



CANADA  
DISTRICT OF QUEBEC  
DIVISION NO.: 01-MONTREAL  
COURT NO.: 500-11-059536-215

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

IN THE MATTER OF THE  
ARRANGEMENT OR COMPROMISE OF:

**ATIS GROUP INC.**, a legal person domiciled at  
1000 de La Gauchetière Street West, Suite 2500, in  
the city of Montréal, in the province of Québec,  
H3B 0A2.

-and-

**ITS SUBSIDIARIES: 10422916 CANADA INC.,  
8528853 CANADA INC. (D.B.A. PORTES ET  
FENÊTRES ALTEK INC.), 9060642 CANADA  
INC., 9092455 CANADA INC. (D.B.A.  
ALWEATHER WINDOWS & DOORS),  
DISTRIBUTEUR VITRO CLAIR INC.,  
SOLARCAN ARCHITECTURAL HOLDING  
LIMITED, VITRERIE LÉVIS INC.,  
VITROTEC PORTES & FENÊTRES INC.  
AND ATIS LP**

Hereinafter collectively referred to as  
“Atis Group” or the “Debtors”

-and-

**RAYMOND CHABOT INC.**, (SR0163)  
Dominic Deslandes, CPA, CA, CIRP, LIT

Hereinafter referred to as the “Monitor”

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## SEVENTH REPORT OF THE MONITOR

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### PREAMBLE

To the Honourable justice Michel A. Pinsonnault of the Superior Court, sitting in commercial division, in and for the judicial district of Montréal, we respectfully submit this seventh report of the Monitor as part of the Application for the Issuance of an Order Discharging the Monitor (“Application”) as well as the Motion for an Order Terminating the Receivership and Discharging the Receiver (the “Motion”).

Signed in Montréal on December 15, 2021.

RAYMOND CHABOT INC.  
Monitor

Dominic Deslandes, CPA, CA, CIRP, SAI

## 1. INTRODUCTION

- 1.1. This report of the Monitor should be read in conjunction with the report dated February 19, 2021 (“Pre Filing Report”) prepared by Raymond Chabot Inc. (“RCI”), then in its capacity as proposed monitor, as well as the First, Second, Third, Fourth, Fifth and Sixth reports by RCI in its Capacity as Monitor respectively dated February 28, April 27, May 25, June 2, August 26, and October 25, 2021, in the context of the current proceedings (the “CCAA Proceedings”). Capitalized terms not otherwise defined herein shall have the meaning that is ascribed to them in the previous reports, as applicable.

## 2. PROCEDURAL BACKGROUNDS

- 2.1. On February 18, 2021, Atis Group filed an application for an initial order and an amended and restated initial order.
- 2.2. On February 19, 2021, the Superior Court of the Province of Québec for the district of Montréal (the “Court”) granted the application and issued an initial order, ordering inter alia the following relief:
  - 2.2.1. A Stay of Proceedings against the Debtors and the property (the “Stay Period”) until March 1, 2021;
  - 2.2.2. A Stay of Proceedings against the directors and officers of the Debtors (the “Directors and Officers”) during the Initial Stay Period;
  - 2.2.3. The appointment of RCI as the Monitor;
  - 2.2.4. The approval of interim financing up to a maximum principal amount of \$6.25 million (the “Interim Financing Facility”), together with a \$7.5 million charge; and
  - 2.2.5. The approval of various charges.
- 2.3. On February 22, 2021, Atis Group requested an urgent hearing to obtain a Safeguard Order against Energi Fenestrations Solutions Ltd., a supplier of extrusion products and patio doors that had interrupted its supply of goods after its management was made aware of the CCAA Proceedings.
- 2.4. On March 1, 2021, the Court issued an Amended and Restated Initial Order (the “ARIO”), which provides as follows, among other things:
  - 2.4.1. An extension of the Stay Period against the Debtors and the property until April 30, 2021;
  - 2.4.2. Approval of the Monitor’s Charge of \$1.5 million;
  - 2.4.3. The approval of the Sale and Investment Solicitation Process (the “SISP”) and its implementation in accordance with the approved SISP procedures.
- 2.5. On March 10, 2021, an Order was granted, appointing RCI as receiver for de minimis assets of certain entities of Atis Group, for the sole purpose of triggering the application of the Wage Earner Protection Program.
- 2.6. On March 17, 2021, an application for a Safeguard Order and for the Renewal of the Insurance Policies was filed with the Court and, subsequently, Atis Group and its insurers were able to agree on a temporary insurance policy.
- 2.7. On March 25, 2021, a Claims Procedure Order was granted, establishing the procedure implemented by the Monitor to receive the claims from the Creditors.
- 2.8. The claims bar date (the “Claims Bar Date”) was set to April 26, 2021 at 4:00 p.m. (Montreal time).

- 2.9. On April 27, 2021 Atis Group filed an application for a second extension of the stay period and for ancillary relief.
- 2.10. On April 28, 2021 pursuant to the application, an Order was granted, which provides as follows, among other things:
  - 2.10.1. An extension of the Stay Period against the debtors and the property until June 30, 2021;
  - 2.10.2. An increase in the Interim Financing Facility up to \$9 million and an increase in the Interim Lender charge to \$10.8 million;
  - 2.10.3. A change in the ranking of CCAA Charges between the Interim Lender Charge and the Senior Security of the Bank of Nova Scotia;
  - 2.10.4. An increase in the powers of the Monitor.
- 2.11. On April 29, 2021 and pursuant to the Order rendered on April 28, 2021, the Monitor issued a certificate confirming that it had been informed that all of the Debtors' directors had resigned.
- 2.12. On May 21, 2021, Atis Group filed an application seeking permission from the Court to sell the assets of its Toronto (Vinylbilt) and Maritimes (Allsco and Alweather) divisions and the issuance of vesting orders.
- 2.13. On May 26, 2021, two Approval and Vesting Orders were granted, approving the sale of these assets.
- 2.14. On June 1, 2021, Atis Group filed an application seeking permission from the Court to sell one of its buildings located in Lévis, to assign a lease and sell some assets located at its Terrebonne plant and to issue vesting orders, in addition to requesting an extension of the Stay Period until August 31, 2021.
- 2.15. On June 4, 2021, the Approval and Vesting Orders were granted, approving the sale of these assets, and the Third extension order was granted, extending the Stay Period to August 31, 2021.
- 2.16. On August 24, 2021, Atis Group filed an application seeking permission from the Court to sell the assets of its Québec operations, obtain the issuance of a Vesting order, perform a Second Claims Process and be granted an extension of the Stay Period until November 5, 2021.
- 2.17. On August 30, 2021, the Court granted the Approval and Vesting Orders for the sale of the Québec Operations, the Second Claims Procedure Order with a claims bar date of October 12, 2021 and the Fourth extension order, extending the Stay Period to November 5, 2021.
- 2.18. On October 21, 2021, Atis Group filed an application seeking permission to sell its building located in Québec City as well as a vacant lot. The application also sought the release and discharge of certain CCAA Charges and the release of the Beneficiaries, the CRO and the Directors and Officers (the "Released Parties") following the results of the Second Claims Process. It also sought the discharge of the CRO, the granting of an extension of the Stay Period until December 17, 2021, and authorization to distribute an amount to the Senior Lender.
- 2.19. On October 26, 2021, the Court partially granted the requests made in the application dated October 21, 2021, delivering the Order (i) Authorizing a Distribution to be made by the Monitor, (ii) Discharging the CRO, (iii) Releasing Certain CCAA Charges, and (iv) Extending the Stay Period to December 17, 2021.
- 2.20. Considering namely the contestation from Employment and Social Development Canada ("ESDC") regarding certain requests in said application presented on October 26, 2021, another hearing was scheduled for December 8, 2021.
- 2.21. An agreement with ESDC was ultimately reached such that ESDC withdrew their contestation of the outstanding items in the application to be heard on December 8, 2021, such that on said date, the Court

rendered the Order Authorizing a Distribution, Releasing Certain CCAA Charges and Releasing the Beneficiaries, the CRO and the Directors and Officers.

### **3. ADMINISTRATION BY THE MONITOR SINCE THE SIXTH REPORT**

- 3.1. On November 4, 2021, the Monitor posted a copy of the following documents on its website:
  - 3.1.1. Application for the Issuance of Approval and Vesting Orders and an Order (i) Authorizing a Distribution, (ii) Discharging the CRO, (iii) Releasing Certain CCAA Charges, (iv) Releasing the Beneficiaries, the CRO and the Directors and Officers and (v) Extending the Stay Period;
  - 3.1.2. Approval and Vesting Orders for the Québec building and the vacant lot;
  - 3.1.3. Order (i) Authorizing a Distribution, (ii) Discharging the CRO, (iii) Releasing Certain CCAA Charges, and (iv) Extending the Stay Period Fourth extension order;
- 3.2. On November 15, 2021, the Monitor posted a copy of the following documents on its website:
  - 3.2.1. The Monitor's certificate in regards to the sale of the Québec building;
  - 3.2.2. The Monitor's certificate in regards to the sale of the vacant lot;
  - 3.2.3. Notice of the Second Claims Procedure, proof of claim form and a guide on how to properly complete the proof of claim form.
- 3.3. On December 14, the Monitor posted a copy of the Order rendered on December 8, 2021.
- 3.4. The Monitor also:
  - 3.4.1. continued to oversee receipts and disbursements on a daily basis;
  - 3.4.2. held numerous meetings with the Secured lenders, shareholders, creditors and other stakeholders regarding the status of the CCAA proceedings;
  - 3.4.3. with the assistance of certain ex-employees of Atis:
    - 3.4.3.1. proceeded to close the transactions for the Québec building and the vacant lot;
    - 3.4.3.2. finalized certain outstanding items with respect to the sale of the Québec Operations;
    - 3.4.3.3. Performed the analysis required to finalize the various reports for tax purposes;
  - 3.4.4. oversaw the termination of certificates issued by the Monitor to secure orders to maintain operations in accordance with the Court order dated August 30, 2021;
  - 3.4.5. held multiple discussions and provided information to ESDC and Chubb, namely to determine the quantum of their claim.
- 3.5. Considering that all activities had ceased, and that all transactions have now been completed, the Monitor filed for the bankruptcies of the Debtors on December 15, 2021, more specifically : Atis LP (including its general partner 10422916 Canada Inc.), Atis Group Inc., 9060642 Canada Inc. (SDI), Solarcan Architectural Holding Limited, Distributeur Vitro Clair inc., 8528853 Canada inc. (Altek), 9092455 Canada inc., Vitrotec Portes & Fenêtres inc. and Vitrerie Lévis inc.

### **4. ACTUAL RECEIPTS AND DISBURSEMENTS**

- 4.1. In accordance with the CCAA, we exercised oversight over the business and financial affairs of the Debtors and obtained all the necessary collaboration.

- 4.2. Our analysis essentially consisted of enquiries, analytical procedures and discussions related to information supplied by management. This work does not constitute an audit or review of the financial statements in accordance with generally accepted auditing standards established by CPA Canada or by the American Institute of Certified Public Accountants (AICPA). No audit work has been carried out by us and, consequently, we do not express an opinion on these financial statements.
- 4.3. Below is a comparison of actual and projected changes in cash for the 9-week period ended December 11, 2021:

(in thousands of \$ - unaudited)	9-week period ended December 11, 2021		
	Actual	Budget	Differences
<b>Receipts</b>			
Proceeds from transactions	-	8,874	(8,874)
Release of customer deposits held in trust	358	580	(222)
Other	116	-	116
	475	9,454	(8,980)
<b>Disbursements</b>			
Net Accounts receivable collected, reimbursed to buyers of divisions that were sold	430	428	(2)
Pre August 31, 2021 accruals / payables	125	271	146
Services rendered by former Atis employees	49	-	(49)
Professional fees	470	171	(299)
Sales taxes	75	75	0
	1,149	945	(205)
<b>Change in cash</b>	<b>(675)</b>	<b>8,510</b>	<b>(9,184)</b>
Cash (Bank advances) - Beginning balance	(2,139)	(2,139)	-
<b>Cash (Bank advances) - Ending balance</b>	<b>(2,814)</b>	<b>6,370</b>	<b>(9,184)</b>

- 4.4. The analysis of the differences leads to the following findings:
- 4.4.1. Proceeds from prior transactions were \$8.9 million lower than forecasted due to timing differences and are currently still held in trust by the Monitor. These funds will be eventually transferred to Atis/the Senior Lender in accordance with the provisions of the order rendered by this Court on December 8, 2021;
- 4.4.2. Overall, except for professional fees, which were higher than forecasted due to the level of involvement of the various professionals following the ESDC contestation, receipts and disbursements were in line with the forecast and the variances are mostly the result of timing differences.

## 5. CUSTOMER DEPOSITS

- 5.1. Since the Initial Order, Raymond Chabot Inc. held in a separate account the deposits made by customers on new orders for doors and windows registered since January 29, 2021 (the "Customer Deposits"), following a directors' resolution.
- 5.2. These Customer Deposits were only released to the Debtors once each specific order was delivered and/or installed, after confirmation received from Atis and/or parties who bought the assets and continued the operation in Québec and the Maritimes, as agreed between Atis, the Monitor and the two purchasers in the transaction documents.
- 5.3. At its peak, the Customer Deposits amount reached more than \$1.3 million. However, as of December 6, 2021, there remained \$260,000 held for outstanding customer orders, which is comprised of \$231,000 for the contracts assigned in the sale of the Maritimes operations, and \$29,000 for the contracts assigned in the sale of the Québec operations.

- 5.4. The Monitor submits that the Customer Deposits should be released to the Senior Lender once Raymond Chabot inc. is duly informed that the relevant orders have been fulfilled in accordance with the procedure currently in place for same.

## **6. TERMINATION OF THE RECEIVERSHIP FOR THE PURPOSE OF THE WEPP**

- 6.1. As previously stated, an Order was granted on March 10, 2021, appointing RCI as receiver for de minimis assets of certain entities of Atis Group, for the sole purpose of triggering the application of the Wage Earner Protection Program (“WEPP”).
- 6.2. To this day, 341 employees have benefited from the WEPP.
- 6.3. As of the date of this report, all the terminated employees of the Debtor have received the information from the Receiver to register their claim for the WEPP, and the time period to do so has expired.
- 6.4. The Receiver has processed all the claims received.
- 6.5. At the date of this report, ESDC has filed their final claim with the Monitor/Receiver for the amounts paid to the employees, and the Monitor has paid said claims in conformity with the laws and the agreement reached with ESDC.
- 6.6. Considering that the administration of the WEPP is therefore completed, save for some ancillary tasks, the Receiver is requesting that the Receivership be terminated, and that the Receiver be released.

## **7. RELEASE OF THE MONITOR**

- 7.1. Considering that:
  - 7.1.1. All the operating divisions and/or companies of the Atis Group were sold, and that all transactions are now closed;
  - 7.1.2. All buildings have been sold and the related transactions have been completed;
  - 7.1.3. There remain no more activities in the Atis Group;
  - 7.1.4. All employees have been terminated, and administration of the WEPP has been completed;
  - 7.1.5. All debtors have filed for bankruptcy;
  - 7.1.6. All the remaining assets, consisting mostly in sales tax receivables, will be able to be recovered efficiently by the Trustee.
- 7.2. A summary of Atis Group’s asset realization is presented in Appendix A (Under seal)
- 7.3. The Monitor is of the opinion that the administration of the CCAA has been completed, and that the Monitor should be released.

## **8. CONCLUSION**

8.1. Considering the above, the Monitor respectfully recommends that:

- 8.1.1. The Customer Deposits be remitted to the Senior Lender in accordance with the procedure currently in place for same;
- 8.1.2. The Receivership be terminated, and the Receiver be released and discharged, having completed the administration of the WEPP;
- 8.1.3. The Monitor be released and discharged, having completed its administration.