

SE254287



This is the 1<sup>st</sup> Affidavit  
of Min Gyoung Kang in this case  
and was made on June 6, 2025

No. \_\_\_\_\_  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
RSC 1985, c C-36, as amended**

**and**

**IN THE MATTER OF OAK AND FORT CORP., 1282339 B.C. LTD.,  
OAK AND FORT US GROUP, INC., OAK AND FORT ENTERPRISE (U.S.), INC.,  
NYM MERGER HOLDINGS LLC and OAK AND FORT CALIFORNIA, LLC**

**PETITIONERS**

**AFFIDAVIT**

I, **MIN GYOUNG KANG**, of Vancouver, British Columbia, businessperson, **AFFIRM AND SAY THAT:**

1. I am a director and Chief Executive Officer and the founder of the Petitioners (also referred to herein as the "**O&F Group**"), and as such I have personal knowledge of the facts deposed to in this affidavit except where stated to be on information and belief, in which case I verily believe the information and the resulting statements to be true. In preparing this Affidavit, I have also consulted with the other members of the Petitioners' senior management and the Petitioners' Chief Restructuring Officer ("**CRO**"), as detailed below.
2. I affirm this Affidavit in support of the Petitioners' application for an order (the "**Initial Order**") for, among other things, the following:
  - (a) directing that the Petitioners' proposal proceedings commenced under Division I of Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**"), and such proceedings the "**NOI Proceedings**") be taken up and continued under the

*Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**", the within proceedings being the "**CCAA Proceedings**");

- (b) staying all proceedings against the Petitioners;
- (c) appointing KSV Restructuring Inc. ("**KSV**") as monitor of the Petitioners in the *CCAA Proceedings* (the "**Proposed Monitor**");
- (d) authorizing the O&F Group to engage Reflect Advisors, LLC ("**Reflect**") as Chief Restructuring Officer;
- (e) approving the creation of an administration charge (the "**Administration Charge**") to secure the O&F Group's obligations to KSV as Proposed Monitor, to Reflect, and to the O&F Group's legal counsel and legal counsel to KSV;
- (f) declaring that British Columbia is the Petitioners' centre of main interest;
- (g) seeking the aid and recognition of foreign courts in relation to the *CCAA Proceedings*; and
- (h) naming KSV as the foreign representative of the *CCAA Proceedings*.

3. I am authorized to swear this Affidavit on behalf of the Petitioners.

#### **I. OVERVIEW**

4. Established in 2010, Oak and Fort Corp. ("**O&F**") is a Canadian specialty retailer based in and managed from Vancouver, British Columbia which, together with its subsidiaries operating on a consolidated basis (collectively, the "**O&F Group**"), offers a broad range of fashion apparel, accessories, jewellery and homeware under the "Oak + Fort" brand through its e-commerce websites and 42 retail stores in Canada and the United States. The O&F Group is presently facing significant liquidity constraints and is in default of obligations to its creditors, including secured creditors, suppliers and landlords, all of whom are collectively owed more than CAD \$25 million.

5. As a result of concerns over the imminent threat of their landlords' intention to take enforcement steps, on June 2 and 3, 2025 (collectively referred to as the "**Filing Date**"), each entity comprising the O&F Group filed a Notice of Intention to Make a Proposal (the "**NOI**") with the Office of the Superintendent of Bankruptcy under Part III of the *BIA*. KSV consented to act as Proposal Trustee in respect of each entity. It is the intention of the O&F Group to preserve its enterprise value and undertake a restructuring through insolvency proceedings in Canada and recognition proceedings in the United States.
6. In order to advance their restructuring, the Petitioners seek to convert the NOI Proceedings into proceedings under the *CCAA*, which will have the benefits of consolidating the proceedings administratively and facilitating a cross-border insolvency process.
7. Although the O&F Group is not seeking approval of any interim financing for the initial stay period, I expect that the O&F Group will require additional funding in order to carry on operations throughout the course of these *CCAA* Proceedings, and it is expected that approval for debtor-in-possession ("**DIP**") financing will be sought at the comeback hearing.

## **II. HISTORY AND CORPORATE STRUCTURE**

8. O&F is an Alberta corporation extra-provincially registered in British Columbia, Manitoba and Ontario, with a head office in Vancouver. I own 100% of the voting shares of O&F. All of the O&F Group's retail stores in Canada are operated by O&F.
9. O&F's wholly owned subsidiary, 1282339 B.C. Ltd. ("**128**") is a British Columbia corporation and is also involved in the "Oak + Fort" business enterprise.
10. O&F operates in the United States through the following entities:
  - (a) Oak and Fort US Group, Inc. ("**O&F US**"), a wholly-owned subsidiary of O&F incorporated in Nevada. O&F US is the parent holding company of the O&F Group's operations in the United States;

- (b) Oak and Fort Enterprise (U.S.), Inc. (“**Enterprise**”), a wholly-owned subsidiary of O&F US incorporated in Nevada. Enterprise is the operating company which holds leases and facilitates payments for the O&F Group’s U.S. warehouse operations;
  - (c) NYM Merger Holdings LLC (“**NYM**”), a wholly-owned subsidiary of Enterprise incorporated in New York. NYM holds the contracts and assets for U.S. store locations outside of California and employs the O&F Group’s employees at those locations; and
  - (d) Oak and Fort California, LLC (“**O&F California**” and together with O&F US, Enterprise and NYM, the “**Foreign Subsidiaries**”), a wholly-owned subsidiary of O&F incorporated in California. O&F California holds the contracts and assets for store locations within California, and employs the O&F Group’s California-based employees.
11. Attached hereto and marked as **Exhibit “A”** is a true copy of the O&F Group’s corporate organization chart.
12. As closely held private companies, the O&F Group has a limited board of directors. There are two directors for the overall parent company, O&F, being myself and my husband. My sister and I are directors of 128. I am the sole director of each of the other Petitioners.

### **III. OAK + FORT’S BUSINESS OPERATIONS**

#### **A. Overview**

13. O&F is the main operating entity for the O&F Group’s business, while the Foreign Subsidiaries have been incorporated in order to facilitate the sale of apparel to U.S. customers online and at U.S. retail locations. All of the O&F Group’s operations, both in Canada and in the U.S., are managed directly from O&F’s head office in Vancouver, British Columbia.
14. In particular, the O&F Group’s finance, accounting, IT, marketing, and administrative teams operate exclusively from Vancouver, managing all financial reporting, banking relationships, technology systems, and corporate strategies. The supply chain and product



relationships, technology systems, and corporate strategies. The supply chain and product management functions, including vendor relations, procurement, and product development, are similarly directed from the O&F Group's Vancouver head office. All purchasing flows through O&F's Canadian operations, with purchase orders being issued by its Vancouver team to its Canadian business unit before being directed to its U.S. entity, Enterprise. This centralized operational structure, with many back-office functions, executive leadership and board decisions all made at its Vancouver head office, demonstrates that O&F Group's core business activities and decision-making authority reside entirely within its Vancouver-based organization.

15. The O&F Group operates 42 retail stores (26 in Canada and 16 in the U.S.), which account for approximately 85% of its total revenues over the past year. The e-commerce websites account for the remaining 15% of total revenues. The following table summarises the geographic location of Oak + Fort stores as at the date of this Affidavit:

<b>Province/State</b>	<b>Number of Stores</b>
British Columbia	9
Alberta	3
Manitoba	1
Ontario	13
California	6
Washington	1
Illinois	2
Texas	1
New York	2
New Jersey	1
Massachusetts	1
Virginia	1

Province/State	Number of Stores
Pennsylvania	1

All Oak + Fort stores are located in shopping malls or in downtown areas which are historically highly attractive retail spaces.

16. Since its inception in 2010, “Oak + Fort” has thrived as a direct-to-consumer brand, achieving strong sales and sustained growth for many years without external funding. The O&F Group was self-generated, driven by disciplined execution and a focus on profitability. It maintained consistent growth, re-investing its profits to scale the brand organically, while carefully managing its financial health. The O&F Group’s disciplined approach allowed it to grow strategically in its early years, without overextending its resources.
17. During the post-pandemic economic recovery commencing in or around late 2021, the O&F Group experienced a surge in sales. The O&F Group sought to capitalize on favourable real estate opportunities during this time and pursued an aggressive brick-and-mortar expansion strategy between 2021 and 2024. During this four-year period, O&F Group opened 14 new stores in Canada and 12 new stores in the U.S. The focus on expanding the brand’s physical retail locations resulted in a reduced investment, and indeed an under-investment, in the e-commerce platforms during this time.
18. Particularly after the O&F Group’s physical store expansion in the U.S. market, it encountered significant operational and sales challenges. Despite its prior success in the Canadian market, the complexities of scaling in a much larger and highly competitive market like the U.S., coupled with unforeseen macroeconomic and logistical hurdles, strained its financial stability.
19. The recent change in the U.S. trade landscape with tariffs have directly caused an increase in supply chain and import costs. More specifically, the tariffs the U.S. has placed on China, where 68% of the O&F Group’s products are produced, have heavily eroded margins. The O&F Group’s costs have been high relative to revenue, resulting in negative gross margins in recent months.

20. These tariffs have also created uncertainty in financial markets. Many traditional financing parties have become increasingly risk-averse due to the broader economic uncertainties, leading to tightened lending conditions, and reduced availability of credit. Concerns over lenders' own portfolio exposures have resulted in stricter terms, higher costs or outright rejections, leaving the O&F Group without viable refinancing options.
21. At this time, O&F is unable to raise additional capital through equity and its existing secured creditors are unwilling to advance additional funds. The company is in the process of finalizing DIP financing to support operations during the *CCAA* Proceedings, and will provide additional information in this regard for the comeback hearing.

**B. Value and Potential of the Oak + Fort Business**

22. Despite the O&F Group's liquidity challenges and operating losses, I believe it has significant value. As will be further detailed below, the financial difficulties the O&F Group is currently experiencing are largely driven by market conditions and have largely arisen over the course of the last year. I believe that, as a Canadian apparel brand with a 15-year history, "Oak + Fort" has significant brand value and customer goodwill. Through its grassroots efforts, the brand has built a loyal customer base, the majority of which are subscribed to the brand's marketing channels. The brand is a well-known name in its core markets, especially throughout Canada.
23. To respond to its market challenges and financial difficulties, the O&F Group has been working to reduce its costs and pursue a number of strategic options. To assist with those efforts, O&F engaged Reflect Advisors, LLC ("**Reflect**") on May 16, 2025 to act in the capacity of CRO. Attached hereto and marked as **Exhibit "B"** is a true copy of the amended engagement letter executed by O&F in respect of the engagement of Reflect as CRO.
24. In August 2024, O&F completed the first phase of a digital transformation strategy, which included an improved omnichannel customer platform, to better position the brand for online growth. Since then, the O&F Group has experienced significant year-to-year revenue increases in its online sales.

25. As a part of its restructuring efforts prior to the Filing Date, the O&F Group sought to enter into payment plan arrangements with its vendors to better align payment terms with cash flow. O&F has also engaged in extensive discussions with landlords in Canada and in the U.S. to negotiate improved lease terms, the particulars of which are further detailed below. O&F has also undertaken a comprehensive capital raising process to seek to stabilise its balance sheet, but was unable to finalise funding arrangements before its landlords began threatening imminent enforcement.
26. I verily believe that, if given time to implement strategic cost-reduction and restructuring efforts, the O&F Group can better realign its operations and finances to overcome its current financial difficulty and emerge from these insolvency proceedings with a healthier balance sheet and sustainable business poised for long-term success.

**C. Senior Management**

27. As earlier described at paragraph 14, the business operations of the O&F Group are collectively managed by O&F from Vancouver. There are no management personnel employed in the U.S.
28. The current members of senior management are:

Name	Office/Title	Location
Min Kang	Founder and Chief Executive Officer	Vancouver, BC
Meloir Pouladian	Chief Operating Officer	Vancouver, BC

(collectively, “**Senior Management**”).

29. Since the founding of O&F’s predecessor by amalgamation in 2010, I have had primary responsibility for the direction of the O&F Group’s corporate, management and strategic functions, including overseeing the team that manages the O&F Group’s bank accounts and accounting functions, all of which are managed from the Vancouver head office. The O&F Group’s only finance personnel are based in Vancouver. In addition, I oversee the team that is responsible for product design and development for Oak + Fort.

**D. Employees**

30. As of the date of this Affidavit, the O&F Group has 601 employees. O&F employs 434 people in Canada, 121 of which work at the Vancouver head office, and 313 at retail stores across Canada. The Foreign Subsidiaries employ 167 people for the operation of the retail stores.
31. The O&F Group is current on its payroll and remittance obligations. Employees are paid on a bi-weekly basis, and the O&F Group expects to be able to meet its payroll obligations due and payable during the course of the initial stay period should the Initial Order be granted.

**E. Owned and Leased Real Property**

32. The O&F Group does not own any real property.
33. O&F has leases for its 26 Canadian retail store locations, head office space in Vancouver, and a warehouse in Surrey, British Columbia.
34. The Foreign Subsidiaries hold leases for the 16 U.S. retail store locations, including a lease for the Garden State Plaza store in New Jersey which is now closed, as well as a lease for warehouse facilities in California.
35. The O&F Group has been unable to pay rent for several months. O&F currently owes approximately CAD \$2,778,000 in unpaid rent for the Canadian retail stores. The Foreign Entities collectively owe approximately CAD \$4,276,000 in respect of rent for the U.S. retail stores.
36. Senior Management has been in discussions with landlords regarding deferred rental payments and improved lease terms. While some of the landlords have expressed willingness to work with O&F to address its needs, O&F has not yet finalised any formal rent relief arrangements. As detailed below, the O&F Group's failure to pay rent due and owing as of May 30, 2025 has caused certain landlords (primarily U.S. landlords) to threaten immediate enforcement steps, including tenant lock-out and seizure of inventory, which precipitated the commencement of the NOI Proceedings.

**F. Cash Management System**



37. The O&F Group's business and financial affairs require the collection, disbursement, and movement of funds through several bank accounts throughout Canada and the U.S. In the ordinary course of business, the O&F Group uses a centralized cash management system (the "**Cash Management System**") in order to, among other things, collect funds and pay operational expenses.
38. The Cash Management System is administered through bank accounts held by the O&F Group, including as follows:

Account Holder	Banking Institution or Platform	Use
O&F Corp.	JP Morgan	Operating expenses for Canadian activities; primary account
O&F Corp.	JP Morgan	Operating expenses payable to vendors outside Canada; primary account
O&F Corp.	RBC	Operating expenses for Canadian activities
O&F Corp.	JP Morgan	Operating expenses payable to vendors outside Canada
O&F Corp.	PayPal	Receipts for CAD e-commerce sales
O&F US	HSBC	Operating expenses for O&F US
Enterprise	HSBC	Operating expenses for U.S. activities
Enterprise	JP Morgan	Operating expenses for Enterprise; primary account for receipts for sales in the U.S.
Enterprise	PayPal	Receipts for USD e-commerce sales
O& F California	HSBC	Receipts for California stores
NYM	HSBC	Receipts for stores outside of California
128	PayPal	Receipts for e-commerce sales
128	RBC	Receipts for e-commerce sales

#### IV. ASSETS AND LIABILITIES OF THE O&F GROUP

39. Attached hereto and marked as **Exhibits “C” and “D”**, respectively, are O&F’s unaudited consolidated financial statement for the fiscal year ended March 24, 2024, and consolidated YTD income statement and balance sheet as of March 23, 2025 (being the fiscal year-end). None of the other Petitioners prepare separate financial statements.

##### A. Assets

40. In addition to its intellectual property (namely, the “Oak + Fort” trademark, which has been registered in Canada, the U.S. and various European jurisdiction), the O&F Group’s main assets consist of its inventory. The book value of inventory held by the Petitioners is approximately CAD \$13.9 million.

##### B. Liabilities

41. As of the date of this Affidavit, the O&F Group has approximately CAD \$25.08 million in outstanding indebtedness, as follows:

\$CAD	Secured Debt	Unsecured Debt
Canadian Entities	\$3.19 million	\$17.35 million
U.S. Entities		\$4.59 million

42. Furthermore, the O&F Group’s liabilities include gift cards having an aggregate face amount of approximately CAD \$2 million which remain in circulation.
43. A more detailed description of the O&F Group’s debt structure is provided below.

#### V. DEBT STRUCTURE

##### A. Secured Debt

44. O&F is the primary entity which facilitates financing for the entire O&F Group. O&F’s secured creditors are the Business Development Bank of Canada (“**BDC**”), Royal Bank of Canada (“**RBC**”) as successor in interest to HSBC Bank Canada, and Shopify Inc. (“**Shopify**” and collectively, the “**Secured Creditors**”).

45. The indebtedness owing by O&F to the Secured Creditors is secured through general security agreements pursuant to which O&F pledged its present and after-acquired personal property to each of the Secured Creditors as collateral security for its obligations. O&F's obligations to RBC are also secured by way of cash collateral in the possession of RBC. Further, O&F's obligations to BDC are guaranteed by the Foreign Subsidiaries, and these guarantee obligations are secured pursuant to certain general security agreements pledged by the Foreign Subsidiaries. Each of the BDC and RBC loan and security agreements are governed by B.C. law.

**B. Unsecured Debt**

46. In addition to the indebtedness owing to the Secured Creditors, O&F also owes approximately CAD \$17.35 million to unsecured creditors, of which approximately CAD \$2.79 million is owing to landlords in Canada. The balance of O&F's unsecured debt is owing to utilities and other service providers.
47. The Foreign Subsidiaries have approximately CAD \$4.59 million of unsecured indebtedness, of which approximately CAD \$4.28 million is owing to landlords in the U.S.
48. Beginning in February 2024, the O&F Group encountered financial constraints that temporarily impacted its ability to meet rental payment obligations for certain properties.
49. In May 2024, the O&F Group resumed on-time rent payments across all properties while simultaneously addressing any deferred amounts from the prior period. Through disciplined financial management, it successfully cleared all outstanding arrears by the end of December 2024, fulfilling its repayment commitments to landlords.
50. Beginning in January 2025, the O&F Group again faced cash flow constraints, necessitating further discussions with select landlords regarding additional rent deferments. Senior Management has been engaged in extensive discussions with a number of Canadian and U.S. landlords seeking to structure temporary payment relief, balancing partial arrears payments with requests for extended timelines on deferred amounts. While several landlords had expressed a willingness to provide certain concessions, the O&F Group was

unable to finalize negotiations for any such relief before the end of May 2025, when rents came due.

51. As indicated, Senior Management has also been in discussions with potential DIP lenders, and those discussions remain ongoing as of today.
52. Due to the non-payment of rent at most of the O&F Group's retail locations, a number of landlords – primarily those of U.S. store locations – expressed reluctance to provide concessions and threatened to take steps to enforce the O&F Group's obligations.
53. As a result of concerns around imminent enforcement by landlords, the O&F Group commenced the NOI Proceedings in order to obtain an immediate stay of proceedings.

## **VI. FINANCIAL DIFFICULTIES AND RESTRUCTURING**

54. As briefly summarised above, beginning in or around late 2021, the O&F Group pursued an aggressive brick-and-mortar growth strategy, which included the opening of 26 physical retail locations. Following those growth efforts, the O&F Group's revenues grew both in Canada and in the U.S., but not to the extent anticipated. Furthermore, Canadian apparel retailers were already operating in a high-cost environment relative to their U.S. peers, and costs relative to revenue increased sharply in response to changing market conditions in the past year, including increased interest rates, inflationary pressures, and impacts and uncertainty arising from the recent U.S. tariff regime. At the same time, retailers, including the O&F Group, experienced a decline in consumer demand.
55. While the O&F Group has attempted to mitigate losses through inventory reductions and various cost-cutting measures, these efforts accelerated revenue decline and margin erosion.
56. Despite the O&F Group's financial challenges, Senior Management is confident that the enterprise has significant value. "Oak + Fort" is a Canadian, woman-founded brand with 15 years of history and name recognition in Canada, with a solid presence and recognition in major U.S. markets. The financial difficulties currently facing the business have arisen only in the past year and, in Senior Management's view, can be overcome with additional

time to realign operations to focus on select profitable retail locations and e-commerce, and secure long-term funding to support the realigned business.

57. At the time of commencing the NOI Proceedings, the O&F Group's intention was, and remains, to seek flexibility and time to restructure its business in the context of a formal cross-border insolvency process.
58. Given the urgency with which relief from landlords' enforcement was required, Senior Management, in consultation with the CRO, chose to commence the NOI Proceedings with a view of converting to proceedings under the *CCAA*. The O&F Group plans to seek recognition of the *CCAA* Proceedings under Chapter 15 of the *U.S. Bankruptcy Code* (the "**Chapter 15 Proceedings**") as soon as possible after the Initial Order is granted.
59. The O&F Group's intention is to identify and implement additional cost-reduction options within the *CCAA* Proceedings that will enable it to right-size its operations and expenses while pursuing financing that will enable it to complete a restructuring for the benefit of its stakeholders and which will enable it to emerge as a stronger enterprise. The CRO will be assisting with the O&F Group's restructuring, in consultation with the Monitor.

## **VII. RELIEF SOUGHT AT INITIAL APPLICATION**

### **A. Need for *CCAA* Protection and Stay of Proceedings**

60. The Petitioners urgently require the protection afforded by the *CCAA* to preserve value for the benefit of all stakeholders. While the O&F Group has obtained a stay of proceedings as result of the NOI Proceedings, there is concern that U.S. landlords may not recognise the automatic stay of proceedings granted under Canadian law. The intention is to obtain an initial order under the *CCAA*, which will facilitate the initiation of the Chapter 15 Proceedings as soon as possible in order to stay creditor enforcement actions by U.S. court order. The effect of such enforcement actions by U.S. landlords would be to irreparably harm the "Oak + Fort" brand, and would significantly erode the enterprise value of the O&F Group's business.
61. Given the urgent nature of this Initial Application, the Petitioners intend to seek only limited relief at this time, being that set out at the beginning of my affidavit.



62. I understand that KSV, as the Proposed Monitor, supports the relief sought by the Petitioners. KSV has, subject to court approval, consented to be appointed monitor in these proceedings. At no time in the past two years has KSV or any of its partners or managers been the auditor, accountant or employee of the O&F Group.

**B. Cash Flow Forecast**

63. With the assistance of Reflect and the Proposed Monitor, O&F has prepared a consolidated 10-day cash flow forecast for the O&F Group for the period commencing on June 6, 2025 and ending on June 15, 2025, as attached at Appendix B of the Proposed Monitor's Pre-Filing Report, to be filed. O&F has not prepared a 13-week cash flow forecast as it intends to seek the Court's approval of proposed DIP financing at its next application to be heard within 10 days of the hearing of this Initial Application. The Petitioners intend to provide a 13-week cash flow forecast at the hearing of the next application in these proceedings.
64. It is expected that the O&F Group's main use of cash during the initial 10-day period in the CCAA Proceedings will be to finance ongoing operating expenses, general administrative expenses, and payments to the Proposed Monitor and professional advisors benefitting from the Administration Charge to assist with the restructuring efforts.

**C. Appointment of Monitor and Authorization of Foreign Representative under the CCAA Proceedings**

65. The proposed Initial Order contemplates that KSV will act as Monitor in the Petitioners' CCAA Proceedings. KSV currently acts as the Petitioners' Proposal Trustee and has an in-depth understanding of the O&F Group's finances and daily operations. I understand that KSV has consented to act as Monitor in these CCAA Proceedings if the proposed Initial Order is granted. A copy of KSV's consent to act as Monitor is attached hereto as **Exhibit "E"**.
66. As noted above, the Foreign Subsidiaries have operations and assets in the U.S. If the Initial Order is granted, O&F intends to seek recognition of these proceedings in the United States through the Chapter 15 Proceedings as soon as possible.

67. In order to facilitate the commencement of the Chapter 15 Proceedings, the Petitioner requests orders appointing KSV as the foreign representative of these *CCAA* Proceedings and requesting the aid and recognition of foreign courts of and with respect to the Initial Order.

**D. Engagement of CRO and the Administration Charge**

68. As noted, the O&F Group (through O&F) have engaged Reflect to act as CRO. I verily believe that the Proposed Monitor, the CRO, legal counsel to the Proposed Monitor, and legal counsel to the O&F Group are all essential to its restructuring efforts. These professional advisors have each advised they are prepared to continue to provide professional services in these proceedings only if they are protected by a charge over the O&F Group's assets, property and undertakings, subordinate only to pre-existing, valid and perfected security interests.
69. Senior Management considers the proposed Administration Charge to be necessary to ensure that the O&F Group retains access to the professionals whose expertise and knowledge is required to pursue a successful restructuring under the *CCAA*, and that such charge is fair and reasonable in the circumstances.

**VIII. RELIEF TO BE SOUGHT AT THE COMEBACK HEARING**

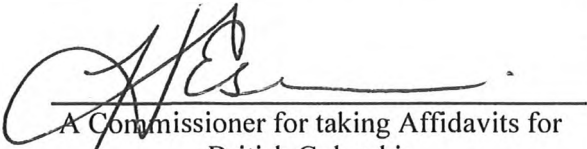
70. As detailed above, given the urgent nature of this Initial Application, the Petitioners are seeking very limited relief under the Initial Order, and intend to seek a further order for more robust relief within 10 days of the Initial Order being granted. At the hearing of such further application, the Petitioners expect to seek, among other things, approval of DIP financing, additional priority charges (including a directors and officers' charge and a DIP charge) and an extension of the stay of proceedings.

**IX. CONCLUSION**

71. The O&F Group urgently requires protection from its creditors in order to maintain and stabilize its business and pursue strategic alternatives. I believe that the initiation of these insolvency proceedings and the implementation of a comprehensive restructuring plan to

enable it to re-energize and carry on business will benefit the O&F Group's stakeholders,  
including its employees and creditors.

AFFIRMED BEFORE ME at Vancouver, )  
British Columbia, on June 6, 2025 )

  
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A Commissioner for taking Affidavits for )  
British Columbia )



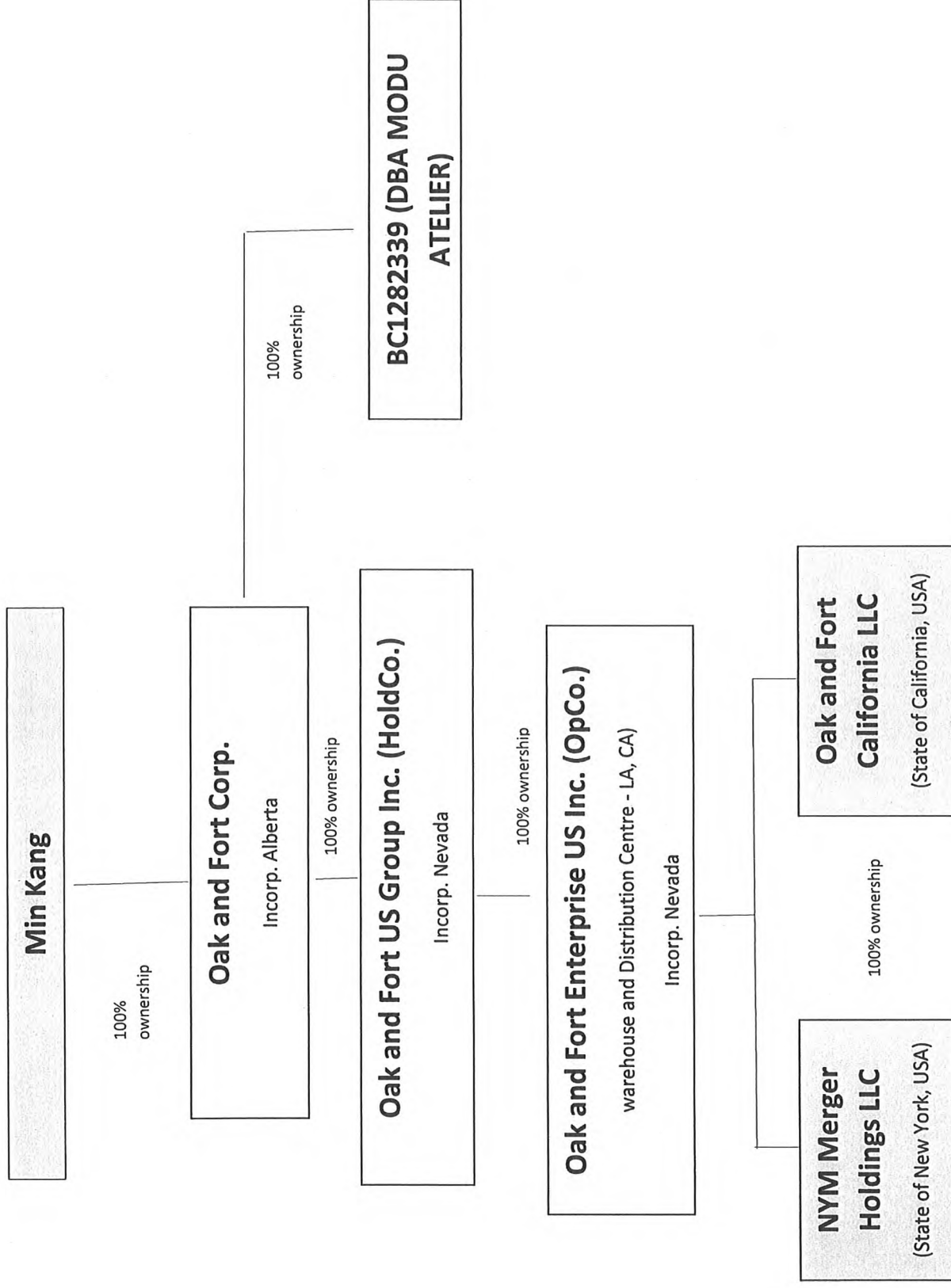
\_\_\_\_\_  
**MIN GYOUNG KANG**

**HEIDI N. ESSLINGER**  
Barrister & Solicitor  
Fasken Martineau DuMoulin LLP  
2900 - 550 Burrard Street  
Vancouver, BC V6C 0A3  
604 631 4885

This is Exhibit " A " referred to in the af-  
fidavit of Min Gyoung Kang  
sworn before me at Vancouver  
this 6 day of June 20 25




A Commissioner for taking Affidavits  
for British Columbia





This is Exhibit " **B** " referred to in the af-  
fidavit of Min Gyoung Kang  
sworn before me at Vancouver  
this 6 day of June 2025



\_\_\_\_\_  
A Commissioner for taking Affidavits  
for British Columbia

PRIVATE & CONFIDENTIAL

May 16, 2025

Oak and Fort Corp.  
200 - 7 E 6<sup>th</sup> Avenue  
Vancouver, BC V5T 1J3  
Canada

Re: Oak and Fort Corp. and its affiliates (collectively, the "Company")

Dear Sirs/Mesdames:

**1. Introduction**

This letter confirms and sets forth the terms and conditions of the engagement between Reflect Advisors, LLC ("**Reflect**") and the Company, including the scope of the services to be performed and the basis of compensation for those services. Upon execution of this letter by each of the parties below and receipt of the retainer described below, this letter will constitute an agreement between the Company and Reflect (the "**Agreement**").

**2. Scope of Services**

The Company hereby engages Reflect, and Reflect shall provide the services to serve as Chief Restructuring Officer the Company ("**CRO**"). This engagement will be led by Adam Zalev, Managing Director, with support, as required, to be provided by other Reflect personnel. Reflect, including its personnel, are collectively referred to as the "**Engagement Personnel**".

The Engagement Personnel shall be responsible for the following duties:

- Managing and approving all disbursements to ensure the Company is efficiently deploying its liquidity;
- Engaging with vendors, landlords, and other counterparties to optimize/negotiate payments, terms, and overall operational rationalization;
- Assisting the Company to prepare and provide approval of a 13-week cash flow forecast, together with requisite actual to budget reporting, supporting schedules and other customary liquidity management tools;
- Developing various financial forecasts including dual track scenarios comprised of (i) the impact of closing certain stores together with one or more successful capital raises; and (ii) the impact of closing certain stores together with an orderly wind-down of the Company's operations in the event capital raising transactions do not occur;

- Assisting in communications with the Company's senior lender; and
- Any other services as agreed upon between Reflect, the Company and its Board of Directors

During the performance of this Agreement, Reflect shall be an independent contractor and not an agent or employee of the Company and this Agreement is not intended and will not operate to make any Engagement Personnel an employee of the Company for any purpose.

Unless as amended pursuant to a Court order, Reflect shall report to and operate under the direction of the Company's Board of Directors.

### **3. Information Provided by Company and Forward-Looking Statements**

The Company shall:

- Provide Reflect with access to management and other representatives of the Company; and
- Furnish all data, material and other information concerning the business, assets, liabilities, operations, cash flows, properties, financial condition and prospects of the Company that Reflect reasonably request in connection with the services to be provided to the Company. Reflect shall rely, without further independent verification, on the accuracy and completeness of all publicly available information and information that is furnished by or on behalf of the Company and otherwise reviewed by Reflect in connection with the services performed for the Company. The Company acknowledges and agrees that Reflect is not responsible for the accuracy or completeness of such information and shall not be responsible for any inaccuracies or omissions therein. Reflect is under no obligation to update data submitted to them or to review any other areas unless specifically requested to do so.

The Company understands that the services to be rendered by Reflect may include the review and preparation of the projections and other forward-looking statements, and numerous factors can affect the actual results of the Company's operations, which may materially and adversely differ from those projections. In addition, Reflect will be relying on information provided by the Company and other professionals engaged by the Company in the preparation and review of those projections and other forward-looking statements.

### **4. Limitation of Duties**

Reflect does not make any representations or guarantees that, among other things:

- An appropriate strategic alternative or restructuring can be formulated for the Company;
- Any strategic alternative or restructuring proposal presented to the Company's management will be more successful than all other possible restructuring proposals or strategic alternatives;
- Any strategic alternative or restructuring is the best course of action for the Company; or
- If formulated, that any proposed strategic alternative or restructuring plan will be accepted by any of the Company's creditors, shareholders and other constituents. Further, Reflect will not

assume any responsibility for the Company's decision to pursue, or not pursue any business strategy, or to effect, or not to affect any transaction.

## **5. Fees**

Reflect will be paid by the Company for the services of the CRO at a fee of USD\$25,000.00 per month for the first two months of the Engagement (commencing on the date of this Agreement), plus applicable taxes and out-of-pocket expenses reasonably incurred in connection with or arising out of Reflect's activities under or contemplated by this Agreement (the "Work Fee"). Out-of-pocket expenses shall include, but not be limited to, fees, disbursements and other charges associated with the Engagement Personnel's reasonable travel and lodging expenses, reasonable legal services provided to Reflect (if any), and other necessary expenses. Reflect shall invoice the Company monthly and invoices are payable upon receipt.

After sixty (60) days from the date of execution of this Agreement, the parties agree to consider the fee arrangements and will mutually agree to modify such arrangements. Reflect commits to work with the Company to mutually agree upon fee arrangements that will include a 'success fee' type in respect of the Engagement.

The Company shall promptly remit to Reflect a retainer in the amount of USD\$25,000.00 (plus applicable taxes), which shall be credited against any amounts due and owing to Reflect at the successful conclusion of this mandate or the termination of this Agreement. Any portion of the retainer remaining after being credited against the fees owed will be returned to the Company upon the satisfaction of all obligations hereunder. For certainty, the Retainer does not take the place of the first monthly Work Fee, which shall be invoiced upon execution of this Agreement, and due upon presentation.

In the event the Company initiates a bankruptcy, insolvency or creditor enforcement proceeding (an "Insolvency Proceeding") under the Companies' Creditors Arrangement Act, the Bankruptcy and Insolvency Act, the U.S. Bankruptcy Code or otherwise, the Company shall seek and obtain the approval of the Court of the retention of Reflect as the CRO of the Company, in its initial application for an Insolvency Proceeding and on terms acceptable to Reflect, and shall seek the Court's approval of this Agreement (including, without limitation, the payment of Reflect's fees and expenses and the provision of indemnification to Reflect) failing which Reflect may suspend or discontinue its efforts on behalf of the Company.

In addition, if Reflect or its employees or partners are required to testify or provide evidence at or in connection with any judicial or administrative proceeding relating to this matter, Reflect will be compensated at its regular hourly rates and reimbursed for reasonable allocated and direct expenses (including counsel fees) with respect thereto.

## **6. Termination**

This Agreement will commence on the date the services referred to in Section 2 begin and may be terminated by the Company without cause by providing 15-days' written notice to Reflect. In the case of just cause, this Agreement may be terminated immediately by the Company.

Reflect normally does not withdraw from an engagement unless the Company misrepresents or fails to disclose material facts, fails to pay fees or expenses, or makes it unethical or unreasonably difficult for

Reflect to continue performance of the engagement, or other just cause exists. In the event that Reflect intends to withdraw from this engagement without cause, it shall provide 30 days' written notice.

On termination of the Agreement, any fees and expenses due to Reflect for services provided up to and including the effective date of termination shall be remitted promptly by the Company (including fees and expenses that accrued prior to, but invoiced subsequent to, the effective date of termination).

The provisions of this Agreement that expressly state that they are to continue in effect after the termination of this Agreement, or which by their nature would survive the termination of this Agreement shall survive and continue to bind the parties.

#### **7. No Audit**

The Company acknowledges and agrees that Reflect is not being requested to perform an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to the rules of the CICA, ICAO, OSC, AICPA, SEC or other state or national professional or regulatory body.

#### **8. No Third Party Beneficiary**

The Company acknowledges that all advice (written or oral) provided by Reflect to the Company in connection with this Engagement Contract is intended solely for the benefit and use of the Company (limited to its management) in considering the matters to which this Engagement Contract relates. The Company may choose to reproduce, disseminate, quote or refer to such information as it wishes, in its sole and absolute discretion, provided that in no event may such information be attributed to Reflect. The Company may communicate any information concerning the services of Reflect and the advice provided by Reflect to its lender.

#### **9. Conflicts of Interest**

Reflect is an independent firm that has several clients and engagements, some of which will be active during the rendering of services by the Engagement Personnel in connection with this matter. Reflect is not currently aware of any relationship that would create a conflict of interest with the Company or those parties-in-interest of which you have made us aware. It is possible that Reflect may have rendered or will render services to, or have business associations with, other entities or people which had or have or may have relationships with the Company, including creditors of the Company. In the event the Company accepts the terms of this Agreement, Reflect will not represent, and has not represented, the interests of any entities or parties which are in conflict with the interests of the Company in connection with this matter.

#### **10. Indemnification / Limitation of Liability**

Reflect shall incur no liability for any acts or omissions of its partners, affiliates or employees related to the performance or non-performance with respect to the Services performed at the direction of the Company and consistent with Scope of Services noted above, provided that such actions or omissions are not carried out in a manner that is dishonest or grossly negligent and/or Reflect has not engaged in willful misconduct.

The Company shall indemnify Reflect acting as officers (the "Indemnified Professionals") to the same extent as the most favorable indemnification it extends to its officers or directors, whether under the



Company's bylaws, its certificate of incorporation, by contract or otherwise, and no reduction or termination in any of the benefits provided under any such indemnities shall affect the benefits provided to the Indemnified Professionals. The Indemnified Professionals shall be covered as officers under the Company's existing director and officer liability insurance policy. As a condition of Reflect accepting this engagement, a Certificate of Insurance evidencing such coverage shall be furnished to Reflect prior to the effective date of this Agreement. The Company shall give thirty (30) days' prior written notice to Reflect of cancellation, non-renewal, or material change in coverage, scope, or amount of such director and officer liability policy. The Company shall also maintain such insurance coverage for the Indemnified Professionals for the same period of time as applies to the Company's officers and directors. The provisions of this section are in the nature of contractual obligations and no change in applicable law or the Company's charter, bylaws or other organizational documents or policies shall affect the Indemnified Professionals' rights hereunder.

In the event of an Insolvency Proceeding, in its application for the appointment of Reflect as CRO, the Company shall request and obtain approval of an administrative charge approved by the Court to secure payment of Reflect's fees and expenses pursuant to this Agreement.

In the context of any Insolvency Proceeding involving the Company, the Company shall also seek, as part of any plan confirmation, discharge order or final sale order, a full and final release of Reflect from all potentially affected parties. The Company shall use reasonable commercial efforts to obtain such approval by the Court.

## **11. Terms and Conditions**

The attached Standard Terms and Conditions set forth the duties of each party with respect to the Services. Further, this letter and the Standard Terms and Conditions attached comprise the entire Engagement Contract for the provision of the Services to the exclusion of any other express or implied terms, whether expressed orally or in writing, including any conditions, warranties and representations, and shall supersede all previous proposals, letters of engagement, undertakings, agreements, understandings, correspondence and other communications, whether written or oral, regarding the Services.

## **12. Acknowledgement and Acceptance**

Please acknowledge your acceptance of the terms of this Engagement Contract by signing both the confirmation below and the attached Standard Terms and Conditions and returning a copy of each to us at the above address.

If you have any questions regarding this letter or the attached Standard Terms and Conditions, please do not hesitate to contact us.

Yours faithfully,

**REFLECT ADVISORS LLC**



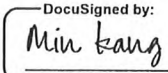
By:

Adam Zalev  
Managing Director

**Confirmation of Terms of Engagement**

**We agree to engage Reflect Advisors LLC upon the terms set forth herein and in the attached Standard Terms and Conditions.**

**Oak and Fort Corp.**

By:   
[95BD82244C74461]  
[signing officer]

Date: 6/5/2025

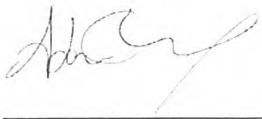
**AMENDMENT NO. 1 TO THE AGREEMENT**

Reference is made to that certain Engagement Contract (the "Agreement") as between Reflect Advisors, LLC ("Reflect") and Oak + Fort Corp. together with its affiliates (the "Company"). Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Agreement.

Pursuant to Paragraph 5 of the Agreement, the parties wish to amend the fee structure to be paid to Reflect. All other terms of the Agreement shall remain the same but for the following:

The Work Fee shall be amended from US\$25,000.00 per month to US\$65,000.00 per month (the "Increased Work Fee"). The effective date for the first Increased Work Fee shall be June 16, 2025 and the payment of the Increased Work Fee shall continue to be due and payable on the 16<sup>th</sup> day of each month thereafter. For greater certainty, the first Increased Work Fee payment shall be due and payable on June 16, 2025.

A success fee (the "Success Fee") equal to US\$300,000.00 shall be payable upon the successful emergence of the Company from its insolvency filing. A successful emergence shall include, but is not limited to, any or all portion of the Company emerging from insolvency proceedings whether in Canada or the United States. To the extent the Success Fee is paid, Reflect shall credit an amount equal to 50% of the Work Fee or the Increased Work Fee, each as applicable, actually paid to Reflect, against the Success Fee (the "Work Fee Credit"). In no event shall the calculation of the Success Fee minus the Work Fee Credit result in an amount less than zero.

**REFLECT ADVISORS LLC**

By:

Adam Zalev  
Managing Director

**Confirmation of Terms of Amendment No. 1**

**We agree to the terms set out above in respect of Amendment No. 1 to the Agreement**

**Oak and Fort Corp.**

By:   
[Signature Officer]  
6/5/2025

Date: \_\_\_\_\_

**REFLECT ADVISORS LLC**  
**STANDARD TERMS AND CONDITIONS**

The following are the Standard Terms and Conditions on which we will provide the Services to you set forth within the attached letter of Engagement. The Engagement letter and the Standard Terms and Conditions (collectively the "Engagement Contract") form the entire agreement between us relating to the Services and replace and supersede any previous proposals, letters of engagement, undertakings, agreements, understandings, correspondence and other communications, whether written or oral, regarding the Services. The headings and titles in the Engagement Contract are included to make it easier to read but do not form part of the Engagement Contract.

**1. Reports and Advice**

- 1.1 **Use and purpose of advice and reports** – Any advice given, or report issued by us is provided solely for your use and benefit of you, and only in connection with the purpose in respect of which the Services are provided. Unless required by law, you, shall not provide any advice given or report issued by us to any third party, or refer to us or the Services, without our prior written consent. In no event, regardless of whether consent has been provided, shall we assume any responsibility to any third party to which any advice or report is disclosed or otherwise made available.

**2. Information and Assistance**

- 2.1 **Provision of information and assistance** – Our performance of the Services is dependent upon your providing us with such information and assistance as we may reasonably require from time to time.
- 2.2 **Punctual and accurate information** – You shall use reasonable skill, care and attention to ensure that all information we may reasonably require is provided on a timely basis and is accurate and complete and relevant for the purpose for which it is required. You shall also notify us if you subsequently learn that the information provided is incorrect or inaccurate or otherwise should not be relied upon.
- 2.3 **No assurance on financial data** – While our work may include an analysis of financial and accounting data, the Services will not include an audit, compilation or review of any kind of any financial statements or components thereof. Company management will be responsible for any and all financial information they provide to us during the course of this Engagement, and we will not examine or compile or verify any such financial information. Moreover, the circumstances of the Engagement may cause our advice to be limited in certain respects based upon, among other matters, the extent of sufficient and available data and the opportunity for supporting investigations in the time period. Accordingly, as part of this Engagement, we will not express any opinion or other form of assurance on financial statements of the Company.
- 2.4 **Prospective financial information** - In the event the Services involve prospective financial information, our work will not constitute an examination or compilation, or apply agreed-upon procedures, in accordance with standards established by the American Institute of Certified Public Accountants or otherwise, and we will express no assurance of any kind on such information. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We will take no responsibility for the achievability of results or events projected or anticipated by the management of the Company.

### 3. Additional Services

- 3.1 **Responsibility for other parties** – We shall have no responsibility for the work and fees of any other party engaged by you to provide services in connection with the Engagement regardless of whether such party was introduced to you by us. Except as provided in this Engagement Contract, we shall not be responsible for providing or reviewing the advice or services of any such third party, including advice as to legal, regulatory, accounting or taxation matters.

### 4. Confidentiality

- 4.1 **Restrictions on confidential information** – All parties agree that any confidential information received from any other party shall only be used for the purposes of providing or receiving Services under this or any other contract among us. Except as provided below, and as set out in Paragraph 2 of the Engagement Contract, no party will disclose the other party's confidential information to any third party without the other party's consent. Confidential information shall not include information that:

- 4.1.1 is or becomes generally available to the public other than as a result of a breach of an obligation under this Clause 4.1;
- 4.1.2 is acquired from a third party who, to the recipient party's knowledge, owes no obligation of confidence in respect of the information; or
- 4.1.3 is or has been independently developed by the recipient.

For greater certainty, nothing in this section 4.1 is intended to nor shall it create rights in favor of the Company or any other party regarding any confidential information of the Company or otherwise against you, Reflect or any other party.

- 4.2 **Disclosing confidential information** – Notwithstanding Clause 1.1 or 4.1 above, any party will be entitled to disclose confidential information of the other to a third party to the extent that this is required by valid legal process, provided that (and without breaching any legal or regulatory requirement) where reasonably practicable not less than 2 business days' notice in writing is first given to the other party.
- 4.3 **Citation of engagement** – Without prejudice to Clause 4.1 and Clause 4.2 above, to the extent our Engagement is or becomes known to the public, we may cite the performance of the Services to our clients and prospective clients as an indication of our experience, upon your prior written consent.
- 4.4 **Internal quality reviews** - Notwithstanding the above, we may disclose any information referred to in this Clause 4 to any other Reflect entity or use it for internal quality reviews.
- 4.5 **Maintenance of workpapers** – Notwithstanding the above, we may keep one archival set of our working papers from the Engagement, including working papers containing or reflecting confidential information, in accordance with our internal policies.

### 5. Termination

- 5.1 **Termination of Engagement with notice** – Either party may terminate the Engagement Contract for whatever reason upon written notice to the other party. Upon receipt of such notice, we will stop all work immediately. The Lenders will be responsible for all fees and expenses incurred by us through the date termination notice is received.
- 5.2 **Continuation of terms** – The terms of the Engagement that by their context are intended to be performed after termination or expiration of this Engagement Contract, including but not limited to, Clauses 3 and 4 of the

Engagement letter, and Clauses 1.1, 4, 6 and 7 of the Standard Terms and Conditions, are intended to survive such termination or expiration and shall continue to bind all parties.


## **6. Indemnification and Liability Limitation; Waiver of Jury Trial**

- 6.1 Indemnification** – All parties agree to indemnify and hold harmless Reflect and any of its subsidiaries and affiliates, officers, directors, principals, shareholders, agents, independent contractors and employees (collectively “Indemnified Persons”) from and against any and all claims, liabilities, damages, obligations, costs and expenses (including reasonable attorneys’ fees and expenses and costs of investigation) arising out of or relating to your retention of Reflect, the execution and delivery of this Engagement Contract, the provision of Services or other matters relating to or arising from this Engagement Contract, except to the extent that any such claim, liability, obligation, damage, cost or expense shall have been determined by final non-appealable order of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Indemnified Person or Persons in respect of whom such liability is asserted. To the extent the indemnification provisions contained in the Agreement exceed the provisions contained in these Standard Terms and Conditions, then those in the Agreement shall prevail.
- 6.2 Limitation of liability** – All parties agree that no Indemnified Person shall have any liability as a result of your retention of Reflect, the execution and delivery of this Engagement Contract, the provision of Services or other matters relating to or arising from this Engagement Contract, other than liabilities that shall have been determined by final non-appealable order of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the Indemnified Person or Persons in respect of whom such liability is asserted. Without limiting the generality of the foregoing, in no event shall any Indemnified Person be liable for consequential, indirect or punitive damages, damages for lost profits or opportunities or other like damages or claims of any kind.
- 6.3 WAIVER OF JURY TRIAL** – TO FACILITATE JUDICIAL RESOLUTION AND SAVE TIME AND EXPENSE, YOU AND REFLECT IRREVOCABLY AND UNCONDITIONALLY AGREE NOT TO DEMAND A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE SERVICES OR ANY SUCH OTHER MATTER.

## **7. Governing Law and Jurisdiction**

The Engagement Contract shall be governed by and interpreted in accordance with the laws of the United States of America and the State of Delaware, without giving effect to the choice of law provisions thereof. The Courts of Delaware shall have exclusive jurisdiction in relation to any claim, dispute or difference concerning the Engagement Contract and any matter arising from it. The parties submit to the jurisdiction of such Courts and irrevocably waive any right they may have to object to any action being brought in these Courts, to claim that the action has been brought in an inconvenient forum or to claim that those Courts do not have jurisdiction.

**REFLECT ADVISORS LLC**

This is Exhibit " C " referred to in the af-  
fidavit of Min Gyoung Kang  
sworn before me at Vancouver  
this 6 day of June 20 25  
  
A Commissioner for taking Affidavits  
for British Columbia



**Oak & Fort Corp.**  
Consolidated Financial Statements  
**March 24, 2024**  
(in Canadian dollars)



November 25, 2024

## **Independent Practitioner's Review Engagement Report**

To the Shareholder of Oak & Fort Corp.

### **Report on the consolidated financial statements**

We have reviewed the accompanying consolidated financial statements of Oak & Fort Corp. and its subsidiaries (together, the Company) that comprise the consolidated balance sheet as at March 24, 2024 and the consolidated statements of operations and retained earnings and cash flows for the 52-week period then ended, and the related notes, which comprise significant accounting policies and other explanatory information.

### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance Canadian accounting standards for private enterprises and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Practitioner's responsibility**

Our responsibility is to express a conclusion on the accompanying consolidated financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of consolidated financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these consolidated financial statements.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements do not present fairly, in all material respects, the financial position of the Company as at March 24, 2024, and the results of its operations and its cash flows for the 52-week period then ended in accordance with Canadian accounting standards for private enterprises.

PricewaterhouseCoopers LLP

PwC Place, 250 Howe Street, Suite 1400, Vancouver, British Columbia, Canada V6C 3S7

T.: +1 604 806 7000, F.: +1 604 806 7806, Fax to mail: ca\_vancouver\_main\_fax@pwc.com

\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**Other matter**

The comparative information of the Company as at, and for the 52-week period ended March 26, 2023 has not been reviewed.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

(in Canadian dollars)

	Note	March 24, 2024 \$	March 26, 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,679,713	2,244,303
Accounts receivable		420,560	98,561
Income taxes receivable		181,239	699,527
Inventory	4	14,558,048	16,929,493
Prepaid expenses and deposits		978,956	3,548,614
Deferred leasehold inducements receivable		718,310	2,258,118
		<u>18,536,826</u>	<u>25,778,616</u>
<b>Property and equipment</b>			
	5	19,871,830	15,679,585
<b>Trademarks</b>		26,352	26,352
<b>Deposits</b>		369,350	349,039
		<u>38,804,358</u>	<u>41,833,592</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	8	17,552,300	15,020,275
Due to related parties	6	315,202	53,744
Deferred revenue		2,147,583	2,045,967
Loan payable	7	2,334,754	-
Current portion of deferred leasehold inducements		728,880	572,585
		<u>23,078,719</u>	<u>17,692,571</u>
<b>Deferred leasehold inducements</b>		4,927,127	4,258,195
<b>Deferred rent liability</b>		4,582,999	3,018,597
		<u>32,588,845</u>	<u>24,969,363</u>
<b>Shareholder's Equity</b>			
<b>Share capital</b>	9	100	100
<b>Retained earnings</b>		6,215,413	16,864,129
		<u>6,215,513</u>	<u>16,864,229</u>
		<u>38,804,358</u>	<u>41,833,592</u>
<b>Going concern</b>	1		
<b>Commitments</b>	11		

(in Canadian dollars)

	Note	Period from March 27, 2023 to March 24, 2024	Period from March 28, 2022 to March 26, 2023
		\$	\$
<b>Revenue</b>		93,916,970	94,204,757
<b>Cost of sales</b>		36,264,435	37,322,693
<b>Gross profit</b>		57,652,535	56,882,064
<b>Expenses</b>			
Amortization of tangible assets		2,411,666	1,824,918
Finance and banking		3,204,871	2,986,048
General and administrative		62,724,427	54,134,139
Recovery of amortization of leasehold inducements		(737,722)	(544,336)
		67,603,242	58,400,769
<b>Loss before the undernoted</b>		(9,950,707)	(1,518,705)
<b>Other income (expense)</b>			
Other income		170,320	-
Loss on disposal of property and equipment		(19,178)	(40,172)
Foreign exchange loss		(482,061)	(22,635)
		(330,919)	(62,807)
<b>Loss before income taxes</b>		(10,281,626)	(1,581,512)
<b>Current income tax expense (recovery)</b>	10	367,090	(524,788)
<b>Net loss for the period</b>		(10,648,716)	(1,056,724)
<b>Retained earnings - Beginning of period</b>		16,864,129	17,920,853
<b>Retained earnings - End of period</b>		6,215,413	16,864,129

(in Canadian dollars)

	Period from March 27, 2023 to March 24, 2024	Period from March 28, 2022 to March 26, 2023
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net loss for the period	(10,648,716)	(1,056,724)
Items not affecting cash		
Amortization of tangible assets	2,411,666	1,824,918
Recovery of amortization of leasehold inducements	(737,722)	(544,336)
Loss on disposal of property and equipment	19,178	40,172
	(8,955,594)	264,030
Changes in non-cash working capital items		
Accounts receivable	(321,999)	52,261
Income taxes receivable	518,288	(496,219)
Inventory	2,371,445	(8,486,416)
Prepaid expenses and deposits	2,549,347	1,737,509
Accounts payable and accrued liabilities	2,532,025	8,527,622
Due to related parties	261,458	53,744
Deferred revenue	101,616	374,283
Deferred leasehold inducements	1,562,949	3,151,686
Deferred rent liability	1,564,402	2,176,952
Deferred leasehold inducements receivable	1,539,808	(2,258,118)
	3,723,745	5,097,334
<b>Investing activities</b>		
Purchase of property and equipment	(6,623,089)	(9,574,040)
Purchase of intangible assets	-	(1,388)
	(6,623,089)	(9,575,428)
<b>Financing activities</b>		
Proceeds from loan payable	2,400,000	-
Repayment of loan payable	(65,246)	-
	2,334,754	-
<b>Decrease in cash and cash equivalents during the period</b>	(564,590)	(4,478,094)
<b>Cash and cash equivalents - Beginning of period</b>	2,244,303	6,722,397
<b>Cash and cash equivalents - End of period</b>	1,679,713	2,244,303



March 24, 2024

(in Canadian dollars)

**1. Going concern****Material uncertainty around going concern**

The consolidated financial statements of Oak & Fort Corp. (the Company) have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due for at least twelve months from March 24, 2024.

For the period ended March 24, 2024, the Company reported a net loss of \$10,648,716 (2023 - loss of \$1,056,724) and an accumulated surplus of \$6,215,413 (2023 - \$16,864,129) as at that date. At period end, the Company had a negative working capital deficiency of \$4.54M (2023 - positive working capital of \$8.1M). The Company breached their debt covenant (note 7) and have deferred certain rent payments (note 11) and debt payments (note 7). These factors reflect material uncertainties that may cast doubt about the appropriateness of the going concern assumption.

The Company's ability to continue as a going concern depends on its ability to generate positive cash flow from operations and obtain external financing. To generate positive cash flow, the Company has invested in and implemented a new e-commerce platform to generate increase in cashflows from additional sales. They have also reduced their expenses to preserve operating cash and are actively seeking third party debt financing. There can be no assurance that the steps management is taking will be successful.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

**2. Organization and nature of operations**

The Company is incorporated under the Canada Business Corporations Act on July 29, 2010 in Alberta Canada and is in the business of providing accessible luxury clothing, accessories and housewares for women and men in Canada and the United States through online and retail stores.

All references to 2024 and 2023 represent the 52 week fiscal years ended March 24, 2024 and March 26, 2023, respectively.

**3. Significant accounting policies****Basis of preparation**

These consolidated financial statements have been prepared in accordance with Canadian accounting standards for private enterprises (ASPE) as issued by the Canadian Accounting Standards Board. The following policies have been adopted by the Company.

**Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its subsidiaries. A subsidiary is an entity over which the Company has control, directly or indirectly, and the right and ability to obtain future economic benefits from the resources of the entity and is exposed to the related risks. In accordance with ASPE, control is defined as the continuing power to determine the strategic operating, investing and financing policies of an entity without the cooperation of others.

The following subsidiary's assets, liabilities and operations are included in these consolidated financial statements:

Oak and Fort US Group Inc. - Wholly owned subsidiary, 100%  
 Oak and Fort Enterprise US Inc. - Wholly owned subsidiary, 100%  
 NYM Merger Holdings LLC - Wholly owned subsidiary, 100%  
 Oak and Fort California LLC - Wholly owned subsidiary, 100%  
 BC1282339 (DBA Modu Atelier) - Wholly owned subsidiary, 100%

**Use of estimates**

The preparation of consolidated financial statements in accordance with ASPE requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reporting period and disclosure of contingencies as at the date of the consolidated financial statements. Significant items subject to such estimates and assumptions include the useful lives, recoverable amounts and impairments of property and equipment and trademarks; the valuation of inventories; recoverable amounts and impairments of amounts due from related parties and timing and rates applied in determining income taxes. Actual results could differ from those estimates.

(in Canadian dollars)

**Foreign currency translation****Reporting currency**

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing as at the consolidated balance sheet date. Exchange differences are included in earnings as they arise. Revenue and expenses denominated in foreign currencies are translated at the exchange rate prevailing as at the transaction date.

**Foreign operations**

Oak and Fort US Group Inc., Oak and Fort Enterprise US Inc., NYM Merger Holdings LLC and Oak and Fort California LLC are wholly owned subsidiaries of the Company. Consolidated financial statements of integrated foreign operations are translated as follows: monetary items at the exchange rate as at the consolidated balance sheet date; non-monetary items, including amortization thereon, at historical exchange rates; and revenue and expenses at the average rates of exchange in effect for the period. Exchange gains and losses are included in the determination of net loss for the period.

At the transaction date, each asset, liability, revenue or expense arising from a foreign currency transaction is translated into Canadian dollars by the use of the exchange rate in effect at that date. Monetary assets and liabilities continue to be translated at the exchange rate in effect at the amortization date. Items appearing in the current period's consolidated statement of operations and retained earnings, except for the cost of inventories and amortization, are translated at the exchange rate in effect at the time at which such transactions occur. Cost of inventories and amortization are translated at historical rates. Gains and losses arising from the translation, if any, are included in net loss.

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

**Inventory**

Inventory is measured at the lower of cost and net realizable value, with cost being determined using the weighted average cost method. Inventory costs include purchase price and other costs directly related to the acquisition of inventory. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs. Inventory is written down to net realizable value when the cost of inventory is estimated to be greater than the anticipated selling price less costs to sell.

**Property and equipment**

Property and equipment are recorded at cost less accumulated amortization which is recorded over the useful lives of the assets at the following annual rates and methods:

Leasehold improvements	straight-line over the term of the lease
Furniture and fixtures	20% declining balance
Computer hardware and software	55% declining balance
Automobiles	30% declining balance
Signs	35% declining balance

Property and equipment are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset (or asset group) exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposal. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. Impairments are not reversed.

**Leases**

Leases are classified as capital or operating leases. Leases in which the Company obtains substantially all the risks and rewards of ownership are classified as capital leases. The Company records its capital leases as an acquisition of an asset and an assumption of an obligation. The asset value and the amount of the obligation, recorded at the inception of the lease, are the present value of the minimum lease payments. Each lease payment is allocated between the liability and interest expense so as to achieve a constant rate of interest on the recorded capital lease obligations. Equipment acquired under a capital lease is amortized over the term of the lease, or the expected useful life of the asset when the lease contains a purchase option.

The Company recognizes rental expenses on a straight-line basis over the terms of the lease and records the difference between the amounts charged to operations and amounts paid as a deferred lease liability. The amount is recorded as a deferred credit in the early periods of the lease as a deferred lease inducement when cash payments begin to exceed the straight-line expenses. All other leases are accounted for as operating leases wherein rental payments are recognized in the consolidated statement of operations and retained earnings on a straight-line basis over the terms of the leases.

The Company also received tenant inducements allowance in conjunction when entering into operating lease. The allowance is recorded as deferred lease inducements on the consolidated balance sheet at the beginning of the lease term and recognized as a reduction of rent expense over the lease term.

**Trademarks**

Trademarks are measured at cost.

(in Canadian dollars)

### Revenue recognition

The Company recognizes revenue when control of goods has been transferred to the customer and collection of payment can be reasonably assured. Revenue is recognized net of discounts.

The Company recognizes revenue for gift cards when redeemed, as control of the goods has been transferred to the customer and collection of payment can be reasonably assured. Gift cards are recorded as deferred revenue, until redeemed.

### Income taxes

The Company accounts for income taxes using the taxes payable method. Accordingly, the Company reports the cost of the current period's income taxes as an expense, determined in accordance with the rules established by taxation authorities.

### Financial instruments

#### *Recognition and derecognition*

A financial asset or a financial liability is initially recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished. Where the terms of a financial liability are renegotiated in an arm's length transaction, resulting in substantially different terms, this is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any difference recognized in the consolidated statement of operations and retained earnings. Where the terms of a financial liability are renegotiated with a related party, this is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any difference is recognized in either net loss or equity, depending on the circumstances.

#### *Measurement*

The Company initially measures its financial assets originated or acquired, and financial liabilities issued or assumed, in an arm's length transaction at fair value. These financial assets and liabilities are subsequently measured at amortized cost, except for equity investments quoted in active markets and derivative financial instruments, which are measured at fair value. Changes in fair value are recognized in net loss. Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and loans receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Where transactions with related parties result in the recognition of derivative contracts, quoted debt or equity instruments, or debt instruments where significant inputs to measure their fair value are observable, these are initially measured at fair value. All other financial assets originated or acquired, and financial liabilities issued or assumed in a related party transaction are initially measured at cost. For financial instruments with repayment terms, cost is determined as the sum of undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. For financial instruments with no repayment terms, cost is determined by reference to the consideration transferred or received by the Company in the transaction. Equity instruments quoted in active markets and derivative financial instruments are subsequently measured at fair value, with changes in fair value recognized in net loss. All other financial instruments resulting from related party transactions are subsequently measured at cost less any reduction for impairment.

Transaction costs on financial assets and liabilities measured at amortized cost are adjusted against the carrying value of the related asset or liability and then recognized over the expected life of the instrument using the straight-line method. Transaction costs on equity investments quoted in active markets are recognized immediately in the consolidated statement of operations and retained earnings.

#### *Impairment*

At the end of each reporting period, the Company assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and the Company determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized.

For all financial assets, other than investments in debt or equity instruments originated or acquired in a related party transaction and initially measured at cost, the carrying amount of the asset is reduced to the higher of the expected cash flows expected to be generated by holding the asset, discounted using a current market rate of interest; the amount that could be realized by selling the asset as at the consolidated balance sheet date; and the amount that could be realized by exercising the Company's right to any collateral held, net of all costs necessary to exercise those rights.

For a debt instrument originated or acquired in a related party transaction and initially measured at cost, the carrying amount of the asset is reduced to the higher of the undiscounted expected cash flows, excluding interest and dividends, the amount that could be realized by selling the asset as at the consolidated balance sheet date; and the amount that could be realized by exercising the Company's right to any collateral held, net of all costs necessary to exercise those rights.

For an equity instrument originated or acquired in a related party transaction and initially measured at cost, the carrying amount is reduced to the amount that could be realized by selling the asset.

If circumstances change, a previously recognized impairment may be reversed to the extent of the improvement, provided the adjusted carrying amount is no greater than the amount that would have been recognized if the impairment had not been recorded.

March 24, 2024

(in Canadian dollars)

## 4. Inventory

	2024	2023
	\$	\$
Supplies	476,230	289,521
Finished goods	14,081,818	16,639,972
	<u>14,558,048</u>	<u>16,929,493</u>

The Company's inventory comprising purchased finished goods available for sale and goods in transit recognized as cost of goods sold amounted to \$36,264,435 (2023 - \$37,322,693).

## 5. Property and equipment

			March 24, 2024	March 26, 2023
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Leasehold improvements	24,475,351	7,623,958	16,851,393	13,857,141
Furniture and fixtures	3,849,187	1,450,724	2,398,463	1,597,945
Computer hardware and software	2,094,613	1,667,843	426,770	131,050
Automobiles	120,678	56,754	63,924	3,174
Signs	297,575	166,295	131,280	90,275
	<u>30,837,404</u>	<u>10,965,574</u>	<u>19,871,830</u>	<u>15,679,585</u>

Leasehold improvements include \$480,458 (2023 - \$1,785,959) of additions that are not available for use and accordingly, no amortization has been recorded.

## 6. Due to related parties

Related parties include the shareholder of the Company along with a member of their immediate family.

The amounts to related parties are unsecured, bear interest between 0% and 8.5% per annum and have no specific terms of repayment or maturity date. As at March 24, 2024, the Company believed there has been no adverse change in the expected timing or amount of repayment from the related parties.

Interest expense on related party loans accrued and payable is \$11,350 (2022 - \$nil).

## 7. Loan payable

	March 24, 2024	March 26, 2023
	\$	\$
BDC term loan	2,334,754	-
Less: Current portion	<u>2,334,754</u>	<u>-</u>
	<u>-</u>	<u>-</u>

March 24, 2024

(in Canadian dollars)

In June 2023, the Company obtained a \$2.4M term loan from the Business Development Bank of Canada (BDC) to be used for working capital requirements (\$2.0M) and purchase of warehouse equipment (\$400,000). The loan bears interest at BDC's base rate of 8.90% less 1.15%, repayable in 84 monthly blended payments of \$36,047. The interest rate is subject to adjustment on June 28, 2025. The loan is secured by a general security agreement from the Company providing a security interest over all present and after-acquired personal property, except consumer goods, UCC registration requirements in specified states and a personal guarantee by the shareholder for 25% of the loan amount outstanding. The loan agreement contains various financial and non-financial covenants.

As at the consolidated balance sheet date, the Company was not in compliance with its financial covenants. As a result, the entirety of the loan is presented with current liabilities on the consolidated balance sheet.

Interest paid on the bank loan totalling \$46,080 (2022 - \$nil) is included in finance and banking.

Subsequent to period end, the Company obtained approval for a deferral of principal payments for six months starting April 2024. All other terms and conditions of the loan remain the same.

#### Aggregate minimum amount of principal payments

Due to the covenant breach, BDC has the right to demand repayment but has not at this time. If the debt is not called, the aggregate minimum amount of principal payments required in each of the next five periods and thereafter is as follows:

	\$
2025	134,333
2026	284,745
2027	307,614
2028	332,319
2029	359,009
Thereafter	916,734
	2,334,754

#### 8. Government remittances

Government remittances consist of amounts (such as sales tax and payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts come due. As at period-end, \$1,433,648 (2023 - \$2,029,952) was outstanding in respect to government remittances payable and is included in accounts payable and accrued liabilities.

#### 9. Share capital

##### Authorized

##### Common shares

Unlimited class A common voting shares  
Unlimited class B preferred shares

##### Issued

	March 24, 2024	March 26, 2023
	\$	\$
100 Class A common shares	100	100

#### 10. Income taxes

The impact of differences between the Company's reported income tax expense on operating income and the expense that would otherwise result from the application of statutory rates is as follows:

March 24, 2024

(in Canadian dollars)

## Tax rate reconciliation

	Period from March 27, 2023 to March 24, 2024	Period from March 28, 2022 to March 26, 2023
	\$	\$
Loss before income taxes	(10,281,626)	(1,581,512)
Income tax expense (recovery) at the combined statutory tax rate of 18.9% (2023 - 18.0%)	(1,941,437)	(284,672)
Increase resulting from:		
Difference in tax rates	(56,570)	55,266
Differences related to capital assets	(607,841)	(783,407)
Non-deductible expenses and other	56,659	33,815
Other tax/accounting differences	11,294	53,541
Non-capital loss carried forward	2,475,154	599,019
Utilization of NOLs in prior periods	-	52,659
Adjustments to prior periods and other	418,761	(405,611)
State taxes	11,070	154,602
Effective income tax expense (recovery)	367,090	(524,788)

## Non-capital losses

As at March 24, 2024, the Company has available non-expiring non-capital losses of US\$ 4,284,972 (2023 - US\$nil) and expiring non-capital losses of \$12,002,831 (2023 - \$3,290,526) and will expire as follows:

	2024
	\$
2043	3,290,526
2044	8,712,305
	<u>12,002,831</u>

## 11. Commitments

## Commitments

The Company leases its office, warehouse and store locations under long-term leases. The leases expire at varying dates to 2033. The lease commitments during the next five periods are as follows:

	\$
2025	1,997,627
2026	2,057,301
2027	2,118,761
2028	2,151,685
2029	2,223,196

As at period end, the Company has deferred \$3,095,455 (2023 - \$nil) of rent payments to fiscal 2025, which is included in accounts payable and accrued liabilities. These amounts are not reflected in the above schedule.

## 12. Financial instruments and risks

## Financial risk management

The Company's financial instruments expose it to a variety of financial risks. The Company is not exposed to significant credit risk, currency risk or liquidity risk except as explained below.



March 24, 2024

(in Canadian dollars)

**Liquidity risk**

Liquidity risk is the risk an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is exposed to liquidity risk mainly with respect to its accounts payable and accrued liabilities and loan payable. Refer to note 7 on loan payable for further details on the aggregate minimum amount of payments. Cash flows from operations provides a substantial portion of the Company's cash requirements. Part of the Company's cash management strategy is through negotiating the deferral of cash payments to lessors, lenders and other vendors. As at the consolidated balance sheet date, the Company has a working capital deficiency and will be dependent upon management's ability to achieve their plans described in note 1.

**Credit risk**

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist principally of cash and cash equivalents and accounts receivable.

The Company's cash and cash equivalents are maintained at major financial institutions; therefore, the Company considers the risk of non-performance of these instruments to be remote.

Trade receivables are generally due within 30 to 90 days. No trade receivables mature beyond one period. The Company reduces this risk by dealing only with creditworthy financial institutions.

**Currency risk**

Currency risk is the risk to the Company's income that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. Currency risk arises when financial assets or financial liabilities are denominated in a currency other than Canadian dollars. The Company's financial instruments denominated in foreign currencies are as follows:

**US\$**

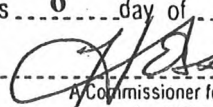
	March 24, 2024	March 26, 2023
	\$	\$
Cash and cash equivalents	489,160	702,733
Accounts receivable	154,990	38,710
Deferred leasehold inducements receivable	466,246	1,120,340
Accounts payable and accrued liabilities	2,241,045	2,340,592
Net balance in US dollars	3,351,441	4,202,375

**Interest rate risk**

Interest rate risk is the risk fair value or future flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2023, the Company is exposed to interest rate risk on loan payable (note 7) and related party debt (note 6).

**13. Comparative figures**

Certain comparative figures have been restated where necessary to conform to current period presentation.

This is Exhibit " D " referred to in the af-  
fidavit of Min Gyoung Kang  
sworn before me at Vancouver  
this 6 day of June 20 25  
  
\_\_\_\_\_  
A Commissioner for taking Affidavits  
for British Columbia

**Oak and Fort Group - DRAFT**  
**FY 2025 Income Statement**  
**As of Period 12**

		CAD 2025
Revenue		93,809,023
Cost of Sales		(34,347,300)
Gross Profit		59,461,724
Expenses		(61,156,731)
Selling, general and administrative	(57,840,943)	
Limited risk distribution fee	0	
Finance and banking	(4,173,243)	
Amortization of leasehold inducements	857,455	
EBITDA		(1,695,007)
Amortization		(2,755,480)
Foreign exchange gain (loss)		(604,523)
Other		81,566
Loss on disposal of assets		-
Income before income taxes		(4,973,445)
Income taxes expense		(77,145)
<b>Net Profit/(Loss)</b>		<b>(5,050,590)</b>

**EBITDA RECONCILIATION**

Per above	(1,695,007)
Interest	<b>1,320,206</b>
6209011 - BDC Loan - Maintenance + Interest	179,683
6209013 - Interest on Shopify Capital Loan	47,513
6209008 - Late Fees, Penalties and Interest	1,093,010
EBITDA	(374,802)
Per Internal P&L	(457,214)
Variance	82,412
	-18.0%

**Oak and Fort Group - DRAFT**  
**FY-2025 Balance Sheet**  
**As of Period 12**

P12

CAD

P12YTD

**2025****Assets**Current assets

7,049,509

Cash

2,637,413

Accounts Receivable

88,282

Prepaid expenses and deposits

3,320,194

Income taxes Receivable

558,500

Deferred leasehold inducements receivable

445,121

Inventory

13,587,307

Finished Goods

12,810,688

Goods In Transit

1,067,641

Bags &amp; Supplies

(340,727)

Inventory-Other

49,704

Property and equipment

19,887,038

Long term investments

50,272

**40,574,125****Liabilities**Current Liabilities

(25,801,316)

Accounts payables &amp; Accrued Liabilities

(21,597,671)

Deferred revenue

(2,087,059)

Current portion of deferred leasehold inducements

15

Short Term Loan

(2,116,601)

Income Tax Payable

-

Long term Liabilities

(13,682,292)

Due to related parties

(546,027)

Deferred leasehold inducements

(5,793,734)

Deferred rent liability

(5,094,752)

Long Term Loan

(2,200,421)

LT Lease Obligation

(47,357)

**Shareholder's Equity**


Share Capital

(50,370)

Retained Earnings

(1,040,148)

**(40,574,125)**

This is Exhibit " **E** " referred to in the af-  
fidavit of **Min Gyoung Kang**  
sworn before me at **Vancouver**  
this **6** day of **June** 20**25**  
  
A Commissioner for taking Affidavits  
for British Columbia

No.: \_\_\_\_\_  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**  
**IN THE MATTER OF THE *COMPANIES' CREDITORS***  
***ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**and**

**IN THE MATTER OF OAK AND FORT CORP., 1282339 BC LTD., OAK AND FORT  
US GROUP INC., OAK AND FORT ENTERPRISE US INC., NYM MERGER  
HOLDINGS LLC and OAK AND FORT CALIFORNIA LLC**

**PETITIONERS**

**CONSENT OF THE PROPOSED MONITOR**

**KSV Restructuring Inc.** hereby consents to act as the Court-appointed monitor of Oak and Fort Corp., 1282339 BC Ltd. (dba MODU Atelier), Oak and Fort US Group Inc., Oak and Fort Enterprise US Inc., NYM Merger Holdings LLC, and Oak and Fort California LLC (collectively, the "**Petitioners**"), pursuant to the terms of the initial order contained in the Petitioners' Petition Record and the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in respect of these proceedings.

Dated: June 5, 2025

**KSV RESTRUCTURING INC.**

Per:



\_\_\_\_\_  
Name: Noah Goldstein  
Title: Managing Director



No. \_\_\_\_\_  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA  
  
IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, RSC 1985, C C-36, AS AMENDED  
  
AND  
  
IN THE MATTER OF OAK AND FORT CORP. AND  
1282339 BC LTD.

PETITIONERS

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**AFFIDAVIT**

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**FASKEN MARTINEAU DuMOULIN LLP**  
Barristers and Solicitors  
2900 – 550 Burrard Street  
Vancouver BC V6C 0A3  
604-631-4786

Attention: Kibben Jackson / Lisa Hiebert / Tiffany Bennett  
Matter No: 329904.00020