

General CCAA FAQs

1. What is the CCAA?

- The *Companies' Creditors Arrangement Act*, or "CCAA", is a federal statute in Canada that enables debtor companies to restructure their financial affairs under the supervision of the Court.
- As part of the CCAA proceedings, the Court grants a "stay of proceedings" in favour of the debtor companies, which prevents parties, including creditors (such as suppliers, contractors, and lenders), from taking action against them, giving the debtor companies the time and stability required to enable them to restructure while continuing their day-to-day operations.

2. Are the Companies bankrupt?

- No. Under Canadian insolvency and restructuring laws, "bankruptcy" is a specific type of proceeding in which an insolvent company's operations are terminated and its assets are sold or "liquidated".
- CCAA proceedings are restructuring proceedings that, among other things, prevent creditors from forcing debtor companies into bankruptcy. For this reason, CCAA proceedings are sometimes referred to as "bankruptcy protection".

3. Why did the Companies file for CCAA protection?

- The Companies have been facing significant liquidity issues for some time and sought CCAA protection having regard to the best interests of the Companies and their many stakeholders. The CCAA proceedings will provide the Companies with, among other things, the "breathing space" necessary to maintain their ongoing operations and pursue their refinancing and other restructuring options.

4. What is going to happen in the CCAA? What do the Companies plan to do in the CCAA?

- The Companies will continue operations within the CCAA, and/or implement cost-savings, refinancing and other restructuring plans.
- Subject to the oversight of the Court, the Companies remain in control of their business and operations and can take steps to complete one or more restructuring or refinancing transactions.
- The Companies intend to seek Court approval of interim financing called "debtor-in-possession" or "DIP" financing to ensure that they have the liquidity to support their ordinary course operations during the CCAA proceedings. These financing arrangements are being finalized and the Companies intend to seek Court approval of the DIP financing facility on or around January 31, 2024.

5. How long will the CCAA proceedings take to complete?

- The Court has granted an initial stay of proceedings of 10 days, which is the maximum allowed on an initial application under the CCAA.
- The Companies intend to be back in Court on January 31, 2024 and will, at that time, be requesting an extension to the stay period to provide the time needed to pursue a refinancing or restructuring transaction. It is not possible to provide a specific estimate on timing this early in the CCAA proceedings, but it is likely to take several months for the Companies to implement a restructuring or refinancing transaction.
- Information on the filing and upcoming milestones throughout the CCAA proceedings can be found on a website being maintained by the Monitor at: <https://www.ksvadvisory.com/insolvency-cases/case/sid>.

6. What is the Monitor?

- The Monitor is an officer of the Court whose responsibilities include assisting the Companies with their restructuring and reporting to the Court from time to time on the progress of the CCAA proceedings.
- In this case, KSV Restructuring Inc. has been appointed as Monitor.
- The Companies will be giving their full co-operation to the Monitor while remaining in control of their business and their properties.

General CCAA FAQs

7. Who is now in charge of the Companies?

- The sole director or board of directors of each of the Companies, as applicable, remain in control of the Companies and their operations, subject to the specific requirements of the CCAA Initial Order and any further orders of the Court.
- As noted above, the Monitor has been appointed to oversee the activities of the Companies and assist stakeholders with the CCAA process.

8. What does the filing mean for the Companies' operations?

- For the most part, it will be business as usual, and the Companies intend to continue to operate in the ordinary course.

9. Do I need to pay rent to the Companies if it has entered restructuring proceedings?

- Yes. The Companies are continuing to operate in the normal course and your rent is to be paid when due, without delay. Tenants should continue to liaise with the same representatives of the Companies and/or their property manager as they did prior to the CCAA process.

10. I have unpaid invoices for products/services delivered prior to the CCAA filing. Will these amounts be paid?

- Amounts owing by the Companies in respect of goods or services delivered or provided to the Companies prior to the date of the CCAA Initial Order ("**pre-filing claims**") are subject to the stay of proceedings provided under the CCAA Initial Order. Those amounts cannot generally be paid at this time and will be subject to the outcome of the CCAA process. In due course, creditors will receive proof of claim forms to file with the Monitor's office.

12. Will the Companies continue to order goods and services from their vendors?

- Post-filing product deliveries, orders, services or payments will be honoured and conducted in the normal course. Please continue to work with the Companies as you did prior to the CCAA process.

13. Why should I continue to do business with the Companies?

- The Companies intend to continue their operations in the ordinary course and intend to arrange for a financing facility in order to continue to pay vendors in the ordinary course.

14. Will I be paid for goods and services provided to the Companies on or after the filing date?

- Yes. The Companies intend for vendors to be paid in the ordinary course for goods and services provided on and after the filing date.
- Invoices for goods and services provided should continue to be submitted through the typical accounts payable channels, and payments will be processed in accordance with contract terms, if applicable.

15. Do I continue dealing with my existing contacts?

- Yes, unless you are specifically informed otherwise, you should continue to deal with your regular contacts.

16. Do I have to continue to provide goods/services to the Companies?

- The CCAA Initial Order provides that anyone having a written or oral agreement to provide goods or services to the Companies is prohibited from terminating such arrangements, provided that the Companies pay the existing agreed-upon prices or charges for such goods or services post-filing.

17. I understand that I can recover goods that I delivered in the last 30 days. Is that correct?

- No. The rights referred to above arise only in a bankruptcy. They do not apply in a CCAA proceeding.

18. What do I do if I have other questions?

- For everyday business questions, you should continue to speak to your normal contact person.
- For questions relating to the CCAA proceedings, you can contact the Monitor at 416-932-6023 or by email at nthurairatnam@ksvadvisory.com.