



November 27, 2020

TO: Creditors of Stokes Inc. (“**Stokes**” or “**we**”)

Dear Sir/Madam:

Proposed Plan of Compromise and Arrangement

As you are aware, on February 18, 2020, Stokes filed for protection under the *Bankruptcy and Insolvency Act* and, Richter Advisory Group Inc. (the “**Monitor**”) was appointed as proposal trustee. On July 27, 2020, with the approval of the Court, our insolvency proceedings were continued under the *Companies’ Creditors Arrangement Act* (the “**CCAA**”).

Since the beginning of our insolvency proceedings, we have worked tirelessly to restructure our affairs for the benefit of all stakeholders, including through the closure of underperforming stores, the implementation of cost-reduction measures, and negotiations with our key partners. We pursued our efforts in the face of the Covid-19 pandemic and are confident that the steps we have taken to restructure our business have best positioned us for the future.

With the assistance and support of the Monitor, Stokes developed the enclosed Plan of Compromise and Arrangement (the “**Plan**”). Stokes is pleased to present the Plan to its creditors. If approved by the creditors and sanctioned by the Court, the Plan will:

- Provide for the distribution of an aggregate amount of \$2.3 million to the creditors;
- Effect a compromise, settlement and payment of proven claims in an efficient and cost-effective fashion;
- Ensure our continued operations; and
- Resolve our CCAA proceedings with certainty and finality.

We firmly believe that the recoveries contemplated under the Plan are greater than the recoveries creditors would receive in a bankruptcy. Equally important, the Plan provides Stokes and its many stakeholders including employees, suppliers, customers and landlords with the continued opportunity to work and do business together.

The meeting of creditors to consider and vote on the Plan will be held virtually on December 22, 2020 at 9:30 am (Montreal time), as more fully set forth in the Notice of Creditors’ Meeting and

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Sanction Hearing enclosed herewith. If the creditors approve the Plan at the creditors' meeting, we expect to apply to the Court on or about January 8, 2021, for an order sanctioning the Plan. If the order is granted by the Court, we intend to remit the first instalment of the Aggregate Distribution, namely the amount of \$1 million to the Monitor on or before February 28, 2021, for distribution to the creditors as soon as possible.

We urge you to review the Plan and the Monitor's report in connection therewith. You will note that the Monitor recommends that creditors vote in favour of the Plan. Please note that the deadline to provide your voting proxies to the Monitor is December 18, 2020 at 5:00 PM (Montréal time).

Additional information is available on the website that is maintained by the Monitor in respect of these CCAA proceedings at <https://www.richter.ca/insolvencycase/stokes-inc/>.

We thank you for your continued support, cooperation and confidence through our restructuring process. We hope that you will vote for the Plan.

Yours very truly,

Stokes Inc.
Per:



Mohammad Rahaman
Senior Vice-President of Finance and Administration