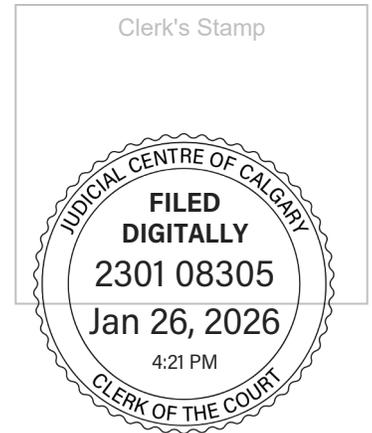


COURT FILE NUMBER 2301-08305  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
IN THE MATTER OF THE COMPANIES'  
CREDITORS ARRANGEMENT ACT, RSC 1985, c  
C-36, as amended  
AND IN THE MATTER OF THE COMPROMISE  
OR ARRANGEMENT OF WALLACE & CAREY  
INC., LOUDON BROS LIMITED, and CAREY  
MANAGEMENT INC.



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

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
**Cassels Brock & Blackwell LLP**  
3700, Bankers Hall West  
888 3 Street SW  
Calgary, AB T2P 5C5  
**Attention: Jeffrey Oliver**

P: 403.351.2921  
E: [joliver@cassels.com](mailto:joliver@cassels.com)

File No.: 054670-03

**NOTICE TO THE RESPONDENTS:** see Service List attached hereto as Schedule "A"

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as show below:

Date: February 5, 2026  
Time: 10:00 AM  
Where: Calgary (via WebEx)  
Before Whom: The Honourable Justice Marion

Go to the end of this document to see what else you can do and when you must do it.

**Remedy claimed or sought:**

1. KSV Restructuring Inc. ("**KSV**"), in its capacity as Court-appointed Monitor (in such capacity, the "**Monitor**") of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited ("**Loudon**"), and Carey Management Inc. ("**CMI**", and together with W&C and Loudon, the "**Companies**"), seeks:
  - (a) an order (the "**Order**") substantially in the form attached hereto as Schedule "B":
    - (i) if necessary, abridging the time for service of this Application and the supporting nineteenth report of the Monitor dated January 26, 2026 (the "**Nineteenth Report**") and declaring service to be good and sufficient;
    - (ii) extending the stay of proceedings (the "**Stay**") up to and including August 14, 2026 (the "**Stay Extension**");
    - (iii) approving the Monitor's Supplement to the Seventeenth Report to Court dated August 21, 2025 (the "**Supplement to Seventeenth Report**"), the Monitor's Second Supplement to the Seventeenth Report to Court dated September 11, 2025 (the "**Second Supplement to Seventeenth Report**"), the Monitor's Eighteenth Report to Court dated November 20, 2025 (the "**Eighteenth Report**"), and the Nineteenth Report, and the Monitor's activities and conduct, as detailed therein; and
    - (iv) approving and ratifying the professional fees and disbursements of the Monitor and its legal counsel, Cassels Brock & Blackwell LLP ("**Cassels**"), for the period of August 1 to December 31, 2025 (the "**Fee Period**"), as set out in the Nineteenth Report, without the necessity of a formal passing of accounts;
  - (b) advice and directions from this Honourable Court regarding an order (the "**Lifting Stay Order**") substantially in the form attached hereto as Schedule "C" for the application heard by the Honorable Justice Marion on November 27, 2025 (the "**DigiFlex Hearing**") and corresponding written decision dated December 15, 2025 (the "**Reasons**"):
    - (i) declaring that the Stay is lifted only as against W&C and Loudon *vis a vis* DigiFlex Information Systems Inc. ("**DigiFlex**"), and for greater certainty, the Stay is not lifted as against CMI, the Monitor, or its employees, representatives, or counsel;
    - (ii) declaring that to the extent that DigiFlex pursues litigation as against W&C and Loudon, that any resulting judgment or claim in favour of DigiFlex:

- (A) is subordinate to all existing priorities granted under orders in these CCAA proceedings, including the ARIO and the Ancillary Order granted by the Honourable Justice Hollins dated August 23, 2023 (the "**Ancillary Order**"); and
  - (B) is an unsecured claim;
  - (iii) declaring that DigiFlex shall be restricted and stayed from taking any enforcement steps under any judgment until, and if, all priority claims have been satisfied; and
  - (iv) declaring that notwithstanding the lifting of the Stay, W&C and Loudon are permitted to use the ERP Software for any purpose related to the business and operations of W&C and Loudon given their Perpetual License (as defined herein), including for, but without limitation to, maintaining the historical database for the Monitor's purposes of meeting its statutory and other obligations; and
  - (c) such further and other relief as this Honourable Court deems appropriate.
2. All capitalized terms not otherwise defined in this Application shall have the meaning given to them in the ARIO (as defined herein) or the Nineteenth Report.

**Grounds for making this Application:**

**Background**

3. On June 22, 2023, the Companies obtained protection from their creditors under the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 (the "**CCAA**"), pursuant to an Initial Order of the Court of King's Bench of Alberta (the "**Court**"). The Amended and Restated Initial Order (the "**ARIO**") was pronounced on June 30, 2023.
4. Pursuant to an order granted by the Court on August 23, 2023, the Companies carried out a sale and investment solicitation process that resulted in a transaction (the "**SEC Transaction**") between the Companies and SEC that was approved by the Court on November 17, 2023 pursuant to an approval and vesting order (the "**SEC Transaction Approval and Vesting Order**") and other orders (together with the SEC Transaction Approval and Vesting Order, the "**SEC Transaction Orders**").
5. Pursuant to the SEC Transaction Orders, the Court, among other things:
- (a) approved a sale of certain of the Companies' property, assets and undertakings to SEC;

- (b) approved a transition services agreement (the "**TSA**") among CMI, W&C (referred to as the "**Debtors**" in the TSA), the Monitor and SEC; and
  - (c) appointed KSV as receiver (in such capacity, the "**Receiver**") of all of the assets, undertakings, and properties of certain subsidiaries of CMI (the "**Receivership Companies**").
6. The purpose of the TSA was for the Companies to continue to provide certain services to SEC, while SEC considered if and how to operate the Companies' wholesale distribution and logistics business (the "**Logistics Business**"). As provided in the TSA, and subject to the terms and conditions of the TSA, from and after 12:01 a.m. on November 19, 2023 (the "**Effective Closing Time**"), SEC is responsible for funding substantially all post-Effective Closing Time costs of the Debtors' operations and is entitled to any revenue resulting therefrom.
  7. Pursuant to the TSA, the Debtors, at the cost of SEC, are required to continue to employ certain warehouse, logistics, administrative, and managerial staff to operate the business and provide the services described in the TSA to facilitate the wind-down and transition of the Logistics Business to SEC and/or SEDCC. Such services include the continued use of the enterprise resource planning software and related support services (the "**ERP Software**") provided by DigiFlex to the Companies. The uninterrupted provision of services by the Debtors to SEC pursuant to TSA was a key term of the SEC Transaction for which SEC paid consideration.
  8. On August 22, 2024, the Court granted an order, among other things, authorizing the Monitor to make an initial distribution to certain provinces and territories (the "**Provinces and Territories**") who were granted the Tobacco Tax Charge (as defined in the ARIO) in the amount of \$26 million, in respect of W&C's unpaid tobacco taxes as of the Filing Date.
  9. A further order was granted on November 25, 2024, authorizing the Monitor to make an interim distribution and to make further distributions on a *pro-rata* basis based on the balances outstanding to the Provinces and Territories as at the Filing Date. The Monitor has made distributions totalling \$12.41 million to the Provinces and Territories in respect of amounts owing under the Tobacco Tax Charge since the closing of the SEC Transaction. The Provinces and Territories are presently owed approximately \$12.05 million (excluding interest and penalties) in respect of the Tobacco Tax Charge and the Monitor does not project that the Provinces and Territories will be paid in full in respect of such amounts.
  10. On December 17, 2024, following a dispute with DigiFlex over its continued provisions of the ERP Software, the Monitor obtained a Court order (the "**DigiFlex Consent Order**"), among other things, requiring DigiFlex to continue to provide such services until the later of:

- (a) the expiration of the Stay under the ARIO, as may be extended by the Court; and
  - (b) the expiration of the term of the TSA (as amended and extended, the "**TSA Term**") for the Western Business (as defined therein).
11. On February 21, 2025, the Court granted:
- (a) an approval and vesting order approving the sale of certain additional assets of W&C to SEDCC, including accounts receivable, inventory, and certain equipment, furniture, and fixtures located at warehouses in the Provinces of Saskatchewan and Manitoba (the "**SEDCC Transaction**"); and
  - (b) an order, among other things, extending the Stay under the ARIO to and including August 20, 2025.
12. On August 18, 2025, upon application of the Companies, the Court granted an order (the "**Second TSA Amendment Order**"):
- (a) extending the Stay to and including September 30, 2025; and
  - (b) approving the extension of the TSA Term to September 30, 2025, and the corresponding execution of the Second TSA Amendment (as defined in the Second TSA Amendment Order).
13. At the August 18, 2025 application, DigiFlex opposed the extension of the Stay and TSA Term. In its written reply submissions to the Court, DigiFlex requested, among other relief, that any license agreement between W&C and DigiFlex be terminated, that SEC be prohibited from using the ERP Software, and that SEC be ordered to pay a license fee invoice of \$3,230,000.00 plus interest. The requested relief and supporting evidence contained in the DigiFlex submissions did not comply with the procedural requirements set out in the *Alberta Rules of Court*, Alta Reg 124/2010, and DigiFlex was not represented by legal counsel.
14. On August 26, 2025, the Court granted an order, upon application by SEC and SEDCC, which provided the Monitor with enhanced powers.
15. On September 19, 2025, the Court granted an order (the "**Third TSA Amendment Order**") which, among other things:
- (a) approved the extension of the TSA Term to February 15, 2026 (the "**TSA Term**"), and the corresponding execution of the Third TSA Amendment (as defined in the Third TSA Amendment Order); and

- (b) extended the Stay to and including February 15, 2026.
16. Notwithstanding, the Third TSA Amendment Order was made without prejudice to DigiFlex's rights to bring an application seeking termination of the TSA or to otherwise commence proceedings against SEC, provided that:
- (a) DigiFlex shall comply with all applicable procedural requirements to bring any such application or commence any such proceeding; and
  - (b) DigiFlex shall be represented by legal counsel in such application or proceedings.
17. Accordingly, on November 13, 2025, DigiFlex filed an application (the "**DigiFlex Application**") seeking an order, among other things;
- (a) lifting the Stay in relation to W&C and Loudon such that it no longer applies to DigiFlex;
  - (b) declaring the DigiFlex has no obligation to provide SEC or SEDCC access to the ERP Software, whether directly, or indirectly through W&C, or any associated software services to W&C, Loudon, SEC, or SEDCC, and that no Court orders or agreements in these CCAA proceedings require otherwise; and
  - (c) awarding DigiFlex costs on the DigiFlex Application, on the highest possible scale.
18. In response to the DigiFlex Application, on November 20, 2025, the Monitor filed an application (the "**Assignment Application**", and together with the DigiFlex Application, the "**November Applications**") seeking an order (the "**Dismissal and Assignment Order**"), among other things:
- (a) dismissing the DigiFlex Application; and
  - (b) assigning W&C and/or Loudon's interests, as applicable, under the DigiFlex License Agreements (as defined herein) to SEDCC, pursuant to section 11.3 of the CCAA.
19. On November 27, 2025, the Court heard the November Applications.
20. On December 15, 2025, the Court issued the Reasons regarding the November Applications. Pursuant to the Reasons, among other things, the Court:
- (a) refused to lift the Stay immediately and rejected DigiFlex's request for declarations that it had no obligation to provide ERP Software access or services to W&C, SEC, or SEDCC during the current TSA Term;

- (b) lifted the Stay vis-à-vis DigiFlex effective February 15, 2026 at 11:59 p.m.;
  - (c) adjourned the Monitor's relief requesting the assignment of the DigiFlex License Agreements to allow the parties to attempt to find a commercial solution for limited, post-February 15, 2026 access to the ERP Software solely for records retention, audit, and tax purposes;
  - (d) invited the parties to seek procedural directions for further evidence and submission if no agreement is reached; and
  - (e) ordered that each party bears its own costs with respect to the November Applications.
21. Pursuant to the Reasons, the Monitor's counsel was directed to prepare the form of order with the proposed amendments to any CCAA order in these proceedings as required to reflect the Reasons.
22. An order reflecting the Reasons has not been submitted for execution to the Court at this time as the parties have been unable to come to an agreement on the terms of the Lifting Stay Order.

#### **The DigiFlex License Agreements**

23. DigiFlex and W&C have a long-standing business relationship spanning approximately 24 years whereby DigiFlex licenses to W&C and Loudon the ERP Software and provides them with maintenance and helpdesk support with respect to the ERP Software.
24. The ERP Software is required for supply chain management, financial reporting, and operational reporting. Without use of the ERP Software, the Monitor understands that it would be impossible to continue operating the Logistics Business. Notwithstanding its importance to the Logistics Business, the ERP Software is outdated, and 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.
25. The following license agreements between DigiFlex, W&C and/or Loudon, as applicable, are the subject of this Application:
- (a) ProCLASS/LAZER/NEXUS Software License Agreement between DigiFlex and W&C executed on March 9, 2000;
  - (b) CLASS Software License Agreement between DigiFlex and W&C executed by DigiFlex on June 27, 2003 and W&C on August 12, 2003;

- (c) ProCLASSB1 Business Intelligence Suite Software License Agreement between DigiFlex and W&C entered into on or about April 23, 2012 (according to the Affidavit of Mohamad Mardukhi sworn November 14, 2025 (the "**MM Affidavit**")) and executed by DigiFlex on August 19, 2013 (per copy in W&C files) ("the "**ProCLASSB1 License Agreement**");
- (d) ProCLASS/CLASS/LAZER Software License Agreement between DigiFlex and Loudon entered into on February 18, 2013 (per MM Affidavit);
- (e) ProCLASS/CLASS Software License Agreement Addendum between DigiFlex and Loudon dated May 8, 2014; and
- (f) ProCLASS/CLASS Software License Agreement Addendum between DigiFlex and Loudon dated June 6, 2014

(collectively, the "**DigiFlex License Agreements**").

26. The key terms of the DigiFlex License Agreements are, among others, the following:
- (a) W&C and/or Loudon were granted a perpetual license to use the software subject to the DigiFlex License Agreements (the "**Perpetual License**") following the payment of the amounts required under the DigiFlex License Agreements;
  - (b) there is no set term or expiration date for the DigiFlex License Agreements;
  - (c) the DigiFlex License Agreements are not otherwise saleable to any third-party; and
  - (d) the DigiFlex License Agreements could be assigned upon obtaining written consent of the other party, and such consent is not to be unreasonably withheld.
27. The Monitor understands that all amounts owing under the DigiFlex License Agreements were paid in full by W&C and/or Loudon when, or shortly after, they were entered into, and no monetary defaults exist under the DigiFlex License Agreements. As such, to the best of the Monitor's knowledge, W&C and/or Loudon hold the Perpetual License.
28. Further, the ERP Software is maintained and supported by:
- (a) Maintenance Agreement (attached to the ProCLASSB1 License Agreement as Schedule "A"), wherein Wallace & Carey agreed to pay, in advance, an annual fee for maintenance services related to the ERP Software; and

- (b) general IT help desk support services provided by DigiFlex which, pursuant to the MM Affidavit, were not tied to the ERP Software but were for general IT issues (the "**Help Desk Services**"). The Monitor understands that the Help Desk Support Services are not subject to a written agreement and paid upfront on an annual basis.

(collectively, the "**Ancillary DigiFlex Agreements**").

- 29. During the TSA Term, DigiFlex has been paid \$755,593.39 (excluding GST) by Wallace & Carey and/or Loudon for the continued use, maintenance, and support of the ERP Software, at rates which are greater than what is prescribed under the Ancillary DigiFlex Agreement. The Monitor understands that no monetary defaults exist under the Ancillary DigiFlex Agreement.

### **Stay Extension**

- 30. The Stay will expire on February 15, 2026.
- 31. The Monitor requests that the Stay be extended to August 14, 2026, subject to the Lifting Stay Order which lifts the Stay as against W&C and Loudon *vis a vis* DigiFlex, effective as at 11:59 PM (Calgary time) on February 15, 2026.
- 32. The conduct of the Monitor has been lawful, proper, and consistent with the Monitor's powers under the ARIO. The Companies have sufficient liquidity to meet their financial obligations during the Stay Extension, and no stakeholder shall be materially prejudiced by the Stay Extension.
- 33. The requested Stay Extension is required for the following reasons, among others:
  - (a) to realize on the Excluded Assets (as defined in the Sixth Report of the Monitor and Pre-Filing Report of the Proposed Receiver dated November 8, 2023) including, but not limited to: (i) continuing W&C's litigation with Dakin News Systems Inc.; and (ii) collecting a promissory note issued by Spruce It Up Garden Centre Inc. to CMI, which is due and payable on April 29, 2026;
  - (b) distributing net recoveries from the Receivership Companies to their creditors, including following receipt by the Receiver on behalf of the Receivership Companies of clearance certificates from Canada Revenue Agency ("**CRA**"). The Receiver has requested the Clearance Certificates; however, as of the date of the Nineteenth Report, they have not been received;

- (c) finalizing the administrative and reconciliation aspects of the TSA, including tobacco tax refunds and filings in respect of W&C during the TSA term, which expires February 15, 2026; and
  - (d) the Monitor seeking its discharge and completing the CCAA proceedings and the Receivership Companies, which may include an application to have the Companies and/or the Receivership Companies placed in bankruptcy as they will be unable to repay their creditors in full.
34. It is just, convenient, and in the best interest of the Companies and their stakeholders for the Companies to continue to be afforded the protections of the CCAA pursuant to the Stay Extension.

#### **Activities of the Monitor**

35. The Monitor has acted diligently since its appointment.
36. The actions, conduct and activities of KSV in its capacity as the Monitor are described in the Supplement to Seventeenth Report, Second Supplement to Seventeenth Report, the Eighteenth Report, and the Nineteenth Report. The Monitor's actions and conduct are lawful, proper, and consistent with its powers under the ARIO and subsequent orders issued by the Court in these proceedings.

#### **Approval of Professional Fees**

37. The total fees of the Monitor for the Fee Period were \$36,503.50, plus GST of \$1,825.18, for a total of \$38,328.68.
38. The total fees of the Monitor's counsel, Cassels, for the Fee Period were \$33,161.50, plus disbursements of \$823.68, plus GST of \$1,689.11, for a total of \$35,674.29.
39. The Monitor is of the view that its fees and disbursements and those of its legal counsel are reasonable in the circumstances, and commensurate with the work performed by the parties, which was necessary and appropriate in the circumstances.
40. Pursuant to the TSA, SEC is responsible for the fees and costs of the Monitor and its legal counsel for work performed in connection with the TSA. The Monitor and its counsel have maintained records of such fees, and SEC has paid the invoices issued to date. As the Monitor and its counsel's work relating to DigiFlex constitutes a TSA matter, all associated fees and costs have been invoiced in full to SEC and paid in full, except for the most recent invoices from the Monitor and Cassels, which were rendered recently and are expected to be paid by SEC shortly.

## **Lifting Stay Order**

### *Scope*

41. The Monitor is seeking advice and direction regarding the scope and extent of the Lifting Stay Order. The Monitor does not object to the lifting of the Stay against W&C and Loudon for the purpose of DigiFlex commencing an action against them, but that DigiFlex cannot seek to bring a claim against CMI, the Monitor, its counsel, or their employees and representative, without leave of the Court.
42. CMI was not a party to the DigiFlex License Agreements or Ancillary DigiFlex Agreements and thus, DigiFlex has no claims as against CMI.
43. The Monitor and its counsel performed its duties and obligations in accordance with the orders issued in these proceedings, including the ARIO and the orders approving the SEC Transaction and the SEDCC Transaction.
44. Accordingly, the Monitor respectfully requests the Lifting Stay Order only lift the Stay as against W&C and Loudon and explicitly declare that the Stay remains in place as against CMI, the Monitor, its counsel, and their representatives.

### *Enforcement and Priorities*

45. The following charges (collectively, the “**CCAA Charges**”) have been created in the CCAA proceedings pursuant to the ARIO, the Ancillary Order, and the order dated August 22, 2024 (the “**TSA Charge Order**”):
  - (a) first, a charge in the amount of \$850,000 to secure: (i) the fees and disbursements of the Companies’ legal counsel, the Monitor, and Cassels; and (ii) a work fee payable to Alvarez & Marsal Canada Securities ULC (“**A&M**”), the financial advisor retained by the Companies to carry out the SISF (the “**Administration Charge**”);
  - (b) second, a charge in favour of A&M to secure a fee payable to A&M upon completion of a qualifying transaction;
  - (c) third, a charge in the amount of \$55 million plus interest, fees and expenses for all post-Filing Date advances made by CIBC under the existing CIBC Credit Agreement (as defined in the Initial Order), as amended;
  - (d) fourth, a charge in the amount of \$4 million in favour of the directors and officers of the Companies;

- (e) fifth, a charge in favour of CIBC for the existing security for the pre-Filing Date obligations owing under the CIBC Credit Agreement; and
  - (f) sixth, a charge in the amount of \$26 million in favour of provincial and territorial authorities (the “**Provinces and Territories**”) in respect of the amounts required to be remitted by the Logistics Companies under the *Tobacco Tax Act*, RSA 2000, c. T-4 or under any other applicable provincial legislation or laws (the “**Tobacco Tax Charge**”); and
  - (g) finally, a charge over the Post-Transaction Property (as defined in the Nineteenth Report) for the benefit of SEC as security for W&C's obligations under subsection 13(b) of the TSA (the “**TSA Charge**”).
46. Each CCAA Charge has been fully satisfied and released, except for the Tobacco Tax Charge, the Administration Charge and TSA Charge, with funds being held by the Monitor to satisfy all amounts payable under the Administration Charge. The Provinces and Territories are projected to have a shortfall on the amounts owing under the Tobacco Tax Charge in the amount of approximately \$5.85 million (excluding interest and penalties), which amount remains subject to change, but in all circumstances, the Provinces and Territories will not recover all amounts owing to them.
47. Lifting the Stay cannot be used as a collateral attack on any previous order granted in these proceedings, the Court-approved SEC Transaction, SEDCC Transaction, and these CCAA proceedings generally, and thus the judgment cannot disrupt the priorities created by the CCAA Charges or otherwise affect any of the other orders issues in these CCAA proceedings.
48. Numerous stakeholders would be affected if DigiFlex were able to commence litigation, obtain a judgment, and enforce against the Companies' assets without regard to the existing priority structure in these CCAA proceedings. In particular, the Provinces & Territories would suffer significant prejudice.
49. Notwithstanding the Tobacco Tax Charge, any claim successfully advanced by DigiFlex would constitute an unsecured claim and must therefore be treated in accordance with the priority afforded to unsecured creditors.
50. Accordingly, the Monitor requests that the Lifting Stay Order state that to the extent that DigiFlex pursues litigation as against W&C and Loudon, that any resulting judgment or claim in favour of DigiFlex:
- (a) is subordinate to all existing priorities granted under orders in these CCAA proceedings, including the ARIO, the Ancillary Order, and the TSA Charge Order;

- (b) restricts and stays DigiFlex from taking any enforcement steps under any judgment until, and if, all priority claims have been satisfied; and
- (c) is an unsecured claim.

*Use of Perpetual License*

- 51. The Monitor will require access to the ERP Software to fulfill its responsibilities as an officer of the Court, and comply with its statutory obligations, whether as Monitor or in a subsequent role, such as a bankruptcy trustee. This includes complying with tax obligations and being able to respond to various tax authorities in respect of any questions they may have concerning the Companies' taxes.
- 52. Accordingly, the Monitor requests that the Lifting Stay Order make clear that lifting the Stay does not terminate the Perpetual License and as a result, the Monitor, for and on behalf of W&C and Loudon, can continue using the ERP Software after the Stay has been lifted for the following reasons:
  - (a) the Perpetual License is owned by W&C and Loudon, which all amounts owing under the DigiFlex License Agreements have been paid;
  - (b) as there are no amounts outstanding to DigiFlex, there are no known defaults under the Perpetual License, and should the Monitor choose to place the Companies into bankruptcy, KSV, should it be appointed as bankruptcy trustee, will assume all rights and entitlements of W&C and Loudon under the DigiFlex License Agreements, as applicable; and
  - (c) the Monitor does not require any further maintenance, support or Help Desk Services from DigiFlex to obtain and maintain read-only access to the ERP Software, and therefore, the Monitor does not believe there will be any prejudice suffered by DigiFlex or Mr. Mardukhi.

**Material or evidence to be relied on:**

- 53. Amended and Restated Initial Order pronounced by the Honourable Justice Burns on June 30, 2023.
- 54. Ancillary Order granted by the Honourable Justice Hollins dated August 23, 2023.
- 55. Consent Order with DigiFlex granted by this Court on December 17, 2024.
- 56. Order pronounced by the Honourable Justice Marion on December 15, 2025.
- 57. Sixth Report of the Monitor and Pre-Filing Report of the Proposed Receiver dated November 8, 2023.
- 58. First Supplement to the Seventeenth Report of the Monitor dated August 21, 2025.

- 59. Second Supplement to the Seventeenth Report of the Monitor dated September 11, 2025, filed.
- 60. Eighteenth Report of the Monitor dated November 20, 2025, filed.
- 61. Nineteenth Report of the Monitor dated January 26, 2026, to be filed.
- 62. Affidavit of Service to be sworn and filed.
- 63. Such further and other materials as counsel may advise and this Honourable Court may permit.

**Applicable rules:**

- 64. The *Alberta Rules of Court*, Alta Reg 124/2010.
- 65. Such further and other rules as counsel may advise and this Honourable Court may permit.

**Applicable Acts and regulations:**

- 66. *Companies' Creditor Arrangement Act*, RSC 1985, c. C-36.
- 67. Such further and other acts and regulations as counsel may advise and this Honourable Court may permit.

**Any irregularity complained of or objection relied on:**

- 68. None.

**How the application is proposed to be heard or considered:**

- 69. Remotely, via Webex.

**WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

Schedule A

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.

DOCUMENT

Service List  
(Updated December 30, 2025)

PARTY	METHOD OF DELIVERY	ROLE / INTEREST
<b>WALLACE &amp; CAREY INC. LOUDON BROS LIMITED, AND CAREY MANAGEMENT INC.</b> 5445 8th St NE Calgary, AB T2K 5R9 Canada  <b>Pat Carey</b> Tel: 403.295.7360 Email: <a href="mailto:careyp@careymgmt.com">careyp@careymgmt.com</a>	Email	Applicants

PARTY	METHOD OF DELIVERY	ROLE / INTEREST
<p><b>MILLER THOMSON LLP</b> 3000, 700 - 9th Avenue SW Calgary, Alberta, T2P 3V4, Canada</p> <p><b>James Reid</b> Tel: 403.298.2418 Email: <a href="mailto:jwreid@millerthomson.com">jwreid@millerthomson.com</a></p> <p><b>Larry Ellis</b> Tel: 416.595.8639 Email: <a href="mailto:lellis@millerthomson.com">lellis@millerthomson.com</a></p> <p><b>David Ward</b> Tel: 416.595.8625 Email: <a href="mailto:dward@millerthomson.com">dward@millerthomson.com</a></p> <p><b>Sam Massie</b> Tel: 416.595.8641 Email: <a href="mailto:smassie@millerthomson.com">smassie@millerthomson.com</a></p> <p><b>Pavin Takhar</b> Tel: 403.298.2432 Email: <a href="mailto:ptakhar@millerthomson.com">ptakhar@millerthomson.com</a></p>	<p>Email</p>	<p>Counsel to the Applicants</p>
<p><b>KSV RESTRUCTURING INC.</b> 220 Bay Street, 13th Floor, PO Box 20, Toronto, Ontario, M5J 2W4</p> <p><b>Bobby Kofman</b> Tel: 416.932.6228 Email: <a href="mailto:bkofman@ksvadvisory.com">bkofman@ksvadvisory.com</a></p> <p><b>David Sieradzki</b> Tel: 416.932.6030 Email: <a href="mailto:dsieradzki@ksvadvisory.com">dsieradzki@ksvadvisory.com</a></p> <p><b>Jason Knight</b> Tel: 403.589-3225 Email: <a href="mailto:jknight@ksvadvisory.com">jknight@ksvadvisory.com</a></p>	<p>Email</p>	<p>Monitor</p>
<p><b>CASSELS BROCK &amp; BLACKWELL LLP</b> Suite 3810, Bankers Hall West 888 3rd Street SW Calgary, AB T2P 5C5 Canada</p> <p><b>Jeffrey Oliver</b> Tel: 403 351 2921 Email: <a href="mailto:joliver@cassels.com">joliver@cassels.com</a></p>	<p>Email</p>	<p>Counsel to the Monitor</p>

PARTY	METHOD OF DELIVERY	ROLE / INTEREST
<p><b>CANADIAN IMPERIAL BANK OF COMMERCE</b>                      Commerce Court West                      199 Bay Street - 4th Floor                      Toronto, ON M5L 1A2 Canada                      Email: <a href="mailto:mailbox.x_sec_mail@cibc.com">mailbox.x_sec_mail@cibc.com</a></p> <p><b>Geoff Golding</b>                      Email: <a href="mailto:geoff.golding@cibc.com">geoff.golding@cibc.com</a></p> <p><b>Steven Filippi</b>                      Email: <a href="mailto:steven.filippi@cibc.com">steven.filippi@cibc.com</a></p> <p><b>Anthony Tsuen</b>                      Tel: 416.318.9667                      Email: <a href="mailto:Anthony.Tsuen@cibc.com">Anthony.Tsuen@cibc.com</a></p>	<p>Email</p>	<p>Secured Creditor                      PPR Registrant</p>
<p><b>NORTON ROSE FULBRIGHT CANADA LLP</b>                      222 Bay Street, Suite 3000, P.O. Box 53                      Toronto, ON, M5K 1E7 Canada</p> <p><b>David Amato</b>                      Tel: 416.216.1861                      Email: <a href="mailto:david.amato@nortonrosefulbright.com">david.amato@nortonrosefulbright.com</a></p> <p><b>Evan Cobb</b>                      Tel: 416.216.1929                      Email: <a href="mailto:evan.cobb@nortonrosefulbright.com">evan.cobb@nortonrosefulbright.com</a></p> <p><b>Matthew Lippa</b>                      Tel: 416.216.3942                      Email: <a href="mailto:matthew.lippa@nortonrosefulbright.com">matthew.lippa@nortonrosefulbright.com</a></p>	<p>Email</p>	<p>Counsel to Canadian                      Imperial Bank of                      Commerce</p>
<p><b>PRICEWATERHOUSECOOPERS INC.</b>                      Suncor Energy Centre, East Tower                      3100 - 111 5th Avenue SW                      Calgary AB T2P 5L3</p> <p><b>Jonathan Reimche</b>                      Tel: 403.509.7359                      Email: <a href="mailto:jonathan.p.reimche@ca.pwc.com">jonathan.p.reimche@ca.pwc.com</a></p>	<p>Email</p>	<p>Financial advisor to                      Canadian Imperial Bank                      of Commerce</p>
<p><b>MCCARTHY TÉTRAULT LLP</b>                      421 7th Avenue SW - Suite 4000                      Calgary AB T2P 4K9 Canada</p> <p><b>Sean Collins</b>                      Tel: 403.260.3531                      Email: <a href="mailto:scollins@mccarthy.ca">scollins@mccarthy.ca</a></p> <p><b>Pantelis Kyriakakis</b>                      Tel: 403.260.3536                      Email: <a href="mailto:pkiriakakis@mccarthy.ca">pkiriakakis@mccarthy.ca</a></p>	<p>Email</p>	<p>Counsel to Canadian                      Western Bank</p>

PARTY	METHOD OF DELIVERY	ROLE / INTEREST
<p><b>SPRUCE IT UP GARDEN CENTRE INC.</b>  <b>c/o Dentons (Canada) LLP</b>                      1500, 850 – 2 Street SW                      Calgary, AB T2P 0R8</p> <p>Derek Pontin                      Email: <a href="mailto:derek.pontin@dentons.com">derek.pontin@dentons.com</a></p>	<p>Email</p>	<p>Counsel for Spruce It Up Garden Centre Inc.</p>
<p><b>TORYS LLP</b>                      4600 Eighth Avenue Place                      525 – 8<sup>th</sup> Avenue SW                      Calgary, AB T2P 1G1</p> <p><b>Kyle Kashuba</b>                      Email: <a href="mailto:kkashuba@torys.com">kkashuba@torys.com</a></p>	<p>Email</p>	<p>Counsel to the Bank of Nova Scotia</p>

<b>GOVERNMENTAL AGENCIES</b>		
<p><b>CANADA REVENUE AGENCY</b>                      Surrey National Verification and Collection Centre                      9755 King George Boulevard                      Surrey BC V3T 5E1</p> <p>Tel: 1.866.891.7403                      Fax: 1.833.697.2389</p>	<p>Courier</p>	<p>Potential Interested Party</p>
<p><b>TAX AND REVENUE ADMINISTRATION</b>                      Alberta Treasury Board and Finance                      9811 109 Street                      Edmonton, Alberta T5K 2L5</p> <p>Tel: 780-427-3044                      Email: <a href="mailto:tra.revenue@gov.ab.ca">tra.revenue@gov.ab.ca</a>  <a href="mailto:tbf.sco@gov.ab.ca">tbf.sco@gov.ab.ca</a></p> <p><b>Ulrich Drachenberg</b>                      Email: <a href="mailto:Ulrich.Drachenberg@gov.ab.ca">Ulrich.Drachenberg@gov.ab.ca</a></p> <p><b>cc :</b></p> <p>Alberta Justice:</p> <p><b>Rachelle Sorgiovanni</b>  <a href="mailto:Rachelle.Sorgiovanni@gov.ab.ca">Rachelle.Sorgiovanni@gov.ab.ca</a></p> <p><b>Lisa Friesenhan</b>  <a href="mailto:lisa.friesenhan@gov.ab.ca">lisa.friesenhan@gov.ab.ca</a></p> <p><a href="mailto:TBF.Insolencies@gov.ab.ca">TBF.Insolencies@gov.ab.ca</a></p>	<p>Email</p>	<p>Creditor</p>

<b>GOVERNMENTAL AGENCIES</b>		
<p><b>JUSTICE, HEALTH AND REVENUE (BC)</b>                      Legal Services Branch, Ministry of Attorney General                      PO Box 9280 Stn Prov Govnt                      Victoria, BC, V8W 9J7</p> <p><b>Aaron Welch</b>                      Email: <a href="mailto:Aaron.Welch@gov.bc.ca">Aaron.Welch@gov.bc.ca</a>  <a href="mailto:AGLSBRevTaxInsolvency@gov.bc.ca">AGLSBRevTaxInsolvency@gov.bc.ca</a>  <a href="mailto:Carmen.Saldivia@gov.bc.ca">Carmen.Saldivia@gov.bc.ca</a></p>	Email	Creditor
<p><b>SASKATCHEWAN MINISTRY OF FINANCE</b>                      Revenue Operations Branch                      Collections and Enforcement                      PO Box 200                      Regina, SK, S4P 2Z6, Canada</p> <p><b>Attn: Janine Vindevoghel</b>                      Supervisor, Ministry of Finance                      Tel: 304.787.4601                      Email: <a href="mailto:janine.vindevoghel@gov.sk.ca">janine.vindevoghel@gov.sk.ca</a>  <a href="mailto:sask.taxinfo@gov.sk.ca">sask.taxinfo@gov.sk.ca</a></p>	Email	Creditor
<p><b>MANITOBA FINANCE</b>                      Winnipeg Office                      101 - 401 York Avenue                      Winnipeg MB R3C 0P8</p> <p>Tel: 204.945.6444                      Email: <a href="mailto:MBTax@gov.mb.ca">MBTax@gov.mb.ca</a></p>	Email	Creditor
<p><b>ONTARIO MINISTRY OF FINANCE</b>                      33 King Street West                      PO Box 625                      Oshawa, Ontario L1H 8H9</p> <p><b>Steven Groeneveld</b>, Counsel                      Oshawa Legal Services Branch                      Tel: 905.431.8380                      Email: <a href="mailto:Steven.Groeneveld@ontario.ca">Steven.Groeneveld@ontario.ca</a></p> <p><b>Insolvency Unit</b>                      Email: <a href="mailto:Insolvency.Unit@ontario.ca">Insolvency.Unit@ontario.ca</a></p>	Email	Creditor
<p><b>GOVERNMENT OF THE NORTHWEST TERRITORIES</b>                      Treasury Division, Department of Finance                      PO Box 1320                      Yellowknife, NT X1A 2L9, Canada</p> <p>Tel: 867.767.9177 ext. 15273                      Email: <a href="mailto:NWT_tax@gov.nt.ca">NWT_tax@gov.nt.ca</a></p>	Email	Creditor

<b>GOVERNMENTAL AGENCIES</b>		
<p><b>GOVERNMENT OF NUNAVUT</b>                      Department Of Finance                      P.O. Box 1000 Station 200                      Iqaluit, Nunavut                      X0A 0H0</p> <p>Tel: 1-800-316-3324                      Email: <a href="mailto:Fin.financialservices@gov.nu.ca">Fin.financialservices@gov.nu.ca</a>                      Email: <a href="mailto:tobaccotax@gov.nu.ca">tobaccotax@gov.nu.ca</a></p>	Email	Creditor
<p><b>GOVERNMENT OF YUKON</b>                      Department of Finance                      Box 2703                      Whitehorse, Yukon Y1A 2C6</p> <p>Tel: 867.667.5811                      Email: <a href="mailto:fininfo@yukon.ca">fininfo@yukon.ca</a>                      Email: <a href="mailto:yk.taxreturns@yukon.ca">yk.taxreturns@yukon.ca</a></p>	Email	Creditor
<b>INTERESTED PARTIES</b>		
<p><b>BLAKE, CASSELS &amp; GRAYDON LLP</b>                      855 - 2 St. SW, Suite 3500,                      Calgary AB T2P 4J8</p> <p><b>Kelly J. Bourassa</b>                      Tel: 403-260-9697                      Email: <a href="mailto:kelly.bourassa@blakes.com">kelly.bourassa@blakes.com</a></p>	Email	Counsel to Nestlé Canada Inc.
<p><b>BORDEN LADNER GERVAIS LLP</b>                      1900, 520 – 3 Avenue SW                      Calgary, AB T2P 0R3</p> <p><b>Josef Krüger</b>                      Email: <a href="mailto:JKruger@blg.com">JKruger@blg.com</a></p>	Email	Counsel to Cineplex Entertainment Limited Partnership
<p><b>COCA-COLA CANADA BOTTLING LTD.</b>                      335 King St East                      Toronto, Ontario M5A 1L1</p> <p><b>Indira Singh</b>                      Email: <a href="mailto:indirasingh@cokecanada.com">indirasingh@cokecanada.com</a></p> <p><b>Michael Bowmile</b>, Legal Counsel                      Email: <a href="mailto:mbowmile@cokecanada.com">mbowmile@cokecanada.com</a></p>	Email	Creditor

<b>INTERESTED PARTIES</b>		
<p><b>DLA PIPER (CANADA) LLP</b> Suite 1000, Livingston Place West 250 2nd St SW Calgary, AB T2P 0C1 Canada</p> <p><b>Carole J. Hunter</b> Email: <a href="mailto:carole.hunter@dlapiper.com">carole.hunter@dlapiper.com</a> Tel: 1.403.698.8782</p> <p><b>Edmond Lamek</b> Tel: 416.365.3444 Email: <a href="mailto:edmond.lamek@ca.dlapiper.com">edmond.lamek@ca.dlapiper.com</a></p> <p><b>Justin Mooney</b> Tel: 416.941.5405 Email: <a href="mailto:justin.mooney@ca.dlapiper.com">justin.mooney@ca.dlapiper.com</a></p>	<p>Email</p>	<p>Counsel to 7-Eleven Canada Inc. and 7-Eleven Distribution Canada Corporation</p>
<p><b>FASKEN MARTINEAU DUMOULIN LLP</b></p> <p><b>Daniel Richer</b> Tel: 416.865.4445 Email: <a href="mailto:dricher@fasken.com">dricher@fasken.com</a></p>	<p>Email</p>	<p>Counsel to Dole Foods of Canada Company</p>
<p><b>OSLER, HOSKIN &amp; HARCOURT LLP</b> 100 King Street West 1 First Canadian Place Suite 6200, P.O. Box 50 Toronto ON M5X 1B8</p> <p><b>Mark Wasserman</b> <a href="mailto:MWasserman@osler.com">MWasserman@osler.com</a></p> <p><b>Justin Kanji</b> <a href="mailto:jkanji@osler.com">jkanji@osler.com</a></p>	<p>Email</p>	<p>Counsel to Imperial Tobacco Company</p>
<p><b>THE KRAFT HEINZ COMPANY</b> 95 Moatfield Drive North York, ON M3B 3L6</p> <p><b>Email:</b> <a href="mailto:Seth.Klerer@kraftheinz.com">Seth.Klerer@kraftheinz.com</a></p>	<p>Email</p>	<p>Creditor</p>
<p><b>Aurora Cannabis Inc.</b></p> <p><b>Travis Anderson</b> 780.940.2572 Email: <a href="mailto:travis.anderson@auroramj.com">travis.anderson@auroramj.com</a></p>	<p>Email</p>	<p>Counsel to Aurora Cannabis Inc. and Aurora Cannabis Enterprises Inc.</p>

<b>INTERESTED PARTIES</b>		
<p><b>MCCARTHY TÉTRAULT LLP</b> Suite 5300, TD Bank Tower Box 48, 66 Wellington Street West Toronto, ON M5K 1E6</p> <p><b>Sanea Tanvir</b> Tel: 416-601-8181 Email: <a href="mailto:stanvir@mccarthy.ca">stanvir@mccarthy.ca</a></p>	Email	Counsel to Pepsi Co.
<p><b>MCMILLAN LLP</b> Brookfield Place, 181 Bay Street, Suite 4400 Toronto, Ontario M5J 2T3</p> <p><b>Guneev Bhinder</b> Tel: 416.307.4067 Email: <a href="mailto:guneev.bhinder@mcmillan.ca">guneev.bhinder@mcmillan.ca</a></p>	Email	Counsel to Refresco Canada
<p><b>PALLET VALO LLP</b> West Tower, 77 City Centre Dr Suite 300 Mississauga, ON L5B 1M5</p> <p><b>John Russo</b> Email: <a href="mailto:jrusso@pallettvalo.com">jrusso@pallettvalo.com</a></p> <p><b>Monty Dhaliwal</b> Email: <a href="mailto:mdhaliwal@pallettvalo.com">mdhaliwal@pallettvalo.com</a></p> <p><b>Andre Vaillancourt</b> Email: <a href="mailto:andre@itwal.com">andre@itwal.com</a></p> <p><b>Ross Robertson</b> Email: <a href="mailto:Ross@itwal.com">Ross@itwal.com</a></p>	Email	Counsel to ITWAL Limited
<p><b>NESTLÉ CANADA INC.</b> 25 Sheppard Avenue West Toronto, ON M2N 6S8</p> <p><b>Sean Brandreth</b> Tel: 437.253.1016 Email: <a href="mailto:sean.brandreth@ca.nestle.com">sean.brandreth@ca.nestle.com</a></p>	Email	Creditor
<p><b>OSLER, HOSKIN &amp; HARCOURT LLP</b> Suite 2700, Brookfield Place 225 – 6th Avenue S.W. Calgary AB T2P 1N2</p> <p><b>Emily Paplawski</b> Email : <a href="mailto:EPaplawski@osler.com">EPaplawski@osler.com</a></p> <p><b>Cameron Loree</b> Email: <a href="mailto:cloree@bondbb.com">cloree@bondbb.com</a></p>	Email	Counsel to Pace Processing & Produce Development Ltd.

<b>INTERESTED PARTIES</b>		
<b>STIKEMAN ELLIOTT LLP</b> 4200 Bankers Hall West 888 – 3 Street SW Calgary, AB T2P 5C5  <b>Karen Fellowes, KC</b> Email: <a href="mailto:kfellowes@stikeman.com">kfellowes@stikeman.com</a>	Email	Counsel for Dot Food Canada Inc.
<b>WEAVER SIMMONS LLP</b> 233 Brady Street, Suite 400 Sudbury, ON P3B 4H5  <b>Geoff Jeffery</b> Email: <a href="mailto:gjeffery@weaversimmons.com">gjeffery@weaversimmons.com</a> <a href="mailto:fadeleye@weaversimmons.com">fadeleye@weaversimmons.com</a>	Email	Counsel to Massey Wholesale Inc.
<b>FIRST TRUCK CENTRE VANCOUVER INC.</b> 18688 - 96TH Avenue Surrey, BC V4N 3P9 Canada  <b>Marcy Risberg</b> Email: <a href="mailto:marcy.risberg@firsttruck.ca">marcy.risberg@firsttruck.ca</a>	Email	PPR Registrant
<b>G.N. JOHNSTON EQUIPMENT CO. LTD.</b> 5990 Averbury Road Mississauga ON L5R 3R2 Canada  <b>Elton Nesturi</b> Email: <a href="mailto:Elton.Nesturi@johnstonequipment.com">Elton.Nesturi@johnstonequipment.com</a>	Email	PPR Registrant
<b>HORNOI LEASING LTD.</b> 762 McDonald Street Regina, SK S4N7M7 Canada	Courier	PPR Registrant
<b>INLAND PACLEASE</b> 2482 Douglas Road Burnaby, BC V5C 6C9 Canada  <b>Erich Schmidt</b> Email: <a href="mailto:eschmidt@inland-group.com">eschmidt@inland-group.com</a>	Email	PPR Registrant
<b>MAXIM TRANSPORTATION SERVICES INC.</b> 1860 Brookside Blvd. Winnipeg, MB R3C 2E6 Canada  <b>Jordan Harvey</b> Email: <a href="mailto:jharvey@maximtruckandtrailer.com">jharvey@maximtruckandtrailer.com</a>	Email	PPR Registrant
<b>MERIDIAN ONECAP CREDIT CORP.</b> Suite 1500, 4710 Kingsway Burnaby, BC V5H 4M2 Canada  Email: <a href="mailto:absecparties@avssystems.ca">absecparties@avssystems.ca</a>	Email.	PPR Registrant

<b>INTERESTED PARTIES</b>		
<p><b>PARMALAT CANADA INC./ LACTALIS CANADA</b> 405 The West Mall, Suite 1000 Toronto ON M9C 5J1 Canada</p> <p><b>Denis Mongeon</b> Email: <a href="mailto:Denis.MONGEON@ca.lactalis.com">Denis.MONGEON@ca.lactalis.com</a></p> <p><b>Tony Cugliari</b> Email: <a href="mailto:Tony.CUGLIARI@ca.lactalis.com">Tony.CUGLIARI@ca.lactalis.com</a></p> <p><b>Jatinder Chera</b> Email: <a href="mailto:Jatinder.CHERA@ca.lactalis.com">Jatinder.CHERA@ca.lactalis.com</a></p>	Email	PPR Registrant
<p><b>PENSKE TRUCK LEASING CANADA INC.</b> RT 10 Green Hills, PO BOX 791 Reading, PA 19603 USA</p> <p>Email: <a href="mailto:penske.customersupport@penske.com">penske.customersupport@penske.com</a></p>	Email	PPR Registrant
<p><b>RYDER TRUCK RENTAL CANADA LTD.</b> 700 Creditstone Road Concord, ON L4K5A5 Canada</p> <p><b>Chris L. Fairey</b> Email: <a href="mailto:cfairey@ryder.com">cfairey@ryder.com</a></p>	Email	PPR Registrant
<p><b>TIP FLEET SERVICES CANADA LTD.</b> 1880 Britannia RD E Mississauga, ON L4W 1J3 Canada</p> <p>Email: <a href="mailto:absecparties@avssystems.ca">absecparties@avssystems.ca</a></p>	Email	PPR Registrant
<p><b>INGENUITY LLP</b> 366 Adelaide Street East, Suite 500 Toronto ON M5A 3X9 Main: 416-977-6724 Fax: 1-866-290-2454</p> <p><b>Craig M. Johnston</b> Tel: 416-977-6724 x119 Email: <a href="mailto:craig@ingenuitylegal.com">craig@ingenuitylegal.com</a></p> <p><b>Drew K. Allen</b> Tel: 416-977-6724 x112 Email: <a href="mailto:drew@ingenuitylegal.com">drew@ingenuitylegal.com</a></p>	Email	Counsel for Trailcon Leasing Inc.
<p><b>A&amp;M ENTERPRISE LTD. DBA 'FRESHSLICE PIZZA'</b></p> <p><b>Vincent Li and Tom Horler</b> Email: <a href="mailto:Vincent@freshslice.com">Vincent@freshslice.com</a></p>	Email	PPR Registrant

<b>INTERESTED PARTIES</b>		
<b>TRAILER WIZARDS LTD.</b> 1880 Britannia RD. East Mississauga, ON L4W 1J3 Canada  Email: <a href="mailto:absecparties@avssystems.ca">absecparties@avssystems.ca</a>	Email	PPR Registrant
<b>WELLS FARGO EQUIPMENT FINANCE COMPANY</b> 900-1290 CENTRAL PARKWAY W. Mississauga, ON, Canada L5C4R3  Nyna Bishop Email: <a href="mailto:nyna.c.bishop@financialservicing.net">nyna.c.bishop@financialservicing.net</a>	Email	PPR Registrant
<b>MAXX MARKETING</b> Unit E, 11/F Hop Hing Industrial Building, 702 Castle Peak Road, Kowloon Hong Kong	Courier	Creditor
<b>NOORT HOMES</b> Vancouver Island Operations 2399 Cienar Dr. Nanaimo, BC. V9T 3L6  Email: <a href="mailto:jhendricks@noorthomes.com">jhendricks@noorthomes.com</a>	Email	Creditor
<b>AGROPUR COOPERATIVE</b> 4600, Armand-Frappier Saint-Hubert, QC J3Z 1G5  <b>Felix St-Germain</b> Email: <a href="mailto:Felix.St-Germain@agropur.com">Felix.St-Germain@agropur.com</a> Email: <a href="mailto:avislegal-legalnotice@agropur.com">avislegal-legalnotice@agropur.com</a>	Email	Creditor
<b>DLA PIPER (CANADA) LLP</b> 2700, 10220 – 103 Avenue NW Edmonton, AB T5J 0K4  <b>Jerritt Pawlyk</b> Email: <a href="mailto:jerritt.pawlyk@dlapiper.com">jerritt.pawlyk@dlapiper.com</a>	Email	Counsel to Waste Management Canada Corporation
<b>EDWARDS, KENNY &amp; BRAY LLP</b> 1900 1040 W Georgia St Vancouver, BC V6E 4H3	Courier	Counsel to Regal Ideas
<b>MEGABOX AND PIZZA CLUB</b> 238 1538 Cliveden Ave, Delta, BC V3M 6J8  <b>Varun Goyal</b> Email: <a href="mailto:info@megaboxinc.com">info@megaboxinc.com</a>	Email	Megabox and Pizza Club

<b>INTERESTED PARTIES</b>		
<p><b>KERRY, INC.</b> c/o Osler Hoskin &amp; Harcourt LLP 2700, 225 – 6<sup>th</sup> Avenue SW Calgary, AB T2P 1N2</p> <p><b>Justin A. Sherman</b> Email: <a href="mailto:corporateservicescalgary@osler.com">corporateservicescalgary@osler.com</a></p>	Email	Creditor
<p><b>MCMILLAN LLP</b> <b>4400. 181 Bay Street</b> <b>Toronto, ON M5J 2T3</b></p> <p><b>Anthony Labib</b> Wael Rostom</p> <p>Email: <a href="mailto:anthony.labib@mcmillan.ca">anthony.labib@mcmillan.ca</a> <a href="mailto:Wael.Rostom@mcmillan.ca">Wael.Rostom@mcmillan.ca</a></p>	Email	Counsel for Gordon Food Service Canada Ltd.
<p><b>DREAM</b> 855 Matheson Boulevard East, Unit 15 Mississauga, ON L4W 4L6</p> <p><b>Stephanie Cheaney</b> Email: <a href="mailto:scheaney@dream.ca">scheaney@dream.ca</a></p>	Email	Interested Party
<p><b>INS NEWS</b> c/o Diegal 131 Oldfield Street Ottawa, ON K2G 7B8</p> <p><b>Martin Diegel</b> Email: <a href="mailto:martin@martindiegel.com">martin@martindiegel.com</a></p> <p><b>Paul Gibson</b> Email: <a href="mailto:pgibson@internationalnews.ca">pgibson@internationalnews.ca</a></p>	Email	Counsel for INS
<p><b>COFACE NORTH AMERICA INSURANCE COMPANY</b> 600 College Road East, Suite 1110 Princeton, New Jersey, 08540, USA</p>	Courier	Creditor
<p><b>DIGIFLEX INFORMATION SYSTEMS INC.</b> 2611 Venables Street Vancouver, BC V5K 2R4</p> <p><b>Mohamed Mandukhi</b> Email: <a href="mailto:mardukhi@digiflex.ca">mardukhi@digiflex.ca</a></p>	Email	Interested Party
<p><b>ZIPPO MANUFACTURING COMPANY</b> 33 Barbour Street Bradford, Pennsylvania 16701</p>	Email	Creditor

<b>INTERESTED PARTIES</b>		
<b>Cheryl Smith</b> <a href="mailto:csmith@zippo.com">csmith@zippo.com</a>		
<b>BURNET, DUCKWORTH &amp; PALMER LLP</b> 2400, 525 – 8 Avenue SW Calgary, AB T2P 1Gcarey 1  <b>Chelsea Nimmo</b> <a href="mailto:cnimmo@bdplaw.com">cnimmo@bdplaw.com</a>	Email	Counsel to Digiflex Information Systems Inc.

Schedule B

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.

Clerk's Stamp

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

DOCUMENT **ORDER**

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

**Attention: Jeffrey Oliver**

File no. 54670-3

**DATE ON WHICH ORDER WAS PRONOUNCED:** February 5, 2026

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

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

**UPON** the Application (the "**Application**") of KSV Restructuring Inc., in its capacity as the court-appointed Monitor with enhanced powers (in such capacity, the "**Monitor**") of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited ("**Loudon**"), and Carey Management Inc. (collectively, the "**Companies**") for an order, among other things, approving the extension of the Stay Period to August 14, 2026, and approving the Monitor's professional fees and activities; **AND UPON** having reviewed the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the "**ARIO**"); Ancillary Order granted by the Honourable Justice Hollins dated August 23, 2023 (the "**Ancillary Order**"); the Consent Order with DigiFlex granted by this Court on December 17, 2024 (the "**DigiFlex Consent Order**"); the order granted by this Court on December 15, 2025 (the "**Lifting Stay Order**"); the Monitor's Supplement to the Seventeenth Report to Court dated August 21, 2025 (the "**Supplement to Seventeenth Report**"); the Monitor's Second Supplement to the Seventeenth Report to Court dated September 11, 2025 (the "**Second Supplement to Seventeenth Report**"); the Monitor's Eighteenth Report to Court dated November 20, 2025 (the

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**"Eighteenth Report"**); the Monitor's Nineteenth Report to Court dated January 26, 2026 (the **"Nineteenth Report"**); and the Affidavit of Service of Angeline Gagnon, sworn [●], 2026; **AND UPON** hearing counsel for the Monitor, counsel for 7-Eleven Canada Inc. ("**SEC**") and 7-Eleven Distribution Canada Corporation ("**SEDCC**"), and counsel for DigiFlex Information Systems Inc. ("**DigiFlex**"); **AND UPON** being satisfied that it is appropriate to do so;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

1. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the ARIO or the Nineteenth Report.

**SERVICE**

2. Service of notice of the Application and supporting materials are hereby declared to be good and sufficient, and time for service of the Application is abridged to that actually given.

**STAY EXTENSION**

3. The Stay Period is hereby extended from February 15, 2026 to August 14, 2026, subject to the Lifting Stay Order which lifts the Stay as against W&C and Loudon *vis-à-vis* DigiFlex effective as at the Stay Lift Date (as defined in the Lifting Stay Order).

**MONITOR'S ACTIVITIES AND PROFESSIONAL FEES**

4. The First Supplement to the Seventeenth Report, Second Supplement to the Seventeenth Report, Eighteenth Report and Nineteenth Report, and the actions, conduct, and activities of the Monitor set out therein are hereby ratified and approved.
5. The Monitor's accounts for fees and disbursements, as set out in the Nineteenth Report, are hereby approved without the necessity of a formal passing of accounts.
6. The accounts of the Monitor's legal counsel, Cassels Brock & Blackwell LLP, for its fees and disbursements, as set out in the Nineteenth Report, are hereby approved with the necessity of a formal assessment of its accounts.

**SERVICE OF ORDER**

7. Service of this Order shall be deemed good and sufficient by:
  - (a) serving the same on:
    - i. the persons listed on the service list created in these proceedings;
    - ii. any other person served with notice of the application for this Order; and

- iii. any other parties attending or represented at the application for this Order;  
and
  - (b) posting a copy of this Order 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.
8. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier.

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Justice of the Court of King's Bench of Alberta

Schedule C

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.

Clerk's Stamp

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

DOCUMENT **ORDER**

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

**Attention: Jeffrey Oliver**

File no. 54670-3

**DATE ON WHICH ORDER WAS PRONOUNCED:** December 15, 2025

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

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

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

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June 30, 2023 (the "**ARIO**"); the Ancillary Order granted by the Honourable Justice Hollins dated August 23, 2023 (the "**Ancillary Order**"); the Consent Order with DigiFlex granted by this Court on December 17, 2024 (the "**DigiFlex Consent Order**"); the Monitor's Sixth Report to Court dated November 8, 2023; the Monitor's Fourteenth Report to Court dated December 13, 2024; the Monitor's Seventeenth Report to Court dated August 13, 2025 (the "**Seventeenth Report**"); the Monitor's Supplement to the Seventeenth Report to Court dated August 21, 2025 (the "**Supplement to Seventeenth Report**"); the Monitor's Second Supplement to the Seventeenth Report to Court dated September 11, 2025 (the "**Second Supplement to Seventeenth Report**"); the Monitor's Eighteenth Report to Court dated November 20, 2025 (the "**Eighteenth Report**"); the Monitor's Nineteenth Report to Court dated January 26, 2026 (the "**Nineteenth Report**"); the Affidavit of Joshua Buchanan sworn September 8, 2025; the Affidavit of Jennifer Allen affirmed November 12, 2025; the Affidavit of Jennifer Allen affirmed November 25, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 14, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 25, 2025; the Affidavit of Service of Jennifer Allen affirmed November 26, 2025; and the Affidavit of Service of Angeline Gagnon, sworn November 26, 2025; and the Affidavit of Service of Angeline Gagnon, sworn [REDACTED], 2026; **AND UPON** hearing counsel for the Monitor, counsel for 7-Eleven Canada Inc. ("**SEC**") and SEDCC, and counsel for DigiFlex at the November Applications on November 27, 2025; **AND UPON** judgment of the applications being reserved until December 15, 2025; **AND UPON** hearing counsel for the Monitor, counsel for SEC and SEDCC, and counsel for DigiFlex at the Advice and Direction Application on February 5, 2026; **AND UPON** being satisfied that it is appropriate to do so;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

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

**SERVICE**

3. Service of notice of the Monitor's Application, DigiFlex's Application, the Advice and Direction Application and supporting materials are hereby declared to be good and sufficient, and time for service of the Monitor's Application, DigiFlex's Application, and the Advice and Direction Application are abridged to that actually given.

**STAY**

4. The Stay imposed under the ARIO, as extended by this Court from time to time, and specifically, the restrictions set out in paragraphs 15, 16, 17, 18, and 19 of the ARIO, are hereby lifted as against W&C and Loudon *vis a vis* DigiFlex to allow DigiFlex to pursue any rights or remedies it

may have pursuant to its agreements with W&C and Loudon, including those under the DigiFlex License Agreements, effective as at 11:59 PM (Calgary time) on February 15, 2026 (the "**Stay Lift Date**").

5. For greater certainty, nothing in this Order or Reasons authorizes any claim, action, demand or proceedings against CMI, the Monitor, its counsel, agents, employees, or representatives.
6. The ARIO, DigiFlex Consent Order, and any other orders in these proceedings are varied, to the extent necessary, to lift the Stay pursuant to paragraph 4 above.
7. For greater certainty, with respect to the DigiFlex Consent Order:
  - (a) paragraph 3 of the DigiFlex Consent Order shall be amended as follows:

3. DigiFlex shall continue to provide maintenance services ("Maintenance Services") to Wallace & Carey and Loudon Bros Limited in the manner, at the rates and subject to the terms prescribed in their applicable Maintenance Agreement and subject to the terms of the ARIO, until 11:59 PM (Calgary time) on February 15, 2026, or as otherwise agreed upon in writing between the Monitor and DigiFlex.

~~until the later of:~~

~~(a) the expiration of the Stay Period; as may be extended by order(s) of this Court; and~~

~~(b) the expiration of the term for the Western Business (as defined in the TSA) set out in the TSA, subject to further extensions as permitted under the TSA or as otherwise ordered by the Court.~~

~~For greater certainty, in the event that the Stay Period is extended in the manner described in this paragraph 3, DigiFlex shall continue to provide Maintenance Services to Wallace & Carey in accordance with this paragraph pursuant to the Maintenance Agreement without further Order of this Court.~~

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

## **ENFORCEMENT AND PRIORITIES**

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

these CCAA proceedings have been satisfied in full.

#### **USE OF PERPETUAL LICENSE**

10. Notwithstanding anything within this Order or the lifting of the Stay, the Monitor shall be permitted to use the ERP Software and the Perpetual License on behalf of W&C and Loudon for any purpose related to the business and operations of W&C and Loudon including, but not limited to, maintaining and accessing a historical database for the Monitor's purposes of meeting its statutory and other obligations, including any such obligation which should arise should the Monitor place the Companies into bankruptcy and be appointed bankruptcy trustee.
11. DigiFlex shall not be required to provide any further maintenance, support, or help desk services to the Monitor pursuant to paragraph 10, unless otherwise agreed upon in writing between the Monitor and DigiFlex.

#### **DISMISSAL OF THE REMAINDER OF THE MONITOR'S APPLICATION**

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

#### **ADJOURNMENT OF THE MONITOR'S APPLICATION**

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

#### **COSTS**

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

**GENERAL**

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

**SERVICE OF ORDER**

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

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Justice of the Court of King's Bench of Alberta

**Schedule "A"**

**DigiFlex License Agreements**

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