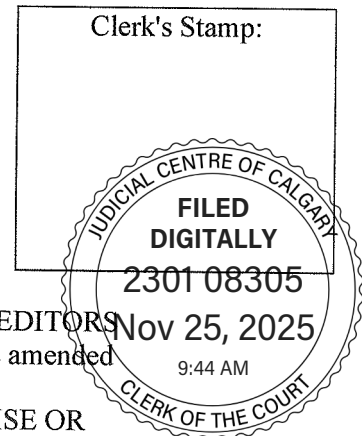


COURT FILE NUMBER 2301-08305
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY



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.

APPLICANTS KSV RESTRUCTURING INC., in its capacity as court-appointed monitor of Wallace & Carey Inc., Loudon Bros. Limited and Carey Management Inc.

DOCUMENT **AFFIDAVIT OF MOHAMAD Z. MARDUKHI**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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File No. 79894-1

AFFIDAVIT OF MOHAMAD MARDUKHI

Affirmed on November 24, 2025

I, Mohamad Mardukhi, of Vancouver, British Columbia, AFFIRM AND SAY THAT:

1. I am the same Mr. Mardukhi that affirmed an affidavit on behalf of myself and Digiflex Information Systems Inc. (**Digiflex**) on November 14, 2025 in the above noted CCAA Proceeding (my **First Affidavit**). Except where explicitly stated, I have used the same defined terms in this affidavit as I used in my First Affidavit. I have personal knowledge of the matters deposed to in this affidavit, except where stated to be based on information and belief, in which case, I believe the information to be true.

2. I make this affidavit in response to the Monitor's application pursuant to section 11.3 of the *Companies Creditors Arrangement Act*, RSC 1985, c C-36, seeking an assignment of the W&C Software Licenses and the LB Software Licenses (which, for the sake of simplicity, I will refer to jointly as the **W&C Software Licenses**), which is scheduled to be heard on November 27, 2025.

3. I object to an assignment of the W&C Software Licenses.

4. I am providing this second affidavit after having read the Eighteenth Report of the Monitor dated November 20, 2025 (the **Monitor's 18th Report**), as well as the Bench Brief of 7-Eleven Canada, Inc. and 7-Eleven Distribution Canada Corporation re Assignment of the DigiFlex License Agreements filed November 21, 2025 (**7-Eleven's Brief**). My review of the Monitor's 18th Report and 7-Eleven's Brief suggests that there may be some fundamental misunderstandings about ERP software and software licensing in this proceeding that I would like to clarify for the Court.

5. I would also like to clarify for the Court that I never received the June 28, 2023 letter that is attached as Appendix A to the Monitor's 18th Report. As I stated in my First Affidavit at paragraph 45, I was unaware about the CCAA Proceeding until July 2024.

Further explanation of the Digiflex ERP Software and Digiflex's licensing structure

6. As I explained in my First Affidavit, Digiflex's business model has been to license the Digiflex ERP Software to companies. The companies buy a license which gives that specific company a right to use the Digiflex ERP Software. The companies do not buy the Digiflex ERP Software itself nor the ERP source code.

7. After a company buys a license, to provide access to the Digiflex ERP Software, Digiflex installs the Digiflex ERP Software on company-owned servers. Even though the company owns the server, the company does not own the Digiflex ERP Software.

8. Digiflex's licenses are always "non-transferable, non-exclusive, perpetual". Although "perpetual", client's rights to use the software are still limited in various ways. For example, the W&C Software Licenses, which are attached as **Exhibits B, C, D, and E** to the First Affidavit, state:

- (a) The "unlimited License shall apply to the current Customer's business. New business acquisitions or startups are not covered under this unlimited use License."
- (b) "All modifications, enhancements and improvements shall be the property of Digiflex;" and
- (c) The W&C Maintenance Agreements form part of the W&C Software Licenses.

Separate companies require separate licenses

9. Digiflex, as an ERP service provider, requires separate licenses for separate entities. This is done, in part, for Digiflex to be able to keep track of their rights.

10. For example, with respect to Wallace & Carey and Loudon Bros (who were related), both have their own licenses to use the Digiflex ERP Software.

11. Loudon Bros has been completely wound down for a couple of years now but still maintains its license to make the occasional adjustment and to allow for audits. Since Loudon Bros has been wound down, their maintenance fees continue to be paid.

12. The situation with Wallace & Carey is more complicated. Instead of SEDCC starting their own ERP system, they have basically superimposed themselves on the Wallace & Carey ERP system.

13. However, if the systems were set up properly from the outset, each company would have their own license, and each company would be required to pay their own maintenance fees to maintain their own database.

The Digiflex ERP Software is not usable without maintenance from Digiflex

14. The Digiflex ERP Software cannot be used without maintenance support.

15. As I explained in my First Affidavit, to license the Digiflex ERP Software, a client enters into two agreements: (1) a software license agreement, which permits the client to use the Digiflex ERP Software, but does not transfer Digiflex's ownership rights in the Digiflex ERP Software itself; and (2) a maintenance agreement which relates to, among other things, software upgrades and enhancements, operating system compatibility, bug fixes, as well as a 24/7 support line for the software.¹

16. As I also explained in my First Affidavit, Digiflex's software licenses incorporate the maintenance agreement.² Section 14 of the W&C Software Licenses specifically state that "Schedule A – Maintenance" is encompassed within the entire agreement. With respect to the W&C Software Licenses, the W&C Maintenance Agreements are identical for all the software licenses and incorporated into the software licenses as an attachment, "Schedule A". The W&C Software Licenses and W&C Maintenance Agreements are attached as **Exhibits B, C, D, and E** to the First Affidavit.

17. The maintenance agreement is renewed on an annual basis unless notice of termination in writing is given by either party to the other at least thirty (30) days prior to the expiration of the term hereof.

18. As I also explained in my First Affidavit, a critical component of these maintenance agreements is the 24/7 support line.³ This is true of any ERP software for use in the distribution business, given that even a few minutes of downtime at a critical time can lead to operational nightmares. To elaborate on this concept further, ERP software for the distribution industry is extremely time-sensitive given the number of entities and processes involved in the supply chain, with most processes having specific deadlines. Receiving and processing incoming customer orders, picking, loading, shipping and delivery of those orders all have

¹ First Affidavit at para 21.

² First Affidavit at para 31.

³ First Affidavit at para 21.

deadlines, and if one or more of these processes is delayed due to the ERP software, the operations of the distribution business may not be able to recover in time for dealing with the next day's business. Similarly, if a distribution company does not issue purchase orders in time, before each of their vendor's deadline, the distribution company (here, SEDCC) may be late in receiving products into its inventory management system. This, in turn, means that customers will not have access to those products.

19. Problems anywhere in the supply chain can result in empty shelves at the store level which can have a large impact on the stores' profitability and reputation. This is why a 24/7 helpdesk is crucial service that accompanies an ERP software license. Immediate on-call service is essential to be able to fix problems with the ERP software as soon as possible to prevent downstream, potentially catastrophic, issues to the distribution business.

20. While the Digiflex ERP Software is extremely reliable, and problems with the software may not happen for years at a time, there is *always* a risk that something will go wrong at any moment. The last time the Digiflex ERP Software was down at Wallace & Carey was on Saturday, November 26, 2022, and it was caused by an air conditioner failure in the Wallace & Carey server room which caused both the main and the backup servers to shut down. If Digiflex was not there to support them with an issue, a minor software or hardware problem may result in a client having to shut down for hours, or even days, and ultimately, potentially go out of business.

21. The service provided by the maintenance agreements also includes software patches and bug fixes, ongoing monitoring of the client's servers and software to identify and fix potential problems before they can cause breakdowns.

22. Overall, if a Digiflex client wants to actively run a distribution company through the use of the Digiflex ERP Software, it must have an active maintenance agreement or else they risk a complete failure of their business if there are any software or hardware problems that shut down the ERP software, in whole or in part. There are no third-party maintenance providers for the Digiflex ERP Software.

SEDCC wants an Assignment of the W&C Software Licenses without the W&C Maintenance Agreement

23. I understand from the Monitor's 18th Report that "SEDCC is not seeking an assignment of the Maintenance Agreement, as the services under the Maintenance Agreements are no longer required in connection with the IT Transition Services."⁴ Based on how the Monitor described the IT Transition Services, I agree that no active 24/7 maintenance support would be required with respect to the W&C Software Licenses, especially since Wallace & Carey is no longer running a distribution company, and neither Wallace & Carey nor Loudon Bros owned a copy of the Digiflex ERP Software.

24. However, to the extent that SEDCC is seeking an assignment of the W&C Software Licenses so that SEDCC can continue to run its distribution company, I do not agree that no maintenance support is required. While I obviously do not consent to having the W&C Software Licenses assigned to SEDCC, and do not want to be forced to work for SEDCC, objectively, it would be crazy for SEDCC to run its distribution company without a license with no support of the Digiflex ERP Software. It objectively cannot be done. Running a distribution company without maintenance for its ERP software would be like cancelling fire insurance just because you have never had a house fire.

25. In fact, just today I received an email from Cliff Harrison (former IT employee at Wallace & Carey, now SEDCC), identifying a "major problem...which will cause a number of issues for our period end....and a lot of timing errors". SEDCC admitted that this was a mistake on their end, but they needed my help to fix it. I attach emails showing this as **Exhibit A**.

⁴ Monitor's 18th Report at para 4.3.1(c).

The Monitor has access to the Debtors' data

26. In the Monitor's 18th Report, it notes that it must assist in "data migration" from the Debtors' to 7-Eleven and/or SEDCC.⁵ The Monitor further elaborates on this point by saying:

Notwithstanding its importance to the Logistics Business, the ERP Software is outdated. Accordingly, the Monitor understands that SEDCC has been developing customized integration software (the "**Integration Software**") to enable data to be moved from the Debtors' systems to the SEC/SEDCC systems. The Monitor understands that SEC and SEDCC are working to have the Integration Software fully operational by no later than the end of February 2026.⁶

27. If I understand correctly, this means that the Monitor's position is that Wallace & Carey / Loudon Bros need to use the Digiflex ERP Software to extract information from the Wallace & Carey / Loudon Bros' ERP databases to then be loaded into SEDCC's new ERP system. If this is what the Monitor means, the Digiflex ERP Software does not need to be actively running to do this. Further, as I explain below, this is not the way in which the copy of my Digiflex ERP Software is being used that was installed on the Wallace & Carey server.

28. To the extent SEDCC needs Wallace & Carey / Loudon Bros information data from Wallace & Carey's / Loudon's systems, Wallace & Carey / Loudon Bros does not need to be actively using the Digiflex ERP Software to do this. The Digiflex ERP Software is used to run a distribution company, which requires maintenance, and 24/7 support. If not running a distribution company, Wallace & Carey / Loudon Bros Digiflex ERP information can still be stored in the Digiflex ERP Software for audit and other investigative purposes, but no special "Integration Software" is required to give Wallace & Carey / Loudon Bros this data. I know that the SEDCC IT employees (who were former Wallace & Carey IT employees), know how to extract information from the system. They routinely did this every day. For example, Digiflex has an

⁵ Monitor's 18th Report at para 3.0.2(c).

⁶ Monitor's 18th Report at para 4.1.2.

"Extract Database Information" function that they use to extract data from all the important database tables into a standard file format that most other systems can use as-is. In addition, thousands of different reports can be created from Digiflex ERP Systems by any authorized user which will show information from all aspects of their business.

29. With respect to the Monitor's point on "Integration Software", this relates to SEDCC's onboarding of its new ERP provider. The creation of "integration software" is a standard process that is always required when any company switches from one ERP provider to another. It is not something unique to SEDCC's launch of its new ERP system because the Digiflex ERP Software is outdated, as was suggested by both the Monitor and Mr. Buchanan.⁷ This is because no two ERP systems have identical information format and content. For example, when Digiflex implemented the Digiflex ERP Software at Wallace & Carey, Wallace & Carey also had to develop software to extract information from their existing ERP system, to enable Digiflex to launch its own ERP system for Wallace & Carey. Transforming and loading information from one ERP system into another is difficult and part of the reason why so many new ERP implementation projects fail, as I discussed in my First Affidavit.⁸ It is also quite common for ERP implementation projects to require large teams, both internally and with external consultants.

7-Eleven's Use of the Digiflex ERP Software

30. Digiflex has always had full access to our clients' systems to, among other things, provide customizations, troubleshoot and deliver upgrades. This is explicitly stated at point 4. B. in the W&C Maintenance Agreements.

31. This means that Digiflex has access to all information that is entered into the Digiflex ERP Software and can also see what software modules of the Digiflex ERP Software are being used.

⁷ Affidavit of Joshua Buchanan sworn September 8, 2025 at para 21.

⁸ First Affidavit at paras 98–101 and Exhibit AF.

32. Currently, 7-Eleven is using the following Digiflex ERP Software modules: (i) ProCLASS; (ii) CLASS Accounts Receivable; (iii) CLASS Accounts Payable; (iv) CLASS General Ledger; and (v) LAZER Database Management System. I have registered all five copyrights with the Canadian Intellectual Property Office.

33. I can see that 7-Eleven is actively using the Digiflex ERP Software every day to run the SEDCC's distribution business. New information is added to the Digiflex ERP Software every day. For example, thousands of customer orders are accepted, invoiced and delivered every day, hundreds of purchase orders are sent out to vendors, hundreds of purchase orders' products are received, all using the Digiflex ProCLASS module. Hundreds of payments are issued to vendors and service providers via the Digiflex Accounts Payable module. Thousands of customer invoice payments are accepted into the Digiflex Accounts Receivable system. Tens of thousands of transactions from all these Digiflex ERP modules are summarized and posted into the Digiflex General Ledger system. There are also thousands of other ancillary processes performed in the Digiflex ERP Software every day.

34. Until SEDCC's new ERP system is fully functional and put into production, meaning it can handle all of the company's transactions without any need for the Digiflex ERP Software, SEDCC continues to use the Digiflex ERP Software every day to handle all of its ERP functions.

35. I understand that SEDCC is having problems moving to a new system. However, while SEDCC waits for its new system, it should still be required to pay for the system. Neither Digiflex nor I should bear the costs of 7-Eleven having unexpected problems when launching its new distribution business.

Digiflex was winding down prior to 7-Eleven being in the picture

36. As I explained in my First Affidavit, in 2021, Wallace & Carey issued an RFP for a new ERP system, which Digiflex did not win, Epicor did.⁹ When Digiflex did not receive the mandate with Wallace & Carey, I made the decision for Digiflex to start winding down as I was nearing retirement.

37. At the time, Digiflex only had two clients: Wallace & Carey and Centennial Foodservice. Wallace & Carey was much larger than Centennial Foodservice, so I knew that it would not make financial sense for Digiflex to continue to have full-time employees, other than myself. I also knew that regardless of how good our ERP software was, we could not compete in marketing our software when most of our competitors were many orders of magnitude larger than us. As a result, in September 2023, I asked my last full-time employees to become contractors.

38. Since September 2023, I have been the only full-time employee of Digiflex. I do have access to five past employees who work on a contract basis by the hour when needed. However, I try not to rely on them too often given that they also have full-time jobs and family commitments.

7-Eleven's demand to use the Digiflex ERP Software has forced me to be available to them 24 hours a day, 7 days a week

39. 7-Eleven's actions have placed me in a situation where I need to be available for support services 7 days a week to support the SEDCC business in the event of an issue with the Digiflex ERP Software.

40. Realistically, this service requires at least two full-time employees who have a complete knowledge of the Digiflex ERP Software, as well as the servers and their operating system, to provide the required 24-hour, 7-days-a-week coverage. Currently, Digiflex does not have this type of support, and since SEDCC

⁹ First Affidavit at para 34.

has refused to pay for a license to use the Digiflex ERP Software, Digiflex does not have sufficient resources to hire new full-time employees.

41. As I explain above, since September 2023, prior to the 7-Eleven Transaction, I have been Digiflex's only full-time employee. I did this because, at that time, I was expecting Wallace & Carey to transition to their new Epicor ERP system, and I was winding down to retirement. I could not predict that, rather than Wallace & Carey moving on from Digiflex's software and services, that a new company would step in (7-Eleven) and essentially steal Digiflex's software and services, for an indefinite duration.

42. Given that 7-Eleven refuses to pay for a new license fee, I do not have the resources to re-hire additional staff on a full-time basis. This leaves me in a position where I am required to be on call 7 days a week for 7-Eleven. If I need to attend a personal commitment, I am able to pay a former employee by the hour. However, this is a less-than-ideal situation. An ideal situation would be where I pass on my daily technical responsibilities to new employees, so that I could retire.

43. Since 7-Eleven has been in the picture, I have not had a day off or taken a vacation. I have not even travelled more than 40 km from my home. I have not done so because the Monitor told me that Wallace & Carey was operating in the ordinary course of business and I was required to continue to provide access to the software and associated services for the purposes of the CCAA Proceeding.

44. I would not be in this position with any other new company, as, to get access to the Digiflex ERP Software, the new company would need to first pay a license fee.¹⁰

45. I also believe I would not be in this position if Wallace & Carey were still operating and was still using the Digiflex ERP Software. While Wallace & Carey started its Epicor transition in 2022, to the extent

¹⁰ As I stated in my First Affidavit, the only reason 7-Eleven has been able to gain access to the Digiflex ERP Software without paying the license fee is because it bought Wallace & Carey's physical assets in Alberta and British Columbia, which I assume would have included Wallace & Carey's servers that have been installed with the Digiflex ERP Software and Wallace & Carey's personal computers that use the Digiflex ERP Software.

it was having difficulties transferring to Epicor's ERP system much later than September 2023 (the date I let my last full-time employee go), I believe I could have negotiated a deal with Wallace & Carey that would have not placed me in a position where I was their only service person. Digiflex had always had a good relationship with Wallace & Carey.

46. There are three former Digiflex employees who are ready to come back and assist me, two of them full-time, with the business. Two of these former employees worked at Digiflex for more than 10 years, and the third employee worked at Digiflex for over 23 years. All three past employees have an intimate knowledge of the Digiflex ERP Software. However, for these former Digiflex employees to leave their current jobs, Digiflex would need to pay them a competitive salary of approximately \$200,000 CDN / year.

Payments to Digiflex throughout the TSA have been lower than some past years paid by W&C

47. According to the Monitor, Digiflex has been paid \$755,593.39 by Wallace & Carey / Loudon Bros during the time of the TSA.¹¹ The TSA began November 21, 2023 and continues to date: just over two years. This means that Digiflex has been paid approximately \$377,796.70 per year. These fees were tied to the W&C Software Licenses and the LB Software Licenses. To date, I have not received any payments for SEDCC's use of my software to run its distribution business.

48. 7-Eleven also suggests that the \$377,593.39 / year is a large sum of money and higher than when 7-Eleven was not in the picture. This is not correct. The table below shows that for several years prior to 7-Eleven being in the picture, Wallace & Carey and Loudon Bros paid more than this:

Calendar Year	Digiflex Billings - W&C and Loudon
2013	\$710,910
2014	\$519,226
2015	\$513,138

¹¹ See Monitor's 18th Report at para 4.2.3.

2016	\$382,983
2017	\$480,761
2018	\$386,451
2019	\$295,670
2020	\$263,729
2021	\$316,394
2022	\$236,254
2023	\$273,335

7-Eleven continues to shame me

49. As I explained in my First Affidavit, 7-Eleven's and SEDCC's actions in this CCAA Proceeding have caused me immense stress and has been disrespectful to my life's work.

50. 7-Eleven has been aware of Digiflex's position that a new software license was required from at least the beginning of July 2024. To the extent 7-Eleven mistakenly believed that it in fact had a right to use the Digiflex ERP Software without entering into a new license, I would have hoped that once they discovered a new license was required, we could have had an open and honest conversation. Had 7-Eleven taken the time to speak to me then, I would have had sympathy for their position and would have been able to ask 7-Eleven questions about their plans to transition to their new ERP software and what support they would need from Digiflex while it launched its new ERP software.

51. Instead of doing this, 7-Eleven continues to disrespect me, and threaten me, through this CCAA Proceeding, to give them access to Digiflex's ERP Software. I believe that 7-Eleven developed a scheme to try and make me believe that Wallace & Carey was the one using the Digiflex ERP Software, and not 7-Eleven.

52. 7-Eleven has also continuously mocked me for asking 7-Eleven to pay for its use of my ERP software. 7-Eleven's most recent insults toward me were set out in its brief dated November 21, 2025, where it stated:

- (a) "It is clear that what DigiFlex really wants is a ransom payment from SEC and it is willing to put SEC and SEDCC's business in Canada at risk to get it."¹²
- (b) "DigiFlex believes that SEC will be unable to transition to another ERP system before the end of the current expiry of the TSA and DigiFlex wants almost \$5 million to continue to work with SEC and SEDCC";¹³ and
- (c) "DigiFlex is attempting to extract a windfall from SEC and SEDCC at the expense of the other stakeholders of the Debtors, namely the employees, suppliers and landlords."¹⁴

53. These comments are disrespectful, and I would like to defend myself to the Court.

54. First, I am not asking for a "ransom payment from SEC", I am asking for what is owed to me and Digiflex for creating the Digiflex ERP Software that 7-Eleven has been using and profiting from for the last two years and continues to do so every day. Digiflex has spent millions of dollars investing in the Digiflex ERP Software. It is unfair for 7-Eleven to suggest Digiflex's license fee is exorbitant by comparing it to the license fee that Wallace & Carey paid in 2000.

55. Second, in my First Affidavit I tried to extend an olive branch to 7-Eleven, in the hopes that all parties could move on. I stated that "If 7-Eleven enters a license and pays our outstanding fees, Digiflex would be happy to support 7-Eleven moving forward" and that "Digiflex would be pleased to discuss additional projects that could benefit 7-Eleven."¹⁵ Instead of 7-Eleven reaching out to me to talk about how

¹² 7-Eleven Brief at para 60.

¹³ 7-Eleven Brief at para 60.

¹⁴ 7-Eleven Brief at para 60.

¹⁵ First Affidavit at para 107.

the parties could move on from this situation, they used my words right back against me.¹⁶ And worse, are asking this Court to sanction their stealing of my software.

56. Finally, it was a real shock to me that 7-Eleven would suggest that Digiflex would be responsible for 7-Eleven's business going under, or the loss of livelihood of "the other stakeholders of the Debtors, namely the employees, suppliers and landlords".¹⁷ I understood that the Debtors no longer had any employees, suppliers and landlords. To the extent this was supposed to reference SEDCC's employees, suppliers and landlords, of course I would feel horrible if they lost their jobs. However, their loss of jobs would not be on me. They would be on 7-Eleven for refusing to pay for a license to use the Digiflex ERP Software.

57. I must protect my legal rights, my own well-being and quality of life, and I refuse to be bullied by 7-Eleven any longer.

58. 7-Eleven is a large multinational company with a house-hold name. Normally I would be proud to have such a company using the Digiflex ERP Software. However, their actions throughout this CCAA Proceeding no longer make me feel that way.

As an author of the Digiflex ERP Software, I have moral rights in the Digiflex ERP Software and object to the assignment of the W&C Software Licenses to 7-Eleven

59. As an author of the Digiflex ERP Software, I understand that I have moral rights in the Digiflex ERP Software under the *Copyright Act*. When I licensed the Digiflex ERP Software to Digiflex, I never waived my moral rights. Attached as **Exhibit B** is a copy of my License Agreement from myself (as the author and original owner of the Digiflex ERP Software) to Digiflex.

¹⁶ 7-Eleven Brief at para 60, referencing First Affidavit at para 107.

¹⁷ 7-Eleven Brief at para 60.

60. As the author of the Digiflex ERP Software, I object to the assignment of the W&C Software Licenses to 7-Eleven. I would be devastated to see my life's work be given away for free to 7-Eleven, who has been profiting from my software, and lying to me about it.

61. The deponent was not physically present before the commissioner but was linked with the commissioner utilizing video technology, and the process for remote commissioning of affidavits was utilized as described in the March 25, 2020 *Notice to the Profession and Public: Remote Commissioning of Affidavits/or use in Civil and Family Proceedings during the COVID-19 Pandemic*.

AFFIRMED BEFORE ME BY VIDEO)
 CONFERENCE at the City of Calgary, in the)
 Province of Alberta, this 24th day of November,)
 2025.)
)
)
)

Hani Lee

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

Mohamad Mardukhi

HANI LEE
 Commissioner for Oaths/Notary Public
 in and For the Province of Alberta

Hani Lee
 Student at Law

This is Exhibit "A", referred to in the
Affidavit of Mohamad Z. Mardukhi,
affirmed before me by video conference on
the 24th day of November, 2025.



A Commissioner for Oaths in and for the
Province of Alberta

HANI LEE
Commissioner for Oaths/Notary Public
In and For the Province of Alberta

Hani Lee
Student-at-Law

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Monday, November 24, 2025 2:52 PM
To: Cliff Harrison; Help
Subject: IRE: Incorrect Period End.
Attachments: RE: Period 13

Hi, ProCLASS fiscal info is correct:

P/C WACT 2.26		Enquire Period Dates
FISCAL YEAR: 2026		
PD	START DATE	END DATE
1	02-NOV-2025	29-NOV-2025
2	30-NOV-2025	27-DEC-2025
3	28-DEC-2025	24-JAN-2026
4	25-JAN-2026	21-FEB-2026
5	22-FEB-2026	21-MAR-2026
6	22-MAR-2026	18-APR-2026
7	19-APR-2026	16-MAY-2026
8	17-MAY-2026	13-JUN-2026
9	14-JUN-2026	11-JUL-2026
10	12-JUL-2026	08-AUG-2026
11	09-AUG-2026	05-SEP-2026
12	06-SEP-2026	03-OCT-2026
13	04-OCT-2026	31-OCT-2026

You have 13 periods per year, with 4-weeks in each period (occasionally, period 13 is set to 5 weeks, as it did last year), and your periods/weeks always start on a Sunday and end on a Saturday, i.e., always 28 days in each period (except period 13 sometimes has 35 days). So whoever created the table below should fix it by making every period 28 days long.

In the attached email sent on July 3, 2025,, we mentioned that:

Once period 13 starts, you will see 6 period-end batch jobs (A/P, A/R, G/L for W&C and Loudon) in the que that will be scheduled to run on 26/10/2025 at 5:00 am; you should change all 6 to run on 02/11/2025 at 5:00 am.

It appears that was not done because period-ends ran on 26/10/2025 in all 3 systems. So now you have 4 or 5 weeks worth of transactions in all accounting systems that have posted to the wrong period, and even the wrong year for some. This is likely a huge mess that someone should have noticed soon after October 26, 2025 because transactions that should have posted to period 13 of 2025 were instead posted to period 1 of 2026.

Each department should look into their transactions in detail and determine what may need to be changed. Likely some of these changes will be too many to be done manually, in which case they can tell us when they need changed and we can see if we can automate the change process.

Mohamad

From: Cliff Harrison <harrisonc@sedcc.ca>

Sent: November 24, 2025 13:27

To: Help <Help@digiflex.ca>

Subject: Incorrect Period End.

Hello,

It appears we may have made a mistake somewhere and had the Period end configured incorrectly somewhere or missed something that needed to be changed after the fiscal year end , can you please help verify that things are setup as needed according to the period end dates below?

Also is there anyway to change things back to Period 1 or do you have any suggestions on how to deal with this or to get the entries posted to Period 1 instead of 2.

2025 - 2026				
Period	Start of Period	End of Period	Quarter	Days
1	November 1, 2025	November 29, 2025	Q1	29
2	November 30, 2025	December 27, 2025	Q1	28
3	December 28, 2025	January 24, 2026	Q1	28
4	January 25, 2026	February 21, 2026	Q2	28
5	February 22, 2026	March 21, 2026	Q2	28
6	March 22, 2026	April 18, 2026	Q2	28
7	April 19, 2026	May 16, 2026	Q3	28
8	May 17, 2026	June 13, 2026	Q3	28
9	June 14, 2026	July 11, 2026	Q3	28
10	July 12, 2026	August 8, 2026	Q4	28
11	August 9, 2026	September 5, 2026	Q4	28
12	September 6, 2026	October 3, 2026	Q4	28
13	October 4, 2026	October 30, 2026	Q4	27

Hello,

It has just been brought to my attention that Proclass has rolled over to Period 2. According to our calendar, P1 ends this Saturday November 29 and period begins on Sunday November 30. Can Proclass be reverted back to Period 1.

This is a major problem as we now have subledger/automated transactions from AP & AR in Period 2 which will cause a number of issues for our period end, notably an incomplete Period 1 and a lot of timing errors we will have to manually correct to properly account for period 1. Please see attached for the calendar for reference.

1043199	1	23/11/25	5-A/R	0 BATTERIES AND CELL PHO (13/14)
1043199	1	23/11/25	5-A/R	0 SMOKERS' SUNDRIES (14/14)
1043199	1	23/11/25	5-A/R	0 COOLER ITEMS (16/14)
1043199	1	23/11/25	5-A/R	0 FROZEN ITEMS (17/14)
1043199	1	23/11/25	5-A/R	0 REGULAR GROCERY (18/14)
1043199	1	23/11/25	5-A/R	0 IN-HOUSE SUPPLIES (27/14)
1043199	1	23/11/25	5-A/R	0 CLEANING SUPPLIES (28/14)
1043199	1	23/11/25	5-A/R	0 CIGARS (30/14)

PERIOD 01/2026 TOTAL:

1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R CREDITS	S.S. 0007
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R INVOICES	S.S. 0007
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R CREDITS	S.S. 0001
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R INVOICES	S.S. 0001
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R CREDITS	S.S. 0002
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R INVOICES	S.S. 0002
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R INVOICES	S.S. 0003
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R CREDITS	S.S. 0005
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R INVOICES	S.S. 0005
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R CREDITS	S.S. 0006
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R INVOICES	S.S. 0006

Line: 3845 / 3881 Page: 59 / 60 Forward Search:

Thanks,
Somi Addei-Boadu
Financial Reporting Manager, Accounting

This is Exhibit "B", referred to in the
Affidavit of Mohamad Z. Mardukhi,
affirmed before me by video conference on
the 24th day of November, 2025.



A Commissioner for Oaths in and for the
Province of Alberta

HANI LEE
Commissioner for Oaths/Notary Public
in and For the Province of Alberta

Hani Lee
Student-at-Law

HL

SOFTWARE LICENSE AGREEMENT

THIS AGREEMENT is made as of June 16, 1993

BETWEEN:

Mohamad Z. Mardukhi, a businessperson with an address at 903 Dublin Street, New Westminster, British Columbia, V3M 2Y5.

(“Licensors”)

AND:

Digiflex Information Systems Inc., an Alberta company with a registered office at Suite 104, 7710 - 5th Street, Calgary, Alberta, T2H 2L9.

(“Licensee”)

BACKGROUND FACTS:

- A. The Licensors are the owner of all rights, including intellectual property rights, in and to the assets described in attached Schedule A, as amended from time to time (the “**Licensed Assets**”).
- B. The Licensee wishes to acquire from the Licensors the exclusive right to make, use, sell, distribute or license products, provide services, and otherwise exploit the Licensed Assets.

IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED IN THIS AGREEMENT AND FOR OTHER GOOD AND VALUABLE CONSIDERATION (THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED BY BOTH PARTIES), THE PARTIES AGREE AS FOLLOWS:

Grant of License

- 1. The Licensors grants to the Licensee an exclusive, non-assignable license (the “**License**”) throughout the world to:

- (a) use the Licensed Assets to create products that may be sold, licensed, distributed or otherwise exploited;
- (b) make, sell, license, distribute or otherwise exploit products embodying technology, confidential information or copyright protected material that form any part of the Licensed Assets;
- (c) provide services derived from or utilizing any technology, confidential information or copyright protected material forming any part of the Licensed Assets;
- (d) sell, sublicense or otherwise distribute products or provide services in association with a trade-mark forming part of the Licensed Assets; and
- (e) otherwise exploit any of the Licensed Assets.

Licensing Fees and Royalties

- 2. (a) The Licensor and Licensee shall negotiate in good faith the payment by the Licensee to the Licensor of license fees, royalties and the commencement of such payments.
- (b) If the Licensor and Licensee fail to agree on these matters, the parties agree to submit to binding arbitration the determination of fair compensation to the Licensor for the grant of the License.

Changes to Assets Licensed

- 3. (a) The Licensee acknowledges that the Licensor may, in its sole discretion, from time to time upon written notice to the Licensee add to or delete from the assets listed in attached Schedule A by giving the Licensee an updated copy of Schedule A.
- (b) The expression "Licensed Assets" shall be deemed to include only those assets listed in the most current Schedule A issued by the Licensor.

Proprietary Notices

- 4. The Licensee shall not remove from any copy of the Licensed Assets, and shall include in any copy of the Licensed Assets made by the Licensee, all titles, trade-marks, copyright and restricted rights notices specified by the Licensor from time to time.

Ownership of Modifications to the Licensed Assets

5. (a) All releases, revisions, enhancements, derivations and other modifications of any type whatsoever of or to the Licensed Assets, whether created by the Licensee alone or jointly with others, shall be the exclusive property of the Licensor, and all rights of the Licensee therein are hereby assigned by the Licensee to the Licensor or, to the extent not transferred to the Licensor herein shall be held in trust by the Licensee for the Licensor and transferred by the Licensee to the Licensor upon demand by the Licensor.
- (b) The Licensee agrees that the rights granted to the Licensee in this Agreement shall fully compensate the Licensee for any rights transferred by the Licensee to the Licensor pursuant to subsection (a).
- (c) The Licensee shall execute all documentation and take all other actions as the Licensor may request to transfer and assign to the Licensor all right, title and interest in and to any revisions, enhancements, derivations and other modifications of any type whatsoever of or to the Licensed Assets and to allow the Licensor to obtain and maintain protection of all intellectual property rights in respect thereof.
- (d) If requested by the Licensor, the Licensee shall obtain and deliver to the Licensor written waivers of any rights in respect of revisions, enhancements, derivations and other modifications of or to the Licensed Assets which are not transferable to the Licensor, including without limitation moral, performer's and other similar rights, from all employees, contractors or others engaged by the Licensee in the creation of any such revisions, enhancements, derivations or other modifications.

Infringement of Licensed Assets

6. If any third party infringes or otherwise violates any rights in respect of the Licensed Assets, the Licensee shall have the right to commence, maintain, prosecute and settle any action or proceedings in respect of that infringement or other violation on its own behalf and, to the extent necessary, on behalf of the Licensor, provided that the Licensee shall pay and indemnify the Licensor against all liabilities, obligations, costs and expenses arising out of or relating to any such action or proceeding, and further provided that the Licensee shall not settle any action or proceedings on terms which would reduce, compromise or otherwise adversely affect any of the Licensor's rights in respect of the Licensed Assets without the Licensor's prior written consent. Subject to the foregoing, the Licensor agrees to co-operate with and assists the Licensee in connection with any such action or proceeding.

Term of Agreement

7. This Agreement shall be effective from its date of execution and continue in effect for an indefinite term unless terminated in accordance with this Agreement.

Termination of Agreement and License

8. (a) The Licensor may, without cause or reason and in the Licensor's absolute discretion, terminate this entire Agreement and the License by giving the Licensee written notice of termination.
- (b) The Licensor may, without cause or reason and in the Licensor's absolute discretion, terminate the License with respect to any particular Licensed Asset by giving the Licensee written notice of termination or by issuing an update to Schedule A.
- (c) Termination in all cases shall be effective either when notice of termination or an update to Schedule A is given.
- (d) This Agreement and the License shall terminate automatically and without any further act or notice by the Licensor upon the occurrence of any of the following events:
- (i) the making of an order or the passage of a resolution for the liquidation or winding-up of the Licensee;
 - (ii) the making by the Licensee of a proposal or general assignment for the benefit of its creditors or other acknowledgement of its insolvency;
 - (iii) the appointment of a receiver, receiver-manager or receiver and manager of either the Licensee or any part of its property or assets;
 - (iv) the commission by the Licensee of any act of bankruptcy or the appointment of a trustee for the Licensee under the *Bankruptcy and Insolvency Act (Canada)*; or
 - (v) a change in the control of the Licensee as a result of any disposition, redemption, repurchase, issuance or other transaction in respect of shares in the capital of the Licensee.

Notices and Communications

9. (a) All notices and other communications under this Agreement shall be in writing and may be delivered personally or by courier to the addresses stated on the first page of this Agreement.
- (b) Addresses for notice may be changed by subsequent notice.
- (c) Notices delivered personally or by courier are given when received.

No Warranties

10. (a) The Licensor does not warrant in any way the Licensed Assets or the License.
- (b) The Licensee acknowledges that all implied warranties and conditions, including without limitation, implied warranties or conditions of merchantability, durability, fitness for a particular purpose and non-infringement of third party rights are expressly disclaimed, and the Licensee hereby waives all such warranties and conditions.

Limitation of the Licensor's Liability

11. In no event shall the Licensor be liable to the Licensee or any third party for any direct, indirect, incidental, special or consequential or accidental damages, including without limitation, damages for business interruption, loss of profits, revenue, data or loss of use of the Licensed Assets or the License, whether in contract or tort, including negligence, even if the Licensor has been advised of the possibility of such damages.

Indemnity

12. The Licensee shall indemnify, save and hold harmless the Licensor from and against all claims, proceedings, liabilities, obligations, damages, costs and expenses (including legal fees and disbursements) arising from any claim in connection with the Licensed Assets, the License or this Agreement.

Enurement

13. (a) This Agreement shall enure to the benefit of and be binding upon the heirs, executors, administrators and permitted assigns of the Licensor and the successors and permitted assigns of the Licensee.

- (b) This Agreement and the License may not be assigned by the Licensee without the prior written consent of the Licensor.

Governing Law

14. This Agreement shall be governed by the laws of the Province of British Columbia and any applicable laws of Canada.

Entire Agreement

15. This Agreement is the entire agreement between the parties regarding its subject matter. All prior agreements and communications, whether verbal or written, are of no legal effect.

The parties have executed this Agreement before a witness in Vancouver, British Columbia on January 25, 1999, to be effective as of the date first above written.


Signed by MOHAMAD Z. MARDUKHI
in the presence of:



Signature of Witness



Mohamad Z. Mardukhi



Name of Witness (print)

DIGIFLEX INFORMATION SYSTEMS INC.

By: 

Authorized Signatory

SCHEDULE A

The Licensed Assets consist of the following computer software programs (in both object code and source code formats):

1. ProCLASS Distribution Management System
2. CLASS Accounts Receivable
3. CLASS Accounts Payable
4. CLASS General Ledger
5. CLASS Payroll
6. CLASS Investment System
7. NEXUS Communications
8. LAZER DBMS

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

APPLICANTS KSV RESTRUCTURING INC., in its capacity as court-appointed monitor
of Wallace & Carey Inc., Loudon Bros. Limited and Carey Management
Inc.

DOCUMENT **AFFIDAVIT OF MOHAMAD Z. MARDUKHI**

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 MOHAMAD MARDUKHI

Affirmed on November 24, 2025

I, Mohamad Mardukhi, of Vancouver, British Columbia, AFFIRM AND SAY THAT:

1. I am the same Mr. Mardukhi that affirmed an affidavit on behalf of myself and Digiflex Information Systems Inc. (**Digiflex**) on November 14, 2025 in the above noted CCAA Proceeding (my **First Affidavit**). Except where explicitly stated, I have used the same defined terms in this affidavit as I used in my First Affidavit. I have personal knowledge of the matters deposed to in this affidavit, except where stated to be based on information and belief, in which case, I believe the information to be true.



2. I make this affidavit in response to the Monitor's application pursuant to section 11.3 of the *Companies Creditors Arrangement Act*, RSC 1985, c C-36, seeking an assignment of the W&C Software Licenses and the LB Software Licenses (which, for the sake of simplicity, I will refer to jointly as the **W&C Software Licenses**), which is scheduled to be heard on November 27, 2025.

3. I object to an assignment of the W&C Software Licenses.

4. I am providing this second affidavit after having read the Eighteenth Report of the Monitor dated November 20, 2025 (the **Monitor's 18th Report**), as well as the Bench Brief of 7-Eleven Canada, Inc. and 7-Eleven Distribution Canada Corporation re Assignment of the DigiFlex License Agreements filed November 21, 2025 (**7-Eleven's Brief**). My review of the Monitor's 18th Report and 7-Eleven's Brief suggests that there may be some fundamental misunderstandings about ERP software and software licensing in this proceeding that I would like to clarify for the Court.

5. I would also like to clarify for the Court that I never received the June 28, 2023 letter that is attached as Appendix A to the Monitor's 18th Report. As I stated in my First Affidavit at paragraph 45, I was unaware about the CCAA Proceeding until July 2024.

Further explanation of the Digiflex ERP Software and Digiflex's licensing structure

6. As I explained in my First Affidavit, Digiflex's business model has been to license the Digiflex ERP Software to companies. The companies buy a license which gives that specific company a right to use the Digiflex ERP Software. The companies do not buy the Digiflex ERP Software itself nor the ERP source code.

7. After a company buys a license, to provide access to the Digiflex ERP Software, Digiflex installs the Digiflex ERP Software on company-owned servers. Even though the company owns the server, the company does not own the Digiflex ERP Software.



8. Digiflex's licenses are always "non-transferable, non-exclusive, perpetual". Although "perpetual", client's rights to use the software are still limited in various ways. For example, the W&C Software Licenses, which are attached as **Exhibits B, C, D, and E** to the First Affidavit, state:

- (a) The "unlimited License shall apply to the current Customer's business. New business acquisitions or startups are not covered under this unlimited use License."
- (b) "All modifications, enhancements and improvements shall be the property of Digiflex;" and
- (c) The W&C Maintenance Agreements form part of the W&C Software Licenses.

Separate companies require separate licenses

9. Digiflex, as an ERP service provider, requires separate licenses for separate entities. This is done, in part, for Digiflex to be able to keep track of their rights.

10. For example, with respect to Wallace & Carey and Loudon Bros (who were related), both have their own licenses to use the Digiflex ERP Software.

11. Loudon Bros has been completely wound down for a couple of years now but still maintains its license to make the occasional adjustment and to allow for audits. Since Loudon Bros has been wound down, their maintenance fees continue to be paid.

12. The situation with Wallace & Carey is more complicated. Instead of SEDCC starting their own ERP system, they have basically superimposed themselves on the Wallace & Carey ERP system.

13. However, if the systems were set up properly from the outset, each company would have their own license, and each company would be required to pay their own maintenance fees to maintain their own database.

The Digiflex ERP Software is not usable without maintenance from Digiflex

14. The Digiflex ERP Software cannot be used without maintenance support.

15. As I explained in my First Affidavit, to license the Digiflex ERP Software, a client enters into two agreements: (1) a software license agreement, which permits the client to use the Digiflex ERP Software, but does not transfer Digiflex's ownership rights in the Digiflex ERP Software itself; and (2) a maintenance agreement which relates to, among other things, software upgrades and enhancements, operating system compatibility, bug fixes, as well as a 24/7 support line for the software.¹

16. As I also explained in my First Affidavit, Digiflex's software licenses incorporate the maintenance agreement.² Section 14 of the W&C Software Licenses specifically state that "Schedule A – Maintenance" is encompassed within the entire agreement. With respect to the W&C Software Licenses, the W&C Maintenance Agreements are identical for all the software licenses and incorporated into the software licenses as an attachment, "Schedule A". The W&C Software Licenses and W&C Maintenance Agreements are attached as **Exhibits B, C, D, and E** to the First Affidavit.

17. The maintenance agreement is renewed on an annual basis unless notice of termination in writing is given by either party to the other at least thirty (30) days prior to the expiration of the term hereof.

18. As I also explained in my First Affidavit, a critical component of these maintenance agreements is the 24/7 support line.³ This is true of any ERP software for use in the distribution business, given that even a few minutes of downtime at a critical time can lead to operational nightmares. To elaborate on this concept further, ERP software for the distribution industry is extremely time-sensitive given the number of entities and processes involved in the supply chain, with most processes having specific deadlines. Receiving and processing incoming customer orders, picking, loading, shipping and delivery of those orders all have

¹ First Affidavit at para 21.

² First Affidavit at para 31.

³ First Affidavit at para 21.

deadlines, and if one or more of these processes is delayed due to the ERP software, the operations of the distribution business may not be able to recover in time for dealing with the next day's business. Similarly, if a distribution company does not issue purchase orders in time, before each of their vendor's deadline, the distribution company (here, SEDCC) may be late in receiving products into its inventory management system. This, in turn, means that customers will not have access to those products.

19. Problems anywhere in the supply chain can result in empty shelves at the store level which can have a large impact on the stores' profitability and reputation. This is why a 24/7 helpdesk is crucial service that accompanies an ERP software license. Immediate on-call service is essential to be able to fix problems with the ERP software as soon as possible to prevent downstream, potentially catastrophic, issues to the distribution business.

20. While the Digiflex ERP Software is extremely reliable, and problems with the software may not happen for years at a time, there is *always* a risk that something will go wrong at any moment. The last time the Digiflex ERP Software was down at Wallace & Carey was on Saturday, November 26, 2022, and it was caused by an air conditioner failure in the Wallace & Carey server room which caused both the main and the backup servers to shut down. If Digiflex was not there to support them with an issue, a minor software or hardware problem may result in a client having to shut down for hours, or even days, and ultimately, potentially go out of business.

21. The service provided by the maintenance agreements also includes software patches and bug fixes, ongoing monitoring of the client's servers and software to identify and fix potential problems before they can cause breakdowns.

22. Overall, if a Digiflex client wants to actively run a distribution company through the use of the Digiflex ERP Software, it must have an active maintenance agreement or else they risk a complete failure of their business if there are any software or hardware problems that shut down the ERP software, in whole or in part. There are no third-party maintenance providers for the Digiflex ERP Software.

SEDCC wants an Assignment of the W&C Software Licenses without the W&C Maintenance Agreement

23. I understand from the Monitor's 18th Report that "SEDCC is not seeking an assignment of the Maintenance Agreement, as the services under the Maintenance Agreements are no longer required in connection with the IT Transition Services."⁴ Based on how the Monitor described the IT Transition Services, I agree that no active 24/7 maintenance support would be required with respect to the W&C Software Licenses, especially since Wallace & Carey is no longer running a distribution company, and neither Wallace & Carey nor Loudon Bros owned a copy of the Digiflex ERP Software.

24. However, to the extent that SEDCC is seeking an assignment of the W&C Software Licenses so that SEDCC can continue to run its distribution company, I do not agree that no maintenance support is required. While I obviously do not consent to having the W&C Software Licenses assigned to SEDCC, and do not want to be forced to work for SEDCC, objectively, it would be crazy for SEDCC to run its distribution company without a license with no support of the Digiflex ERP Software. It objectively cannot be done. Running a distribution company without maintenance for its ERP software would be like cancelling fire insurance just because you have never had a house fire.

25. In fact, just today I received an email from Cliff Harrison (former IT employee at Wallace & Carey, now SEDCC), identifying a "major problem...which will cause a number of issues for our period end....and a lot of timing errors". SEDCC admitted that this was a mistake on their end, but they needed my help to fix it. I attach emails showing this as **Exhibit A**.

⁴ Monitor's 18th Report at para 4.3.1(c).



The Monitor has access to the Debtors' data

26. In the Monitor's 18th Report, it notes that it must assist in "data migration" from the Debtors' to 7-Eleven and/or SEDCC.⁵ The Monitor further elaborates on this point by saying:

Notwithstanding its importance to the Logistics Business, the ERP Software is outdated. Accordingly, the Monitor understands that SEDCC has been developing customized integration software (the "**Integration Software**") to enable data to be moved from the Debtors' systems to the SEC/SEDCC systems. The Monitor understands that SEC and SEDCC are working to have the Integration Software fully operational by no later than the end of February 2026.⁶

27. If I understand correctly, this means that the Monitor's position is that Wallace & Carey / Loudon Bros need to use the Digiflex ERP Software to extract information from the Wallace & Carey / Loudon Bros' ERP databases to then be loaded into SEDCC's new ERP system. If this is what the Monitor means, the Digiflex ERP Software does not need to be actively running to do this. Further, as I explain below, this is not the way in which the copy of my Digiflex ERP Software is being used that was installed on the Wallace & Carey server.

28. To the extent SEDCC needs Wallace & Carey / Loudon Bros information data from Wallace & Carey's / Loudon's systems, Wallace & Carey / Loudon Bros does not need to be actively using the Digiflex ERP Software to do this. The Digiflex ERP Software is used to run a distribution company, which requires maintenance, and 24/7 support. If not running a distribution company, Wallace & Carey / Loudon Bros Digiflex ERP information can still be stored in the Digiflex ERP Software for audit and other investigative purposes, but no special "Integration Software" is required to give Wallace & Carey / Loudon Bros this data. I know that the SEDCC IT employees (who were former Wallace & Carey IT employees), know how to extract information from the system. They routinely did this every day. For example, Digiflex has an

⁵ Monitor's 18th Report at para 3.0.2(c).

⁶ Monitor's 18th Report at para 4.1.2.

"Extract Database Information" function that they use to extract data from all the important database tables into a standard file format that most other systems can use as-is. In addition, thousands of different reports can be created from Digiflex ERP Systems by any authorized user which will show information from all aspects of their business.

29. With respect to the Monitor's point on "Integration Software", this relates to SEDCC's onboarding of its new ERP provider. The creation of "integration software" is a standard process that is always required when any company switches from one ERP provider to another. It is not something unique to SEDCC's launch of its new ERP system because the Digiflex ERP Software is outdated, as was suggested by both the Monitor and Mr. Buchanan.⁷ This is because no two ERP systems have identical information format and content. For example, when Digiflex implemented the Digiflex ERP Software at Wallace & Carey, Wallace & Carey also had to develop software to extract information from their existing ERP system, to enable Digiflex to launch its own ERP system for Wallace & Carey. Transforming and loading information from one ERP system into another is difficult and part of the reason why so many new ERP implementation projects fail, as I discussed in my First Affidavit.⁸ It is also quite common for ERP implementation projects to require large teams, both internally and with external consultants.

7-Eleven's Use of the Digiflex ERP Software

30. Digiflex has always had full access to our clients' systems to, among other things, provide customizations, troubleshoot and deliver upgrades. This is explicitly stated at point 4. B. in the W&C Maintenance Agreements.

31. This means that Digiflex has access to all information that is entered into the Digiflex ERP Software and can also see what software modules of the Digiflex ERP Software are being used.

⁷ Affidavit of Joshua Buchanan sworn September 8, 2025 at para 21.

⁸ First Affidavit at paras 98–101 and Exhibit AF.



32. Currently, 7-Eleven is using the following Digiflex ERP Software modules: (i) ProCLASS; (ii) CLASS Accounts Receivable; (iii) CLASS Accounts Payable; (iv) CLASS General Ledger; and (v) LAZER Database Management System. I have registered all five copyrights with the Canadian Intellectual Property Office.

33. I can see that 7-Eleven is actively using the Digiflex ERP Software every day to run the SEDCC's distribution business. New information is added to the Digiflex ERP Software every day. For example, thousands of customer orders are accepted, invoiced and delivered every day, hundreds of purchase orders are sent out to vendors, hundreds of purchase orders' products are received, all using the Digiflex ProCLASS module. Hundreds of payments are issued to vendors and service providers via the Digiflex Accounts Payable module. Thousands of customer invoice payments are accepted into the Digiflex Accounts Receivable system. Tens of thousands of transactions from all these Digiflex ERP modules are summarized and posted into the Digiflex General Ledger system. There are also thousands of other ancillary processes performed in the Digiflex ERP Software every day.

34. Until SEDCC's new ERP system is fully functional and put into production, meaning it can handle all of the company's transactions without any need for the Digiflex ERP Software, SEDCC continues to use the Digiflex ERP Software every day to handle all of its ERP functions.

35. I understand that SEDCC is having problems moving to a new system. However, while SEDCC waits for its new system, it should still be required to pay for the system. Neither Digiflex nor I should bear the costs of 7-Eleven having unexpected problems when launching its new distribution business.

Digiflex was winding down prior to 7-Eleven being in the picture

36. As I explained in my First Affidavit, in 2021, Wallace & Carey issued an RFP for a new ERP system, which Digiflex did not win, Epicor did.⁹ When Digiflex did not receive the mandate with Wallace & Carey, I made the decision for Digiflex to start winding down as I was nearing retirement.

37. At the time, Digiflex only had two clients: Wallace & Carey and Centennial Foodservice. Wallace & Carey was much larger than Centennial Foodservice, so I knew that it would not make financial sense for Digiflex to continue to have full-time employees, other than myself. I also knew that regardless of how good our ERP software was, we could not compete in marketing our software when most of our competitors were many orders of magnitude larger than us. As a result, in September 2023, I asked my last full-time employees to become contractors.

38. Since September 2023, I have been the only full-time employee of Digiflex. I do have access to five past employees who work on a contract basis by the hour when needed. However, I try not to rely on them too often given that they also have full-time jobs and family commitments.

7-Eleven's demand to use the Digiflex ERP Software has forced me to be available to them 24 hours a day, 7 days a week

39. 7-Eleven's actions have placed me in a situation where I need to be available for support services 7 days a week to support the SEDCC business in the event of an issue with the Digiflex ERP Software.

40. Realistically, this service requires at least two full-time employees who have a complete knowledge of the Digiflex ERP Software, as well as the servers and their operating system, to provide the required 24-hour, 7-days-a-week coverage. Currently, Digiflex does not have this type of support, and since SEDCC

⁹ First Affidavit at para 34.



has refused to pay for a license to use the Digiflex ERP Software, Digiflex does not have sufficient resources to hire new full-time employees.

41. As I explain above, since September 2023, prior to the 7-Eleven Transaction, I have been Digiflex's only full-time employee. I did this because, at that time, I was expecting Wallace & Carey to transition to their new Epicor ERP system, and I was winding down to retirement. I could not predict that, rather than Wallace & Carey moving on from Digiflex's software and services, that a new company would step in (7-Eleven) and essentially steal Digiflex's software and services, for an indefinite duration.

42. Given that 7-Eleven refuses to pay for a new license fee, I do not have the resources to re-hire additional staff on a full-time basis. This leaves me in a position where I am required to be on call 7 days a week for 7-Eleven. If I need to attend a personal commitment, I am able to pay a former employee by the hour. However, this is a less-than-ideal situation. An ideal situation would be where I pass on my daily technical responsibilities to new employees, so that I could retire.

43. Since 7-Eleven has been in the picture, I have not had a day off or taken a vacation. I have not even travelled more than 40 km from my home. I have not done so because the Monitor told me that Wallace & Carey was operating in the ordinary course of business and I was required to continue to provide access to the software and associated services for the purposes of the CCAA Proceeding.

44. I would not be in this position with any other new company, as, to get access to the Digiflex ERP Software, the new company would need to first pay a license fee.¹⁰

45. I also believe I would not be in this position if Wallace & Carey were still operating and was still using the Digiflex ERP Software. While Wallace & Carey started its Epicor transition in 2022, to the extent

¹⁰ As I stated in my First Affidavit, the only reason 7-Eleven has been able to gain access to the Digiflex ERP Software without paying the license fee is because it bought Wallace & Carey's physical assets in Alberta and British Columbia, which I assume would have included Wallace & Carey's servers that have been installed with the Digiflex ERP Software and Wallace & Carey's personal computers that use the Digiflex ERP Software.



it was having difficulties transferring to Epicor's ERP system much later than September 2023 (the date I let my last full-time employee go), I believe I could have negotiated a deal with Wallace & Carey that would have not placed me in a position where I was their only service person. Digiflex had always had a good relationship with Wallace & Carey.

46. There are three former Digiflex employees who are ready to come back and assist me, two of them full-time, with the business. Two of these former employees worked at Digiflex for more than 10 years, and the third employee worked at Digiflex for over 23 years. All three past employees have an intimate knowledge of the Digiflex ERP Software. However, for these former Digiflex employees to leave their current jobs, Digiflex would need to pay them a competitive salary of approximately \$200,000 CDN / year.

Payments to Digiflex throughout the TSA have been lower than some past years paid by W&C

47. According to the Monitor, Digiflex has been paid \$755,593.39 by Wallace & Carey / Loudon Bros during the time of the TSA.¹¹ The TSA began November 21, 2023 and continues to date: just over two years. This means that Digiflex has been paid approximately \$377,796.70 per year. These fees were tied to the W&C Software Licenses and the LB Software Licenses. To date, I have not received any payments for SEDCC's use of my software to run its distribution business.

48. 7-Eleven also suggests that the \$377,593.39 / year is a large sum of money and higher than when 7-Eleven was not in the picture. This is not correct. The table below shows that for several years prior to 7-Eleven being in the picture, Wallace & Carey and Loudon Bros paid more than this:

Calendar Year	Digiflex Billings - W&C and Loudon
2013	\$710,910
2014	\$519,226
2015	\$513,138

¹¹ See Monitor's 18th Report at para 4.2.3.

2016	\$382,983
2017	\$480,761
2018	\$386,451
2019	\$295,670
2020	\$263,729
2021	\$316,394
2022	\$236,254
2023	\$273,335

7-Eleven continues to shame me

49. As I explained in my First Affidavit, 7-Eleven's and SEDCC's actions in this CCAA Proceeding have caused me immense stress and has been disrespectful to my life's work.

50. 7-Eleven has been aware of Digiflex's position that a new software license was required from at least the beginning of July 2024. To the extent 7-Eleven mistakenly believed that it in fact had a right to use the Digiflex ERP Software without entering into a new license, I would have hoped that once they discovered a new license was required, we could have had an open and honest conversation. Had 7-Eleven taken the time to speak to me then, I would have had sympathy for their position and would have been able to ask 7-Eleven questions about their plans to transition to their new ERP software and what support they would need from Digiflex while it launched its new ERP software.

51. Instead of doing this, 7-Eleven continues to disrespect me, and threaten me, through this CCAA Proceeding, to give them access to Digiflex's ERP Software. I believe that 7-Eleven developed a scheme to try and make me believe that Wallace & Carey was the one using the Digiflex ERP Software, and not 7-Eleven.

52. 7-Eleven has also continuously mocked me for asking 7-Eleven to pay for its use of my ERP software. 7-Eleven's most recent insults toward me were set out in its brief dated November 21, 2025, where it stated:

- (a) "It is clear that what DigiFlex really wants is a ransom payment from SEC and it is willing to put SEC and SEDCC's business in Canada at risk to get it."¹²
- (b) "DigiFlex believes that SEC will be unable to transition to another ERP system before the end of the current expiry of the TSA and DigiFlex wants almost \$5 million to continue to work with SEC and SEDCC";¹³ and
- (c) "DigiFlex is attempting to extract a windfall from SEC and SEDCC at the expense of the other stakeholders of the Debtors, namely the employees, suppliers and landlords."¹⁴

53. These comments are disrespectful, and I would like to defend myself to the Court.

54. First, I am not asking for a "ransom payment from SEC", I am asking for what is owed to me and Digiflex for creating the Digiflex ERP Software that 7-Eleven has been using and profiting from for the last two years and continues to do so every day. Digiflex has spent millions of dollars investing in the Digiflex ERP Software. It is unfair for 7-Eleven to suggest Digiflex's license fee is exorbitant by comparing it to the license fee that Wallace & Carey paid in 2000.

55. Second, in my First Affidavit I tried to extend an olive branch to 7-Eleven, in the hopes that all parties could move on. I stated that "If 7-Eleven enters a license and pays our outstanding fees, Digiflex would be happy to support 7-Eleven moving forward" and that "Digiflex would be pleased to discuss additional projects that could benefit 7-Eleven."¹⁵ Instead of 7-Eleven reaching out to me to talk about how

¹² 7-Eleven Brief at para 60.

¹³ 7-Eleven Brief at para 60.

¹⁴ 7-Eleven Brief at para 60.

¹⁵ First Affidavit at para 107.

the parties could move on from this situation, they used my words right back against me.¹⁶ And worse, are asking this Court to sanction their stealing of my software.

56. Finally, it was a real shock to me that 7-Eleven would suggest that Digiflex would be responsible for 7-Eleven's business going under, or the loss of livelihood of "the other stakeholders of the Debtors, namely the employees, suppliers and landlords".¹⁷ I understood that the Debtors no longer had any employees, suppliers and landlords. To the extent this was supposed to reference SEDCC's employees, suppliers and landlords, of course I would feel horrible if they lost their jobs. However, their loss of jobs would not be on me. They would be on 7-Eleven for refusing to pay for a license to use the Digiflex ERP Software.

57. I must protect my legal rights, my own well-being and quality of life, and I refuse to be bullied by 7-Eleven any longer.

58. 7-Eleven is a large multinational company with a house-hold name. Normally I would be proud to have such a company using the Digiflex ERP Software. However, their actions throughout this CCAA Proceeding no longer make me feel that way.

As an author of the Digiflex ERP Software, I have moral rights in the Digiflex ERP Software and object to the assignment of the W&C Software Licenses to 7-Eleven

59. As an author of the Digiflex ERP Software, I understand that I have moral rights in the Digiflex ERP Software under the *Copyright Act*. When I licensed the Digiflex ERP Software to Digiflex, I never waived my moral rights. Attached as **Exhibit B** is a copy of my License Agreement from myself (as the author and original owner of the Digiflex ERP Software) to Digiflex.

¹⁶ 7-Eleven Brief at para 60, referencing First Affidavit at para 107.

¹⁷ 7-Eleven Brief at para 60.

60. As the author of the Digiflex ERP Software, I object to the assignment of the W&C Software Licenses to 7-Eleven. I would be devastated to see my life's work be given away for free to 7-Eleven, who has been profiting from my software, and lying to me about it.

61. The deponent was not physically present before the commissioner but was linked with the commissioner utilizing video technology, and the process for remote commissioning of affidavits was utilized as described in the March 25, 2020 *Notice to the Profession and Public: Remote Commissioning of Affidavits/or use in Civil and Family Proceedings during the COVID-19 Pandemic*.

AFFIRMED BEFORE ME BY VIDEO)
 CONFERENCE at the City of Calgary, in the)
 Province of Alberta, this 24th day of November,)
 2025.)
)
)

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



Mohamad Mardukhi



This is Exhibit "A", referred to in the
Affidavit of Mohamad Z. Mardukhi,
affirmed before me by video conference on
the 24th day of November, 2025.

A Commissioner for Oaths in and for the
Province of Alberta



From: Mohamad Zâhed Mardukhi <mardukhi@digiflex.ca>
Sent: Monday, November 24, 2025 2:52 PM
To: Cliff Harrison; Help
Subject: IRE: Incorrect Period End.
Attachments: RE: Period 13

Hi, ProCLASS fiscal info is correct:

P/C WACI 2.26		Enquire Period Dates
FISCAL YEAR: 2026		
PD	START DATE	END DATE
1	02-NOV-2025	29-NOV-2025
2	30-NOV-2025	27-DEC-2025
3	28-DEC-2025	24-JAN-2026
4	25-JAN-2026	21-FEB-2026
5	22-FEB-2026	21-MAR-2026
6	22-MAR-2026	18-APR-2026
7	19-APR-2026	16-MAY-2026
8	17-MAY-2026	13-JUN-2026
9	14-JUN-2026	11-JUL-2026
10	12-JUL-2026	08-AUG-2026
11	09-AUG-2026	05-SEP-2026
12	06-SEP-2026	03-OCT-2026
13	04-OCT-2026	31-OCT-2026

You have 13 periods per year, with 4-weeks in each period (occasionally, period 13 is set to 5 weeks, as it did last year), and your periods/weeks always start on a Sunday and end on a Saturday, i.e., always 28 days in each period (except period 13 sometimes has 35 days). So whoever created the table below should fix it by making every period 28 days long.

In the attached email sent on July 3, 2025,, we mentioned that:

Once period 13 starts, you will see 6 period-end batch jobs (A/P, A/R, G/L for W&C and Loudon) in the que that will be scheduled to run on 26/10/2025 at 5:00 am; you should change all 6 to run on 02/11/2025 at 5:00 am.

It appears that was not done because period-ends ran on 26/10/2025 in all 3 systems. So now you have 4 or 5 weeks worth of transactions in all accounting systems that have posted to the wrong period, and even the wrong year for some. This is likely a huge mess that someone should have noticed soon after October 26, 2025 because transactions that should have posted to period 13 of 2025 were instead posted to period 1 of 2026.

Each department should look into their transactions in detail and determine what may need to be changed. Likely some of these changes will be too many to be done manually, in which case they can tell us when they need changed and we can see if we can automate the change process.

Mohamad

From: Cliff Harrison <harrisonc@sedcc.ca>
Sent: November 24, 2025 13:27
To: Help <Help@digiflex.ca>
Subject: Incorrect Period End.

Hello,

It appears we may have made a mistake somewhere and had the Period end configured incorrectly somewhere or missed something that needed to be changed after the fiscal year end , can you please help verify that things are setup as needed according to the period end dates below?

Also is there anyway to change things back to Period 1 or do you have any suggestions on how to deal with this or to get the entries posted to Period 1 instead of 2.

2025 - 2026				
Period	Start of Period	End of Period	Quarter	Days
1	November 1, 2025	November 29, 2025	Q1	29
2	November 30, 2025	December 27, 2025	Q1	28
3	December 28, 2025	January 24, 2026	Q1	28
4	January 25, 2026	February 21, 2026	Q2	28
5	February 22, 2026	March 21, 2026	Q2	28
6	March 22, 2026	April 18, 2026	Q2	28
7	April 19, 2026	May 16, 2026	Q3	28
8	May 17, 2026	June 13, 2026	Q3	28
9	June 14, 2026	July 11, 2026	Q3	28
10	July 12, 2026	August 8, 2026	Q4	28
11	August 9, 2026	September 5, 2026	Q4	28
12	September 6, 2026	October 3, 2026	Q4	28
13	October 4, 2026	October 30, 2026	Q4	27

Hello,

It has just been brought to my attention that Proclass has rolled over to Period 2. According to our calendar, P1 ends this Saturday November 29 and period begins on Sunday November 30. Can Proclass be reverted back to Period 1.

This is a major problem as we now have subledger/automated transactions from AP & AR in Period 2 which will cause a number of issues for our period end, notably an incomplete Period 1 and a lot of timing errors we will have to manually correct to properly account for period 1. Please see attached for the calendar for reference.

1043199	1	23/11/25	5-A/R	0 BATTERIES AND CELL PHO (13/14)
1043199	1	23/11/25	5-A/R	0 SMOKERS' SUNDRIES (14/14)
1043199	1	23/11/25	5-A/R	0 COOLER ITEMS (16/14)
1043199	1	23/11/25	5-A/R	0 FROZEN ITEMS (17/14)
1043199	1	23/11/25	5-A/R	0 REGULAR GROCERY (18/14)
1043199	1	23/11/25	5-A/R	0 IN-HOUSE SUPPLIES (27/14)
1043199	1	23/11/25	5-A/R	0 CLEANING SUPPLIES (28/14)
1043199	1	23/11/25	5-A/R	0 CIGARS (30/14)
PERIOD 01/2026 TOTAL:				
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R CREDITS S.S. 0007
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R INVOICES S.S. 0007
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R CREDITS S.S. 0001
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R INVOICES S.S. 0001
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R CREDITS S.S. 0002
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R INVOICES S.S. 0002
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R INVOICES S.S. 0003
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R CREDITS S.S. 0005
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R INVOICES S.S. 0005
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R CREDITS S.S. 0006
1043199	2	23/11/25	3-ACCT RECEIVBLE	0 A/R INVOICES S.S. 0006
Line: 3845 / 3881 Page: 59 / 60 Forward Search:				

Thanks,
Somi Addei-Boadu
 Financial Reporting Manager, Accounting

mb

This is Exhibit "B", referred to in the
Affidavit of Mohamad Z. Mardukhi,
affirmed before me by video conference on
the 24th day of November, 2025.

A Commissioner for Oaths in and for the
Province of Alberta



SOFTWARE LICENSE AGREEMENT

THIS AGREEMENT is made as of June 16, 1993

BETWEEN:

Mohamad Z. Mardukhi, a businessperson with an address at 903 Dublin Street, New Westminster, British Columbia, V3M 2Y5.

(“Licensors”)

AND:

Digiflex Information Systems Inc., an Alberta company with a registered office at Suite 104, 7710 - 5th Street, Calgary, Alberta, T2H 2L9.

(“Licensee”)

BACKGROUND FACTS:

- A. The Licensors are the owner of all rights, including intellectual property rights, in and to the assets described in attached Schedule A, as amended from time to time (the “**Licensed Assets**”).
- B. The Licensee wishes to acquire from the Licensors the exclusive right to make, use, sell, distribute or license products, provide services, and otherwise exploit the Licensed Assets.

IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED IN THIS AGREEMENT AND FOR OTHER GOOD AND VALUABLE CONSIDERATION (THE RECEIPT AND SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED BY BOTH PARTIES), THE PARTIES AGREE AS FOLLOWS:

Grant of License

1. The Licensors grants to the Licensee an exclusive, non-assignable license (the “**License**”) throughout the world to:



- (a) use the Licensed Assets to create products that may be sold, licensed, distributed or otherwise exploited;
- (b) make, sell, license, distribute or otherwise exploit products embodying technology, confidential information or copyright protected material that form any part of the Licensed Assets;
- (c) provide services derived from or utilizing any technology, confidential information or copyright protected material forming any part of the Licensed Assets;
- (d) sell, sublicense or otherwise distribute products or provide services in association with a trade-mark forming part of the Licensed Assets; and
- (e) otherwise exploit any of the Licensed Assets.

Licensing Fees and Royalties

- 2. (a) The Licensor and Licensee shall negotiate in good faith the payment by the Licensee to the Licensor of license fees, royalties and the commencement of such payments.
- (b) If the Licensor and Licensee fail to agree on these matters, the parties agree to submit to binding arbitration the determination of fair compensation to the Licensor for the grant of the License.

Changes to Assets Licensed

- 3. (a) The Licensee acknowledges that the Licensor may, in its sole discretion, from time to time upon written notice to the Licensee add to or delete from the assets listed in attached Schedule A by giving the Licensee an updated copy of Schedule A.
- (b) The expression "Licensed Assets" shall be deemed to include only those assets listed in the most current Schedule A issued by the Licensor.

Proprietary Notices

- 4. The Licensee shall not remove from any copy of the Licensed Assets, and shall include in any copy of the Licensed Assets made by the Licensee, all titles, trade-marks, copyright and restricted rights notices specified by the Licensor from time to time.



Ownership of Modifications to the Licensed Assets

5. (a) All releases, revisions, enhancements, derivations and other modifications of any type whatsoever of or to the Licensed Assets, whether created by the Licensee alone or jointly with others, shall be the exclusive property of the Licensor, and all rights of the Licensee therein are hereby assigned by the Licensee to the Licensor or, to the extent not transferred to the Licensor herein shall be held in trust by the Licensee for the Licensor and transferred by the Licensee to the Licensor upon demand by the Licensor.
- (b) The Licensee agrees that the rights granted to the Licensee in this Agreement shall fully compensate the Licensee for any rights transferred by the Licensee to the Licensor pursuant to subsection (a).
- (c) The Licensee shall execute all documentation and take all other actions as the Licensor may request to transfer and assign to the Licensor all right, title and interest in and to any revisions, enhancements, derivations and other modifications of any type whatsoever of or to the Licensed Assets and to allow the Licensor to obtain and maintain protection of all intellectual property rights in respect thereof.
- (d) If requested by the Licensor, the Licensee shall obtain and deliver to the Licensor written waivers of any rights in respect of revisions, enhancements, derivations and other modifications of or to the Licensed Assets which are not transferable to the Licensor, including without limitation moral, performer's and other similar rights, from all employees, contractors or others engaged by the Licensee in the creation of any such revisions, enhancements, derivations or other modifications.

Infringement of Licensed Assets

6. If any third party infringes or otherwise violates any rights in respect of the Licensed Assets, the Licensee shall have the right to commence, maintain, prosecute and settle any action or proceedings in respect of that infringement or other violation on its own behalf and, to the extent necessary, on behalf of the Licensor, provided that the Licensee shall pay and indemnify the Licensor against all liabilities, obligations, costs and expenses arising out of or relating to any such action or proceeding, and further provided that the Licensee shall not settle any action or proceedings on terms which would reduce, compromise or otherwise adversely affect any of the Licensor's rights in respect of the Licensed Assets without the Licensor's prior written consent. Subject to the foregoing, the Licensor agrees to co-operate with and assists the Licensee in connection with any such action or proceeding.

Term of Agreement

7. This Agreement shall be effective from its date of execution and continue in effect for an indefinite term unless terminated in accordance with this Agreement.

Termination of Agreement and License

8. (a) The Licenser may, without cause or reason and in the Licenser's absolute discretion, terminate this entire Agreement and the License by giving the Licensee written notice of termination.
- (b) The Licenser may, without cause or reason and in the Licenser's absolute discretion, terminate the License with respect to any particular Licensed Asset by giving the Licensee written notice of termination or by issuing an update to Schedule A.
- (c) Termination in all cases shall be effective either when notice of termination or an update to Schedule A is given.
- (d) This Agreement and the License shall terminate automatically and without any further act or notice by the Licenser upon the occurrence of any of the following events:
- (i) the making of an order or the passage of a resolution for the liquidation or winding-up of the Licensee;
 - (ii) the making by the Licensee of a proposal or general assignment for the benefit of its creditors or other acknowledgement of its insolvency;
 - (iii) the appointment of a receiver, receiver-manager or receiver and manager of either the Licensee or any part of its property or assets;
 - (iv) the commission by the Licensee of any act of bankruptcy or the appointment of a trustee for the Licensee under the *Bankruptcy and Insolvency Act (Canada)*; or
 - (v) a change in the control of the Licensee as a result of any disposition, redemption, repurchase, issuance or other transaction in respect of shares in the capital of the Licensee.

Notices and Communications

9. (a) All notices and other communications under this Agreement shall be in writing and may be delivered personally or by courier to the addresses stated on the first page of this Agreement.
- (b) Addresses for notice may be changed by subsequent notice.
- (c) Notices delivered personally or by courier are given when received.

No Warranties

10. (a) The Licenser does not warrant in any way the Licensed Assets or the License.
- (b) The Licensee acknowledges that all implied warranties and conditions, including without limitation, implied warranties or conditions of merchantability, durability, fitness for a particular purpose and non-infringement of third party rights are expressly disclaimed, and the Licensee hereby waives all such warranties and conditions.

Limitation of the Licenser's Liability

11. In no event shall the Licenser be liable to the Licensee or any third party for any direct, indirect, incidental, special or consequential or accidental damages, including without limitation, damages for business interruption, loss of profits, revenue, data or loss of use of the Licensed Assets or the License, whether in contract or tort, including negligence, even if the Licenser has been advised of the possibility of such damages.

Indemnity

12. The Licensee shall indemnify, save and hold harmless the Licenser from and against all claims, proceedings, liabilities, obligations, damages, costs and expenses (including legal fees and disbursements) arising from any claim in connection with the Licensed Assets, the License or this Agreement.

Enurement

13. (a) This Agreement shall enure to the benefit of and be binding upon the heirs, executors, administrators and permitted assigns of the Licenser and the successors and permitted assigns of the Licensee.

- (b) This Agreement and the License may not be assigned by the Licensee without the prior written consent of the Licensor.

Governing Law

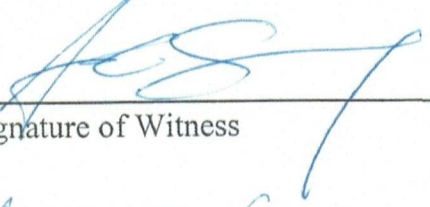
14. This Agreement shall be governed by the laws of the Province of British Columbia and any applicable laws of Canada.

Entire Agreement

15. This Agreement is the entire agreement between the parties regarding its subject matter. All prior agreements and communications, whether verbal or written, are of no legal effect.

The parties have executed this Agreement before a witness in Vancouver, British Columbia on January 25, 1999, to be effective as of the date first above written.

Signed by MOHAMAD Z. MARDUKHI
in the presence of:



Signature of Witness

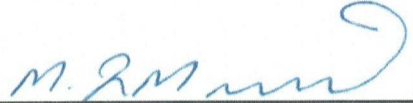
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Name of Witness (print)



Mohamad Z. Mardukhi

DIGIFLEX INFORMATION SYSTEMS INC.

By: 

Authorized Signatory



SCHEDULE A

The Licensed Assets consist of the following computer software programs (in both object code and source code formats):

1. ProCLASS Distribution Management System
2. CLASS Accounts Receivable
3. CLASS Accounts Payable
4. CLASS General Ledger
5. CLASS Payroll
6. CLASS Investment System
7. NEXUS Communications
8. LAZER DBMS

CERTIFICATE OF COMMISSIONER FOR OATHS

CANADA

PROVINCE OF ALBERTA

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HANI LEE

I, Hani Lee, a Commissioner for Oaths/Notary Public, of the City of Calgary, in the Province of Alberta, Canada, state that I am satisfied that the process of swearing the Affidavit of Mohamad Z. Mardukhi, had to be done by remote video because it was impossible or unsafe for the deponent and the Commissioner to be physically present together.

CERTIFIED in the City of Calgary, in the
Province of Alberta, this 25th day of November,
2025.



Hani Lee

A Commissioner for Oaths in and for the Province
of Alberta