FTI Consulting Canada Inc.
1000, Sherbrooke West Street
Suite 915
Montréal QC H3A 3G4
Canada

Phone: 514.446.5093
www.fticonsulting.com

CANADA — **S U P E R I O R C O U R T**

PROVINCE OF QUÉBEC — **Commercial Division**

DISTRICT OF MONTRÉAL

COURT N^{O}: 500-11-067058-269

ESTATE NUMBER: 41-345338

IN THE MATTER OF THE RECEIVERSHIP OF: **JEANIOLOGIE INC.**

Debtor

-and-

FTI CONSULTING CANADA INC.

Receiver

SECOND REPORT TO THE COURT SUBMITTED BY FTI CONSULTING CANADA INC., IN ITS CAPACITY AS RECEIVER

The present report (the "**Second Report**") is being submitted to the Superior Court of Quebec, Commercial Division (the "**Court**") by FTI Consulting Canada Inc. ("**FTI**" or the "**Receiver**"), in connection with the *Application for an approval and vesting order* (the "**AVO Application**") dated June 22, 2026 brought by Royal Bank of Canada ("**RBC**" of the "**Bank**").

INTRODUCTION

1. Jeaniologie Inc. ("**Jeaniologie**" or the "**Debtor**") is a designer and manufacturer of denim apparel that focuses on jeanswear, including brands like Foxy Jeans, Bauhaus and Denim Society, offering products for men, women, and children. Jeaniologie also provides private label services and focus on accessible pricing.

2. On April 7, 2026, RBC filed an application (the "**Receivership Application**") for the issuance of an order to appoint FTI as receiver to the assets of Jeaniologie Inc.

3. On April 9, 2026, the Court rendered a receivership order (the "**Receivership Order**") to appoint FTI as receiver of Jeaniologie.

4. On May 25, 2026, RBC filed an application seeking to grant the Receiver the power to compel examinations and issue subpoenas, which was granted by the Court on June 3, 2026.

SUBJECT OF THIS REPORT

5. This Second Report of the Receiver is filed in support of the AVO Application brought by RBC and is intended to inform the Court on the following matters:

   a) The Receiver's activities since the First Report;
   b) The cash flow results for the period ended on June 21, 2026;
   c) The conduct of a call for tender undertaken by the Receiver;
   d) The proposed transaction (the "**Proposed Transaction**") with respect to the Debtor's assets;
   e) The Receiver's observations and recommendations with respect to the Proposed Transaction; and
   f) The relief sought by RBC in the AVO Application.

6. The Second Report should be read in conjunction with the First Report dated May 26, 2026, which have been filed in the Court record and are available on the Receiver's website.

TERMS OF REFERENCE

7. Unless otherwise indicated, all cash amounts referred to herein are expressed in Canadian dollars.

8. Capitalized terms that are not otherwise defined herein shall have the meaning ascribed to them in the Receivership Application, the First Report or the AVO Application as applicable.

ACTIVITIES OF THE RECEIVER SINCE THE ISSUANCE OF THE FIRST REPORT

9. Since the issuance of the First Report, the Receiver has performed the following tasks;

   a) Initiated investigative work to obtain and review the Debtor's books and records, including in respect of potential irregularities relating to accounts receivable and inventory;

   b) Notified two subpoenas for the scheduling of two examinations on July 20, 2026, and requested the availability of Mr. Di Zazzo and Mr. Muldrew;

   c) Prepared a confidential information memorandum (the "**CIM**") detailing, inter alia, the sales procedures, information regarding the Debtor's assets, the proposal form, and the terms and conditions of the call for tender;

   d) Commenced, on June 5, 2026, a call for tender process in respect of the Debtor's assets;

   e) Organized, on June 10, 2026, an inspection of the assets located at the warehouse located at 1280 Jules-Poitras Street, Montréal, Québec;

   f) Received and evaluated offers from interested parties and negotiated the terms of a proposed asset sale;

g) Continued its investigative work in respect of the significant inventory discrepancies and very significant discrepancies and practices regarding the accounting described in the First Report, which have a material bearing on the value of the inventory available for sale and have been taken into account in the Receiver's assessment of the reasonableness of the Proposed Transaction.

CASH FLOW RESULTS FOR THE PERIOD ENDED JUNE 21, 2026

Jeaniologie Inc. in $CAD	For the period ended June 21, 2026
Receipts	
Accounts receivable	16,649
Other	2,249
Interim Financing	400,000
Asset sale	4,000
Deposits	40,000
Sales tax collected	599
Total receipts	**463,497**
Disbursements	
Utilities	4,351
Insurance	9,391
Rent	141,530
Conservatory measures	140
Bank fees	55
Professional fees	128,551
Payroll fees	229
Sales tax paid	41,138
Total disbursements	**325,385**
Net cash variance	**138,112**
Cash balance at beginning	-
Cash balance at end	**138,112**

Notes

Accounts receivable: Collection of invoices due from clients.

Other: Cheque received from the CNESST.

Interim financing: Interim financing received from RBC following the issuance of the Receiver's certificates dated April 10, 2026, and May 13, 2026.

Asset sale: Proceeds from the sale of certain office furniture located at the head office.

Deposits: Deposit received from the purchaser.

Rent: For the months of April and May 2026 (offices and warehouse) and for the month of June (warehouse).

Professional fees: For services rendered by FTI in its capacity as receiver up to May 31, 2026.

CONDUCT OF THE CALL FOR TENDER

10. On June 5, 2026, the Receiver formally launched a call for tender in respect of the Debtor's assets.

11. To maximize value and attract a broader range of potential purchasers, the Receiver grouped the assets into five (5) separate lots.

    a) Lot 1: Inventory on hand;

    b) Lot 2: Equipment and warehouse furniture;

    c) Lot 3: Office furniture and computer hardware;

    d) Lot 4: Storage racking; and

    e) Lot 5: Intellectual Property.

12. The Receiver distributed the CIM to 43 Jeaniologie's clients and, through Services FL Inc., a third-party that assisted FTI with the call for tender, circulated it to an additional 1,736 potential interested parties including industry participants and liquidators. Of these, 740 parties opened the CIM, indicating a certain level of interest.

13. An inspection of the assets was held on June 10, 2026, at the Debtor's warehouse located at 1280 Jules-Poitras Street, Montréal, Québec, H4N 1X7.

14. A total of 7 parties attended the inspection and expressed interest in the assets.

15. The deadline for submission of bids was set at June 15, 2026, at 4:00 p.m.

16. By the bid deadline, the Receiver received 4 bids as appears from the bid summary attached hereto as **Appendix A,** under seal.

17. The Receiver, in consultation with RBC, reviewed the offers received based on several criteria, including:

    a) The purchase price;

    b) The conditions attached to the offers;

    c) The certainty of closing; and

    d) The timing for removal of the assets from the leased premises.

18. Following its review, the Receiver determined that the offer submitted by Le Jean Bleu Inc. (the "**Purchaser**") represented the best overall offer in the circumstances, considering both the purchase price and the reduced occupancy period, which avoids additional rent expenses and maximizes net recovery for the Bank.

19. The Purchaser’s offer is summarized as follows:
    a) All-cash consideration;

    b) Limited conditionality;

    c) Commitment to remove the assets and vacate the premises before the end of June 2026 and avoid additional rent costs.

20. The Receiver is of the view that the Purchaser’s offer provides the best overall outcome for the estate, taking into account both the certainty of execution and the reduced time required to vacate the leased premises, which in turn limits rental expenses and results in the highest net recovery for the Bank.

21. Although the total consideration is below the appraised values (as assessed by Services FL), the Receiver considers the Purchaser’s offer to be reasonable in the circumstances.

DESCRIPTION OF THE PROPOSED TRANSACTION

22. The key elements of the Proposed Transaction are as follows:
    a) The Purchaser has offered to acquire lots #1 and #5 on an “en bloc” basis, the details of which are set out in **Appendix B**, under seal.

    b) Since the Purchaser’s offer contemplates the acquisition of Lots #1 and #5, the Receiver has considered alternative bids that ascribed limited value to the remaining lots. Considering that (i) the value of the bids received for Lots #2 and #3 (equipment, warehouse furniture, office furniture and computer hardware) was minimal; and (ii) the dismantling of the storage racking (Lot #4) cannot be completed before June 30, 2026, which would result in additional costs whose total amount would exceed the realization value of those lots, the Receiver has elected to surrender Lots #2, #3 and #4.

    c) The Purchaser will take possession of the Purchased Assets upon the closing of the Proposed Transaction;

    d) The Proposed Transaction is on an “as is, where is” basis, with no representations or warranties by the Receiver; and

    e) The closing of the Proposed Transaction is conditional upon the issuance of the approval and vesting order by this Court.

RECEIVER’S OBSERVATIONS AND RECOMMENDATIONS

23. The Receiver is of the opinion that the Proposed Transaction should be approved for the following reasons:
    a) The call for tender was conducted in a fair and commercially reasonable manner;

    b) The market was adequately canvassed and generated multiple interested parties and bids;

    c) The transaction provides a high degree of certainty and limited execution risk;

d) The expedited removal of the assets will reduce ongoing costs, including rent obligations; and

e) There is no evidence that a superior transaction is available in the circumstances.

24. Based on the foregoing, the Receiver believes that the Proposed Transaction is in the best interest of the Debtor's creditors and other stakeholders.

CONCLUSION AND RELIEF SOUGHT

25. In light of the foregoing, the Receiver respectfully recommends that this Honourable Court grant the relief sought by RBC in the AVO Application, and in particular:

a) Approve the Proposed Transaction;

b) Issue an Approval and Vesting Order authorizing the sale of the assets free and clear of all encumbrances;

c) Issue a Discharge Order (Ordonnance de radiation) ordering the cancellation and reduction of the scope of certain registrations at the Register of Personal and Movable Real Rights in respect of the Purchased Assets; and

d) Grant such further and other relief as this Court may deem appropriate.

Dated in Montreal, this 23th day of June, 2026.

FTI CONSULTING CANADA INC.
Licensed Insolvency Trustee

Martin Franco, CPA, CIRP, LIT
Senior Managing Director

FTI CONSULTING CANADA INC.
Licensed Insolvency Trustee

Patrick Fillion, CPA,
Managing Director

Appendix A

(Under seal)

Appendix B

(Under seal)