

COURT FILE NUMBER 2301-08305

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT
OF WALLACE & CAREY INC., LOUDON BROS LIMITED and CAREY
MANAGEMENT INC.

APPLICANT DIGIFLEX INFORMATION SYSTEMS INC.

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Burnet, Duckworth & Palmer LLP
2400, 525 – 8 Avenue SW
Calgary, Alberta T2P 1G1
Lawyer: Chelsea Nimmo
Phone Number: (403) 260-0102
Fax Number: (403) 260-0332
Email Address: cnimmo@bdplaw.com
File No. 79894-1

AFFIDAVIT OF JENNIFER ALLEN

Affirmed on February 4, 2026

I, Jennifer Allen of Calgary, Alberta, AFFIRM AND SAY THAT:

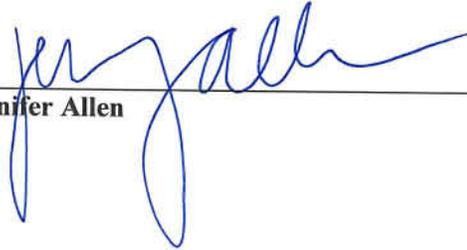
I am a Legal Assistant at Burnet, Duckworth, and Palmer LLP (**BD&P**), counsel on record for Digiflex Information Systems Inc. (**Digiflex**), and have personal knowledge of the matters deposed to herein:

1. Attached as **Exhibit "A"** to this Affidavit is email correspondence from Cassels to BD&P, dated February 3, 2026, as well attached draft orders; and
2. Attached as **Exhibit "B"** to this Affidavit is correspondence from BD&P to Cassels, dated February 3, 2026.

AFFIRMED BEFORE ME at the City of Calgary,)
in the Province of Alberta, this 4th day of)
February 2026.)
)
)
)



A Commissioner for Oaths in and for the Province
of Alberta.



Jennifer Allen

AISIA ANNE ROBERTS
A Commissioner For Oaths
in and for the Province of Alberta
My Commission Expires September 20, 2028

This is Exhibit "A", referred to in the Affidavit
of Jennifer Allen, affirmed before me on the
4th day of February, 2026.



A Commissioner of Oaths in and for
the Province of Alberta

AISIA ANNE ROBERTS
A Commissioner For Oaths
In and for the Province of Alberta
My Commission Expires September 20, 2028

From: [Oliver, Jeffrey](#)
To: [Chelsea Nimmo](#); [Wiest, Kamryn](#)
Cc: [Florence Hogg](#)
Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C") Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305 [IMAN-LEGAL.FID4364182]
Date: Tuesday, February 03, 2026 12:17:52 PM
Attachments: [image004.png](#)
[image005.png](#)
[image006.png](#)
[image007.png](#)
[2026 02 02 - DRAFT Order re Lifting of Stay.docx](#)
[2026 01 29 - DRAFT Order re Lifting of Stay-70705825-v5 and 2026 02 02 - DRAFT Order re Lifting of Stay-70705825-v6.pdf](#)

WITH PREJUDICE

Chelsea,

We have reviewed each of your emails received yesterday, and at this point, there doesn't seem to be much purpose to further discussion, as you'll see below it is unlikely we'll be able to come to further agreements, and our time is best focused on preparing for the hearing. These are in the order in which you raised them:

1. The fees your client is asking from the Monitor are outrageous and unjustified. The Monitor does not require services for six years. The Monitor is prepared to pay for maintenance services, if required, at contract rates, which is consistent with the basis on which services are provided during a CCAA proceeding and pursuant to the ARIO. The Licence Agreement, by its terms, patently does not require that such services be provided or paid for, unless services are actually provided. We remind you that as a participant in CCAA proceedings, your client has an obligation to act in good faith, and these demands raise questions as to whether your client is improperly leveraging its position to extract value from bona fide creditors of the Applicants. We will be making submissions to the Court explaining why the Monitor should be permitted to continue using its Perpetual License in read only mode without ongoing maintenance services or related fees, unless such services are required. Should the Court order that these fees must be paid, we will, of course, comply, by paying for these services at the contracted rates. But we are not interested in wasting time negotiating further.
2. The Monitor does not agree to any award of costs. There is absolutely no justification in a CCAA proceeding of this nature for them. On top of it, your cross application was unnecessary as the Monitor was seeking advice and direction, and all issues could have been addressed within that process. Additionally, and in any event, the parties were going to appear before the

Court regarding the maintenance fees regardless, as we seem to have completely different views on the matter. Your client's increasingly aggressive conduct is driving up the cost of this proceeding in a very significant way, as we are being forced to deal with improper and unjustified threats on these items repeatedly. Please take guidance from your insolvency colleagues.

3. The Stay is still in place until February 16 at 12:00AM. Accordingly, DigiFlex cannot pursue any rights or remedies or otherwise declare the DigiFlex License Agreement be terminated, whether as a result of a VPN issue or otherwise. It is our understanding that SEC has completed its transition, but requires access to generate its final monthly reports required by SEDCC and the Monitor to reconcile, among other things, TSA accounting and tax obligations. Further, we understand that SEC and SEDCC will not reinstate access to DigiFlex prior to the lifting of the Stay as they have concerns that DigiFlex might change information or access requirements which would significantly prejudice SEC/SEDCC in these final stages. The VPN access will be re-enabled to provide the Monitor read-only access once the Stay is lifted. If you have any issue with that, take it up with 7-Eleven, not the Monitor.
4. Stay restrictions - We confirm that we will leave this as agreed upon.
5. Priorities – We plan to proceed as we originally planned.

Attached is the order for which we intend to seek approval.

We do not see any purpose to further negotiation.

Thank you,



JEFFREY OLIVER (HE/HIM/HIS)

Partner

t: +1 403 351 2921

e: joliver@cassels.com

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Calgary, AB T2P 5C5 Canada
Services provided through a Professional Corporation.

From: Chelsea Nimmo <cnimmo@bdplaw.com>

Sent: Monday, February 02, 2026 1:49 PM

To: Oliver, Jeffrey <joliver@cassels.com>; Wiest, Kamryn <kwiest@cassels.com>

Cc: Florence Hogg <fhogg@bdplaw.com>

Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C") Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

CAUTION: External Email

WITH PREJUDICE

Hi Kamryn,

Thank you for your call this morning. I am hopeful that we can come to an agreement on both the Monitor's Advice and Direction Application as well as Digiflex's Termination Application on the following basis:

1. **KSV will have read-only access to the W&C and Loudon ERP databases and continue to pay maintenance fees.** Digiflex is prepared to decrease the current maintenance fees by 50% a year, and a further 30% if you pay upfront for all 6 years:
 - a. **Fees for W&C.** The last full-year charge for W&C maintenance was \$153,175.20. A 50% discount will make that \$76,587.60 per year, or additional discounted by 30% to be a total of \$321,667.92 for 6 years.
 - b. **For Loudon.** The last full-year charge for Loudon maintenance was \$17,625.00. A 50% discount will make that \$6,812.50 per year, or additional discounted by 30% to be a total of \$37,012.50 for 6 years.
 - c. Kindly note that these numbers do not consider inflation or the typical annual adjustments that are required.
 - d. Digiflex also requests that the Outstanding Amounts it is owed (as detailed in Mr. Mardukhi's evidence served Friday) be paid, with interest.
2. **Costs on the Monitor's Assignment Application, the Termination Application, and the Advice and Direction Application.** The Assignment Application has not been resurrected and appears to be unnecessary. Further, both the Advice and Direction Application and the Termination Application appear to be issues that the parties could have addressed on a phone call, which I had offered numerous times. Instead, my client has been forced to spend additional legal fees this past week to respond to the Monitor's request for a very broad order to continue to use the software on any basis, without further payment. If you agree to this, we can include a statement in the Order that the Monitor will pay Digiflex its costs in respect of these three applications, with the parties first trying to resolve the quantum by way of agreement, and can seek Justice Marion's

advice if they cannot agree within one month.

3. **Date to start the read-only access.** Further to my note below, given that Digiflex's VPN has been disabled, we considered the W&C License Agreements to be terminated immediately as of the time the VPN was disabled, and that Digiflex is no longer required to continue to provide maintenance services to Wallace & Carey and/or Loudon pursuant to the Consent Order until February 15, 2026. With no access, Digiflex is not in a position to be able to provide such maintenance services to Wallace & Carey and/or Loudon. Further, considering the Monitor has advised that W&C has completed its transition to SEC / SEDCC, there is no further need for W&C's copy of the Digiflex ERP Software to be in active mode. Finally, we trust that Mr. Mardukhi's evidence served Friday has satisfied your client that all of the Monitor's requirements can be met in read-only mode. We therefore ask that Digiflex's VPN access be restored immediately so that we can turn the software to read-only mode. To the extent it is not restored immediately, please advise:

- a. Why the VPN access has been disabled?
- b. Who disabled the VPN?
- c. If you will not restore the VPN immediately, when will it be enabled?
- d. If you will not restore the VPN immediately, why?
- e. If read-only mode is not acceptable, please advise why?
- f. Please confirm that the Designated Server is located at the offices of SEDCC, and that SEDCC / SEC is the company that has ultimate control of the copy of Digiflex's software at this time.

4. **Stay Restrictions Against the Monitor, CMI and its Counsel.** We will agree to your revised section 5 in the draft order circulated by Cassels on Thursday at 4:10 PM.

5. **Enforcement of Priorities.** I am looking into something on this point and will get back to you.

6. **Addition on use of ERP software.** Thank you for proposing a condition that would limit the use of the software, to ensure that it will not be used to run a distribution company. We will likely revise your proposed addition slightly, and propose a few more ancillary protections for our client around the same.

We look forward to hearing from you as soon as possible on the above. Happy to jump on another call if that would be helpful.

Thanks,
Chelsea

Chelsea Nimmo

Counsel

P: 403.260.0102

C: 403.620.1565

2400, 525 - 8th Avenue SW, Calgary, AB T2P 1G1

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From: Chelsea Nimmo

Sent: Sunday, February 01, 2026 4:51 PM

To: Oliver, Jeffrey <joliver@cassels.com>

Cc: Wiest, Kamryn <kwiest@cassels.com>; Florence Hogg <fhogg@bdplaw.com>

Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C")
Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

Thank you for your response. We are sorry for your loss.

Chelsea Nimmo

Counsel

P: 403.260.0102

C: 403.620.1565

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From: Oliver, Jeffrey <joliver@cassels.com>

Sent: Sunday, February 01, 2026 4:49 PM

To: Chelsea Nimmo <cnimmo@bdplaw.com>

Cc: Wiest, Kamryn <kwiest@cassels.com>; Florence Hogg <fhogg@bdplaw.com>

Subject: Re: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C")
Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

It is a Sunday and I am at a funeral so your client will need to wait until I have time to

obtain instructions



JEFFREY OLIVER (HE/HIM/HIS)

Partner

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Calgary, AB T2P 5C5 Canada

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From: Chelsea Nimmo <cnimmo@bdplaw.com>

Sent: Sunday, February 1, 2026 4:20:02 PM

To: Oliver, Jeffrey <joliver@cassels.com>

Cc: Wiest, Kamryn <kwiest@cassels.com>; Florence Hogg <fhogg@bdplaw.com>

Subject: FW: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C") Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

CAUTION: External Email

Hi Jeffrey,

I hope you are having a good weekend.

Digiflex has informed me that it no longer has VPN access to the copy of the Digiflex Software that is installed on the server at the Wallace & Carey offices (the **Designated Server**), which we understand is now the SEDCC offices. We assume that this means that Wallace & Carey no longer wants to use the copy of the Digiflex Software, in any format: read-only or active, and that there is an agreement between the two parties that all of the W&C Software Licenses have been terminated.

(1) Destroy, Certify and Permit Digiflex to Confirm that the Software Has Been Deleted

We therefore ask that your client, as representative of W&C, please:

1. Destroy and erase all copies of the Digiflex Software in W&C's possession, including the one installed on the Designated Server, and any other electronic memories or other storage devices that W&C has in its possession, or any copies that W&C has given or loaned to 7-Eleven Inc., 7-Eleven Canada Inc. or SEDCC during the transition;
2. Destroy all copies of any and all copies of Digiflex documents, including training manuals, in W&C's possession or any that W&C has given or loaned to 7-Eleven Inc., 7-Eleven Canada Inc. or SEDCC during the transition;
3. Certify that it has erased any and all copies of the Digiflex Software and Digiflex documents, and that it has confirmed with 7-Eleven Inc., 7-Eleven Canada Inc. and SEDCC that it has performed the same.

W&C is required to do the above **forthwith**, as per s. 5 of the W&C Software Licenses.

We would also ask for KSV's cooperation to facilitate Digiflex's access (or their representatives) to the Designated Server to confirm that the software is disabled. This can be done either remotely or physically. We are asking for KSV's assistance on this not as a representative of W&C, but as the Monitor of the CCAA Proceedings who has a duty to act in good faith towards all parties in the process, not just 7-Eleven. We understand that KSV previously felt that its contractual obligations under the TSA required it to offer more assistance to 7-Eleven Canada and/or SEDCC over Digiflex. However, with the transition now finished, Digiflex is calling on the Monitor for its assistance for Digiflex to protect its rights to control its intellectual property.

(2) If Read-Only Access is Required, Please Restore VPN Access Immediately

If KSV would still like access to the W&C Software on a read-only basis, it must immediately restore Digiflex's VPN access to the copy of the W&C Software on the Designated Server. This is a requirement as per s. 4B of the Maintenance Agreements. We remain open to a discussion about the renewal of the Maintenance Agreements to permit the Monitor legal access to the Digiflex Software on a read-only basis, after February 15, 2026.

Please confirm that this will be put into action today. We look forward to hearing from you.

Yours truly,
Chelsea

Chelsea Nimmo

Counsel

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From: Chelsea Nimmo <cnimmo@bdplaw.com>

Sent: Friday, January 30, 2026 4:40 PM

To: Oliver, Jeffrey <joliver@cassels.com>

Cc: Wiest, Kamryn <kwiest@cassels.com>; Florence Hogg <fhogg@bdplaw.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Jason Knight <jknight@ksvadvisory.com>; carole.hunter@dlapiper.com; Lamek, Edmond <edmond.lamек@ca.dlapiper.com>

Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C")

Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

Yes. All generated reports can be emailed, printed, stored in text or PDF format.

Chelsea Nimmo

Counsel

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From: Oliver, Jeffrey <joliver@cassels.com>

Sent: Friday, January 30, 2026 4:26 PM

To: Chelsea Nimmo <cnimmo@bdplaw.com>

Cc: Wiest, Kamryn <kwiest@cassels.com>; Florence Hogg <fhogg@bdplaw.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Jason Knight <jknight@ksvadvisory.com>; carole.hunter@dlapiper.com; Lamek, Edmond <edmond.lamek@ca.dlapiper.com>

Subject: Re: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C")
Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

Thank you Chelsea. Will the Monitor be able to utilize the print functionality?



JEFFREY OLIVER (HE/HIM/HIS)

Partner

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From: Chelsea Nimmo <cnimmo@bdplaw.com>

Sent: Friday, January 30, 2026 4:18:02 PM

To: Oliver, Jeffrey <joliver@cassels.com>

Cc: Wiest, Kamryn <kwiest@cassels.com>; Florence Hogg <fhogg@bdplaw.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Jason Knight <jknight@ksvadvisory.com>; carole.hunter@dlapiper.com <carole.hunter@dlapiper.com>; Lamek, Edmond <edmond.lamek@ca.dlapiper.com>

Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C")

CAUTION: External Email

Jeffrey,

Thank you for your letter. I am responding to the "Access Requirements" questions that the Monitor has.

We understand from the Monitor's 19th Report and your letter, that the reason that the Monitor continues to require access to the Digiflex ERP Software is for historical data purposes for tax reporting and audits. This will not be an issue for the Monitor if the Digiflex ERP Software is in read-only mode, and in fact, I understand that this is the preferred format for keeping historical data for reporting and audits as it prevents the tampering of such data. This is standard practice for any ERP software. Mr. Mardukhi has advised me this has been Wallace & Carey's standard practice: to keep their previous data in read-only format. Mr. Mardukhi has also advised me that Wallace & Carey has been through audits in the past with the ERP Software in read-only format. Read-only format allows the user to prepare reports, including tax reports, make inquiries into historical data, search for past invoices, etc. Read-only format merely turns off functions that would be required to run an active distribution business (i.e., functionalities that allow the intake of new orders, etc.) Given that KSV will not be running Wallace & Carey as a distribution company, we trust that this will not be an issue.

Finally, in relation to your note that the Monitor believes that SEDCC will no longer require W&C to provide the Digiflex Software on February 1, 2026. As you will see in Mr. Mardukhi's affidavit, the data on the Designated Server still does not suggest that this is the case. However, after February 1, if this is the case, please let us know if we can turn the copy of the Digiflex ERP Software to read-only prior to February 15th.

I will get back to you on the ancillary items, such as the language of the lifting stay against the Monitor, and the priority claims, over the weekend, or early next week.

Have a good weekend,
Chelsea

Chelsea Nimmo

Counsel

P: 403.260.0102

C: 403.620.1565

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law.

From: Gagnon, Angeline <agagnon@cassels.com>
Sent: Thursday, January 29, 2026 4:09 PM
To: Chelsea Nimmo <cnimmo@bdplaw.com>
Cc: Oliver, Jeffrey <joliver@cassels.com>; Wiest, Kamryn <kwiest@cassels.com>;
bkofman@ksvadvisory.com; jknight@ksvadvisory.com; carole.hunter@ca.dlapiper.com;
edmond.lamek@ca.dlapiper.com
Subject: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C")
Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305 [IMAN-
LEGAL.FID4364182]

Please see the attached correspondence sent on behalf of Jeffrey Oliver.

Thank you,



ANGELINE GAGNON

Legal Assistant
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COURT FILE NUMBER 2301 - 08305

Clerk's Stamp

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

AND IN THE MATTER OF THE COMPROMISE OF ARRANGEMENT OF WALLACE & CAREY INC., LOUDON BROS LIMITED, and CAREY MANAGEMENT INC.

APPLICANT KSV RESTRUCTURING INC., in its capacity as Court-appointed Monitor of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc.

DOCUMENT **ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Cassels Brock & Blackwell LLP
Bankers Hall West
3810, 888 3rd St SW
Calgary, AB T2P 5C5
E: joliver@cassels.com
P: 403 351 2920

Attention: Jeffrey Oliver

File no. 54670-3

DATE ON WHICH ORDER WAS PRONOUNCED: December 15, 2025

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice Marion

UPON the Application (the "**Monitor's Assignment Application**") of KSV Restructuring Inc., in its capacity as the court-appointed Monitor with enhanced powers (in such capacity, the "**Monitor**") of Wallace & Carey Inc.

("W&C"), Loudon Bros Limited ("**Loudon**"), and Carey Management Inc. ("**CMI**" and collectively, the "**Companies**") for an order, among other things, assigning the DigiFlex License Agreements (as herein defined at Schedule "A") from W&C and/or Loudon to 7-Eleven Distribution Canada Corporation ("**SEDCC**") or its nominee (the "**Assignee**") (the "**Proposed Assignments**"); **AND UPON** the Application (the "**DigiFlex Stay Application**" and together with the Monitor's Application, the "**November Applications**") of DigiFlex Information Systems Inc. ("**DigiFlex**") for, among other things, an order lifting the stay of proceedings (the "**Stay**") *vis a vis* DigiFlex; **AND UPON** the Monitor seeking advice and direction (the "**Advice and Direction Application**") regarding the Reasons for Decision of the Honourable Justice M.A. Marion dated December 15, 2025, under the citation *Wallace & Carey Inc. (Re)*, 2025 ABKB 750 (the 14846218.3

"Reasons"); **AND UPON** DigiFlex bring a cross-application in response to the Advise and Direction Application for an order, *inter alia*, declaring the DigiFlex License Agreements are terminated upon the lifting of the Stay (the **"Termination Application"**); **AND UPON** having reviewed the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the **"ARIO"**); the Ancillary Order granted by the Honourable Justice Hollins dated August 23, 2023 (the **"Ancillary Order"**); the Consent Order with DigiFlex granted by this Court on December 17, 2024 (the **"DigiFlex Consent Order"**); the Monitor's Sixth Report to Court dated November 8, 2023; the Monitor's Fourteenth Report to Court dated December 13, 2024; the Monitor's Seventeenth Report to Court dated August 13, 2025 (the **"Seventeenth Report"**); the Monitor's Supplement to the Seventeenth Report to Court dated August 21, 2025 (the **"Supplement to Seventeenth Report"**); the Monitor's Second Supplement to the Seventeenth Report to Court dated September 11, 2025 (the **"Second Supplement to Seventeenth Report"**); the Monitor's Eighteenth Report to Court dated November 20, 2025 (the **"Eighteenth Report"**); the Monitor's Nineteenth Report to Court dated January 26, 2026 (the **"Nineteenth Report"**); the Affidavit of Joshua Buchanan sworn September 8, 2025; the Affidavit of Jennifer Allen affirmed November 12, 2025; the Affidavit of Jennifer Allen affirmed November 25, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 14, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 25, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed January 30, 2026; the Affidavit of Service of Jennifer Allen affirmed November 26, 2025; and the Affidavit of Service of Angeline Gagnon, sworn November 26, 2025; and the Affidavit of Service of Angeline Gagnon, sworn [redacted], 2026; **AND UPON** hearing counsel for the Monitor, counsel for 7-Eleven Canada Inc. (**"SEC"**) and SEDCC, and counsel for DigiFlex at the November Applications on November 27, 2025; **AND UPON** judgment of the November Applications being reserved until December 15, 2025; **AND UPON** hearing counsel for the Monitor, counsel for SEC and SEDCC, and counsel for DigiFlex at the Advise and Direction Application and Termination Application on February 5, 2026; **AND UPON** being satisfied that it is appropriate to do so;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. This Order accompanies the Reasons. This Order is to be interpreted with reference to the Reasons.
2. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the ARIO, the Eighteenth Report, or the Nineteenth Report.

SERVICE

3. Service of notice of the Monitor's Assignment Application, DigiFlex's Stay Application, the Advise and Direction Application, and the Termination Application and supporting materials in respect of each are hereby declared to be good and sufficient, and time for service of the Monitor's Assignment Application, DigiFlex's Stay Application, the Advise and Direction Application, and

DigiFlex's Termination Application are abridged to that actually given.

STAY

4. The Stay imposed under the ARIO, as extended by this Court from time to time, and specifically, the restrictions set out in paragraphs 15, 16, 17, 18, and 19 of the ARIO, are hereby lifted as against W&C and Loudon *vis a vis* DigiFlex to allow DigiFlex to pursue any rights or remedies it may have pursuant to its agreements with W&C and Loudon, including those under the DigiFlex License Agreements, effective as at 11:59 PM (Calgary time) on February 15, 2026 (the "**Stay Lift Date**").
5. For greater certainty, nothing in this Order or Reasons:
 - (a) lifts the restrictions set out in paragraphs 15, 16 17, 18 and 19 of the ARIO (the "**Stay Restrictions**") as against CMI or the Monitor (including its counsel, employees, agents, or representatives); and
 - (b) prevents DigiFlex from applying to the Court in the future to lift the Stay Restrictions as against CMI or the Monitor (including its counsel, employees, agents or representatives), subject to the limitations of liability for the Monitor pursuant to paragraph 30 of the ARIO.
6. The ARIO, DigiFlex Consent Order, and any other orders in these proceedings are varied, to the extent necessary, to lift the Stay pursuant to paragraph 4 above.
7. For greater certainty, with respect to the DigiFlex Consent Order:
 - (a) paragraph 3 of the DigiFlex Consent Order shall be amended as follows:
 3. DigiFlex shall continue to provide maintenance services ("Maintenance Services") to Wallace & Carey and Loudon Bros Limited in the manner, at the rates and subject to the terms prescribed in their applicable Maintenance Agreement and subject to the terms of the ARIO, until 11:59 PM (Calgary time) on February 15, 2026, or as otherwise agreed upon in writing between the Monitor and DigiFlex.

until the later of:

 - ~~(a) the expiration of the Stay Period; as may be extended by order(s) of this Court; and~~
 - ~~(b) the expiration of the term for the Western Business (as defined in the TSA) set out in the TSA, subject to further extensions as permitted under the TSA or as otherwise ordered by the Court.~~

~~For greater certainty, in the event that the Stay Period is extended in the manner described in this paragraph 3, DigiFlex shall continue to provide Maintenance Services to Wallace &~~

~~Carey in accordance with this paragraph pursuant to the Maintenance Agreement without further Order of this Court.~~

- (b) paragraph 5 of the DigiFlex Consent Order shall no longer be in effect as of 11:59 PM (Calgary time) on February 15, 2026.

ENFORCEMENT AND PRIORITIES

8. It is hereby declared that to the extent that DigiFlex pursues litigation as against W&C and/or Loudon, that any resulting judgment or claim in favour of DigiFlex shall be:
- (a) subordinate to all existing priorities granted under any order in these CCAA proceedings, including the ARIO and Ancillary Order; and
 - (b) an unsecured claim.
9. DigiFlex shall be restricted and stayed from taking any enforcement steps under any judgment litigation as against W&C and/or Loudon until, and if, all priority claims pursuant to any order in these CCAA proceedings have been satisfied in full.

USE OF ERP SOFTWARE BY THE MONITOR

10. Notwithstanding anything within this Order or the lifting of the Stay, as of February 16, 2026 at 12:00 AM (Calgary time) the Monitor shall be permitted to use at no cost the ERP Software, on a read-only basis, on behalf of W&C and Loudon for any purpose related to the business and operations of W&C and Loudon including, but not limited to, maintaining and accessing a historical database for the Monitor's purposes of meeting its statutory and other obligations, including any such obligation which should arise should the Monitor place the Companies into bankruptcy and be appointed bankruptcy trustee.
11. DigiFlex shall not be required to provide any further maintenance, support, or help desk services to the Monitor pursuant to paragraph 10, unless otherwise agreed upon in writing between the Monitor and DigiFlex.
12. DigiFlex is permitted to code the copies of the ERP Software associated with the DigiFlex License Agreements to "read-only" access to be effective as of February 16, 2026 at 12:00 AM (Calgary time).
13. From 12:01 AM (Calgary time) on February 16, 2026, the Monitor shall not cause the Companies to utilize the ERP Software other than on a read-only basis.

DISMISSAL OF THE REMAINDER OF THE MONITOR'S ASSIGNMENT APPLICATION

14. The portion of the Monitor's Assignment Application seeking dismissal of DigiFlex's Stay Application in its entirety (i.e., the relief sought in paragraph 1(a)(ii) of the Monitor's Assignment Application) is hereby dismissed.

ADJOURNMENT OF THE MONITOR'S ASSIGNMENT APPLICATION

15. The portion of the Monitor's Assignment Application seeking approval of the Proposed Assignments, is hereby adjourned *sine die*.
16. In the event the Monitor's Assignment Application regarding the Proposed Assignments for the purposes of records retention and audit purposes be requested to be heard it shall be scheduled before the Honourable Justice Marion for further consideration. The parties may contact the commercial coordinator to seek directions from Justice Marion on an appropriate procedure for further evidence (if required) and submissions.

COSTS

17. Each party shall bear its own costs pursuant to the DigiFlex Stay Application and the portion of the Monitor's Assignment Application for dismissal of the DigiFlex Stay Application.
18. Costs relating to the Monitor's Assignment Application regarding the Proposed Assignments are deferred pending either agreement among the parties or any future hearing concerning the Proposed Assignments.

GENERAL

19. For greater certainty, any findings of fact stated in the Reasons are interim findings only and do not create a binding decision with respect to any disputed fact in any other proceeding.

SERVICE OF ORDER

20. Service of this Order shall be deemed good and sufficient by:
 - (a) serving the same and the Reasons on:
 - i. the persons listed on the service list created in these proceedings;
 - ii. any other person served with notice of the application for this Order; and
 - iii. any other parties attending or represented at the application for this Order; and
 - (b) posting a copy of this Order and the Reasons on the Monitor's website established in connection with these proceedings, for no less than six months from the date of

this Order; and service on any other person is hereby dispensed with.

21. Service of this Order and Reasons may be effected by facsimile, electronic mail, personal delivery or courier.

Justice of the Court of King's Bench of Alberta

Schedule "A"

DigiFlex License Agreements

1. ProCLASS/LAZER/NEXUS Software License Agreement between DigiFlex and W&C executed on March 9, 2000;
2. CLASS Software License Agreement between DigiFlex and W&C executed by DigiFlex on June 27, 2003 and W&C on August 12, 2003;
3. ProCLASSB1 Business Intelligence Suite Software License Agreement between DigiFlex and W&C entered into on or about April 23, 2012 (according to Mohamad Mardukhi's November 14, 2025 Affidavit (the "**MM Affidavit**")) and executed by DigiFlex on August 19, 2013 (per copy in W&C files);
4. ProCLASS/CLASS/LAZER Software License Agreement between DigiFlex and Loudon entered into on February 18, 2013 (per the MM Affidavit);
5. ProCLASS/CLASS Software License Agreement Addendum between DigiFlex and Loudon dated May 8, 2014; and
6. ProCLASS/CLASS Software License Agreement Addendum between DigiFlex and Loudon dated June 6, 2014.

COURT FILE NUMBER 2301 - 08305

Clerk's Stamp

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

AND IN THE MATTER OF THE COMPROMISE OF ARRANGEMENT OF WALLACE & CAREY INC., LOUDON BROS LIMITED, and CAREY MANAGEMENT INC.

APPLICANT KSV RESTRUCTURING INC., in its capacity as Court-appointed Monitor of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc.

DOCUMENT **ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
Cassels Brock & Blackwell LLP
Bankers Hall West
3810, 888 3rd St SW
Calgary, AB T2P 5C5
E: joliver@cassels.com
P: 403 351 2920

Attention: Jeffrey Oliver

File no. 54670-3

DATE ON WHICH ORDER WAS PRONOUNCED: December 15, 2025

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice Marion

UPON the Application (the "**Monitor's Assignment Application**") of KSV Restructuring Inc., in its capacity as the court-appointed Monitor with enhanced powers (in such capacity, the "**Monitor**") of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited ("**Loudon**"), and Carey Management Inc. ("**CMI**" and collectively, the "**Companies**") for an order, among other things, assigning the DigiFlex License Agreements (as herein defined at Schedule "A") from W&C and/or Loudon to 7-Eleven Distribution Canada Corporation ("**SEDCC**") or its nominee (the "**Assignee**") (the "**Proposed Assignments**"); **AND UPON** the Application (the "**DigiFlex Stay Application**" and together with the Monitor's Application, the "**November Applications**") of DigiFlex Information Systems Inc. ("**DigiFlex**") for, among other things, an order lifting the stay of proceedings (the "**Stay**") *vis a vis* DigiFlex; **AND UPON** the Monitor seeking advice and direction (the "**Advice and Direction Application**") regarding the Reasons for Decision of the Honourable

Justice M.A. Marion dated December 15, 2025, under the citation *Wallace & Carey Inc. (Re)*, 2025 ABKB 750 (the "**Reasons**"); **AND UPON** [DigiFlex bring a cross-application in response to the Advise and Direction Application for an order, inter alia, declaring the DigiFlex License Agreements are terminated upon the lifting of the Stay \(the "Termination Application"\)](#); **AND UPON** having reviewed the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the "**ARIO**"); the Ancillary Order granted by the Honourable Justice Hollins dated August 23, 2023 (the "**Ancillary Order**"); the Consent Order with DigiFlex granted by this Court on December 17, 2024 (the "**DigiFlex Consent Order**"); the Monitor's Sixth Report to Court dated November 8, 2023; the Monitor's Fourteenth Report to Court dated December 13, 2024; the Monitor's Seventeenth Report to Court dated August 13, 2025 (the "**Seventeenth Report**"); the Monitor's Supplement to the Seventeenth Report to Court dated August 21, 2025 (the "**Supplement to Seventeenth Report**"); the Monitor's Second Supplement to the Seventeenth Report to Court dated September 11, 2025 (the "**Second Supplement to Seventeenth Report**"); the Monitor's Eighteenth Report to Court dated November 20, 2025 (the "**Eighteenth Report**"); the Monitor's Nineteenth Report to Court dated January 26, 2026 (the "**Nineteenth Report**"); the Affidavit of Joshua Buchanan sworn September 8, 2025; the Affidavit of Jennifer Allen affirmed November 12, 2025; the Affidavit of Jennifer Allen affirmed November 25, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 14, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 25, 2025; the Affidavit of [Mohamad Z. Mardukhi, affirmed January 30, 2026](#); the Affidavit of Service of Jennifer Allen affirmed November 26, 2025; and the Affidavit of Service of Angeline Gagnon, sworn November 26, 2025; and the Affidavit of Service of Angeline Gagnon, sworn [●], 2026; **AND UPON** hearing counsel for the Monitor, counsel for 7-Eleven Canada Inc. ("**SEC**") and SEDCC, and counsel for DigiFlex at the November Applications on November 27, 2025; **AND UPON** judgment of the ~~applications~~[November Applications](#) being reserved until December 15, 2025; **AND UPON** hearing counsel for the Monitor, counsel for SEC and SEDCC, and counsel for DigiFlex at the Advice and Direction Application [and Termination Application](#) on February 5, 2026; **AND UPON** being satisfied that it is appropriate to do so;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. This Order accompanies the Reasons. This Order is to be interpreted with reference to the Reasons.
2. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the ARIO, the Eighteenth Report, or the Nineteenth Report.

SERVICE

3. Service of notice of the Monitor's [Assignment](#) Application, DigiFlex's [Stay](#) Application, the Advice and Direction Application, [and the Termination Application](#) and supporting materials [in respect of each](#) are hereby declared to be good and sufficient, and time for service of the Monitor's

Assignment Application, DigiFlex's Stay Application, ~~and~~ the Advice and Direction Application, and DigiFlex's Termination Application are abridged to that actually given.

STAY

4. The Stay imposed under the ARIO, as extended by this Court from time to time, and specifically, the restrictions set out in paragraphs 15, 16, 17, 18, and 19 of the ARIO, are hereby lifted as against W&C and Loudon *vis a vis* DigiFlex to allow DigiFlex to pursue any rights or remedies it may have pursuant to its agreements with W&C and Loudon, including those under the DigiFlex License Agreements, effective as at 11:59 PM (Calgary time) on February 15, 2026 (the "**Stay Lift Date**").
5. For greater certainty, nothing in this Order or Reasons:
 - (a) lifts the restrictions set out in paragraphs 15, 16 17, 18 and 19 of the ARIO (the "**Stay Restrictions**") as against CMI or the Monitor (including its counsel, employees, agents, or representatives); and
 - (b) prevents DigiFlex from applying to the Court in the future to lift the Stay Restrictions as against CMI or the Monitor (including its counsel, employees, agents or representatives), subject to the limitations of liability for the Monitor pursuant to paragraph 30 of the ARIO.
6. The ARIO, DigiFlex Consent Order, and any other orders in these proceedings are varied, to the extent necessary, to lift the Stay pursuant to paragraph 4 above.
7. For greater certainty, with respect to the DigiFlex Consent Order:
 - (a) paragraph 3 of the DigiFlex Consent Order shall be amended as follows:
 3. DigiFlex shall continue to provide maintenance services ("Maintenance Services") to Wallace & Carey and Loudon Bros Limited in the manner, at the rates and subject to the terms prescribed in their applicable Maintenance Agreement and subject to the terms of the ARIO, until 11:59 PM (Calgary time) on February 15, 2026, or as otherwise agreed upon in writing between the Monitor and DigiFlex.

until the later of:-

 - ~~(a) the expiration of the Stay Period; as may be extended by order(s) of this Court; and~~
 - ~~(b) the expiration of the term for the Western Business (as defined in the TSA) set out in the TSA, subject to further extensions as permitted under the TSA or as otherwise ordered by the Court.~~

~~For greater certainty, in the event that the Stay Period is extended in the manner described in this paragraph 3, DigiFlex shall continue to provide Maintenance Services to~~

~~Wallace & Carey in accordance with this paragraph pursuant to the Maintenance Agreement without further Order of this Court.~~

- (b) paragraph 5 of the DigiFlex Consent Order shall no longer be in effect as of 11:59 PM (Calgary time) on February 15, 2026.

ENFORCEMENT AND PRIORITIES

8. It is hereby declared that to the extent that DigiFlex pursues litigation as against W&C and/or Loudon, that any resulting judgment or claim in favour of DigiFlex shall be:
- (a) subordinate to all existing priorities granted under any order in these CCAA proceedings, including the ARIO and Ancillary Order; and
 - (b) an unsecured claim.
9. DigiFlex shall be restricted and stayed from taking any enforcement steps under any judgment litigation as against W&C and/or Loudon until, and if, all priority claims pursuant to any order in these CCAA proceedings have been satisfied in full.

USE OF ~~PERPETUAL LICENSE~~ ERP SOFTWARE BY THE MONITOR

10. Notwithstanding anything within this Order or the lifting of the Stay, as of February 16, 2026 at 12:00 AM (Calgary time) the Monitor shall be permitted to ~~have "read-only" access~~ to use at no cost the ERP Software ~~and the Perpetual License in, on a read-only basis,~~ on behalf of W&C and Loudon for any purpose related to the business and operations of W&C and Loudon including, but not limited to, maintaining and accessing a historical database for the Monitor's purposes of meeting its statutory and other obligations, including any such obligation which should arise should the Monitor place the Companies into bankruptcy and be appointed bankruptcy trustee.
11. DigiFlex shall not be required to provide any further maintenance, support, or help desk services to the Monitor pursuant to paragraph 10, unless otherwise agreed upon in writing between the Monitor and DigiFlex.
12. DigiFlex is permitted to code the copies of the ERP Software associated with the DigiFlex License Agreements to "read-only" access to be effective as of February 16, 2026 at 12:00 AM (Calgary time).
13. ~~12. Notwithstanding the Monitor's access to the ERP Software~~ From 12:01 AM (Calgary time) on February 16, 2026, the Monitor shall not cause the Companies to ~~carry on a distribution~~

~~business utilizing~~utilize the ERP Software other than on a read-only basis.

DISMISSAL OF THE REMAINDER OF THE MONITOR'S ASSIGNMENT APPLICATION

14. ~~13.~~The portion of the Monitor's Assignment Application seeking dismissal of DigiFlex's Stay Application in its entirety (i.e., the relief sought in paragraph 1(a)(ii) of the Monitor's Assignment Application) is hereby dismissed.

ADJOURNMENT OF THE MONITOR'S ASSIGNMENT APPLICATION

15. ~~14.~~The portion of the Monitor's Assignment Application seeking approval of the Proposed Assignments, is hereby adjourned *sine die*.

16. ~~15.~~In the event the ~~parties are unable to reach such an agreement, the~~ Monitor's Assignment Application regarding the Proposed Assignments for the purposes of records retention and audit purposes be requested to be heard it shall be scheduled before the Honourable Justice Marion for further consideration. The parties may contact the commercial coordinator to seek directions from Justice Marion on an appropriate procedure for further evidence (if required) and submissions.

COSTS

17. ~~16.~~Each party shall bear its own costs pursuant to the DigiFlex Stay Application and the portion of the Monitor's Assignment Application for dismissal of the DigiFlex Stay Application.

18. ~~17.~~Costs relating to the Monitor's Assignment Application regarding the Proposed Assignments are deferred pending either agreement among the parties or any future hearing concerning the Proposed Assignments.

GENERAL

19. ~~18.~~For greater certainty, any findings of fact stated in the Reasons are interim findings only and do not create a binding decision with respect to any disputed fact in any other proceeding.

SERVICE OF ORDER

20. ~~19.~~Service of this Order shall be deemed good and sufficient by:

- (a) serving the same and the Reasons on:
 - i. the persons listed on the service list created in these proceedings;
 - ii. any other person served with notice of the application for this Order; and
 - iii. any other parties attending or represented at the application for this Order; and
- (b) posting a copy of this Order and the Reasons on the Monitor's website established in connection with these proceedings, for no less than six months

from the date of this Order; and service on any other person is hereby dispensed with.

21. ~~20.~~ Service of this Order and Reasons may be effected by facsimile, electronic mail, personal delivery or courier.

Justice of the Court of King's Bench of Alberta

Schedule "A"

DigiFlex License Agreements

1. ProCLASS/LAZER/NEXUS Software License Agreement between DigiFlex and W&C executed on March 9, 2000;
2. CLASS Software License Agreement between DigiFlex and W&C executed by DigiFlex on June 27, 2003 and W&C on August 12, 2003;
3. ProCLASSB1 Business Intelligence Suite Software License Agreement between DigiFlex and W&C entered into on or about April 23, 2012 (according to Mohamad Mardukhi's November 14, 2025 Affidavit (the "**MM Affidavit**")) and executed by DigiFlex on August 19, 2013 (per copy in W&C files);
4. ProCLASS/CLASS/LAZER Software License Agreement between DigiFlex and Loudon entered into on February 18, 2013 (per the MM Affidavit);
5. ProCLASS/CLASS Software License Agreement Addendum between DigiFlex and Loudon dated May 8, 2014; and
6. ProCLASS/CLASS Software License Agreement Addendum between DigiFlex and Loudon dated June 6, 2014.

Summary report:	
Litera Compare for Word 11.6.0.100 Document comparison done on 2/3/2026 9:57:51 AM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: iw://cassels.cloudimanager.com/LEGAL/70705825/5	
Modified DMS: iw://cassels.cloudimanager.com/LEGAL/70705825/6	
Changes:	
<u>Add</u>	47
Delete	19
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	66

This is Exhibit "B", referred to in the Affidavit
of Jennifer Allen, affirmed before me on the
4th day of February, 2026.



A Commissioner for Oaths in and for
the Province of Alberta

AISIA ANNE ROBERTS
A Commissioner For Oaths
In and for the Province of Alberta
My Commission Expires September 20, 2028

From: [Chelsea Nimmo](#)
To: [Oliver, Jeffrey](#); [Wiest, Kamryn](#)
Cc: [Florence Hogg](#)
Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C") Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305
Date: Tuesday, February 03, 2026 1:47:34 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)

WITH PREJUDICE

Thank you for your response, Jeffrey.

See comments in **bold** below.

Yours truly,
Chelsea

Chelsea Nimmo

Counsel

P: 403.260.0102

C: 403.620.1565

2400, 525 - 8th Avenue SW, Calgary, AB T2P 1G1

bdplaw.com



The information transmitted is intended only for the addressee and may contain confidential, proprietary and/or privileged material. Any unauthorized review, distribution or other use of or the taking of any action in reliance upon this information is prohibited. If you received this in error, please contact the sender and delete or destroy this message and any copies. BD&P is the trade name and logo of Burnet, Duckworth & Palmer LLP, a limited liability partnership established for the practice of law.

From: Oliver, Jeffrey <joliver@cassels.com>
Sent: Tuesday, February 03, 2026 12:17 PM
To: Chelsea Nimmo <cnimmo@bdplaw.com>; Wiest, Kamryn <kwiest@cassels.com>
Cc: Florence Hogg <fhogg@bdplaw.com>
Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C") Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305 [IMAN-LEGAL.FID4364182]

WITH PREJUDICE

Chelsea,

We have reviewed each of your emails received yesterday, and at this point, there doesn't seem to be much purpose to further discussion, as you'll see below it is unlikely

we'll be able to come to further agreements, and our time is best focused on preparing for the hearing. These are in the order in which you raised them:

1. The fees your client is asking from the Monitor are outrageous and unjustified. The Monitor does not require services for six years. The Monitor is prepared to pay for maintenance services, if required, at contract rates, which is consistent with the basis on which services are provided during a CCAA proceeding and pursuant to the ARIO. The Licence Agreement, by its terms, patently does not require that such services be provided or paid for, unless services are actually provided. We remind you that as a participant in CCAA proceedings, your client has an obligation to act in good faith, and these demands raise questions as to whether your client is improperly leveraging its position to extract value from bona fide creditors of the Applicants. We will be making submissions to the Court explaining why the Monitor should be permitted to continue using its Perpetual License in read only mode without ongoing maintenance services or related fees, unless such services are required. Should the Court order that these fees must be paid, we will, of course, comply, by paying for these services at the contracted rates. But we are not interested in wasting time negotiating further. **I was advised that the statutory requirements are 6 years for audits, and was told by your colleague you would need them for 6 years. I believe the correspondence demonstrates that Digiflex has been prepared to negotiate the Monitor's access to the software upon the lifting of the stay. The fees that we proposed are significantly discounted: 50% from what W&C / Loudon has already been paying, and Loudon has been in read-only access. I fail to see how this is extracting leverage, when Digiflex is offering the Companies a price lower than what the Companies already pay. We are not raising prices under the license, we are lowering them. If the companies need access to the software, they need to pay for it. I understand that the CCAA permits crucial suppliers to be paid. If the Companies *need* access to the software, then they need to pay for it.**
2. The Monitor does not agree to any award of costs. There is absolutely no justification in a CCAA proceeding of this nature for them. On top of it, your cross application was unnecessary as the Monitor was seeking advice and direction, and all issues could have been addressed within that process. Additionally, and in any event, the parties were going to appear before the Court regarding the maintenance fees regardless, as we seem to have completely different views on the matter. Your client's increasingly aggressive

conduct is driving up the cost of this proceeding in a very significant way, as we are being forced to deal with improper and unjustified threats on these items repeatedly. Please take guidance from your insolvency colleagues. Your initial request for unlimited access to use the software after February 15, 2026, was a significant threat to my client's intellectual property rights, and he understandably does not want to give up control over his software "for any purpose". It was only fair that my client respond by requesting the rights be terminated. The correspondence shows that I was hopeful we could avoid another contested court application, and I had understood that we were veering in that direction. As I advised you yesterday, I am aware that costs are not usually awarded in CCAA proceedings, and that they would not be awarded against the Monitor. My rationale on costs was because I understand that SEC is responsible for paying the Monitor's and its counsel's professional fees, and SEC asked the Monitor to bring the Assignment Application. As advised, I will be asking 7-Eleven to pay for Digiflex's Costs with respect to the Proposed Assignment application directly, instead of going through the Monitor.

3. The Stay is still in place until February 16 at 12:00AM. Accordingly, DigiFlex cannot pursue any rights or remedies or otherwise declare the DigiFlex License Agreement be terminated, whether as a result of a VPN issue or otherwise. It is our understanding that SEC has completed its transition, but requires access to generate its final monthly reports required by SEDCC and the Monitor to reconcile, among other things, TSA accounting and tax obligations. Further, we understand that SEC and SEDCC will not reinstate access to DigiFlex prior to the lifting of the Stay as they have concerns that DigiFlex might change information or access requirements which would significantly prejudice SEC/SEDCC in these final stages. The VPN access will be re-enabled to provide the Monitor read-only access once the Stay is lifted. If you have any issue with that, take it up with 7-Eleven, not the Monitor. Apologies, these questions were not directed to the Monitor, as capacity as the Monitor, they were directed to Wallace & Carey. Justice Marion has granted the stay on the basis that Wallace & Carey are the ones in control of the software. However, from this answer, I understand that that is not the case. The License Agreements are with W&C, not 7-Eleven. Therefore, any access requests should be directed to W&C, not 7-Eleven.
4. Stay restrictions - We confirm that we will leave this as agreed upon.

5. Priorities – We plan to proceed as we originally planned.

Attached is the order for which we intend to seek approval.

We do not see any purpose to further negotiation. **Thank you for clarifying.**

Thank you,



JEFFREY OLIVER (HE/HIM/HIS)

Partner

t: +1 403 351 2921

e: joliver@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3700, Bankers Hall West, 888 3rd Street SW
Calgary, AB T2P 5C5 Canada
Services provided through a Professional Corporation.

From: Chelsea Nimmo <cnimmo@bdplaw.com>

Sent: Monday, February 02, 2026 1:49 PM

To: Oliver, Jeffrey <joliver@cassels.com>; Wiest, Kamryn <kwiest@cassels.com>

Cc: Florence Hogg <fhogg@bdplaw.com>

Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C") Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

CAUTION: External Email

WITH PREJUDICE

Hi Kamryn,

Thank you for your call this morning. I am hopeful that we can come to an agreement on both the Monitor's Advice and Direction Application as well as Digiflex's Termination Application on the following basis:

1. **KSV will have read-only access to the W&C and Loudon ERP databases and continue to pay maintenance fees.** Digiflex is prepared to decrease the current maintenance fees by 50% a year, and a further 30% if you pay upfront for all 6 years:
 - a. **Fees for W&C.** The last full-year charge for W&C maintenance was \$153,175.20. A 50% discount will make that \$76,587.60 per year, or additional discounted by 30% to be a total of \$321,667.92 for 6 years.
 - b. **For Loudon.** The last full-year charge for Loudon maintenance was \$17,625.00. A

50% discount will make that \$6,812.50 per year, or additional discounted by 30% to be a total of \$37,012.50 for 6 years.

- c. Kindly note that these numbers do not consider inflation or the typical annual adjustments that are required.
- d. Digiflex also requests that the Outstanding Amounts it is owed (as detailed in Mr. Mardukhi's evidence served Friday) be paid, with interest.

2. **Costs on the Monitor's Assignment Application, the Termination Application, and the Advice and Direction Application.** The Assignment Application has not been resurrected and appears to be unnecessary. Further, both the Advice and Direction Application and the Termination Application appear to be issues that the parties could have addressed on a phone call, which I had offered numerous times. Instead, my client has been forced to spend additional legal fees this past week to respond to the Monitor's request for a very broad order to continue to use the software on any basis, without further payment. If you agree to this, we can include a statement in the Order that the Monitor will pay Digiflex its costs in respect of these three applications, with the parties first trying to resolve the quantum by way of agreement, and can seek Justice Marion's advice if they cannot agree within one month.

3. **Date to start the read-only access.** Further to my note below, given that Digiflex's VPN has been disabled, we considered the W&C License Agreements to be terminated immediately as of the time the VPN was disabled, and that Digiflex is no longer required to continue to provide maintenance services to Wallace & Carey and/or Loudon pursuant to the Consent Order until February 15, 2026. With no access, Digiflex is not in a position to be able to provide such maintenance services to Wallace & Carey and/or Loudon. Further, considering the Monitor has advised that W&C has completed its transition to SEC / SEDCC, there is no further need for W&C's copy of the Digiflex ERP Software to be in active mode. Finally, we trust that Mr. Mardukhi's evidence served Friday has satisfied your client that all of the Monitor's requirements can be met in read-only mode. We therefore ask that Digiflex's VPN access be restored immediately so that we can turn the software to read-only mode. To the extent it is not restored immediately, please advise:

- a. Why the VPN access has been disabled?
- b. Who disabled the VPN?
- c. If you will not restore the VPN immediately, when will it be enabled?
- d. If you will not restore the VPN immediately, why?
- e. If read-only mode is not acceptable, please advise why?

Please confirm that the Designated Server is located at the offices of SEDCC, and

f.

that SEDCC / SEC is the company that has ultimate control of the copy of Digiflex's software at this time.

4. **Stay Restrictions Against the Monitor, CMI and its Counsel.** We will agree to your revised section 5 in the draft order circulated by Cassels on Thursday at 4:10 PM.
5. **Enforcement of Priorities.** I am looking into something on this point and will get back to you.
6. **Addition on use of ERP software.** Thank you for proposing a condition that would limit the use of the software, to ensure that it will not be used to run a distribution company. We will likely revise your proposed addition slightly, and propose a few more ancillary protections for our client around the same.

We look forward to hearing from you as soon as possible on the above. Happy to jump on another call if that would be helpful.

Thanks,
Chelsea

Chelsea Nimmo

Counsel

P: 403.260.0102

C: 403.620.1565

2400, 525 - 8th Avenue SW, Calgary, AB T2P 1G1

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From: Chelsea Nimmo

Sent: Sunday, February 01, 2026 4:51 PM

To: Oliver, Jeffrey <joliver@cassels.com>

Cc: Wiest, Kamryn <kwiest@cassels.com>; Florence Hogg <fhogg@bdplaw.com>

Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C") Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

Thank you for your response. We are sorry for your loss.

Chelsea Nimmo

Counsel

P: 403.260.0102

C: 403.620.1565

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From: Oliver, Jeffrey <joliver@cassels.com>

Sent: Sunday, February 01, 2026 4:49 PM

To: Chelsea Nimmo <cnimmo@bdplaw.com>

Cc: Wiest, Kamryn <kwiest@cassels.com>; Florence Hogg <fhogg@bdplaw.com>

Subject: Re: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C") Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

It is a Sunday and I am at a funeral so your client will need to wait until I have time to obtain instructions



JEFFREY OLIVER (HE/HIM/HIS)

Partner

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Calgary, AB T2P 5C5 Canada

Services provided through a Professional Corporation.

From: Chelsea Nimmo <cnimmo@bdplaw.com>

Sent: Sunday, February 1, 2026 4:20:02 PM

To: Oliver, Jeffrey <joliver@cassels.com>

Cc: Wiest, Kamryn <kwiest@cassels.com>; Florence Hogg <fhogg@bdplaw.com>

Subject: FW: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C") Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

CAUTION: External Email

Hi Jeffrey,

I hope you are having a good weekend.

Digiflex has informed me that it no longer has VPN access to the copy of the Digiflex Software that is installed on the server at the Wallace & Carey offices (the **Designated Server**), which we understand is now the SEDCC offices. We assume that this means that Wallace & Carey no longer wants to use the copy of the Digiflex Software, in any format: read-only or active, and that there is an agreement between the two parties that all of the W&C Software Licenses have been terminated.

(1) Destroy, Certify and Permit Digiflex to Confirm that the Software Has Been Deleted

We therefore ask that your client, as representative of W&C, please:

1. Destroy and erase all copies of the Digiflex Software in W&C's possession, including the one installed on the Designated Server, and any other electronic memories or other storage devices that W&C has in its possession, or any copies that W&C has given or loaned to 7-Eleven Inc., 7-Eleven Canada Inc. or SEDCC during the transition;
2. Destroy all copies of any and all copies of Digiflex documents, including training manuals, in W&C's possession or any that W&C has given or loaned to 7-Eleven Inc., 7-Eleven Canada Inc. or SEDCC during the transition;
3. Certify that it has erased any and all copies of the Digiflex Software and Digiflex documents, and that it has confirmed with 7-Eleven Inc., 7-Eleven Canada Inc. and SEDCC that it has performed the same.

W&C is required to do the above **forthwith**, as per s. 5 of the W&C Software Licenses.

We would also ask for KSV's cooperation to facilitate Digiflex's access (or their representatives) to the Designated Server to confirm that the software is disabled. This can be done either remotely or physically. We are asking for KSV's assistance on this not as a representative of W&C, but as the Monitor of the CCAA Proceedings who has a duty to act in good faith towards all parties in the process, not just 7-Eleven. We understand that KSV previously felt that its contractual obligations under the TSA required it to offer more assistance to 7-Eleven Canada and/or SEDCC over Digiflex. However, with the transition now finished, Digiflex is calling on the Monitor for its assistance for Digiflex to protect its rights to control its intellectual property.

(2) If Read-Only Access is Required, Please Restore VPN Access Immediately

If KSV would still like access to the W&C Software on a read-only basis, it must immediately restore Digiflex's VPN access to the copy of the W&C Software on the Designated Server. This is a requirement as per s. 4B of the Maintenance Agreements. We remain open to a discussion about the renewal of the Maintenance Agreements to permit the Monitor legal access to the Digiflex Software on a read-only basis, after February 15, 2026.

Please confirm that this will be put into action today. We look forward to hearing from you.

Yours truly,
Chelsea

Chelsea Nimmo

Counsel

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From: Chelsea Nimmo <cnimmo@bdplaw.com>

Sent: Friday, January 30, 2026 4:40 PM

To: Oliver, Jeffrey <joliver@cassels.com>

Cc: Wiest, Kamryn <kwiest@cassels.com>; Florence Hogg <fhogg@bdplaw.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Jason Knight <jknight@ksvadvisory.com>; carole.hunter@dlapiper.com; Lamek, Edmond <edmond.lamek@ca.dlapiper.com>

Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C") Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

Yes. All generated reports can be emailed, printed, stored in text or PDF format.

Chelsea Nimmo

Counsel

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From: Oliver, Jeffrey <joliver@cassels.com>

Sent: Friday, January 30, 2026 4:26 PM

To: Chelsea Nimmo <cnimmo@bdplaw.com>

Cc: Wiest, Kamryn <kwiest@cassels.com>; Florence Hogg <fhogg@bdplaw.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Jason Knight <jknight@ksvadvisory.com>; carole.hunter@dlapiper.com; Lamek, Edmond <edmond.lamek@ca.dlapiper.com>

Subject: Re: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C")
Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

Thank you Chelsea. Will the Monitor be able to utilize the print functionality?



JEFFREY OLIVER (HE/HIM/HIS)

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From: Chelsea Nimmo <cnimmo@bdplaw.com>

Sent: Friday, January 30, 2026 4:18:02 PM

To: Oliver, Jeffrey <joliver@cassels.com>

Cc: Wiest, Kamryn <kwiest@cassels.com>; Florence Hogg <fhogg@bdplaw.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Jason Knight <jknight@ksvadvisory.com>; carole.hunter@dlapiper.com <carole.hunter@dlapiper.com>; Lamek, Edmond <edmond.lamek@ca.dlapiper.com>

Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C")
Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305

CAUTION: External Email

Jeffrey,

Thank you for your letter. I am responding to the "Access Requirements" questions that the Monitor has.

We understand from the Monitor's 19th Report and your letter, that the reason that the Monitor continues to require access to the Digiflex ERP Software is for historical data purposes for tax reporting and audits. This will not be an issue for the Monitor if the Digiflex ERP Software is in read-only mode, and in fact, I understand that this is the preferred format for keeping historical data for reporting and audits as it prevents the tampering of such data. This is standard practice for any ERP software. Mr. Mardukhi has advised me this has been Wallace & Carey's standard practice: to keep their previous data in read-only format. Mr. Mardukhi has also advised me that Wallace & Carey has been through audits in the past with the ERP Software in read-only format. Read-only format allows the user to prepare reports, including tax reports, make inquiries into historical data, search for past invoices, etc. Read-only format merely turns off functions that would be required to run an active distribution business (i.e., functionalities that allow the intake of new orders, etc.) Given that KSV will not be running Wallace & Carey as a distribution company, we trust that this will not be an issue.

Finally, in relation to your note that the Monitor believes that SEDCC will no longer require

W&C to provide the Digiflex Software on February 1, 2026. As you will see in Mr. Mardukhi's affidavit, the data on the Designated Server still does not suggest that this is the case. However, after February 1, if this is the case, please let us know if we can turn the copy of the Digiflex ERP Software to read-only prior to February 15th.

I will get back to you on the ancillary items, such as the language of the lifting stay against the Monitor, and the priority claims, over the weekend, or early next week.

Have a good weekend,
Chelsea

Chelsea Nimmo

Counsel

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From: Gagnon, Angeline <agagnon@cassels.com>

Sent: Thursday, January 29, 2026 4:09 PM

To: Chelsea Nimmo <cnimmo@bdplaw.com>

Cc: Oliver, Jeffrey <joliver@cassels.com>; Wiest, Kamryn <kwiest@cassels.com>; bkofman@ksvadvisory.com; jknight@ksvadvisory.com; carole.hunter@ca.dlapiper.com; edmond.lamek@ca.dlapiper.com

Subject: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C") Loudon Bros Limited and Carey Management Inc. / Court File Number 2301-08305 [IMAN-LEGAL.FID4364182]

Please see the attached correspondence sent on behalf of Jeffrey Oliver.

Thank you,



ANGELINE GAGNON

Legal Assistant

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