

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

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

APPLICANTS

7-ELEVEN CANADA INC. and 7-ELEVEN
DISTRIBUTION CANADA CORPORATION

DOCUMENT

AFFIDAVIT OF JOSHUA BUCHANAN

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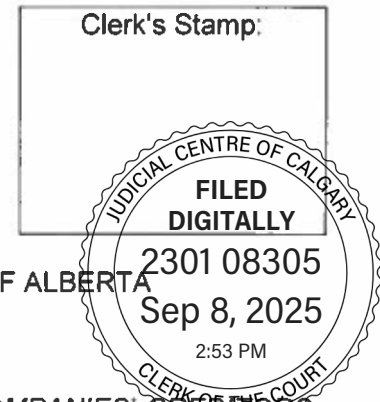
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File No. 036250-00322

**AFFIDAVIT OF JOSHUA BUCHANAN
SWORN SEPTEMBER 8, 2025**

I, Joshua Buchanan, of the City of Irving, in the State of Texas, SWEAR AND SAY THAT:

1. I am the Director of Logistics of 7-Eleven Inc. ("SEI") and, as such, I have personal knowledge of the facts and matters deposed to herein, except where facts and matters are stated to be from other sources, in which case I believe those facts and matters to be true.



Purpose of this Affidavit

2. I swear this Affidavit in support of an Application filed by KSV Restructuring Inc. ("**KSV**"), in its capacity as Monitor (as hereinafter defined), with enhanced powers, of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited ("**Loudon**") and Carey Management Inc. ("**CMI**" and together with W&C and Loudon, the "**Debtors**") seeking, among other things, an extension of the term of the TSA (as hereinafter defined) to February 15, 2026.
3. I am authorized to provide evidence in these proceedings on behalf of 7-Eleven Canada Inc. ("**SEC**").

Background

4. On June 22, 2023, the Debtors sought and obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 (the "**CCAA**") pursuant to an initial order granted by the Court of King's Bench of Alberta (the "**Court**").
5. KSV was appointed as monitor of the Debtors (the "**Monitor**").
6. The Debtors carried out a sale and investment solicitation process which resulted in a transaction with SEC (the "**7-Eleven Transaction**"). The 7-Eleven Transaction was approved by orders of this Court on November 17, 2023 (the "**Approval Orders**"). The Approval Orders included, among other things, the:
 - a) approval of the purchase of certain of the Debtors' infrastructure related property, assets and undertakings to SEC, excluding inventory; and
 - b) approval of a transition services agreement among W&C, CMI, the Monitor and SEC (the "**TSA**").
7. The 7-Eleven Transaction closed November 21, 2023 (the "**Initial Closing**").

The TSA

8. The TSA sets out, among other things, the terms on which W&C will continue to operate its logistics business for the benefit of SEC, while under CCAA protection, including:

- a) the duration of the TSA was 15 months for the Western Business (Alberta and British Columbia) and 9 months for the Eastern Business (East of Alberta). The TSA was subject to two 90-day extensions for each of the Western Business and the Eastern Business; and
 - b) SEC would fund from and after the Initial Closing, substantially all of the Debtors' operational costs, including employee costs, real property and personal property leases and other contracts.
9. One of the purposes of the TSA was to allow W&C and CMI to maintain in place certain real and personal property leases and other operating contracts necessary for its logistics business while under CCAA protection until SEC could determine its long-term intentions for those leases and contracts.
10. In February 2025, the TSA was amended and extended such that the expiration date was August 20, 2025 for both the Western Business and the Eastern Business, which was approved by this Court by order dated February 21, 2025. That order also extended the CCAA stay of proceedings to August 20, 2025. At that same court hearing, the Court approved a sale by W&C of substantially all of its on-hand and in-transit inventory to Seven Eleven Distribution Canada Corp. ("**SEDCC**"), an affiliate of SEC incorporated to operate the new Canadian logistics business, together with some warehouse racking and equipment.
11. On August 18, 2025, pursuant to an order of this Court, the expiration date for the TSA was extended to September 30, 2025 (the "**TSA Extension Order**") and the CCAA stay of proceedings was extended to that same date. A further CCAA stay extension and further extension of the TSA beyond September 30, 2025 require a further order of this Court. A copy of the TSA Extension Order is attached hereto as **Exhibit "A"**.

The Transition Process

12. The logistics business of W&C involved over 450 employees in various locations throughout British Columbia, Alberta, Saskatchewan, Manitoba and Ontario. There are approximately 540 7-Eleven stores throughout these five provinces that rely on the logistics services of W&C to purchase, pick and pack, and deliver over 5,000 products from approximately 240 suppliers on a daily basis. The logistics of SEC and SEDCC's business are tremendously complicated

given the locations of all of its stores, the hundreds of products it sells, the various sales tax regimes in each province in which SEC and SEDCC operates and other factors.

13. The TSA was structured to facilitate an orderly transition of these services from W&C to SEDCC (the "Transition"). SEC and SEDCC required significant lead time to determine how it intended to structure the replacement logistics operations in Canada (since SEC is a retail store chain, not a logistics company) and then to implement that structure, including to seek and obtain all of the necessary operating licenses and permits in each of the jurisdictions in which SEDCC intended to operate, including, in particular, provincial tobacco taxation and licensing regimes.
14. In connection with the Transition, in January 2025, substantially all of the remaining logistics and administrative employees of W&C were offered employment by SEDCC, and certain of these employees were seconded back to W&C to complete TSA obligations and related matters on behalf of W&C.
15. For much of the first year after the Initial Closing, SEC was working on integrating the W&C financial information and systems into Oracle, the database management system that SEC (and now SEDCC) utilizes in its North American operations. During this process it became readily apparent that W&C was using outdated and often piecemeal enterprise resource planning ("ERP") and accounting software systems which were incompatible with all major modern ERP and accounting systems and software and that, to a great extent, customized integration software had to be created by SEDCC to enable data to be moved from the W&C systems to the SEC/SEDCC systems. Moving from the historical, piece-meal system to SEC/SEDCC's systems is a massive undertaking requiring the near full-time attention of 30-40 SEC and SEDCC employees.
16. During this first year, in accordance with its TSA obligations, SEC also had to participate in several audits from third parties to confirm inventory, receivables and other W&C operational balances as of the Initial Closing, and worked directly with the Monitor to reconcile pre-Closing payments and tax refunds and remittances, many of which were for the benefit of the creditors of W&C other than SEC, in particular the provincial tobacco tax authorities under the Tobacco Tax Charge contained in the Amended and Restated Initial Order. SEC did not finalize the bulk of its work with the Monitor until October of 2024. The operational integration

of the W&C business with SEC (i.e., SEC selling inventory it owns not inventory owned by W&C) was not completed until March 2025.

17. For approximately 24 years, W&C has utilized the services of a local one person IT supplier called DigiFlex Information Systems Inc. ("**DigiFlex**"), which designed, maintained and serviced W&C's ERP software system (the "**DigiFlex Software**"). The contracts between DigiFlex and W&C (the "**DigiFlex Contracts**") are renewed annually between DigiFlex and W&C at negotiated annual rate increases. Under the TSA, W&C continues to use and pay for the DigiFlex Software in accordance with, and under the DigiFlex Contracts.
18. Despite its age and limitations, W&C allowed the DigiFlex Software to become a central and vital component of the W&C logistics operations, and the key software that centralizes and automates W&C's core logistics business processes so that all W&C employees were using the same data and workflows, including:
 - a) Finance;
 - b) Accounting (Accounts Payable, Accounts Receivable, Financial Reporting);
 - c) Pricing;
 - d) Inventory Management;
 - e) Procurement;
 - f) Sales;
 - g) Human Resources;
 - h) Operations; and
 - i) Logistics.
19. Given the unique nature of the DigiFlex Software, during the initial year of the TSA it was determined that SEDCC would have to wholly replace the DigiFlex Software system with a newly designed SEDCC-specific modern ERP software system. Following this determination, given the time and technological demands on the SEC and SEDCC financial and IT teams described in paragraphs 15 and 16 above, SEC was not able to deploy a full project team working on the ERP software transition for the logistics business until November 2024. Throughout these periods DigiFlex continued to be paid in accordance with the DigiFlex Contracts, and is paid to September 30, 2025 and will continue to be paid if the TSA is extended by the Court.

20. The DigiFlex software is designed specifically for the W&C business and it is only usable by W&C in relation to the continued transition under the TSA. In other words, the continued use of this software by W&C is not creating any hardship to DigiFlex, whereas its termination would result in the immediate discontinuation of the SEDCC business, including the catastrophic disruption of the SEC retail business across Canada
21. Given that SEC is not a logistics company, it does not have an existing ERP software system to implement the configuration and coordination between all the necessary elements of a logistics business, and their data. Accordingly, SEC and SEDCC were faced with building such a system from the ground up. Added to these timing issues, the incompatibility of the DigiFlex Software with any modern ERP software makes the transition of data that much more difficult and time consuming.
22. There is also additional time required to design, build, test, and ultimately implement the newly created ERP system. A typical build of an ERP software system would take 18 months to complete. To unify data, integrate processes, automate controls, standardize reporting, scale the business, and enable corporate controls there are several phases required for transitioning an ERP, including:
 - a) Process discovery and business alignment;
 - b) Data migration;
 - c) Customizations and integrations;
 - d) Compliance and chart of accounts;
 - e) Multiple layers of testing;
 - f) Change management and training;
 - g) Transition planning between systems; and
 - h) Corporate Controls.
23. Many of these processes are well under way, but still require time to complete, test and transition to avoid a catastrophic failure of the SEDCC ERP software system, which, as noted, would literally bring the SEDCC logistics business to a complete halt. Every financial and inventory transaction that occurs within a logistics business runs through the ERP system and the design of the ERP system directly impacts how people work within the SEDCC logistics business. Due to this scope and mission critical importance of the DigiFlex system,

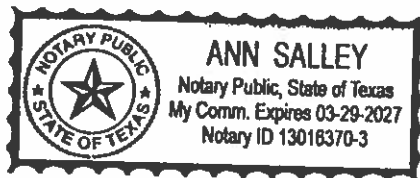
the design and implementation of an ERP Software system is an entire business transformation process, and it takes a significant amount of time to rollout.

24. For the reasons set out above, the SEDCC ERP transition team did not commence their work on the ERP software system until they were able to do so in November 2024. Based on that timing, a February 2026 completion date for the implementation of a new ERP software system would still be under the projected 18 month design and implementation time period as discussed in paragraph 22 above.
25. I make this affidavit on behalf of the SEC in support of an application for an order extending the TSA to February 15, 2026.

SWORN BEFORE ME at the City of)
Irving, in the State of Texas, this 8th day)
of September, 2025.)
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A Notary Public in and for the State of
Texas


JOSHUA BUCHANAN



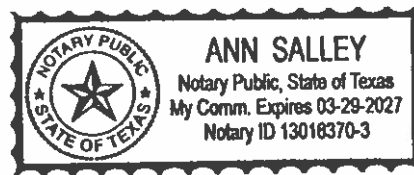
THIS IS EXHIBIT "A"
referred to in the Affidavit of

JOSHUA BUCHANAN

SWORN BEFORE ME at the City of Irving, in
the State of Texas, this 8th day of September,
2025.



A Notary Public in and for the State of Texas



I hereby certify this to be a true copy of
the original Order
Dated this 19 day of August 2025
N. Lamin
for Clerk of the Court

Clerk's Stamp:



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 OF
ARRANGEMENT OF WALLACE & CAREY INC.,
LOUDON BROS. LIMITED, and CAREY MANAGEMENT
INC.

APPLICANTS WALLACE & CAREY INC, LOUDON BROS LIMITED, and
CAREY MANAGEMENT INC.

DOCUMENT **ORDER**

ADDRESS FOR SERVICE AND
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File No: 0221652.0007

**DATE ON WHICH ORDER WAS
PRONOUNCED:** August 18, 2025

**LOCATION WHERE ORDER WAS
PRONOUNCED:** Calgary, Alberta

**NAME OF JUSTICE WHO MADE THIS
ORDER:** The Honourable Justice M. A. Marion

UPON the application of Wallace & Carey Inc., Loudon Bros Limited, and Carey Management Inc. (collectively, the "**Applicants**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**");

AND UPON having read the Application, Affidavit No. 8 of Patrick Carey sworn August 15, 2025, Seventeenth Report of KSV Restructuring Inc. (the "**Seventeenth Report**") in its capacity as court-appointed Monitor (the "**Monitor**") dated August 13, 2025;

AND UPON hearing counsel for the Applicants, counsel for the Monitor, and counsel for any other interested parties;

AND UPON reviewing the Affidavit of Service of Marica Ceko sworn August 15, 2025;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. The time for service of the notice of application for this order (the "**Order**") is hereby abridged and this application is properly returnable today.

DEFINITIONS

2. Capitalized terms used in this Order and not otherwise defined herein shall have the meaning ascribed to them under the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the "**ARIO**").

EXTENSION OF STAY PERIOD

3. The Stay Period is hereby extended from August 20, 2025, up to and including September 30, 2025.

SECOND TSA AMENDMENT

4. The Second Amendment to Transition Services Agreement (the "**Second TSA Amendment**") attached as Appendix "D" to the Seventeenth Report is hereby approved with the following amendment at paragraph 2(a):

"(a) The term (the "**Term**") of this TSA will commence on the Effective Date and will terminate on September 30, 2025, ~~or on such other date as may be agreed to by the parties in writing prior to September 30, 2025."~~ ^{7/10}

5. The execution of the Second TSA Amendment by the Applicants and Monitor is hereby directed, authorized and approved, with such minor amendments as 7-Eleven Canada, Inc., the Applicants and Monitor may deem necessary.
6. The Applicants are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable to give effect to

the Second TSA Amendment.

MISCELLANEOUS

7. Service of this Order shall be deemed good and sufficient by posting a copy of this Order 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.

A handwritten signature in black ink, reading "Justice M.A. Marion". The signature is written in a cursive, flowing style. Below the signature is a horizontal line.

Justice of the Court of King's Bench of Alberta