forced liquidation scenario (based on Tiger's FLV), an orderly liquidation scenario (based on Tiger's NOLV), and in a scenario where the Proposed Transaction is implemented (the "Transaction Net Proceeds").
48. As appears from the Addendum, although the **forced liquidation** scenario is projected to result in a 14.29% **decrease** in projected net proceeds as compared to the Transaction Net Proceeds, the **orderly liquidation** scenario leads to a projected **increase** of 59.27%, representing **tens** of millions in additional recovery for the Lenders Syndicate.

**B. The Gordon Brothers NOLV and FLV**

49. GB was mandated in August 2025 by Lenders Syndicate's undersigned counsel and is therefore familiar with the Debtors' operations and Inventory.
50. In support of the Lenders Syndicate Contestation and Application, the Lenders Syndicate requested that GB provide an assessment of the estimated NOLV for the sale of the Inventory under a court-authorized liquidation scenario, the whole as more fully appears from a copy of GB's Strategic Liquidation Analysis dated January 13, 2026 (the "GB Assessment"), is communicated herewith *under seal* as **Exhibit L-11**.
51. The estimated NOLV for the low scenario (18-week process) and for the high scenario (14-week process) set out in the GB Assessment represent an **increase** of the economic outcome from the Proposed Transaction of, respectively, 88% to 115%.

52. In addition, GB provided an assessment of the estimated FLV, but indicated that a forced liquidation of the Inventory could not realistically be implemented due to the current market and the nature of the Inventory.

**C. Gordon Brothers' Minimum Guarantee**

53. Pursuant to the Monitor's Analysis, the Monitor opines that despite the estimated NOLV provided by Tiger, the Founders Bid remains the best course of action, notably because it provides certainty as to the quantum and receipt of the Cash Purchase Price, whereas any liquidation value put forward is "purely theoretical".

54. To address this concern, which is not shared by the Lenders Syndicate, the Lenders Syndicate obtained a binding commitment letter from GB (the "**Binding Commitment Letter**") guaranteeing a set minimum recovery amount (the "**Minimum Guarantee Amount**") for the sale of finished, first-quality, not damaged or defective, goods inventory saleable above cost (the "**Merchandise**") and other finished and saleable assets including furniture, fixtures and equipment and intellectual property which are subject to a priority ranking security in favour of the Agent (the "**Other Assets**") and confirming the key terms and conditions on which GB will enter into a guarantee agency agreement with the Debtors (the "**Guarantee Agency Agreement**"), the whole as more fully appears from a copy of the Binding Commitment Letter, communicated herewith *under seal* as **Exhibit L-12**.

55. Pursuant to the Binding Commitment Letter and the Guarantee Agency Agreement, GB agrees to serve as an exclusive agent for the purpose of conducting a Liquidation Sale of the Merchandise and the Other Assets, with a Minimum Guarantee Amount (the "**GB Guarantee**") to be secured by an irrevocable letter of credit.

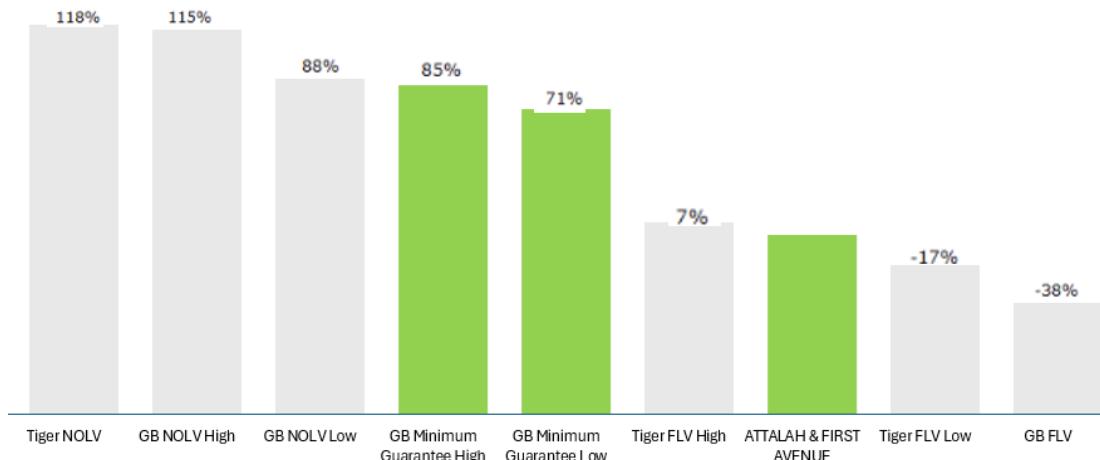
56. It should be noted that the GB Guarantee alone together with the cash and cash equivalents, results in a significantly higher (tens of millions of dollars) economic outcome being received by the Lenders Syndicate than the Transaction Net Proceeds.

**D. Comparative Economic Outcome Analysis**

57. Deloitte has prepared a comparative economic outcome analysis of the various scenarios mentioned above, as well as their corresponding estimated net return for the Lenders Syndicate or stakeholders, which can be found in the Deloitte Assessment.

58. Without disclosing the Cash Purchase Price, the net return values from those scenarios compared in percentage to the Transaction Net Proceeds as follows:

**Economic outcome variation (%) compared to the Proposed Transaction**



59. As will be further demonstrated to the Court, all scenarios involving an orderly liquidation scenario provide for a significantly better economic outcome for the stakeholders than the Transaction Net Proceeds.
60. In view of the above, the Lenders Syndicate submits that the Founders Bid does not meet the required legal criteria to be approved by the Court as it does not constitute a fair and reasonable transaction and is not in the interest of the creditors with the primary economic interest in the disposition of the assets. The Founders Bid imposes a significant loss on the Lenders Syndicate and provides for a Cash Purchase Price significantly lower than the value of the assets to be sold under a liquidation process such as the Liquidation Sale, which is the optimal liquidation scenario in these circumstances. As such, the Lenders Syndicate cannot agree to the Founders Bid.
61. In view of the GB Guarantee, the alternative proposed by the Lenders Syndicate is neither “potential” or “hypothetical” and will lead to a significantly higher recovery than the Founders Bid.
62. The Lenders Syndicate submits that given the GB Guarantee, the Liquidation Sale offers the required level of certainty to reject the approval of the Founders Bid and Proposed Transaction and grant the Lenders Syndicate Contests and Application.

## **VI. THE PROPOSED LIQUIDATION**

63. Subject to Court approval of the Liquidation Sale Approval Order and to the terms of the Guarantee Agency Agreement (or an alternative agency agreement) to be entered into by the Debtors, with the consent of the Monitor or the proposed receiver, the Lenders Syndicate is seeking the Court’s authorization for the Monitor, or subsidiarily, Deloitte, to execute a Guarantee Agency Agreement and retain GB to complete a dual-channel Liquidation Sale of the Merchandise and the

Other Assets, first through the SSENSE's website, for the bulk of the Merchandise, followed by wholesales to maximize the economic outcome for all stakeholders.

64. Subject to the granting of the Liquidation Sale Approval Order by the Court, the Liquidation Sale of the Merchandise and the Other Assets is contemplated to commence by no later than February 1, 2026, and to be conducted over a period of 14 to 18 weeks, concluding no later than Friday June 12, 2026.
65. The proposed liquidation process to be set out in a Guarantee Agency Agreement will be designed by GB to maximize the value realized from the sale of the Merchandise and the Other Assets.
66. The Lenders Syndicate submits that the Liquidation Sale represents a fair and reasonable alternative to the Proposed Transaction, and the best course of action to maximize the value of the Debtors' assets and the economic outcome for the fulcrum creditors.
67. Given that the Debtors' Application was served onto the Service List just before midnight on Saturday January 10, 2026, and that the Lenders Syndicate has not yet received the report of the Monitor recommending the approval of the Purchase Agreement and Proposed Transaction referred to in the Debtors' Application, the Lenders Syndicate reserves its rights to amend and supplement this Lenders Syndicate Contestation and Application.

## **VII. RELIEF SOUGHT**

### **A. Expanded Powers of the Monitor**

68. The Lenders Syndicate is seeking that the Monitor be granted the expanded powers more fully set out in the draft Second ARIO (Exhibit L-2).
69. It is respectfully submitted that those expanded powers are necessary for the Monitor to implement the Liquidation Sale, and that it is appropriate in the circumstances to grant those powers to the Monitor.

### **B. SUBSIDIARILY, Appointment of the Proposed Receiver**

70. If the Monitor is not prepared to conduct the Liquidation Sale, the Lenders Syndicate subsidiarily requests that this Court appoint Deloitte, a licensed insolvency trustee, as receiver, in accordance with the provisions of the BIA.
71. Pursuant to the ARIO, the Lenders Syndicate is an unaffected creditor and therefore does not require the lifting of the Stay to proceed with the execution of its security.

72. The Lenders Syndicate respectfully submits that, in the event that the Monitor is not prepared to conduct the Liquidation Sale, it is now essential and appropriate that a receiver be appointed, considering the following:
  - a) The Debtors are in default with respect to their contractual obligations towards the Lenders Syndicate;
  - b) The Debtors are insolvent, as evidenced by these CCAA proceedings;
  - c) The approval of the Proposed Transaction would result in irremediable prejudice to the Lenders Syndicate and cause further defaults with respect to the Debtors' contractual obligations to the Lenders Syndicate;
  - d) The participation of a court officer is required to ensure the proper implementation of the proposed Liquidation Sale; and
  - e) Without the appointment of the receiver, the Lenders Syndicate's claim is therefore seriously at risk.
73. Deloitte has been acting as financial advisor to the Lenders Syndicate since July 2025, and throughout these CCAA proceedings.
74. Deloitte has confirmed that it agrees to be appointed as receiver.

75. The Lenders Syndicate submits that given Deloitte's existing knowledge of the financial and operational challenges of the Debtors, it is in an ideal position to take over from the Monitor and implement the Liquidation Sale in timely fashion.

**C. Approval of the Liquidation Sale**

76. The Lenders Syndicate notably requests the approval of the Liquidation Sale, as set out in the draft Liquidation Sale Approval Order and in conformity with the terms of the Guarantee Agency Agreement.
77. The implementation of the Liquidation Sale is the best course of action to obtain the best economic outcome and to limit the loss incurred by the Lenders Syndicate, which holds the primary economic interest in these proceedings and whose collateral will be sold through the Proposed Transaction or the Liquidation Sale.

78. Given that the Liquidation Sale targets the sale of the Merchandise and the Other Assets, it is critical that GB be granted the rights to market and sell, free and clear of all charges, the Merchandise and the Other Assets.

**D. Extension of the Stay of Proceedings**

79. The Lenders Syndicate is hereby requesting that this honourable Court extend the Stay Period until June 12, 2026.

80. The requested extension of the Stay Period is notably required to proceed with the proposed Liquidation Sale, and the Lenders Syndicate respectfully submits that it is necessary and appropriate in the circumstances.
81. The Liquidation Sale is expected to provide sufficient liquidity to cover anticipated costs and expenses during the requested extended Stay Period.
82. The Lenders Syndicate submits that it has acted and continue to act in good faith and that the requested extension is appropriate.

**E. Sealing of Confidential Information**

83. The Lenders Syndicate seeks an order declaring that Exhibit L-4, Exhibit L-5, Exhibit L-11 and Exhibit L-12 be kept strictly confidential and shall be filed *under seal*, notably considering that those documents contain financial and commercially sensitive information regarding the Debtors.

**F. Execution notwithstanding appeal**

84. Given the circumstances confronting the Debtors, it is essential that the execution of the orders sought be granted notwithstanding appeal.

**VIII. CONCLUSIONS**

85. For the reasons explained above, the Lenders Syndicate believes it is both appropriate and necessary that the relief being sought be granted, as it constitutes the best course of action in the circumstances and will allow for a significantly higher recovery to the Lenders Syndicate than the Proposed Transaction.
86. The Lenders Syndicate further submits that the Lenders Syndicate Contestation and Application should be granted in accordance with its conclusions and is well founded in fact and law.

**THEREFORE, MAY IT PLEASE THIS HONOURABLE COURT TO:**

- A. **DISMISS** the Debtors' *Application for the Issuance of an Approval and Vesting Order*;
- B. **GRANT** this *Notice of Contestation of the Debtors' Application for the Issuance of an Approval and Vesting Order by the Lenders Syndicate and Application of the Lenders Syndicate for the Issuance of a Liquidation Sale Approval Order and for an Order Expanding the Powers of the Monitor, or subsidiarily, Appointing a Receiver* (the "**Lenders Syndicate Contestation and Application**");
- C. **ISSUE** an order substantially in the form of the draft Second ARIQ communicated in support of the Lenders Syndicate Contestation and Application as **Exhibit L-2**;

D. **ISSUE** an order substantially in the form of the draft Liquidation Sale Approval Order communicated in support of the Lenders Syndicate Contestsation and Application as **Exhibit L-1**;

E. **THE WHOLE** with costs.

**SUBSIDIARILY:**

A. **DISMISS** the Debtors' *Application for the Issuance of an Approval and Vesting Order*;

B. **GRANT** this *Notice of Contestsation of the Debtors' Application for the Issuance of an Approval and Vesting Order by the Lenders Syndicate and Application of the Lenders Syndicate for the Issuance of a Liquidation Sale Approval Order and for an Order Expanding the Powers of the Monitor, or subsidiarily, Appointing a Receiver* (the "**Lenders Syndicate Contestsation and Application**");

C. **ISSUE** an order substantially in the form of the Receivership Order communicated in support of the Lenders Syndicate Contestsation and Application as **Exhibit L-3**;

D. **ISSUE** an order substantially in the form of the draft Liquidation Sale Approval Order, communicated in support of the Lenders Syndicate Contestsation and Application as **Exhibit L-1**, with the applicable adjustments;

E. **THE WHOLE** with costs.

Montréal, January 14, 2026

*Borden Ladner Gervais*

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**Borden Ladner Gervais LLP**

Lawyers for Bank of Montréal, in its capacity as administrative agent for itself and Royal Bank of Canada, JP Morgan Chase Bank, N.A., Toronto Branch, National Bank of Canada, The Bank of Nova Scotia, and JP Morgan SE, Lenders and Interim Lenders

Mtre. Isabelle Desharnais

Mtre. Kevin Mailloux

Mtre. Claudine Millette

Mtre. Alex Fernet Brochu

1000 De La Gauchetière Street West  
Suite 900

Montréal QC H3B 5H4

Tél: 514.879.1212

Fax: 514.954.1905

Email: [idesharnais@blg.com](mailto:idesharnais@blg.com)

[kmailoux@blg.com](mailto:kmailoux@blg.com)

[cmillette@blg.com](mailto:cmillette@blg.com)

[afernetbrochu@blg.com](mailto:afernetbrochu@blg.com)

Notification: [notification@blg.com](mailto:notification@blg.com)

O/File: 200727-001523

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## SWORN DECLARATION OF HUGH DEVLIN

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I, the undersigned, Hugh Devlin, Managing Director, Special Accounts Management Unit – National Accounts for Bank of Montreal, having its head office at 129 St-Jacques Street, in Montréal, Province of Québec, H2Y 1L6, and a place of business at First Canadian Place, 100 King Street West, 19th Floor, Toronto, ON M5X 1A1, having been duly sworn, do depose and solemnly affirm that:

1. I am a representative of the Agent and duly authorized for the purposes hereof;
2. I am acting as the Managing Director, Special Accounts Management Unit – National Accounts for Bank of Montreal since September 15, 2025, and I am actively involved in the present file since on or around December 1, 2025;
3. All the facts alleged in paragraphs 4, 6, 9, 17, 18, 26, 31, 32, 34, 59, 61, 64, 65, 66, 76, 78, 81 and 82 of the *Notice of Contestation of the Debtors' Application for the Issuance of an Approval and Vesting Order by the Lenders Syndicate and Application of the Lenders Syndicate for the Issuance of a Liquidation Sale Approval Order and for an Order Expanding the Powers of the Monitor, or subsidiarily, Appointing a Receiver* (the “**Lenders Syndicate Contestation and Application**”) to which this sworn declaration is attached are, to the best of my knowledge, true, it being noted that as it relates to paragraphs 32 and 34, and for the period which precedes December 1, 2025, I have been advised of these facts by counsel for the Lenders Syndicate;
4. All the facts alleged in paragraphs 29, 30, 47, 57, 58, 74 and 75 of the Lenders Syndicate Contestation and Application which this sworn declaration is attached are, to the best of my knowledge, true, it being noted that I have been advised of these facts by the Lenders Syndicate’s financial advisor, Deloitte Restructuring Inc.

**AND I HAVE SIGNED**

Hugh Devlin

**HUGH DEVLIN**

Declared under oath remotely before me by  
technological means  
in Montréal, QC, on January 14, 2026



Dominique Delisle (223428)  
Commissioner of Oaths for Québec and for  
Outside of Québec

CANADA

PROVINCE OF QUÉBEC  
DISTRICT OF MONTRÉAL

Nº: 500-11-066133-253

S U P E R I O R C O U R T

(Commercial Division)

(Sitting as a court designated pursuant to  
the *Companies' Creditors Arrangement  
Act*, R.S.C. 1985, c. C-36)

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

**ATALLAH GROUP INC.**

-and-

**ATALLAH INTERNATIONAL INC.**

-and-

**9416-7145 QUÉBEC INC.**

-and-

**ATALLAH GROUP US INC.**

-and-

**ATALLAH GROUP LIMITED**

-and-

**ATALLAH GROUP EU SRL**

Debtors

-and-

**ERNST & YOUNG INC.**

Monitor

-and-

**BANK OF MONTREAL**

Applicant

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NOTICE OF PRESENTATION  
COMMERCIAL (COURTROOM 16.04)

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TO: SERVICE LIST

1. PRESENTATION OF THE PROCEEDING

**TAKE NOTE** that the *Notice of Contestation of the Debtors' Application for the Issuance of an Approval and Vesting Order by the Lenders Syndicate and Application of the Lenders Syndicate for the Issuance of a Liquidation Sale Approval Order and for an Order Expanding the Powers of the Monitor, or subsidiarily, Appointing a Receiver* will be presented in the Commercial Practice Division of the Superior Court, in a courtroom of the Montréal Courthouse on **January 15, 2026, at a time and in a room of the Montréal Courthouse located at 1 Notre-Dame Street East, Montréal, QC H2Y 1B6**, to be announced to the Service List.

**DO GOVERN YOURSELVES ACCORDINGLY.**

Montréal, January 14, 2026

*Borden Ladner Gervais*

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**Borden Ladner Gervais LLP**

Lawyers for Bank of Montréal, in its capacity as administrative agent for itself and Royal Bank of Canada, JP Morgan Chase Bank, N.A., Toronto Branch, National Bank of Canada, The Bank of Nova Scotia, and JP Morgan SE, Lenders and Interim Lenders

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[kmailoux@blg.com](mailto:kmailoux@blg.com)

[cmillette@blg.com](mailto:cmillette@blg.com)

[afernetbrochu@blg.com](mailto:afernetbrochu@blg.com)

Notification: [notification@blg.com](mailto:notification@blg.com)

O/File: 200727-001523

CANADA

PROVINCE OF QUÉBEC  
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Nº: 500-11-066133-253

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-and-

**ATALLAH GROUP EU SRL**

Debtors

-and-

**ERNST & YOUNG INC.**

Monitor

-and-

**BANK OF MONTREAL**

Applicant

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## LIST OF THE EXHIBITS OF THE LENDERS SYNDICATE

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**EXHIBIT L-1:** Draft Liquidation Sale Approval Order;

**EXHIBIT L-2:** Draft Second Amended and Restated Initial Order;

**EXHIBIT L-3:** Draft Receivership Order, along with a compared version of the draft Receivership Order and the standard form, *en liasse*;

**EXHIBIT L-4:** Copy of Deloitte's Liquidation Value Assessment dated January 14, 2025 **[UNDER SEAL]**;

**EXHIBIT L-5:** Copy of the Monitor's Analysis dated January 2, 2026 and email communications related thereto, *en liasse* **[UNDER SEAL]**;

**EXHIBIT L-6:** Copy of the Addendum and email communications related thereto, *en liasse* **[UNDER SEAL]**;

**EXHIBIT L-7:** Copy of the January 7 Notice;

**EXHIBIT L-8:** Correspondence of counsel for the Lenders Syndicate to counsel for the Debtors and the Monitor dated January 12, 2026;

**EXHIBIT L-9:** Copy of the Interim Facility Credit Agreement;

**EXHIBIT L-10:** Copy of the relevant extracts from the Québec Entreprise Register for Atallah Co. and for 9421-6181 Québec inc. *en liasse*;

**EXHIBIT L-11:** Copy of GB's Strategic Liquidation Analysis dated January 13, 2026 **[UNDER SEAL]**;

**EXHIBIT L-12:** Copy of the Binding Commitment Letter **[UNDER SEAL]**;

Montréal, January 14, 2026

*Borden Ladner Gervais*

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**Borden Ladner Gervais LLP**

Lawyers for Bank of Montréal, in its capacity as administrative agent for itself and Royal Bank of Canada, JP Morgan Chase Bank, N.A., Toronto Branch, National Bank of Canada, The Bank of Nova Scotia, and JP Morgan SE, Lenders and Interim Lenders

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