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JUDICIAL CENTRE

CALGARY

**IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, RSC 1985, c. C-36, as amended**
**AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF WALLACE & CAREY INC., LOUDON
BROS LIMITED and CAREY MANAGEMENT INC.**



APPLICANT

DIGIFLEX INFORMATION SYSTEMS INC.

RESPONDENT

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

DOCUMENT

**EIGHTEENTH REPORT OF THE MONITOR
NOVEMBER 20, 2025**

ADDRESS FOR
SERVICE AND
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INFORMATION OF
PARTY FILING THIS
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1.0 Introduction

1. Pursuant to an order (the “**Initial Order**”) granted by the Court of King’s Bench of Alberta (the “**Court**”) on June 22, 2023 (the “**Filing Date**”), Wallace & Carey Inc. (“**Wallace & Carey**”), Loudon Bros Limited (“**Loudon**”), and Carey Management Inc. (“**CMI**”, and together with Wallace & Carey and Loudon, the “**Companies**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV Restructuring Inc. (“**KSV**”) was appointed monitor of the Companies (the “**Monitor**”).
2. On June 28, 2023, as required under the CCAA, the Monitor sent a notice (the “**CCAA Notice**”) to all known creditors of the Companies, including DigiFlex Information Systems Inc. (“**DigiFlex**”). A copy of the CCAA Notice is attached as **Appendix “A”**.
3. On June 30, 2023, the Court granted an Amended and Restated Initial Order (the “**ARIO**”).
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 7-Eleven Canada, Inc. (“**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**”). A detailed discussion of the SEC Transaction is provided in the Monitor’s Sixth Report to Court dated November 8, 2023 (the “**Sixth Report**”). A copy of the Sixth Report (without appendices) is attached as **Appendix “B”**.
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, primarily fixed assets and real property; and
 - b) approved a transition services agreement dated November 20, 2023 (the “**TSA**”) among the Monitor, SEC, CMI, and Wallace & Carey (CMI and Wallace & Carey are referred to as the “**Debtors**” in the TSA), as more fully discussed in the Sixth Report.

6. On December 17, 2024, following a dispute with DigiFlex over its requirement to continue to provide of the enterprise resource planning software¹ (the “**ERP Software**”) to the Debtors, the Monitor obtained a Court order by consent (the “**DigiFlex Order**”), among other things, requiring DigiFlex to continue to provide access to the ERP Software and related 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 TSA term for the Western Business (as defined below).
7. A copy of the DigiFlex Order is attached as **Appendix “C”**.
8. On February 21, 2025, the Court issued:
 - a) an approval and vesting order approving the sale of certain additional assets of Wallace & Carey to 7-Eleven Distribution Canada Corporation (a subsidiary of SEC) (“**SEDCC**”), including accounts receivable, inventory, and certain equipment, furniture, and fixtures located at warehouses in Saskatchewan and Manitoba (the “**SEDCC Transaction**”); and
 - b) an order, among other things extending the stay of proceedings (the “**Stay**”) under the ARIO to and including August 20, 2025.
9. On August 18, 2025, the Court heard the Companies’ application (the “**August 18th Application**”) for an order, among other things:
 - a) extending the Stay up to February 15, 2026; and
 - b) approving a second amendment to the TSA among the Debtors, the Monitor, and SEC that, among other things, extended the TSA to February 15, 2026.

¹ The ERP Software includes, among other things, the following applications: (i) ProCLASS Distribution Management System; (ii) Runtime Version LAZER DBMS; (iii) CLASS Accounts Receivable; (iv) CLASS Accounts Payable; and (v) CLASS General Ledger.

10. At the August 18th Application, DigiFlex objected to the extension of the Stay and TSA to February 15, 2026, and the Provinces of British Columbia and Alberta sought more information concerning same. The Court determined that it required additional evidence before it could consider granting an extension of the TSA past September 30, 2025. As a result, at the conclusion of the August 18th Application, the Court granted an order (the **“Second TSA Amendment Order”**):
 - a) extending the Stay, but only to and including September 30, 2025; and
 - b) approving the extension of the TSA to September 30, 2025, and the corresponding execution of a second amendment to the TSA.
11. On August 26, 2025, upon application by SEC and SEDCC, the Court granted an order (the **“Enhanced Powers Order”**) expanding the Monitor’s power and authority over the Companies. The Enhanced Powers Order was sought and granted to provide the Monitor with the authority, powers, and protections to facilitate the efficient and successful conclusion of these CCAA proceedings for the benefit of stakeholders given that Patrick Carey, the sole Director of the Companies, intended to resign.
12. On September 9, 2025, the Monitor filed an application scheduled to be heard on September 19, 2025 (the **“September 19th Application”**) for an order (the **“Third TSA Amendment Order”**) seeking, among other things:
 - a) an extension of the TSA to February 15, 2026 and approval of the corresponding execution of a third amendment to the TSA; and
 - b) an extension of the Stay to and including February 15, 2026.
13. At the September 19th Application, DigiFlex opposed the extension of the Stay and TSA. In its written submissions to the Court, DigiFlex requested, among other relief, that:
 - a) any license agreement between Wallace & Carey and DigiFlex be terminated;
 - b) SEC be prohibited from using the ERP Software, and
 - c) SEC be ordered to pay a license fee invoice of \$3,230,000, plus interest.

14. As the requested relief and supporting evidence in DigiFlex's 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, the Court granted the Third TSA Amendment Order, without prejudice to DigiFlex's rights to bring an application seeking termination of the TSA or to otherwise commence proceedings against SEC, provided that DigiFlex shall:
 - a) comply with all applicable procedural requirements to bring any such application or commence any such proceeding; and
 - b) be represented by legal counsel in such application or proceedings.
15. Copies of the Second TSA Amendment Order, the Enhanced Powers Order, and the Third TSA Amendment Order are attached as **Appendix "D"**, **"E"**, and **"F"**, respectively.
16. KSV is filing this eighteenth report (the **"Report"**) as Monitor of the Companies.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information concerning these CCAA proceedings;
 - b) provide background information on the TSA, the ERP Software, and the DigiFlex License Agreements (as defined below);
 - c) provide the Monitor's views regarding the application filed by DigiFlex on November 13, 2025 (the **"DigiFlex Application"**) seeking an order, among other things:
 - i. lifting the stay in relation to Wallace & Carey and Loudon such that it no longer applies to DigiFlex;
 - ii. declaring that DigiFlex has no obligation to provide 7-Eleven Inc., SEC, or SEDCC (collectively, **"7-Eleven"**) access to the ERP Software, whether directly, or indirectly through Wallace & Carey or Loudon, or any associated software services to 7-Eleven, Wallace & Carey, or Loudon, and that no Court orders or agreements in these CCAA proceedings require otherwise; and
 - iii. awarding DigiFlex costs on the DigiFlex Application, on the highest possible scale; and

- d) provide the Monitor's recommendation in respect of its application for an order (the "**Dismissal and Assignment Order**"), among other things:
 - i. dismissing the DigiFlex Application; and
 - ii. assigning Wallace & Carey and Loudon's interests, as applicable, under the DigiFlex License Agreements to SEDCC (the "**Proposed Assignments**").

1.2 Scope and Terms of Reference

1. In preparing this Report, the Monitor has relied upon the Companies' unaudited financial information, books and records, discussions with SEC, SEDCC, and their legal counsel, DLA Piper (Canada) LLP ("**DLA**"), the DigiFlex Application, the Affidavit of Mohamad Mardukhi sworn November 14, 2025 (the "**Mardukhi Affidavit**"), the Affidavit of Jennifer Allen sworn November 12, 2025, and the Brief of DigiFlex filed on November 17, 2025.
2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

1.3 Currency

1. All references to currency in this Report are in Canadian dollars.

1.4 Court Materials

1. The affidavits of Mr. Carey, Eric Rolheiser, the President and Chief Executive Officer of Wallace & Carey as of the Filing Date, and Brian Birnie, the Senior Vice President of Finance & Corporate Development of Wallace & Carey as of the Filing Date, provide additional background information regarding the Companies, their businesses, and the CCAA Proceedings. The affidavit of Joshua Buchanan, Director of Logistics for 7-Eleven Inc. sworn September 8, 2025 provides additional background information regarding SEC, SEDCC, and the ERP Software. These affidavits, as well as information concerning these CCAA proceedings, including all application materials and the reports filed by the Monitor, can be found at: <https://www.ksvadvisory.com/experience/case/wallace-and-carey>.

2.0 Logistics Business

1. CMI is an Alberta corporation and the sole shareholder of Wallace & Carey, which is the sole shareholder of Loudon². Prior to the Filing Date, Wallace & Carey and Loudon collectively operated one of Canada's largest independent wholesale distribution and logistics businesses (the "**Logistics Business**") servicing more than 7,000 customers across Canada. The Companies' largest customer, by far, was SEC. CMI's corporate chart is provided in **Appendix "G"**.
2. SEC and SEDCC³ carry on the 7-Eleven retail business (the "**7-Eleven Business**") across Canada. SEC and SEDCC collectively have more than 8,950 employees, including more than 450 which SEDCC hired from Wallace & Carey following the closing of the SEC Transaction. SEC was reliant on the Logistics Business including the ERP Software provided by DigiFlex which was specifically developed for the Logistics Business. The Logistic Business involves the picking, packing, and delivery on a daily basis of over 5,000 products from approximately 240 suppliers so that the 7-Eleven Business operates without disruption in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario. The 7-Eleven Business is complex given, *inter alia*, the large number of stores it operates and products it sells, as well as the different tax regimes in each province in which SEC and SEDCC operate. The 7-Eleven Business operates on a near just-in-time basis. One of the most important operational metrics in the 7-Eleven Business is "fill rates", which requires a store to always carry a full range of inventory. Without reliable ERP software, SEC and SEDCC's Canadian business is at risk.

² In addition to the Wallace & Carey and Loudon, CMI has ownership interests in nine subsidiaries, none of which are subject to the CCAA proceedings. These subsidiaries include the three entities that KSV was appointed receiver of (i.e., Ridge Meadows Properties Ltd., 772921 Alberta Inc., and Spruce It Up Land Corp.) pursuant to an order granted by the Court on November 17, 2023.

³ As noted in previous reports to Court, SEDCC was incorporated by SEC to operate the new Canadian logistics business transitioned from the Companies pursuant to the TSA.

3.0 TSA

1. Pursuant to the terms of the SEC Transaction Approval and Vesting Order and the TSA, the Debtors were required to continue operating the Logistics Business for the benefit of SEC under CCAA protection. The purpose of the TSA was for the Debtors to continue to provide certain services to SEC, while the Logistics Business was transferred to SEC. 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. A copy of the TSA is attached as **Appendix “H”**.
2. The Debtors, at the cost of SEC, were to continue to employ certain warehouse, logistics, administrative, and managerial staff to operate the Logistics Business and provide the services described in the TSA in order to facilitate the wind-down and the transition of the Logistics Business to SEC and/or SEDCC (the “**Transition**”). The Debtors are required under the TSA to provide SEC with information technology and data-related services during the term of the TSA (as amended and extended, the “**TSA Term**”), including:
 - a) assisting SEC with integrating any of Debtors’ information technology systems and source code into SEC’s environment, including by providing all records, reports, documentation, and information that a reasonably skilled programmer would require to complete such integration and maintain such systems going forward without assistance from the Debtors;
 - b) maintain SEC’s access to Debtors’ information technology systems (including the ERP Software); and
 - c) assisting with data migration,(collectively, the “**IT Transition Services**”).
3. Pursuant to the terms of the TSA, the initial TSA Term was 15 months for the Wallace & Carey business in Alberta and British Columbia (the “**Western Business**”) and nine months for the Wallace & Carey business east of Alberta (the “**Eastern Business**”) from November 21, 2023 (the “**TSA Effective Date**”), subject in each case to two 90-day extensions, at the option of SEC. SEC exercised both 90-day extensions for the Eastern Business and Western Business.

3.1 TSA Amendments

1. On February 7, 2025, the Debtors, SEC, and the Monitor entered into an amendment to the TSA (the “**First TSA Amendment**”), which aligned the TSA termination date for the Western Business and Eastern Business to August 20, 2025, unless the parties agreed to a further extension.
2. In late-May 2025, representatives of SEC advised the Monitor that it would require continued use of the ERP Software past August 20, 2025 to complete the transition of the Logistics Business to SEDCC. Pursuant to the Second TSA Amendment Order, the Monitor, the Debtors, and SEC entered into the second amendment to the TSA dated August 18, 2025 (the “**Second TSA Amendment**”), which extended the TSA from August 20, 2025 to September 30, 2025.
3. On September 30, 2025, pursuant to the Third TSA Amendment Order, the Monitor, on behalf of the Debtors, and SEC entered into the third amendment to the TSA (the “**Third TSA Amendment**”), which extended the TSA from September 30, 2025 to February 15, 2026.
4. Copies of the First TSA Amendment, Second TSA Amendment, and Third TSA Amendments are attached as **Appendix “I”**, **“J”**, and **“K”**, respectively.
5. Each of the amendments was sought because SEC has experienced delays implementing a new ERP for its business, as discussed below.

4.0 DigiFlex Application and Proposed Assignments

1. DigiFlex and Wallace & Carey have a long-standing business relationship spanning approximately 24 years, whereby DigiFlex licenses to Wallace & Carey and Loudon the ERP Software and provides it with maintenance and help desk support in respect of the ERP Software. To the best of the Monitor’s knowledge, Mohamad Mardukhi is the controlling mind of DigiFlex.

4.1 ERP Software

1. DigiFlex designed and maintains the ERP Software. 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.

2. 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.
3. The following is a list of the license agreements (collectively, the “**DigiFlex License Agreements**”) between DigiFlex, Wallace & Carey, and/or Loudon:
 - a) ProCLASS/LAZER/NEXUS Software License Agreement between DigiFlex and Wallace & Carey executed on March 9, 2000;
 - b) CLASS Software License Agreement between DigiFlex and Wallace & Carey executed by DigiFlex on June 27, 2003 and Wallace & Carey on August 12, 2003;
 - c) ProCLASSB1 Business Intelligence Suite Software License Agreement between DigiFlex and Wallace & Carey entered into on or about April 23, 2012 (according to the Mardukhi Affidavit) and executed by DigiFlex on August 19, 2013 (per copy in Wallace & Carey’s files);
 - d) ProCLASS/CLASS/LAZER Software License Agreement between DigiFlex and Loudon entered into on February 18, 2013 (per the Mardukhi 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.
4. The key terms of the DigiFlex License Agreements include the following:
 - a) Wallace & Carey 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. The Monitor understands that all amounts owing under the DigiFlex License Agreements were paid in full by Wallace & Carey and/or Loudon at the time they were entered into, and no monetary defaults exist 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.
5. Further, the Monitor understands that the ERP Software is maintained and supported by:
- a) Maintenance Agreements attached to each of the DigiFlex License Agreement as Schedule “A” (collectively, the “**Maintenance Agreements**”), wherein Wallace & Carey and Loudon agreed to pay, in advance, an annual fee for maintenance services related to the ERP Software (the “**Maintenance Services**”); and
 - b) general IT help desk support services provided by DigiFlex which, pursuant to the Mardukhi 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.
6. As further detailed in Sections 3.0(8) and 3.0(10) of the Fourteenth Report of the Monitor dated December 13, 2024 (the “**Fourteenth Report**”), all rates specified in the DigiFlex License Agreements (including the Maintenance Services fee payable under the Maintenance Agreements) are fixed for the first 12-month period (starting in August 2013), after which DigiFlex may increase the price payable upon providing at least 30 days advance written notice to Wallace & Carey and/or Loudon. The percentage increase is not to exceed the Consumer Price Index for that period as published by Statistics Canada for the City of Calgary, or in the alternative, the province of Alberta or Canada. Under the TSA, in support of SEC/SEDCC, Wallace & Carey and Loudon continue to use and pay for the Maintenance Services (in accordance the Maintenance Agreements) and the Help Desk Services.
7. Further background information on the ERP Software and the dispute with DigiFlex resulting in the DigiFlex Order is provided in the Fourteenth Report. A copy of the Fourteenth Report, without Appendix “B” (i.e., the DigiFlex Agreements, as defined in the Fourteenth Report), is attached as **Appendix “L”**.

4.2 Payments to DigiFlex During the TSA

1. As noted above, pursuant to the DigiFlex Order, DigiFlex is required to provide the ERP Software and related services until the later of: (i) the expiration of the Stay; and (ii) the expiration of the TSA for the Western Business. Pursuant to the DigiFlex Order, the Maintenance Services and Help Desk Services provided by DigiFlex have been renewed and paid by Wallace & Carey and/or Loudon as follows⁴:

Help Desk Services

| Invoice | Period | Amount (\$) | Daily (\$) | Increase |
|---------|-----------------------------|-------------------|------------|----------|
| 2795 | Feb 1, 2024 to Jan 31, 2025 | 94,374.00 | 257.85 | - |
| 2828 | Feb 1, 2025 to Jan 31, 2026 | 192,000.00 | 526.03 | 104.00% |
| | | 286,374.00 | | |

Maintenance Services (Wallace & Carey)

| Invoice | Period | Amount (\$) | Daily (\$) | Increase |
|---------|------------------------------|-------------------|------------|----------|
| 2799 | Mar 12, 2024 to Mar 12, 2025 | 153,175.20 | 418.51 | - |
| 2834 | Mar 13, 2025 to Sep 12, 2025 | 84,250.80 | 457.88 | 9.41% |
| 2844 | Sep 13, 2025 to Sep 30, 2025 | 9,436.21 | 524.23 | 14.49% |
| 2847 | Oct 1, 2025 to Feb 15, 2025 | 72,344.29 | 524.23 | 0.00% |
| | | 319,206.50 | | |

Maintenance Services (Loudon Bros)

| Invoice | Period | Amount (\$) | Daily (\$) | Increase |
|---------|-----------------------------|------------------|------------|----------|
| 2813 | Sep 1, 2024 to Feb 28, 2025 | 10,663.00 | 58.91 | - |
| 2835 | Mar 1, 2025 to Aug 31, 2025 | 11,200.80 | 60.87 | 3.33% |
| 2843 | Sep 1, 2025 to Sep 30, 2025 | 2,092.02 | 69.73 | 14.55% |
| 2848 | Oct 1, 2025 to Feb 15, 2025 | 9,623.29 | 69.73 | 0.00% |
| | | 33,579.11 | | |

2. In addition to the fees paid for the Help Desk Services and Maintenance Services noted above, the Monitor understands that Wallace & Carey and Loudon have paid DigiFlex for certain miscellaneous support services on an hourly basis totaling approximately \$116,733.75 (excluding GST).

⁴ Amounts included in the table below exclude GST.

3. Based on the above, during the TSA Term, DigiFlex has been paid \$755,593.39 (excluding GST) by Wallace & Carey / Loudon for the continued use, maintenance, and support of the ERP Software, at rates which are greater than what is prescribed under the Maintenance Agreements. Further, as noted in Section 4.1(4) above, all amounts owing under the DigiFlex License Agreements were paid in full by Wallace & Carey and/or Loudon at the time they were entered into, and no monetary defaults exist under the DigiFlex License Agreements or the Maintenance Agreements. As a result, to the best of the Monitor's knowledge, Wallace & Carey and/or Loudon hold the Perpetual License and as noted below, no prejudice to DigiFlex exists as a result of the Potential Assignment.

4.3 Proposed Assignments

1. As a result of the DigiFlex Application, on November 18, 2025, DLA sent a letter to the Monitor (the "**DLA Letter**"), among other things:
 - a) reiterating the critical nature of the ERP Software and the obligations of the Debtors under the TSA to provide the IT Transition Services (including access to the ERP Software);
 - b) requesting that the Monitor bring an application, also returnable on November 27, 2025, for an order pursuant to Section 11.3 of the CCAA assigning the DigiFlex License Agreements by Wallace & Carey/Loudon, as applicable, to SEDCC; and
 - c) confirming that SEDCC was not seeking an assignment of the Maintenance Agreements, as the services under the Maintenance Agreements are no longer required in connection with the IT Transition Services.
2. A copy of the DLA Letter is attached as **Appendix "M"**.
3. After receiving the DLA Letter, Cassels Brock & Blackwell LLP ("**Cassels**"), legal counsel to the Monitor, sent a letter to Burnet, Duckworth & Palmer LLP ("**BD&P**"), legal counsel to DigiFlex, dated November 18, 2025 (the "**Cassels Letter**"), among other things:
 - a) advising of the Debtors' obligations under the TSA to provide the IT Transition Services to SEC;
 - b) requesting that DigiFlex consent to the assignment of the DigiFlex License Agreements from Wallace & Carey and/or Loudon to SEDCC; and

- c) advising that, if DigiFlex does not consent to the assignment of the DigiFlex License Agreements, the Monitor intends to bring a response application seeking the Dismissal and Assignment Order.
- 4. The Monitor understands that DigiFlex is not prepared to consent to the assignment. A copy of the Cassels Letter is attached as **Appendix “N”**. Accordingly, the Monitor is requesting an assignment of Wallace & Carey’s and/or Loudon’s interest, as applicable, under the DigiFlex License Agreements to SEDCC pursuant to section 11.3(2) of the CCAA.
- 5. In its response to the Cassels Letter, BD&P suggested that the Monitor does not have an arm’s length relationship with SEC. The Monitor has requested that BD&P provide particulars of this suggestion; however, as at the date of this Report, it has not received a response. The email correspondence between BD&P and Cassels is attached as **Appendix “O”**.
- 6. The Monitor is an independent officer of the Court, with enhanced powers and responsibilities, as the Companies have no mind and management at this time. The Monitor is facilitating the Companies’ obligations under the TSA, which SEC bargained for and the Court approved, and on which SEDCC is reliant. The SEC Transaction and subsequent SEDCC Transaction resulted in a going-concern, value maximizing transaction that saved hundreds of jobs and other benefits to the Companies’ stakeholders. Given the benefits of the SEC Transaction and SEDCC Transaction to the Companies and their stakeholders, it is the Monitor’s view that it is required to carry out the terms of the TSA on behalf of the Debtors. This is particularly the case as there is no prejudice to DigiFlex, as DigiFlex has been paid in full for the DigiFlex License Agreements (many years ago). Further, during the TSA Period, DigiFlex was paid for the Maintenance Services at rates higher than specified in the Maintenance Agreements and the Help Desk Services.

4.4 Recommendation Regarding the Dismissal and Assignment Order

- 1. The Monitor requests that the Court issue the Dismissal and Assignment Order dismissing the DigiFlex Application and approving the Proposed Assignments for the following reasons:
 - a) the TSA, which created an obligation from the Debtors to provide certain services to SEC, while SEC considered if and how to operate the Logistics Business, was an essential feature of the SEC Transaction, and which was approved by this Court pursuant to the SEC Transaction Orders;

- b) the Debtors have ongoing obligations under the TSA to provide the IT Transition Services, which includes continued access to the ERP Software. Given these ongoing obligations under the TSA and the fact that Wallace & Carey and/or Loudon hold the Perpetual License, there is no basis on which DigiFlex can reasonably refuse to provide these services;
- c) the ERP Software is integral to the orderly and uninterrupted operation of the SEC and SEDCC business pursuant to the TSA;
- d) any disruption or revocation of the DigiFlex License Agreements would:
 - i. make it impossible for the Monitor, on behalf of the Debtors, to fulfil their TSA obligations;
 - ii. jeopardize SEC's ability to maintain business continuity; and
 - iii. undermine the very purpose of the SEC Transaction approved by this Court;
- e) DigiFlex has refused to consent to the assignment of the DigiFlex License Agreements;
- f) the DigiFlex License Agreements are not otherwise saleable to any third-party;
- g) DigiFlex was made aware of the CCAA proceedings by way of the CCAA Notice dated June 28, 2023;
- h) granting the assignment will prevent DigiFlex's ongoing disruptive conduct, as evidenced in the Fourteenth Report, which threatens the stability of the TSA, the integrity of the SEC Transaction, the operation of the Logistics Business for the benefit of SEC under the TSA, and the orderly continuation of these CCAA proceedings;
- i) there is no prejudice to DigiFlex given that:
 - i. the amounts owing under the DigiFlex License Agreements have been paid in full;
 - ii. DigiFlex is being paid for the Maintenance Services, at rates that are greater than what is prescribed under the Maintenance Agreements, and the Help Desk Services; and

- iii. the ERP Software is not otherwise saleable to any third-party as it was specifically designed for the Logistics Business;
- j) the harm done to the Logistics Business and its stakeholders (SEC/SEDCC, employees, and vendors) outweighs any prejudice, if any, to DigiFlex; and
- k) all applicable criteria under section 11.3 of the CCAA to affect the Proposed Assignments has been satisfied, in that:
 - i. DigiFlex, the only counterparty to the DigiFlex License Agreements, has received notice of the Monitor's application and the Proposed Assignments;
 - ii. all of Wallace & Carey's and/or Loudon's rights and obligations under the DigiFlex License Agreements are assignable by their nature and do not arise under any of the prohibited agreements under section 11.3(2) of the CCAA;
 - iii. the Proposed Assignments have been approved by the Monitor; and
 - iv. SEC and SEDCC are able to perform the obligations under the DigiFlex License Agreements, as evidenced by, among other things:
 - 1. SEC's funding to Wallace & Carey, Loudon, and the Monitor on behalf of the Companies, to pay, and continue to pay, DigiFlex for the ERP Software, Maintenance Services, and Help Desk Services used by Wallace & Carey and Loudon during the Transition. In any event, no amounts are owing to DigiFlex under the DigiFlex License Agreements; and
 - 2. SEDCC otherwise agrees to assume, observe, perform, and be liable for the performance of the terms, covenants, provisions, and conditions contained in the DigiFlex License Agreements.

5.0 Conclusion

1. Based on the foregoing, the Monitor respectfully requests that the Court grant the Dismissal and Assignment Order.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

KSV RESTRUCTURING INC.,
in its capacity as monitor of
Wallace & Carey Inc., Loudon Bros Limited, and Carey Management Inc.
and not in its personal capacity

APPENDIX A

[ATTACHED]

**ksv advisory inc.**

220 Bay Street, Suite 1300, Box 20

Toronto, Ontario, M5J 2W4

T +1 416 932 6262

F +1 416 932 6266

ksvadvisory.com

June 28, 2023

TO: ALL KNOWN CREDITORS

**Re: Wallace & Carey Inc., Loudon Bros Limited, and Carey Management Inc.
(jointly, the “Companies”)**

You are receiving this notice because the Companies’ books and records list you as a creditor.

Take notice that on June 22, 2023, the Court of King’s Bench of Alberta (“Court”) made an Order (the “Initial Order”) granting the Companies protection pursuant to the *Companies’ Creditors Arrangement Act* (the “CCAA”). Pursuant to the Initial Order, KSV Restructuring Inc. was appointed as monitor (the “Monitor”).

Pursuant to the Initial Order, there is a stay of proceedings until July 1, 2023. An application is scheduled to be heard on June 30, 2023 (the “Comeback Application”) to, among other matters, extend the stay of proceedings. The stay of proceedings may be extended, as necessary thereafter, pursuant to further orders of the Court.

A copy of the Initial Order is available on the Monitor’s website at <https://www.ksvadvisory.com/experience/case/wallace-and-carey>. The Monitor will also post on its website any orders issued at the Comeback Application, as well as other materials filed with the Court in these proceedings.

The difficult decision to seek CCAA protection for the Companies was the result of the many challenges over the past few years that have adversely affected the Companies’ business, including those resulting from the Covid-19 pandemic, supply chain disruptions, labour shortages, inflationary pressures, and most recently, rising interest rates. Though the Companies have made significant progress restructuring aspects of their businesses, the Companies’ management believes that the protection afforded by the CCAA will provide the Companies with the stability they require to complete their restructuring and return to long-term profitability.

Please note that during the CCAA proceedings, among other relief provided for in the Initial Order:

- *the Companies are continuing to carry on business in the normal course;*
- *all persons having oral or written agreements with the Companies, or statutory or regulatory obligations for the supply of goods and/or services, are restrained until further Order of the Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Companies, provided that the normal prices or charges for all such goods or services received after the date of the Initial Order are paid by the Companies in accordance with normal payment practices of the Companies or such other practices as may be agreed upon by the supplier or service provider, the Companies and the Monitor, or as may be ordered by the Court; and*
- *all parties are prohibited from commencing or continuing legal action against the Companies and all rights and remedies of any party against or in respect of the Companies or its assets are stayed and suspended except with the written consent of the Monitor, or with leave of the Court.*

To date, no claims procedure has been approved by the Court and creditors are not required to file a proof of claim at this time.

Yours very truly,

A handwritten signature in blue ink that reads "KSV Restructuring Inc." The signature is written in a cursive, flowing style.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS COURT-APPOINTED CCAA MONITOR OF
WALLACE & CAREY INC., LOUDON BROS LIMITED, AND CAREY MANAGEMENT INC.
AND NOT IN ITS PERSONAL CAPACITY**

Wallace & Carey Inc., Loudon Bros Limited, Carey Management Inc.
Schedule of Known Creditors owed more than \$1,000
As at June 22, 2023
(Unaudited \$C)

| Creditor | Address | | | Amount owed | |
|------------------------------------|-------------------------------------|-------------------------------|----------------------|-------------|----------------------|
| Secured | | | | | |
| CANADIAN IMPERIAL BANK OF COMMERCE | COMMERCE COURT WEST, 199 BAY STREET | 4TH FLOOR | TORONTO, ON | M5L 1A2 | 44,440,000.00 |
| CANADIAN WESTERN BANK | 606 4 STREET SW | SUITE 300 | CALGARY, AB | T2P 1T1 | 11,784,000.00 |
| Total - Secured | | | | | 56,224,000.00 |
| Unsecured and Other | | | | | |
| 1145757 ALBERTA LTD | 5445 8TH STREET N.E. | | CALGARY, AB | T2K 5R9 | 19,687.50 |
| 511 FOODSERVICE | 2860 PLYMOUTH DRIVE | | OAKVILLE, ON | L6H 5R4 | 23,116.14 |
| 7-ELEVEN FOOD CENTRE FROZEN | 2626 COUNTRY HILLS BLVD NE | BAY#50 | CALGARY, AB | T3N 1A7 | 367,383.85 |
| A & M Enterprise LTD. | F-2, 1610 INGLETON AVENUE | | BURNABY, BC | V5C 5R9 | 995,620.03 |
| ACCURATE WAREHOUSING & LOGISTI | 406-3 RENAISSANCE SQUARE | | NEW WESTMINISTER, BC | V3M 6K4 | 9,799.79 |
| ACI BRANDS | 2616 SHERIDAN GARDEN DR | | OAKVILLE, ON | L6J 7Z2 | 2,335.68 |
| ADVANTAGE SOLUTIONS INC. | Lockbox # TO7451C | PO Box 7451, Stn A | TORONTO, ON | M5W 3C1 | 36,487.73 |
| AFOD LTD | 940 CLIVEDEN AVE | | DELTA, BC | V3M 5R5 | 185,150.54 |
| AGROPUR DAIRY COOPERATIVE | 11135 151 ST NW | | EDMONTON, AB | T5M 1X3 | 747,445.96 |
| AINSWORTH INC | NATIONAL REFRIGERATION HEATING | 131 BERMONDSEY RD | TORONTO ONATRIO | M4A 1X4 | 3,640.28 |
| ALBANY PACKAGING | 1100 RODICK ROAD | | MARKHAM, ON | L3R 8C3 | 136,513.90 |
| ALIMENTS KRISPY KERNELS INC | PARC COLBERT | | SAINTE-FOY, QC | G1P 3T5 | 71,857.91 |
| ALL CLEAN NATURAL LTD | 5310 1ST ST SW | | CALGARY, AB | T2H0C8 | 3,876.10 |
| ALLISON'S FINE FOODS | 780 BIRCHMOUNT ROAD 6-7 | | SCARBOROUGH, ON | M1K 5H4 | 1,198.33 |
| AMAZON.COM.CA | C/O TH1120C | PO BOX 4283 | POSTAL STATION "A" | M5W 5W6 | 10,860.03 |
| AMERICAN LICORICE COMPANY *US* | 1914 HAPPINESS WAY | | LA PORTE, IN | 46350 | 41,721.46 |
| AMEX BANK OF CANADA | PO BOX 2000 | WEST HILL,ON | | M1E 5H4 | 7,400.02 |
| AMSCAN CANADA | 8900 KEELE ST. UNIT 201 | | VAUGHAN, ON | L4K 2N2 | 2,145.97 |
| AMTRA SOLUTIONS LTD | 3 WENTWILLOW LANE SW | CALGARY, AB | | T3H 5W7 | 35,458.50 |
| ANB CANADA INC | 25 MILLARD AVENUE WEST, UNIT#1 | | NEWMARKET, ON | L3Y 7R5 | 112,048.36 |
| ANDERSON WATTS LTD. | 6336 DARNLEY STREET | | BURNABY, BC | V5B 3B1 | 75,447.59 |
| ANS PERFORMANCE | 90 WINGES RD, UNIT 15 | WOODBRIIDGE ON CANADA | | L4L 6A9 | 9,852.18 |
| APEX INVESTIGATION & SECURITY | 391 OLIVER RD | | THUNDER BAY, ON | P7B 2G2 | 1,444.14 |
| AQUAPACK SALES LTD. | 1372 CLIVEDEN AVE | DELTA, BC | | V3M 6K2 | 3,181.76 |
| ARCTIC MEAT & SAUSAGE | 1606 Kebet Way | | PORT COQUITLAM, BC | V3C 5W9 | 55,281.10 |
| ARDENT MILLS - HORIZON MILLING | PO BOX 8107, MAIN POST OFFICE | WINNIPEG | MANITOBA | R3C 4W7 | 17,931.42 |
| ASPIRE BAKERIES | #3 670 HARDWICK ROAD | BOLTON, ON | L7E 5R5 | | 5,354.13 |
| ASPIRE BAKERIES B.C. ULC | 115 SINCLAIR BLVD., | BRANTFORD | ONTARIO | N3S 7X6 | 562,190.25 |
| ASSOCIATED GROCERS | 19676 TELEGRAPH TRAIL | | LANGLEY, BC | V1M 3E5 | 5,647.50 |
| ASSURED BUILDING MAINTENANCE | INC. | 323 LEITCH LANDING | MILTON, ONTARIO | L9T 7M9 | 4,226.70 |
| ATLANTIC PACKAGING PRODUCTS | 111 PROGRESS AVE. | | SCARBOROUGH, ON | M1P 2Y9 | 26,930.27 |
| ATNA FOODS INC. | 1215 MEYERSIDE DRIVE, UNIT 5,6 | | MISSISSAUGA, ON | L5T 1H3 | 11,819.19 |
| AURIUM PHARMA INC. | 105 - 7941 Jane Street | | CONCORD, ON | L4K 4L6 | 14,194.63 |
| Aurora Importing & Dist Ltd | 350 Clayton Rd, | | NORTH YORK, ON | M9M 2H2 | 5,280.04 |
| AVANTI SOFTWARE INC. | SUITE 100 | 200, QUARRY PARK BOULEVARD SE | | T2C 5E3 | 16,338.61 |
| B & B FARMS | RR# 5 | | THUNDER BAY, ON | P7C 5M9 | 12,549.25 |
| BAYER INC. | CONSUMER CARE DIVISION | 2920 MATHESON BLVD I | MISSISSAUGA, ON | L4W 5R6 | 131,057.58 |
| BC HYDRO | P.O. Box 9501, Stn Terminal | Vancouver, BC | | V6B 4N1 | 23,494.75 |
| BEE MAID HONEY LTD. | 625 ROSEBERRY STREET | | WINNIPEG, MB | R3H 0T4 | 18,227.67 |
| BEECHGROVE COUNTRY FOODS INC. | 20 MINUK ACRES | | SCARBOROUGH, ON | M1E 4Y6 | 49,602.57 |
| BEEP BEEP EXPRESS INC | 1345 TAYLOR AVENUE | WINNIPEG, MB | | R333Y9 | 1,040.13 |
| BEIERSDORF CANADA INC. | PO BOX 12572 | SUCCURSALE CENTRE- | MONTREAL, QC | H3C 6R1 | 27,658.98 |
| BENNER PLUMBING & HEATING LTD. | 4528 Edmonton Trail NE | Calgary, AB | | T2E 3V8 | 1,166.40 |
| BESTWORLD SECURITY SERVICES | INC. | 47-19097 64 AVE | SURREY, BC | V3S 6X5 | 5,285.64 |
| BETTER FOOD CONCEPTS INC | 111 ZENWAY BLVD., UNIT#14 | UNIT #8 | WOODBRIIDGE, ON | L4H 3H9 | 23,902.22 |
| BEVERAGE WORLD | 560 Arvin Ave | Unit 4 | STONE CREEK, ON | L8E 5P1 | 6,580.82 |
| BIC INC | 155 OAKDALE ROAD | | TORONTO, ON | M3N 1W2 | 212,795.27 |
| BIG BRANDS INC | 5329-72 AVE SE, SUITE #58 | | CALGARY, AB | T2C 4X6 | 260,931.76 |
| BIG CHIEF MEAT SNACKS INC. | 3900 52AVE., NE | | CALGARY, AB | T3J 3X4 | 210,509.25 |
| BIG SKY BRANDS INC | 120 MIDDLEFIELD ROAD UNIT 4 | | TORONTO, ON | M1S 4M6 | 40,499.23 |
| BIO 90 MANUFACTURING CDN. INC. | VIA COURIER | | | 0 | 199,328.63 |
| BIOSTEEL SPORTS NUTRITION INC. | ATTN: A/R DEPARTMENT | 1 HERSHEY DRIVE | SMITH FALLS, ON | K7A 0A8 | 648,663.90 |
| BLISTEX CORPORATION | 2844 Bristol Circle, | | OAKVILLE, ON | L6H 6G4 | 37,912.60 |
| BOREAL SOLUTIONS LP | 600 MONTREAL STREET | UNIT A | THUNDER BAY, ON | P7E 6P8 | 7,121.72 |
| BRAZCANCO INC. | 1260 MARTINGROVE RD | | TORONTO, ON | M9W 4X3 | 1,594.65 |
| BRIDOR INC. | 1370 GRAHAM BELL | | BOUCHERVILLE, QC | J4B 6H5 | 100,271.72 |
| BRIGHAM ENTERPRISES INC. | 288 Judson street | Unit 1 | TORONTO, ON | M8Z 5T6 | 115,657.78 |
| BRITISH COLUMBIA FERRY CORPORA | 500-1321 BLANSHARD STREET | VICTORIA, BC | | V8W 0B7 | 30,859.16 |
| BUCHA BREW | 108b 8257 92ND ST | | DELTA, BC | V4G 1B5 | 3,722.40 |
| BUHLER MECHANICAL SERVICE | 911 TUNGSTEN STREET | | THUNDER BAY, ON | P7B 5Z3 | 13,998.66 |
| BUNN-O-MATIC CORP. OF CANADA | 280 Industrial Parkway South | | AURORA, ON | L4G 3T9 | 13,456.00 |
| BUNZL INDUSTRIAL | 2270 PORTLAND STREET SE | | CALGARY, AB | T2G 4M6 | 76,079.01 |
| BURNBRAE FARMS ONTARIO | 5434 TOMKEN ROAD | | MISSISSAUGA, ON | L4W 1P2 | 4,372.20 |
| BURNBRAE FARMS BC | 3492 MT SICKER RD | | CHEMAINUS, BC | V0R 1K4 | 7,038.00 |
| BURNBRAE FARMS CALGARY | 3404 56TH AVE SE | | CALGARY, AB | 0 | 77,549.93 |
| BURNBRAE FARMS MANITOBA | 500 PANDORA AVE W | | WINNIPEG, MB | R2C 1N1 | 134,397.48 |
| C. B. POWELL LIMITED | SUITE 1, 2475 SKYMARK AVENUE | | MISSISSAUGA, ON | L4W 4Y6 | 93,654.67 |
| C.W. SHASKY AND ASSOCIATES | 2880 PORTLAND DRIVE | OAKVILLE, ONTARIO | | 0 L6H5W8 | 5,181.21 |
| CALALTA SUPPLY LIMITED | UNIT 44, 64111 393 AVENUE EAST | | OKOTOKS, AB | T1S 0L1 | 38,522.65 |
| CALDIC CANADA INC | 6980 CREDITVIEW ROAD | | MISSISSAUGA, ON | L5N 8E2 | 369,950.50 |
| CALGARY FOOD & DRUG EXECUTIVES | BOX 5114, STATION "A" | CALGARY, AB | | T2H 1X1 | 1,140.00 |
| CALIBRE SALES | 8162 KEELE STREET | | VAUGHAN, ON | L4K 2A5 | 51,729.90 |
| CALIBRE SALES INC | 140 FERNSTAFF COURT, UNIT 1 | CONCORDE, ON | | L4K 3L8 | 25,677.94 |
| CAM INDUSTRIAL SUPPLY | 5233 52ND STREET S.E. | Calgary, AB | | T2C 4T2 | 5,162.90 |
| CAMPBELL CO. OF CANADA | 60 BIRMINGHAM STREET | | TORONTO, ON | M8V 2B8 | 4,102.67 |
| Campbell Soup Company (EFT) | COMMERCE CRT PSTL STN BOX 1178 | TORONTO, ON | | M5L 1K1 | 4,151.85 |
| CANADA BREAD CO. LTD | 154 NORFINCH DRIVE UNIT 8 | | TORONTO, ON | M3N 1X6 | 372,896.16 |
| CANADA DRY MOTTS INC - C3098 | P.O. Box 09102 | Station M | CALGARY, AB | T2P 5E1 | 519,299.74 |
| CANADA REVENUE AGENCY | 875, HERON RD. | OTTAWA, ON | | 0 K1A 1B1 | 27,531.18 |
| CANTERBURY COFFEE CORPORATION | 1-8080 NORTH FRASER WAY | | BURNABY, BC | V5J 0E6 | 146,627.66 |
| CAR-FRESHNER CORPORATION | P.O. BOX 719 | | WATERTOWN, NY | 13601-0 | 15,554.42 |

| Creditor | Address | | Amount owed | |
|-------------------------------------|-------------------------------|---|-------------|--------------|
| CARIBBEAN PRODUCTS LTD. | 3624 Falls Road, | BLATIMORE, MD | 21211 | 40,193.28 |
| CAROLE'S CHEESECAKE COMPANY | 1272 CASTELFIELD AVE | TORONTO, ON | M6B 1G3 | 98,842.00 |
| CASEWARE | 469 KING STREET WEST | TORONTO, ON | M5V 1K4 | 5,682.60 |
| CASTLE CHEESE | 1834 SHUSWAP AVENUE | LUMBY, BC | V0E 2G0 | 70,045.98 |
| CATALYS LUBRICANTS | 16815 117 AVE NW UNIT 130 | EDMONTON, AB | T5M 3V6 | 59,788.31 |
| CATECH SYSTEMS LIMITED | 201 WHITEHALL DRIVE | MARKHAM, ON | L3R 9Y3 | 1,786.31 |
| CDW CANADA INC. | P.O. BOX 57720 | TORONTO, ON | M5W 5M5 | 176,934.65 |
| CHILI CHEWS LLC "US" | 18250 HASTINGS WAY | NORTHBRIDGE, CA | 91326 | 8,910.00 |
| CHIWIS | 1-39754 GOVERNMENT ROAD | SQUAMISH, BC | V8B 0G3 | 9,108.44 |
| CHOCOLAT LAMONTAGNE INC | 4045 RUE GARLOCK | SHERBROOKE, QC | J1L 1W9 | 41,415.00 |
| CHOICE BRANDS INC. | 1220 MARKHAM ROAD | SCARBOROUGH, ON | M1H 3B4 | 6,682.47 |
| CHURCH & DWIGHT CANADA | 6600 Kitimat Road | MISSISSAUGA, ON | L5N 1L9 | 75,693.68 |
| CINTAS | DEPT 400004 | TORONTO, ON | M5W 0J2 | 1,067.48 |
| CISCO SYSTEMS CAPITAL CANADA | 88 QUEENS QUAY | TORONTO, ON | M5J 0B8 | 2,030.28 |
| CITY TRANSFER INC. | 7141 DUNCAN STREET | Powell River, BC | V8A 1W3 | 1,321.91 |
| CJR WHOLESALE GROCERS LTD | 260 BRUNEL RD | MISSISSAUGA, ONTARIO | L4Z1T5 | 11,004.98 |
| CLEAN - YIG SERVICES | 15052 134 STREET NE | EDMONTON, ALBERTA | T6V 1M | 1,400.00 |
| CLEARLY FOOD AND BEVERAGE CO | 71 McMurray Road, Suite 104 | PITTSBURGH, PA | 15241 | 33,733.00 |
| CLOROX COMPANY OF CANADA | 150 Biscayne Crescent | BRAMPTON, ON | L6W 4V3 | 15,857.54 |
| CLOVER LEAF SEAFOODS | Lockbox Number 3874 | TORONTO, ON | M5L 1K1 | 11,779.01 |
| CLUTCH CANADA | 2840 BOULEVARD ST. CHARLES | SUITE 200 KIRKLAND, QC | H9H 3B6 | 7,875.00 |
| COASTAL TRANSPORTATION STORAGE LTD. | | 1734 RYAN ROAD E COMOX, BC | V9M 4C9 | 1,822.65 |
| COCA COLA CANADA | 1331 INSKER BLVD | WINNIPEG, MB | R2X 1P6 | 29,608.34 |
| COCA-COLA LTD (ATLANTA) CDN | 3791 BROWNS MILL RD | ATLANTA, GEORGIA | 30354 | 948,836.06 |
| COCA-COLA REFRESHMENTS CANADA | 42 OVERLEA BLVD | DON MILLS, ON | M4H 1B8 | 4,080,774.09 |
| COCO KARAMEL ALFAJORES | #32, 2110 41 AVE NE | CALGARY, AB | T2E 8Z7 | 23,741.59 |
| COGHAN'S CANADA | 121 IRENE STREET | WINNIPEG, MB | R3T 4C7 | 36,885.65 |
| COLDHAUS DIRECT INC | 60 HEREFORD STREET | BRAMPTON, ON | L6Y 0N3 | 1,740,012.49 |
| COLOR AD PACKAGING LTD | 200 Beghin Avenue | WINNIPEG, MB | R2J 3W2 | 173,908.56 |
| COMEBACK SNACKS INC.-CARMEL | 3206-19 GRAND TRUNK CRES | TORONTO, ON | M5J 3A3 | 4,550.00 |
| COMFORT INN (CN567) | 11 FRONT STREET | P2B 3L3 | | 1,242.90 |
| COMMPORT COMMUNICATION INTERNA | 5, SCANLON COURT | Aurora, ON | L4G 7B2 | 5,554.88 |
| COMPLETE DISTRIBUTION SERVICES | 3850 - 5TH AVE EAST | PRINCE ALBERT, SA | S6W 0A1 | 181,220.96 |
| CONAGRA BRANDS INC. | 12132 COLLECTION CENTER DRIVE | CHICAGO, IL | 60693 | 105,189.14 |
| CONCORD PREMIUM MEATS LTD | 160 RUE WILLIAMS | SAINT EUSTASHE, QC | I7R 0A4 | 243,321.78 |
| CONCORD SALES LTD | CANADIAN ALLIANCE TERMINALLS | V4G 1B6 | | 250,360.74 |
| CONVERT-PAC OF CANADA LTD | 103-23000 FRASERWOOD WAY | RICHMOND, BC | V6V 3C7 | 44,191.92 |
| COVERED BRIDGE POTATO CHIPS | 35 ALWRIGHT COURT | WATERVILLE, NB | E7P 0A5 | 6,247.08 |
| CRAYOLA CANADA | 15 MARY STREET WEST, | LINDSAY, ON | K9V 4R8 | 3,164.70 |
| CROSS COUNTRY PARTS DIST. LTD. | 8769 51 AVENUE NW | EDMONTON, ALBERTA | T6E 5H1 | 20,535.39 |
| CTC (10176494 Canada Inc.) | 6305 Midway Road, Suite 200 | SUMMERSTOWN, ON | K0C 2E0 | 25,065.67 |
| D.L.M WIENS CARTAGE COMPANY | LTD. | WINNIPEG, MB | R3C 2E6 | 2,545.26 |
| DAA BRANDS COMPANY | 1090 DES FORGES | TERREBONNE, QC | J6Y 0P6 | 33,055.22 |
| DAIYA FOODS INC | 3100 PRODUCTION WAY | BURNABY, BC | V5A4R4 | 13,764.48 |
| DANAWARES CORP | 3185 J.B. DESCHAMPS | LACHINE QB | H8T 3E4 | 5,670.00 |
| DANONE INC | 300 STATESMAN DR | MISSISSAUGA, ON | L5S 2A2 | 94,262.09 |
| DARK HORSE | 3030 LANDMARK CRESCENT | NANAIMO, BC | V9T 5P9 | 18,803.75 |
| DART CANADA | 2121 Markham Road | TORONTO, ON | M1B 2W3 | 782,593.33 |
| DAWN FOODS | BOX 190 | SASKATOON, SK | S7K 0R8 | 26,763.39 |
| DENTONS CANADA LLP | 15TH FLOOR, BANKERS COURT | 850-2ND STREET SW CALGARY, AB | T2P 0R8 | 26,879.07 |
| DEOLEO CANADA LTD. | SUITE 414 | 4576 YONGE STREET TORONTO, ON | M2N 6N4 | 5,546.52 |
| Deshaies Ontario | Ontario | | 0 | 294,637.87 |
| Deshaies Quebec | Quebec | | 0 | 1,399,377.33 |
| DIGIFLEX INFORMATION SYSTEMS I | 2611 Venables St | Vancouver, BC | V5K 2R4 | 3,570.00 |
| DIRECT PLUS (EFT) | 690 RUE DE L'EGLISE | ST. ROMAULD | QUEBEC | G6W 5M6 |
| DIRECT PLUS FOOD GROUP LTD | BAY 1 2355 52ND AVE SE | CALGARY, AB | T2C 4X7 | 34,419.02 |
| DISTRIBUTIONS JULIA INC | 8145A CHEMIN DEVONSHIRE | QUEBEC, CANADA | H4P2K6 | 891,016.61 |
| DOLE FOODS OF CANADA COMPANY | C/O LOCKBOX #915140 | PO BOX 4090 | M5W 0E9 | 19,560.00 |
| DOSCH ORGANIC ACRES | BOX 81 WILLOW BUNCH | SK | S0H 4K0 | 12,541.52 |
| Dot Foods Canada Inc. | #10, 225 42nd AVENUE SE | CALGARY, AB | T2G 1Y3 | 17,638.06 |
| Dovre Import & Export Ltd | 845 EAST CORDOVA STREET | VANCOUVER, BC | T2G 1Y3 | 161,935.36 |
| Dr. OETKER CANADA LTD. | 2229 DREW RD | MISSISSAUGA, ON | V6A 1M4 | 2,517.01 |
| DREAM PRODUCTS INC | INAPAK MARKETING INC | L5S 1E5 | | 2,462.51 |
| DSL LTD | 14520 128TH AVE | OAKVILLE, ON | L6L 5N1 | 13,762.96 |
| DUNN RITE FOOD PRODUCTS | 199 HAMELIN ST. | EDMONTON, AB | T5L 3H6 | 12,279.73 |
| DURAFLAME INC | PO Box 1230 | WINNIPEG, MB | R3T 0P2 | 520,038.50 |
| EASSONS TRANSPORT LTD. | 1505 HARRINGTON ROAD | STOCKTON, CA | 95201-1 | 4,080.24 |
| EAT WELL ETHNIC FOODS INC. | #110-12791 Clarke Place | KENTVILLE, NOVA SCOTIA | B4N 3V7 | 18,158.56 |
| ECAPITAL FREIGHT FACTORING INC | 174 WEST ST. SOUTH | RICHMOND, BC | V6V 2H9 | 76,353.00 |
| ECOLAB CANADA INSTITUTIONAL | 5105 TOMKEN ROAD | ORILLIA, ON | L3V 6L4 | 43,498.53 |
| ECOLAB LIMITED | P.O. Box 2010 | MISSISSAUGA, ON | L4W 2X5 | 25,080.37 |
| EDGEWELL PERSONAL CARE | CANADA ULC | MISSISSAUGA, ON | L4T 4H6 | 122,117.55 |
| EL MOLINO FOODS OF CANADA | 1 ALBERTA ROAD | TORONTO, ON | M4Y 2Z2 | 2,109.83 |
| ENERGIZER CANADA INC. | 6733 MISSISSAUGA ROAD | CLARESHOLM, AB | T0L 0T0 | 57,788.24 |
| ENTERPRISE PAPER | 95 Brigantine Drive | MISSISSAUGA, ON | L5N 6J5 | 95,431.75 |
| ENVIROSHRED INC. | 4378 116TH AVENUE SE | COQUITLAM, BC | V3K 6Y9 | 43,033.37 |
| EPI PRODUCTS LIMITED | 12107 52 STREET | EDMONTON, AB | T2Z 3Z9 | 1,333.44 |
| EPICOR SOFTWARE CANADA LTD. | LOCKBOX NUMBER T56165C/U | TORONTO, ON | T5W 3J9 | 10,799.68 |
| ESSITY NORTH AMERICA CANADA IN | C/O T11120C PO BOX 11000 | TORONTO, ON | M5W 4L1 | 100,305.90 |
| ESTRUXTURE DATA CENTERS | 700 RUE ST-JACQUES | | M5W 2G5 | 117,549.71 |
| EVOVENTURES INC | ROOM A, 7/F | MONTREAL, QUEBEC | H4B 3A2 | 4,088.68 |
| EXCLUSIVE CANDY & NOVELTY LTD. | NOVELTY DISTRIBUTING LTD. | CHINA OVERSEAS BUILI | 91789 | 79,212.00 |
| FAIR MINT CO. | D107 - 19720 - 94A Ave | MISSISSAUGA, ON | L5T 2W1 | 78,892.00 |
| FAIRVIEW BAKERY | #3, 4511 GLENMORE TRAIL S.E | LANGLEY, BC | V7E 6M2 | 1,111.32 |
| FALCON REFRIGERATION & AIR | CONDITIONING LTD. | CALGARY, AB | T2C 2R9 | 5,380.61 |
| FAZIO FOODS INTERNATIONAL LTD | 1050 Glen Drive | WEST KELOWNA, BC | V1Z 2M3 | 2,854.32 |
| FINPAK INTERNATIONAL | 41 BROCKLEY DR. UNIT 6 | VANCOUVER, BC | V6A 3M6 | 62,131.02 |
| FIRST TRUCK CENTRE INC. | 1340 STEVENS ROAD | HAMILTON, ONTARIO | L8E3C3 | 77,663.70 |
| FIVE STAR BAKERY | 225 PACIFIC AVE. | WEST KELOWNA, BC | V1Z 1G2 | 4,267.23 |
| FLOW WATER | 200 - 5440 CANOTEK ROAD | THUNDER BAY, ONT | P7C 2R5 | 10,994.26 |
| FORTIS BC-NATURAL GAS | P.O. Box 6666, Stn Terminal | OTTAWA, ONT. | K1J9G2 | 2,899.70 |
| FRANCO MFG | 66 WELLINGTON STREET WEST | Vancouver, BC | V6B 6M9 | 1,224.69 |
| | | TD BANK TOWER, SUITE PO BOX 3518, STATION A | M5K 1E7 | 60,563.92 |

| Creditor | | Address | | | Amount owed |
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| FRASER VALLEY REFRIGERATION | 26121 Fraser Highway | Box 337 | Aldergrove B.C. | V4W 2T8 | 1,892.56 |
| F'REAL FOODS LLC | 6121 HOLLIS STREET | SUITE 500 | EMERYVILLE, CA | 94608 | 149,076.86 |
| FRESHII CANADA LTD. | 1027 YONGE STREET, 3RD FLOOR | | TORONTO, ON | M4W 2K9 | 69,645.98 |
| FRESHPOINT FRESHCUTS | 3500 Viking Way | | RICHMOND, BC | V5X 2X5 | 2,101.62 |
| FREYBE GOURMET FOODS | 27101 56th AVENUE | | LANGLEY, BC | V4W 3Y4 | 34,277.75 |
| FULL OZ INC. | 1601-1088 6 AVE SW | CALGARY, AB | | T2P 5N3 | 8,400.00 |
| FUN TYME FOODS LTD | 455 DEBAETS STREET | | WINNIPEG, MB | R2J 4M3 | 57,906.88 |
| FUNCTIONAL BEVERAGE GROUP | 984 BOWMAN ROAD | ABBOTSFORD | CANADA | V3G 1T1 | 18,523.76 |
| G.E. BARBOUR INC. | 165 STEWART AVENUE | | SUSSEX, NB | E4E 3H1 | 56,574.52 |
| GALLIGREEN CORPORATION | 19 WATERMAN AVE. UNIT 16, | | TORONTO, ON | M4B 1Y2 | 1,414.45 |
| GAMBLES PRODUCE | ONTARIO FOOD TERMINAL | 165 THE QUEENSWAY | TORONTO, ON | | 19,670.93 |
| GARAVOGUE INC. | BOX 2, 91 MAIN ST SOUTH | | WATERDOWN, ON | L0R 2H0 | 2,938.12 |
| GARDEWINE NORTH | 60 Eagle Dr | Winnipeg, MB | | R2R 1V5 | 5,985.94 |
| GENERAL MILLS | #100-6060 90th Ave. SE | | CALGARY, AB | T2C 5B7 | 20,770.56 |
| GENERAL MILLS CANADA INC | 1875 BUCKHORN GATE SUITE 201 | ATTN:MIKE MANNELLA | MISSISSAUGA, ON | T2P 4S1 | 61,431.48 |
| GFS CALGARY FROZEN | 290212 TWP ROAD 261 | ROCKY VIEW COUNTY | | T4A 0V6 | 67,352.40 |
| GFS WINNIPEG DRY | 310 STERLING LYON PARKWAY | | WINNIPEG, MB | R3P 0Y2 | 50,110.58 |
| GIA FOODS LTD. | 110-1700 NO. 6 RD. | | RICHMOND, BC | V6V 1W3 | 48,647.82 |
| GIVE AND GO PREPARED FOODS LTD | 15 MARMAC DRIVE, UNIT 200 | | TORONTO, ON | M9W 1E7 | 95,112.01 |
| GN JOHNSTON EQUIPMENT CO. LTD. | 5990 Avery Road | | MISSISSAUGA, ON | L5R 3R2 | 31,735.69 |
| GO PACKAGING | SAMUEL STRAPPING CANADA | PO BOX 57452, STN A | TORONTO, ON | M5W 5M5 | 4,758.40 |
| GOJO INDUSTRIES INC | Box 57481, Station A | | TORONTO, ON | M5W 5M5 | 8,411.00 |
| GOLDEN LINK NORTH AMERICA | 6 DEPOT STREET,SUITE 207 | WASHINGTONVILLE, NY | | 10992 | 55,643.25 |
| GOLDEN WEST BAKERY | 1111 DERWENT WAY | | DELTA, BC | V3M 5R4 | 25,454.00 |
| GOLDRICH PRINTPAK INC. | 100 INDUSTRY STREET | | TORONTO, ON | M6M 4L9 | 140,939.90 |
| GOOD SORTS PROPERTY SERVICES | 131 - 3030 PANDOSY STREET | KELOWNA, BC | | V1Y 0C4 | 1,685.25 |
| GOODYMAN SNACK INC. | 5958 182 STREET | | SURREY, BC | V3S 4M7 | 123,902.88 |
| GRANDMA EMILY INC. | 9470A, CHARLES DE LA TOUR | | MONTREAL, QC | H4N 1M2 | 5,028.96 |
| GRANDMOTHER'S BAKE SHOPPE INC. | 65 SAMOR ROAD | TORONTO | ONTARIO | M6A 1J2 | 2,827.50 |
| GRANT & ASSOCIATES | 2128 Bellwood Ave. | | BURLINGTON, ON | L7R 1R1 | 50,227.56 |
| GREEN & GOLD CLEANING LTD | UNIT #3 | 1945 PIER MAC WAY | KELOWNA, BC | V1V 0C1 | 1,253.74 |
| GREGG DISTRIBUTORS CO LTD | 16215 - 118 Ave | Edmonton, AB | | T5V 1C7 | 3,493.02 |
| Groupecho Canada Inc | 11428-168 Street | Suite 100 | Edmonton Alberta | T5M 3T9 | 3,975.05 |
| GUMPERT'S LTD | 2500 TEDLO STREET | MISSISSAUGA | ONTARIO | L5A 4A9 | 1,016.95 |
| H.B. KAYSONS LTD | 7660 134TH STREET | | SURREY, BC | V3W 7T8 | 22,966.88 |
| HANDFUEL INC. | 98 MATIN ROSS AVE. | | NORTH YORK, ON | M3J 2L4 | 57,808.82 |
| HARRYS INTERNATIONAL MAN INC | #1605 - 1166 ALBERNI STREET | | VANCOUVER, BC | V6E 3Z3 | 15,818.50 |
| HARVEST MEATS | 501 YORK ROAD WEST | YORKTON SK | | S3N 3N5 | 87,001.91 |
| HERBION CANADA | 205-4265 THOMAS ALTON BLVD | | BURLINGTON, ON | L7M 0Z4 | 21,187.20 |
| HIGH LINER FOODS INC. | PO BOX 9602 STATION M | | CALGARY, AB | T2P 0E9 | 4,185.60 |
| Holiday Inn Express Hotel | & Suites -Hinton | 462 Smith Street | Hinton, AB | T7V 2A1 | 2,235.62 |
| HOME MARKET FOODS(FOR C-STORE) | 140 MORGAN DRIVE | | NORWOOD, MASSACHUSTTS | 2062 | 87,113.45 |
| HOPKINS CANADA INC | 281 CHATHAM ST.S. | PO BOX 190 | BLLENHEIM,ON | N0P 1A0 | 7,037.29 |
| HORMEL FOODS INT'L CORP | PO BOX 15225, STN A | | TORONTO, ON | M5W 1C1 | 5,813.26 |
| HORNOI LEASING LTD. | 762 MCDONALD ST | Regina, SK | | S4N 7M7 | 4,689.75 |
| HOUSE OF HORVATH INC. | 77 Ossington Ave | | TORONTO, ON | M6J 2Z2 | 90,977.82 |
| HUER FOODS INC. | 5543 275TH STREET | LANGLEY, B.C. | | V4W 3X9 | 143,897.85 |
| HUNT'S TRANSPORT LTD. | 168 MAJOR'S PATH | ST.JOHN'S, NL | | A1A 5A1 | 13,016.84 |
| ICBC | 200-4361 KINGWAY | BURNABY, BRITISH COLUMBIA | | V5H 1Z9 | 195,116.09 |
| ICE RIVER SPRINGS WATER INC. | 485387 - 30 SIDEROAD | | SHELburne, ON | L9V 3N5 | 137,079.20 |
| I-D Foods Western Corporation | 5280 - 72 AVE SE | | CALGARY, AB | T2C 4X6 | 3,610.04 |
| IMPERIAL DADE INC. | P.O. Box 46082 - LBX: T46082 | Postal Station A | TORONTO, ON | M5W 4K9 | 585,114.86 |
| Imperial Oil- Card Lock | Unknown | | | | 45,548.63 |
| IMPERIAL TOBACCO COMPANY | | | | | 19,309,316.88 |
| IMPERIAL TOBACCO PRODUCTS LTD. | 125 MURAL STREET, SUITE #201 | RICHMOND HILL | ONTARIO | L4B 4A2 | 1,128,810.61 |
| IMPORT DRAGON | 2515 DE LA RENAISSANCE | | BOISBRIAND, QC | J7H 1T9 | 112,592.66 |
| INDEED CANADA CORP | 2 BLOOR WEST, 12TH FLOOR | TORONTO, ON | | M4W 3E2 | 12,869.86 |
| INFIN8 BRANDS INC | 500 ESNA PARK DRIVE, UNIT#5 | | MARKHAM, ON | L3R 1H5 | 76,769.00 |
| INFORM BROKERAGE INC. | 2286 HOLDOM AVE | | BURNABY, BC | V5B 4Y5 | 436,043.22 |
| INLAND KENWORTH dba | INLAND PACLEASE | 26770 GLOUCESTER W/ | LANGLEY, BC | V4W 3V6 | 10,841.30 |
| INNO FOODS | 1615 KEBET WAY | PORT COQUITLAM, BC | V3C 5W9 | V3C 5W9 | 7,541.44 |
| INNOCORE SALES & MARKETING INC | 399 WOODALL WAY, | | WOODSTOCK, ON | N4T 0K9 | 63,281.93 |
| INNOVATE FOOD INC | 70 PIPPIN ROAD, SUITE 56 | VAUGHAN, ONTARIO | | L4K 4M9 | 105,566.91 |
| INTEGRATED CARRIERS | 9-75 First Street | Suite 209 | Orangeville, Ontario | L9W 5B6 | 2,733.50 |
| ITW PERMATEx CANADA | 2360 BRISTOL CIRCLE SUITE 101 | | OAKVILLE, ONT | L6H 6M5 | 10,020.12 |
| ITWAL LIMITED (EFT) | 440 RAILSIDE DRIVE | BRAMPTON, ON | L4A 1L1 | L4A 1L1 | 8,258,074.62 |
| IVANTI SOFTWARE CANADA, INC | C/O TH1041C | PO BOX 4283, POSTAL S | TORONTO, ON | M5W 5W6 | 59,322.22 |
| J&F COPPERSIDE | 3109 School Street | Terrace BC | | V8G 5N8 | 102,878.72 |
| J.M. SCHNEIDERS INC.-RETAIL | 6985 FINANCIAL DRIVE | | MISSISSAUGA, ON | L5N 0A1 | 130,380.60 |
| JAMES TIRECRAFT | 288 D CAMPION STREET | KELOWNA, BC | | V1X 7S8 | 1,195.30 |
| JAMIESON LABORATORIES LTD | 9650 TWIN OAKS DRIVE | | WINDSOR, ON | N8N 5E7 | 31,637.46 |
| JANES FAMILY FOODS | 2160 NO.7 HWY | CONCORD, ON | | L4K 1W6 | 6,570.25 |
| JBA PACKAGING CO. LTD. | 6511 MACDONALD STREET | | VANCOUVER, BC | V6N 1E9 | 17,231.86 |
| JD SWEID FOODS LTD | 9696 199A Street | | LANGLEY, BC | V1M 2X7 | 1,190,066.37 |
| JET TRADING CO. LTD | UNIT 110-5560 MINORU BLVD. | | RICHMOND, BC | V6X 2A9 | 13,373.29 |
| JIMMY ZEES DISTRIBUTERS INC | 119-1511 BROADWAY | | PORT COQUITLAM, BC | V3C 6N9 | 3,069.61 |
| JOHNVINCE FOODS DISTRIBUTION | 555 STEEPROCK DRIVE | DOWNSVIEW, ON | | M3J 2Z6 | 27,188.79 |
| JTI-MACDONALD CORP. | | | | | 1,582,327.76 |
| KAL TIRE | 1225 INDUSTRIAL RD | WEST KELOWNA, BC | | V1Z 1G4 | 1,022.50 |
| Kal Tire | 20140 - 98th Avenue | Langley, BC | | V1M 3G1 | 2,445.82 |
| KAN-PAK L.L.C. | 1016 SOUTH SUMMIT | | ARKANSAS CITY, KS | 67005 | 77,983.68 |
| KELLER EQUIPMENT SUPPLY | 1228 26TH AVENUE SE | | CALGARY, AB | T2G 5S2 | 1,002.22 |
| KELLOGG CANADA INC. | P.O. Box 9137 Postal Stn. M | | CALGARY, AB | T2P 5E1 | 10,590.63 |
| KERRY CANADA INC | DBA KERRY INGREDIENTS & FLAVOR | LOCKBOX 913401, BOX. | TORONTO, ON | M5W 0E9 | 15,709.79 |
| KINPACK POLYETHYLENE LTD. | UNIT 435-475 W. GEORGIA ST. | | VANCOUVER, BC | V6B 4M9 | 1,451,686.74 |
| KML FOOD & CONFECTIONERY LTD. | 215 - 400 MAIN STREET EAST | MILTON, ON | | L9T 4X5 | 3,039.00 |
| KRAFT HEINZ CANADA ULC | PO BOX 4529 | | TORONTO, ON | M5W 4N4 | 443,830.56 |
| KRUGER PRODUCTS INC. | PO BOX 2565, STN M | | CALGARY, AB | T2P 2M7 | 97,729.95 |
| KUANTIN TRADING LTD | UNIT 140, 1651 PATRICK STREET | | RICHMOND, BC | V6V 3A7 | 8,574.00 |
| LABOUR READY | V7450C PO BOX 7450 | STN TERMINAL | VANCOUVER, BC | V6B4E2 | 5,329.14 |
| LACTALIS CANADA INC. | 405 THE WEST MALL, 10TH FLOOR | **VIA COURIER** | TORONTO, ON | M9C 5J1 | 656,100.56 |
| LAID BACK SNACKS | 302-17280 HEATHER DR | | SURREY, BC | V3S 0B4 | 6,910.24 |

| Creditor | Address | Amount owed |
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| LANTHIER BAKERY INC. | 58 DOMINION ST, PO BOX 640 | KOC1A0 40,196.46 |
| LANTIC INC./ ROGERS SUGAR | P.O. Box 9547, Station M | T2P 5L8 30,209.69 |
| LASSONDE BEVERAGES CANADA | 170, 5e Avenue | J0L 1M0 37,633.25 |
| LE KIU IMPORTING CO. LTD | 550 MALKIN AVE | V6A 3X2 85,949.21 |
| LEASEWAY CORPORATION LTD. | 4210 Ogden Rd SE | T2G 4V3 2,310.00 |
| LEESE ENTERPRISES | 1210 EGLINTON AVE. WEST | M6C 2E3 36,303.63 |
| LEFT COAST NATURALS | 4612 DAWSON ST | V5C 4C3 9,378.71 |
| LIMSON CANADA LTD | 12411 HORSESHOE WAY | V7A 4X6 1,203,647.56 |
| LINDT & SPRUNGLI (CANADA) INC. | 181 UNIVERSITY AVE. | M5H 3M7 7,693.05 |
| LOWER VALLEY BEVERAGE COMPANY | PO 176 | N0C 1E0 5,177.09 |
| LUMIGEM CANADA INC. | 9655 Ignace | J4Y 2P3 39,029.30 |
| LYTX INC | PO BOX 56134 | M5W 4L1 5,481.00 |
| M&M MEAT SHOPS LTD. | 2240 ARGENTIA ROAD SUITE 100 | L5N 2K7 5,991.47 |
| MAIKO'S TRUCKING (1990) LTD. | P.O. Box 3322 | T8R 1S2 1,112.08 |
| MAJESTIC SALES INC | BOX 337 | S6H 4N9 18,364.15 |
| MANITOBA HYDRO | PO BOX 7900 STN MAIN | R3C 5R1 3,289.62 |
| MANSFIELD MEDICAL DIST LTD. | 5775 ANDOVER | H4T 1H6 5,849.13 |
| MANTAB INC. | 1175, TRANSCANADA HWY | H9P 2V3 4,078.46 |
| MAPLE LEAF FOODS INC. | 5063 North Service Road | L7R 4R3 246,285.80 |
| MARKET WISE | 31 LIDO ROAD | M9M 1M7 6,494.56 |
| MARKETING MADE EAZY LTD | 12570 LATIY STREET | V2X-5B5 1,330,996.82 |
| Mark's Commercial | PO Box 6000, Station Main | L3B 6A2 5,144.44 |
| MARSWRIGLEY CANADA | 37 HOLLAND DRIVE | L7E 5S4 110,175.31 |
| Massey Wholesale | ITL 3 PL | 0 524,086.03 |
| Mathews, Dinsdale & Clark LLP | SUITE 1950-400 BURRARD ST. | V6C 3A6 8,660.12 |
| MAXIM TRUCK & TRAILER | 125 CONSERVATION RD | P7B 5E7 6,730.43 |
| MAXX MARKETING LTD | 7TH FLOOR. MANLEY TOWER, | 0 24,109.42 |
| MCCAIN FOODS (CANADA) | 10050 Jasper Ave. | T5J 1V7 68,804.65 |
| MCCAUGHEY CONSUMER PRODUCTS | 203-3228 South Service Road | L7N 3H8 18,066.76 |
| MDM WHOLESALE CORP | 10425 YOUNG ROAD | V2P 8C4 19,295.15 |
| Medabolic Inc. | #321 19th ST NW | T2N 2J2 7,348.62 |
| MEGABOX PACKAGING SOLUTIONS | 8528 123RD STREET | V3W 3V6 271,368.47 |
| MEIFENG HUANG | 618 LANGSIDE AVENUE | V3J 038 3,840.00 |
| MELITTA CANADA INC. | P.O. Box 25013 | M5W 2X8 4,820.26 |
| MERLIN MARKETING INC | 1002 Torbt Place Box 1400 | V0N 1T0 51,995.79 |
| MILLER SUPPLY | PO BOX 1229 | T1S 1B2 224,554.56 |
| MILLER THOMSON LLP | 700 9TH AVENUE S.W. SUITE 3000 | T2P 3V4 3,938.42 |
| MINISTER OF FINANCE (SASKATCHEWAN) | Sask Finance / Revenue Divisio | S4P 4A6 12,136.90 |
| MINISTER OF FINANCE (ALBERTA) | TAX AND REVENUE ADMINISTRATION | T5K 2L5 7,268,606.55 |
| MINISTER OF FINANCE (ONTARIO) | MINISTRY OF FINANCE | L1H 8X3 2,816.18 |
| MINISTRY OF PROVINCIAL REVENUE (BC) | COMMISSIONER SOCIAL SERVICETAX | V8T 4K6 8,016.07 |
| MINUTE MAID COMPANY | 15 WESTCREEK BLVD | L6T 5T4 547,215.57 |
| MITSUMI BUSSAN LOGISTICS **US* | 1707 MARKET PLACE BLVD | SUITE 330 75063 60,511.83 |
| MKS SUPPLY CHAIN SOLUTIONS | 152, MIKE RALPH WAY S.W. | CALGARY, ALBERTA T3E 0H8 2,272.73 |
| MOBIL TECH INTERNATIONAL INC | 100-13468 VERDUN PLACE | RICHMOND, BC V6V 1V2 91,452.99 |
| MONDO PRODUCTS COMPANY LTD. | 695 WESTNEY ROAD SOUTH UNIT 1 | AJAX, ON L1S 6M9 8,191.30 |
| MONTE CRISTOS BAKERY | 7763 PROGRESS WAY | DELTA, BC V4G 1A3 48,448.24 |
| MORE LABS | 3435 WILSHIRE BLVD, 14/F | LOS ANGELES, CA 90010 19,648.14 |
| MORRIS NATIONAL | 440 RAILSIDE DRIVE | BRAMPTON, ON L7A 1L1 167,677.77 |
| MOTHER PARKERS TEA & COFFEE | 2530 STANFIELD RD | MISSISSAUGA, ON L4Y 1S4 33,468.12 |
| MR EVENTS/THE CPPL | 255156 RR5 | T3A 1A8 3,122.98 |
| MURRAY MARKET NATIONAL INC | 6415 64TH STREET | DELTA, BC V4K 4E2 55,334.76 |
| NAT. SMOKELESS TOB CO.M9061C | PROMENADES POINTE CLAIRE | 1000 BOULEVARD JEAN POINTE CLAIRE, PQ H Delta, BC POINTE 39,430.52 |
| National Graphic Solutions | 12-1520 Cliveden Ave | V3M 6J8 1,570.94 |
| NATIONAL SMOKELESS TOBACCO CO. | SUITE 209 | 16720 TRANS-CANADA KIRKLAND, QC H9H 5M3 1,336,901.97 |
| NATURAL ASSEMBLY LTD. | PO BOX 2618 | VANCOUVER, BC V6B 3W8 12,612.33 |
| NATURALLY HOMEGROWN FOODS LTD | #1 20110 115A AVE | MAPLE RIDGE, BC V2X 0Z4 62,665.67 |
| NATURO GROUP INVESTMENTS INC | 1672 W 2ND AVE | VANCOUVER, BC V3J 1H4 19,460.30 |
| NATURSOURCE INC. | 4300 DOBRIN | SAINT-LAURENT, QC H4R 2L6 5,171.04 |
| NAVAJO MANUFACTURING CO. | 5330 Fox Street | DENVER, CO 80216-1 13,532.37 |
| NAYLOR | 455 NORTH SERVICE RD. E | OAKVILLE, ON L6H 1A5 16,057.85 |
| NELMAR SECURITY PACKAGING INC. | 3100 DES BATISSEURS ST. | TERREBONNE, QC J6Y 0A2 4,570.47 |
| NESTLE CANADA INC. | 9050 AIRPORT ROAD | BRAMPTON, ON L6S 6G6 263,929.42 |
| NEWELL BRANDS CANADA ULC | 20 HEREFORD STREET, UNIT B | BRAMPTON, ON L6Y 0M1 3,514.94 |
| NEWPORT FOODS | 3097 UNIVERSAL DRIVE | MISSISSAUGA, ON L4X 2E2 9,228.92 |
| NONGSHIM CANADA INC. | 6255 CANTAY ROAD, UNIT 4 | MISSISSAUGA, ON L5R 3Z4 145,414.15 |
| NORTHERN SPECIALTY SUPPLIES | 21 INNOVATION WAY | TILLSONBURG, ON N4G 4G8 2,195.73 |
| NUTRITION ZONE PRODUCTS INC. | 101 7635 NORTH FRASER WAY | BURNABY, BC V5J 0B8 89,613.81 |
| NW FOODS / 1833228 ONT LTD | 632 REDWOOD AVE | THUNDER BAY, ON P7C 5G1 6,575.40 |
| OCEAN TRAILER | 9076 RIVER ROAD | DELTA,BC V4G 1B5 16,919.17 |
| OH! NATURALS FLAVOURED SNACKS | 229 33ST NE | CALGARY, AB T2A 4Y6 7,680.18 |
| OLD DUTCH FOODS LTD. | 100 Bentall St | Winnipeg, MB R2X 2Y5 452,211.16 |
| OLYMEL & COMPANY LTD. (EFT) | 700, RUE CROISSETIERE | IBERVILLE, QUEBEC J2X 4H7 1,058.27 |
| OLYMPIC WHOLESALE CO. LTD. | 75 GREEN COURT | AJAX ONTARIO L1S 6W9 7,758.79 |
| OPTISIGNS INC. | 7676 HILLMONT STREET, 290N | HOUSTON, TEXAS 77041 UNITED STATES 0 3,060.00 |
| Orbis Canada Limited | 39 WESTMORE DR | ETOBICOKE, ON M9V 3Y6 63,900.14 |
| ORENDA RECYCLING CENTRE | (WASTECO) | 150 ORENDA ROAD BRAMPTON, ON L6W 1W3 6,324.86 |
| Orkin Canada Corporation | 5840 FALBOURNE STREET | MISSISSAUGA, ON L5R 4B5 2,754.78 |
| OSBORNE COINAGE *US* | 2851 MASSACHUSETTS AVE | CINCINNATI, OH 45225 3,969.00 |
| OSBORNE GROUP CONTRACT | EXECUTIVES CORP. | SUITE 300, 4838 RICHARD RD. SW T3E 6L1 8,308.65 |
| PACE PROCESSING | 19495 55TH AVE | SURREY, BC V3S-8P7 1,092,897.55 |
| PACIFIC BOTTLEWORKS COMPANY | Box 490, 202-9188 Glover Road | FORT LANGLEY, BC V1M 2R8 248,131.49 |
| PACIFIC COAST LEASING LTD | 918 CLIVEDEN AVENUE | NEW WESTMINSTER,BC V3M 5R5 7,844.20 |
| PACIFIC NORTHWEST MOVING | (YUKON) LT | 3 BURNS ROAD WHITEHORSE, YUKON Y1A 4Z3 6,069.02 |
| PACIFIC SMOKE INTERNATIONAL | 2930-14TH AVE | MARKHAM, ON L3R 5Z8 338,270.99 |
| Packers Logistics Solutions | 400 Jones Road | Stoney Creek, ON L8E 5P4 13,614.00 |
| PAPASON TRUCKING LTD. | 2111 RUTLEY AVENUE | Prince George, BC V2N 0G1 39,000.32 |
| Paradise Inn & Suites | 11201 - 100 Avenue | Grande Prairie, ALberta T8V 5M6 2,670.49 |
| PARMALAT CANADA | 5915 AIRPORT ROAD, 10TH FLOOR | MISSISSAUGA, ON L4V 1T1 1,691.00 |
| PATTERN INTERACTIVE INC. | 214-309 WEST CORDOVA | VANCOUVER, BC V6B 1E5 21,778.59 |
| PAUL FREDRICK,BETHKE | C/O 439 WEST WISCONSIN AVE | 53066 4,912.50 |
| PAXAR CANADA INC. | 1920 CLEMENTS ROAD | PICKERING, ON L1W 3V6 4,096.14 |

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| PBR LABORATORIES INC. | 9960 67 AVENUE | 1,121.40 |
| PCM PAK LIMITED | 130 MELFORD DRIVE, UNIT# 7 | 5,061.98 |
| PDS Fire Protection Inc. | 915A - 48 Avenue SE | 2,463.30 |
| PEAK PERFORMANCE PRODUCTS INC | 330 BRUNEL ROAD | 10,771.34 |
| PEPSI BOTTLING GROUP (CANADA) | 5205 SATELLITE DRIVE | 2,746,381.35 |
| PEPSICO BEVERAGES CANADA | PO Box 2815, Stn. M | 125,709.97 |
| Petro-Canada Lubricants Inc. | PO BOX 6472 | 31,496.20 |
| PILLER'S FINE FOODS | 443 WISMER STREE | 11,985.31 |
| PIZZA CLUB FOODS LTD. | UNIT 26, 8528 123 STREET | 27,229.18 |
| PIZZA PIZZA LIMITED | ATTN: Syed Hashimi | 39,500.30 |
| PLATINUM LEAF FACILITIES INC. | #109-1628 FOSTER'S WAY | 2,268.00 |
| POPPA CORN CORP | 5135 CREEKBANK ROAD | 22,260.00 |
| POULIN'S PEST CONTROL | N.L. Poulin Limited | 1,451.50 |
| POWERBEV INC. | 60 HEREFORD ST | 5,846.40 |
| PPS SECURITY | 35 PANORAMA HILLS CRES. N.W. | 2,343.60 |
| PRANA BIOVEGAN INC. | 430 STINSON, | 7,787.12 |
| PRESTONE | 33 MACINTOSH BLVD | 25,843.91 |
| PRINCE OF PEACE ENT INC | 751 N CANYON PARKWAY, | 1,842.30 |
| PRINT INFINITY | 1-200 NORTH SERVICE ROAD WEST | 1,331.00 |
| PROCESS COLOR PRINT LTD | 7007 5 ST SE | 3,446.13 |
| PROCOM CONSULTANTS GROUP LTD. | 2200 YONGE STREET | 52,731.01 |
| PROCUREMENT DUMMY VENDOR | 5445 8TH STREET NE | 10,360.00 |
| PRO-DOOR & DOCK SYSTEMS | 3425 LAIRD ROAD | 7,461.96 |
| PROGRESSIVE | SYSTEMS & PACKAGING | 4,136.93 |
| PROREEFER AND MOBILE TRUCK SER | 5425 DIXIE ROAD BUILDING C | 1,044.90 |
| PULP MOULDED PRODUCTS INC | 402 MULLOCK DR | 82,146.58 |
| PUR BRANDS INC. | 2642 Nootka Street | 77,140.69 |
| PURIFI PLUS | 437 PEARSON STREET, | 19,763.97 |
| QUALITY HOTEL & CONFERENCE | CENTRE (CN456) | 1,569.81 |
| QUALITY INN & SUITES(CN828) | 4070 2nd Avenue South | 1,270.86 |
| QUALITY MECHANICAL GROUP LTD. | 9703-41 AVENUE NW, UNIT 54 | 3,743.25 |
| QUALITY NATURAL FOODS CANADA | 420 NUGGET AVE | 10,669.09 |
| R3 Reliable Redistribution | 2130 South Service Road W | 13,737.96 |
| R3 RELIABLE REDISTRIBUTION RES | 4240 HARVESTER ROAD | 3,702.60 |
| Radius Transport Ltd | 2525-188 STREET | 4,026.22 |
| RAIMAC INDUSTRIES LTD. | 9744 - 197B STREET | 62,938.11 |
| RECKITT BENCKISER (CANADA) INC | 1680 TECH AVENUE, UNIT 2 | 69,719.08 |
| RECOCHEM INC | 604-22 Avenue | 177,591.37 |
| REDPATH SUGAR LTD. | 95 QUEENS QUAY E | 14,590.07 |
| REFRESCO CANADA | 4810 72 AVENUE S.E. | 66,006.14 |
| REFRESH VENTURES INC O/A TWIGZ | 173 SPRING CRESENT SW | 53,947.21 |
| REGAL CONFECTIONS INC. | SUITE 103, 112 - 28 STREET S.E | 338,926.04 |
| REMEDY DRINKS CANADA | 230 EXPORT BOULEVARD | 30,528.23 |
| RICH PRODUCTS OF CANADA LTD. | BOX B9211,P.O.BOX 9100,STN.F. | 21,430.44 |
| RICOS PRODUCTS CO. INC. | 830 S. PRESA | 8,805.12 |
| RIVERSIDE NATURAL FOODS PET | 2720 STEELES AVENUE W | 3,810.66 |
| ROAR BEVERAGES CANADA CORP. | 186-455 DANFORTH AVENUE | 110,309.50 |
| Robin's Minor Hockey Classic | c/o Kelly Mallon | 1,000.00 |
| ROGERS COMMUNICATIONS CANADA | ATTN#ROGERS BUSINESS SOLUTIONS | 14,634.87 |
| ROLAND FOODS, LLC | 71 W. 23RD STREET | 6,657.00 |
| ROSS CHOCOLATES (579732 BCLTD) | #119 1525 BROADWAY ST. | 2,136.69 |
| ROTHMANS BENSON & HEDGES INC. | 1500 DON MILLS ROAD | 2,306,336.42 |
| ROYAL FOOD PRODUCTS | 12525-89 Street | 189,571.17 |
| ROYAL OAK ENTERPRISES, LLC | PO BOX 944 | 2,168.34 |
| RUBICON FOOD PRODUCTS LTD. | 180 BRODIE DR UNIT 1 | 35,214.61 |
| RUSSELL A. FARROW LIMITED | P.O. BOX 333 | 9,735.61 |
| RYDER TRUCK RENTAL CANADA LTD. | P.O. Box 6416, Stn Terminal | 236,809.10 |
| S.i.Systems partnership | ATT AR DEPARTMENT | 34,001.63 |
| SAGINAW BAKERIES LTD. | 2520 190th Street | 334,899.70 |
| SANDMAN HOTELS | C/O NORTHLAND PROPERTIES CORP. | 2,154.68 |
| SANFORD CN.DIV OF NEWELL RMAID | 586 ARGUS ROAD | 3,375.06 |
| SAPUTO DAIRY PRODUCTS CANADA | 4515 12th Street | 83,451.34 |
| SARALEX GROUP INC | 2770 DUFFERIN ST, SUITE #214 | 25,488.10 |
| SASKATCHEWAN FINANCE - REVENUE | Sk. Beverage Container Recycli | 4,901,867.12 |
| SCANDINAVIAN TOBACCO GROUP CAN | 600-1000 de Serigny Street | 140,135.40 |
| SCEPTER CANADA INC | 170 MIDWEST ROAD | 113,574.98 |
| SCHOLTENS INC. | 279 SUMACH DRIVE | 16,647.20 |
| SEASIDE PAPER PRODUCTS LTD. | 9999 RIVER WAY | 33,435.58 |
| SEASPAN FERRIES CORPORATION | 10 PEMBERTON AVENUE | 24,642.16 |
| SELECT BRAND DISTRIBUTORS INC. | P.O. Box 9100 | 3,158.61 |
| SELECT READY FOODS | 9411 63RD AVE SUITE 200 | 26,472.16 |
| SESH PRODUCT INC. | 3615 WEST 1ST AVENUE | 22,854.17 |
| SEWA ENTERPRISE LTD. | 7717 BEEDIE WAY | 6,862.81 |
| SHINY STAR CANADA LTD | 161 McPHERSON STREET | 45,792.12 |
| SIOUX LOOKOUT INN | P.O BOX 5000 | 1,947.95 |
| SIX STAR CLEANING SERVICE | 430 WATERLOO STREET S | 4,904.20 |
| SKY BLUE WATER INC. | SUITE 200, 160 PROVENCHE BLVD | 278,517.78 |
| SM ENTERPRISES | 2965 Bristol Circle | 143,445.24 |
| SMARTSWEETS | 16 EAST 6TH AVE | 39,043.30 |
| SMOKEY MOUNTAIN CHEW CAN.LTD | 1620 - 158 Street S.W. | 10,316.48 |
| SMUCKERS FOODS OF CANADA | P.O. BOX 9523 | 39,373.00 |
| SNAPCO LLC | 31125 Via Colinas | 154,489.56 |
| SNOW CAP ENTERPRISES | 5698 TRAPP AVE | 142,113.46 |
| SOFINA FOODS INC. | 7727 - 127 AVENUE | 7,967.39 |
| SOL INC. | 32 ELMVIEW ST. EAST | 8,349.60 |
| SPIN MASTER | 225 KING STREET WEST | 9,242.52 |
| STAPLES | C/O C25043C | 4,346.10 |
| STAR MARKETING | 3289 190TH STREET | 31,108.33 |
| STARBRAND PRODUCTION INC. | 555 HANLAN RD, UNIT 1 | 91,837.75 |
| STLTH VAPE | 60 MINUK ACRES | 160,899.21 |
| STONE STRAW LIMITED | 72 PLANT FARM BLVD | 11,094.12 |
| STONECROFT INN | 3032 DOUGALL AVE. | 1,974.38 |

| Creditor | Address | Amount owed |
|--|--------------------------------|-----------------------|
| STREEF PRODUCE | ONTARIO FOOD TERMINAL | 25,755.26 |
| SUNDIAL GROWERS INC. | #300, 919 - 11TH AVENUE S.W. | 350,368.49 |
| SUNRISE POULTRY PROCESSORS LTD | 13542 - 73A Avenue | 630,638.88 |
| SUNSTAR AMERICAS INC. | 515 GOVERNORS ROAD | 6,042.22 |
| SUPER 8 BY WYNDHAM KENORA | 240 LAKEVIEW DRIVE | 1,364.40 |
| SUPER 8 PRINCE GEORGE | 1151 COMMERCIAL CRESCENT | 2,357.40 |
| SWEET NUTRITION | 1713 SASKATCHEWAN AVE | 7,262.22 |
| T-BROTHERS FOOD & TRADING LTD. | 100-88 BRIGANTINE DRIVE | 32,449.23 |
| TEMPLE LIFESTYLE INC. WEST | 932 9600 RUE MEILEUR | 46,358.74 |
| TERAGO NETWORKS INC. | P.O. BOX 8956 | 3,719.72 |
| TERMINIX CANADA | 8620 COMMERCE COURT | 4,744.74 |
| TERRA INTERNATIONAL FOOD INC. | 7298 HUME AVENUE | 33,577.16 |
| TFB & ASSOCIATED LIMITED | SUITE 210, 7300 WARREN AVENUE | 92,519.03 |
| THAI UNITED FOOD TRADING LTD | 2 7978 NORTH FRASER WAY | 46,314.58 |
| THE CAMPBELL CO. OF CANA | P.O. Box 1178 | 8,482.32 |
| THE CUBAN LUNCH CORP. | 4931 - 49TH STREET | 25,636.05 |
| THE DIFFERENT | 91 TECUMSETH STREET | 151,806.42 |
| THE GOOD CRISP COMPANY | 2525 ARAPAHOE AVE, | 17,371.91 |
| THE GORILLA GLUE COMPANY | 2101 E KEMPER RD | 10,033.13 |
| THE MEAT FACTORY | 46 COMMUNITY AVENUE | 84,244.79 |
| THE PUR COMPANY | 23 KODIAK CRESCENT | 9,474.33 |
| THE TERRITORIAL TREASURER OF Y | Department of Finance | 898,600.40 |
| THE VERN'S PIZZA COMPANY LTD | 50-710 CYNTHIA STREET | 75,894.89 |
| THE VITA COCO COMPANY | IDBBANK-Attn: Richard P.Sini | 55,915.60 |
| THE WHOLE LIVING KITCHEN INC | 160 MATHESON BLVD EAST UNIT 4 | 29,805.02 |
| THE WORKERS COMPENSATION BOARD (SASKATCHEW | OF SASKATCHEWAN | 3,462.13 |
| THE YERBA MATE CO DISTRIBUTION | 1320 E PENDER ST | 22,782.36 |
| THOMAS LARGE & SINGER INC | 15 ALLSTATE PARKWAY, STE 400 | 65,639.80 |
| THREE FARMERS FOODS INC. | 1701 16TH STREET WEST | 8,087.13 |
| THUNDER BAY MEAT PROCESSING | 4754 OLIVER ROAD | 1,210.15 |
| TIMBER RIDGE FIREWOOD | 240029 175 AVE WEST | 74,692.39 |
| TIP FLEET SERVICES CANADA LTD. | 9559 40TH STREET SE | 36,521.95 |
| TOEMAR FIREWOOD | 1005 EGLINTON AVE. WEST | 26,469.27 |
| TO-LE-DO FOODSERVICE | 2430 MCGILLIVARY BLVD | 16,724.17 |
| TOSUTA INTERNATIONAL MARKETING | #200 - 9325 - 200 Street | 377,768.76 |
| TOYO IMPORTING CO. LTD. | 3445 Gardner Court | 15,038.02 |
| TRAILCON LEASING INC | 15 SPAR DRIVE | 18,393.24 |
| TREATSMARTS FINE FOODS INC | 2776 WEST 13 AVE | 34,536.78 |
| TREE OF LIFE CANADA ULC | 6185 MCLAUGHLIN ROAD | 41,265.68 |
| TRICO PRODUCTS | 6725 MILLCREEK DRIVE UNIT#5 | 3,255.92 |
| TRITON WATER CANADA HOLDINGS | 101 BROCK ROAD SOUTH | 186,346.58 |
| TROPHY FOODS INC. | 6210 44 STREET SE | 68,867.08 |
| TROPICAL TREETS | 130 BERMONDSEY RD. | 2,713.20 |
| TRUBRANDS SNACK COMPANY INC. | 70 DRIVER ROAD, UNIT 1 | 35,487.02 |
| TWO BROS 'N' BUCKET INC | 15232 73 STREET NW | 1,113.00 |
| TYCO INTEGRATED FIRE & | SECURITY CANADA, INC. | 11,224.83 |
| ULINE SHIPPING SUPPLY | ULINE CANADA CORPORATION | 7,067.05 |
| UNFI CANADA | 8755 KEELE ST. | 4,261.01 |
| UNICO INC | 8000 KEELE STREET | 1,705.70 |
| UNILEVER FOOD SOLUTIONS | 110 20171 92A AVE | 40,355.07 |
| UNIQUE FOODS (CANADA) Inc. | 4480 COTE-DE-LIESSE SUITE #210 | 28,620.00 |
| UNITED DAIRY AND GROCERS | 145 SUN PAC BLVD | 25,434.31 |
| UNITED RENTALS OF CANADA INC | C/O V7406 | 7,161.25 |
| UNO FOODS INC | UNIT #1, 608 ANNANCE COURT | 14,776.39 |
| UPFIELD CANADA INC. | FEDEX SUPPLY CHAIN | 9,706.97 |
| URBANI FOODS INC. | 810 QUAYSIDE DR., SUITE 205 | 19,266.81 |
| VANCITY FORKLIFT SERVICES LTD | 1230 EAST 51 AVENUE | 6,943.39 |
| VANDERWEES POULTRY FARMS LTD. | RR #11, TOWNLINE RD | 15,440.07 |
| VANGUARD GLOBAL SERVICES ULC. | 1115 CARDIFF BLVD | 1,067.02 |
| VERITIV CANADA, INC (FORDIS) | BOX 2, 100 MAIN STREET | 2,842.13 |
| VERSACOLD LOGISTICS SERVICES | PO BOX 6428 | 2,186.89 |
| VITAL SECURITY GROUP INC. | 4211 GORESKY CLOSE NW | 2,101.07 |
| WATERWIPES UC | DONORE INDUSTRIAL ESTATE | 4,778.04 |
| WATSON GLOVES | 2955 NORTH FRASER WAY | 3,515.61 |
| WD-40 PRODUCTS (CANADA) LTD. | PO BOX 220 | 4,214.98 |
| WEAVER POPCORN INC. **US** | PO BOX 66453 | 221,814.62 |
| WELL JUICERY CANADA LTD | 377 OLIVEWOOD RD | 55,817.49 |
| WELLNESS NATURAL INC. | 18 CANAL STREET | 2,323.44 |
| WESTLAND/TREDD INSURANCE LTD | 3225 - 12 STREET NE | 205,413.72 |
| WHISTLER WATER INC. | 3600 Bainbridge Ave. | 251,541.67 |
| WHITE PAPER CO. | 9990 River Way | 5,120.26 |
| WINDIGO CATERING | PO BOX 29036 | 4,236.79 |
| WINDSET FARMS | 3905 46A STREET | 11,535.52 |
| WINDSOR SALT LTD | 755 BLVD. ST JEAN, SUITE 700 | 20,477.93 |
| WING'S FOOD PRODUCTS | 550 KIPLING AVE. | 4,089.03 |
| WONDERLAND FOOD & EQUIPMENT | 106 OAKES DRIVE | 21,663.27 |
| YUMMY DOH INC. | 8390 RUE DU CREUSOT | 24,086.40 |
| ZAST FOODS CORPORATION | 222 ISLINGTON AVENUE | 65,076.35 |
| ZEP MANUFACTURING CO OF CANADA | 11627 178 STREET | 191,085.38 |
| ZINC GROUP | SHIELD INDUSTRIAL CENTRE, | 57,165.52 |
| ZIPPO MANUFACTURING COMPANY | PO BOX 57817, POSTAL STATION A | 10,345.37 |
| Total Unsecured and other | | 96,505,957.93 |
| Total | | 152,729,957.93 |

APPENDIX B

[ATTACHED]

COURT FILE NUMBER

2301 – 08305

COURT

2301- _____
COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANTS

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



LL

C110668

Nov 17, 2023
COM

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

CANADIAN IMPERIAL BANK OF COMMERCE v. 772921
ALBERTA INC.; SPRUCE IT UP LAND CORP. and RIDGE
MEADOWS PROPERTIES LTD.

DOCUMENT

SIXTH REPORT OF THE MONITOR AND
PRE-FILING REPORT OF THE PROPOSED RECEIVER
DATED NOVEMBER 8, 2023

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

MONITOR AND PROPOSED RECEIVER

KSV Restructuring Inc.
Suite 1165, 324 – 8th Avenue SW
Calgary, Alberta
T2P 2Z2

Attention: Bobby Kofman / David Sieradzki / Jason Knight
Telephone: 416.932.6228 / 416.932.6030 / 587.287.2605
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dsieradzki@ksvadvisory.com /
jknight@ksvadvisory.com

MONITOR'S AND PROPOSED RECEIVER'S COUNSEL

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Facsimile: 403.648.1151
Email: joliver@cassels.com / jdietrich@cassels.com

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1.0 Introduction

1. Pursuant to an order (the “**Initial Order**”) issued by the Court of King’s Bench of Alberta (the “**Court**”) on June 22, 2023 (the “**Filing Date**”), Wallace & Carey Inc. (“**Wallace & Carey**”), Loudon Bros Limited (“**Loudon Bros**”, and together with Wallace & Carey, the “**Logistics Companies**”) and Carey Management Inc. (“**CMI**”, and together with the Logistics Companies, the “**Applicants**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV Restructuring Inc. (“**KSV**”) was appointed monitor of the Applicants (the “**Monitor**”).
2. KSV is filing this report (the “**Report**”) as Monitor of the Applicants and as proposed receiver and manager of the property, assets and undertaking of:
 - a) 772921 Alberta Inc. (“**772**”), which:
 - i. owns two warehouses¹, one in British Columbia (the “**772 Owned BC Property**”) and one in Alberta (the “**772 Owned Alberta Property**”) that are used by Wallace & Carey in its business (jointly, the 772 Owned BC Property and the 772 Owned Alberta Property, the “**772 Owned Real Property**”); and
 - ii. leases two warehouses², one in British Columbia and one in Alberta, that are also used by Wallace & Carey in its business (the “**772 Leased Real Property**”); and
 - b) Ridge Meadows Properties Inc. (“**Ridge Meadows**”) ³ and Spruce It Up Land Corp (“**SIU**”) ^{4,5} each of which is subject to security interests in favour of Canadian Western Bank (“**CWB**”) and Canadian Imperial Bank of Commerce (“**CIBC**” or the “**Lender**”). (Collectively, the 772 Owned Real Property, the 772 Leased Real Property and the properties owned by 772, Ridge Meadows and SIU are referred to as the “**Non-Applicant Real Property**”).

¹ The municipal addresses of these properties are 1230 Industrial Road, Kelowna, British Columbia and 5415 and 5445 8th Street N.E., Calgary Alberta.

² Having municipal addresses of 8th Street N.E., Calgary, Alberta, and Unit 5B, 4386 Boban Drive Nanaimo, British Columbia.

³ Having a municipal address of 255256 Range Road 25, NW Calgary, Alberta.

⁴ Having a municipal address of 159 210 Avenue SW, Calgary, Alberta.

⁵ The shares of Ridge Meadows and SIU are subject to the CCAA Charges (as defined in Section 2.1 below). CMI is believed to own 100% of Ridge Meadows and 84.57% of SIU.

1.1 Purposes of this Report

1. The purposes of this Report are to:

- a) provide background information concerning the Applicants and these proceedings;
- b) discuss the Sale and Investment Solicitation Process (“**SISP**”) carried out by Alvarez & Marsal Canada Securities ULC (“**A&M**”), as the Applicants’ financial advisor (the “**Financial Advisor**”), under the supervision of the Monitor;
- c) discuss a transaction (the “**Transaction**”) between the Applicants and 7-Eleven Canada, Inc. (“**7-Eleven**” or the “**Purchaser**”) that is intended to maximize recoveries to stakeholders, which includes;
 - i. pursuant to an agreement of purchase and sale dated November 7, 2023 (the “**W&C APA**”):
 - the purchase of certain of the Applicants’ personal property, information technology and intellectual property assets used in the Wallace & Carey business in British Columbia and Alberta (the “**Western Business**”);
 - the purchase of 7-Eleven designated inventory; and
 - the payment of accounts receivable owing by 7-Eleven to Wallace & Carey;
 - ii. the entering into of a Transition Services Agreement (“**TSA**”) upon closing of the Transaction among Wallace & Carey, CMI, the Purchaser and the Monitor that contemplates:
 - the businesses of the Logistics Companies continuing to operate following closing of the Transaction for the benefit of the Purchaser while the Applicants remain under CCAA protection;
 - the Purchaser funding substantially all of the Applicants’ operational and professional costs from and after the closing of the Transaction, including the fees and costs of the Monitor and its counsel, Cassels, Brock & Blackwell LLP (“**Cassels**”);

- an option granted to the Purchaser to acquire certain additional assets (the “**Optional Purchased Assets**”) used by the Logistics Companies that are not being acquired by 7-Eleven on closing of the Transaction, including certain assets located in provinces east of Alberta (the “**Eastern Business**”); and
 - the retention of most of the employees of Wallace & Carey⁶ during, at least, the term of the TSA, and potentially thereafter, as further detailed below;
- iii. releases (the “**Releases**”) granted in favour of certain persons, including the Applicants’ director and officers, as contemplated by the form of Approval and Vesting Order (the “**CCAA AVO**”);
 - iv. the appointment of KSV as receiver and manager of the property, assets and undertaking of 772, Ridge Meadows and SIU (if so appointed, the “**Receiver**”), pursuant to a receivership application brought by CIBC as secured creditor of each of 772, SIU and Ridge Meadows;
 - v. a sale by the Receiver to the Purchaser immediately following its appointment of the real property owned by 772, as set out in an agreement of purchase and sale between the Purchaser and the Receiver (the “**Receivership APS**”);
 - vi. an assignment pursuant to the Receivership APS by the Receiver to the Purchaser of the leases for 772 Leased Real Property; and
 - vii. a marketing process for the Non-Applicant Real Properties owned by Ridge Meadows and SIU;
- d) recommend that the sale proceeds from the Transaction, as well as the proceeds from the Optional Purchased Assets, certain assets excluded from the transaction (the “**Excluded Assets**”) and the Non-Applicant Real Property (collectively, the “**Net Distributable Proceeds**”) be paid to stakeholders (including CIBC and CWB) in accordance with the priorities established by the ARIO and the Ancillary Order (each as defined below), and applicable law;

⁶ As of the date of this Report, all Loudon Bros. employees have been terminated.

- e) discuss the next steps in these proceedings; and
- f) provide the reasons in support of the Monitor's recommendation that the Court issue:
 - i. the CCAA AVO, among other things, approving the W&C APA, the TSA, the Releases and a distribution of the Net Distributable Proceeds of the assets subject to the CCAA Proceeding, as discussed herein;
 - ii. an order (the "**Receivership Order**") sought by CIBC appointing KSV as the Receiver and authorizing the Receiver to market the Non-Applicant Real Properties owned by Ridge Meadows and SIU through the retention of a real estate broker identified by the Receiver;
 - iii. an order (the "**Receivership AVO**") approving:
 - the Receivership APS, including the sale of the 772 Owned Real Property to the Purchaser, and the assignment of the 772 Leased Real Property to the Purchaser, in each case free and clear of encumbrances other than permitted encumbrances; and
 - authorizing a distribution of the Net Distributable Proceeds of the assets subject to the Receivership Proceeding, as discussed herein; and
 - iv. sealing **Confidential Appendix "1"** for the reasons provided in Section 7 of this Report until the earlier of the termination of these proceedings or Order of this Court.

1.2 Scope and Terms of Reference

1. In preparing this Report, the Monitor has relied upon the Applicants' unaudited financial information, books and records and discussions with the Applicants' management and legal counsel.
2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

3. An examination of any forward-looking financial information discussed herein has not been performed in accordance with the Chartered Professional Accountants of Canada Handbook. Forward-looking financial forecasts and information are based upon various assumptions. Actual results achieved may vary materially from the forecasted results. The Monitor expresses no opinion or other form of assurance on whether the Applicants' businesses will perform in accordance with their financial forecasts and projections.

1.3 Currency

1. All references to currency in this Report are to Canadian dollars.

2.0 Applicants' Background

1. CMI is an Alberta corporation and the sole shareholder of Wallace & Carey, which is the sole shareholder of Loudon Bros. In addition to the Logistics Companies, CMI has ownership interests in nine subsidiaries, none of which are subject to the CCAA proceedings. These include 100% of the equity of 772 and Ridge Meadows, and 84.57% of the equity of SIU. CMI's corporate organizational chart is provided in **Appendix "A"**.
2. Wallace & Carey is an Alberta corporation that is extra-provincially registered to conduct business in most provinces and territories in Canada. Wallace & Carey operates from nine leased warehouses.
3. Loudon Bros, located in Thunder Bay, Ontario, is an Ontario corporation that is wholly owned by Wallace & Carey which until recently operated as its Northwestern Ontario branch. As part of their efforts to downsize their business during these proceedings, the Applicants decided to discontinue the Loudon Bros business. On November 3, 2023, the Court approved a sale of Loudon Bros' real property for gross proceeds of approximately \$1.4 million. The sale is scheduled to close on or before November 17, 2023, which will be the final significant step in the wind-down of the Loudon Bros business.
4. Wallace & Carey is continuing to carry on active business operations. 7-Eleven is by far the most significant customer of Wallace & Carey. It presently represents substantially all of Wallace & Carey's revenue.
5. As of the Filing Date, the Logistics Companies employed approximately 600 full-time and 50 part-time employees. Wallace & Carey presently has approximately 450 full-time employees. CMI has three employees, being Patrick Carey, the Chair, Daniel Elrod, the Chief Executive Officer, and an administrative employee.

6. CIBC provides CMI with a revolving asset-based loan (the "**CIBC Revolving Loan**") and term loan facility, which is guaranteed by the Logistics Companies and various other entities within the Carey corporate group, including 772, SIU and Ridge Meadows (the "**CIBC Facility**"). Pursuant to the terms of a Forbearance Agreement between the Applicants and CIBC dated June 22, 2023 (the "**Forbearance Agreement**"), all amounts owing to CIBC as of the Filing Date under the revolving portion of the CIBC Facility (being approximately \$38.54 million) have been repaid through accounts receivables collections, and all amounts advanced by CIBC since that time are secured by the Lender Priority Charge (as defined below).
7. Pursuant to the Forbearance Agreement, CIBC was also to be provided a mortgage on the Non-Applicant Real Property, which mortgage was to rank behind CWB's mortgage on the same real property. The agreed mortgages were executed on July 20, 2023 and registered on the Non-Applicant Real Property on September 12, 2023.
8. At this time, the Forbearance Agreement has terminated as a result of the occurrence of certain Terminating Events described therein; however, CIBC has continued to fund the business of the Applicants subject to the borrowing limits of the CIBC Credit Agreement (as defined in the Initial Order) primarily for the purpose of completing the Transaction. The Monitor also understands that certain amendments to the CIBC Credit Agreement concerning, *inter alia*, enhanced reporting required by CIBC are in the process of being documented.

2.1 CCAA Proceedings

1. Pursuant to the terms of the Initial Order, *inter alia*, the Court:
 - a) granted a stay of proceedings in favour of the Applicants and their directors and officers to and including July 1, 2023;
 - b) approved the Applicants' use of the centralized cash management system provided by CIBC to the Applicants;
 - c) granted charges on the Applicants' current and future assets, property and undertakings in the following amounts and priority:
 - i. first, a charge in the amount of \$250,000 in favour of the Applicants' legal counsel (Miller Thomson LLP), the Monitor and its counsel, Cassels, to secure the fees and disbursements of those firms (the "**Administration Charge**");

- ii. second, a charge in the amount of \$55 million plus interest, fees and expenses for all post-filing advances (the “**Lender Priority Charge**”) made by CIBC under the existing CIBC Credit Agreement as amended pursuant to the terms of the Forbearance Agreement;
 - iii. third, a charge in the amount of \$3.33 million in favour of the directors and officers of the Applicants (the “**D&O Charge**”);
 - iv. fourth, the Encumbrances existing as of the date of the Initial Order in favour of the Lender securing the pre-filing obligations owing under the CIBC Credit Agreement including, for greater certainty, obligations in connection with the BCAP Loan (the “**CIBC Pre-Filing Security**”); and
 - v. fifth, a charge in the amount of \$18 million in favour of provincial and territorial authorities for 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 collectively with the Lender Priority Charge, the Administration Charge and the D&O Charge, the “**CCAA Charges**”); and
- d) permitted the Logistics Companies to pay certain pre-filing tobacco tax obligations pursuant to the Tobacco Tax Payment Plans (as defined in the Initial Order), subject to the terms of the Forbearance Agreement and first obtaining the Monitor’s consent.
2. On June 30, 2023, the Applicants’ comeback application was heard and the Court granted:
- a) an amended and restated Initial Order (the “**ARIO**”) (provided in **Appendix “B”**) which, among other things:
 - i. extended the stay of proceedings to and including September 20, 2023;
 - ii. increased the maximum amount of the CCAA Charges, as follows:
 - Administration Charge to \$750,000;
 - D&O Charge to \$4 million; and
 - Tobacco Tax Charge to \$25 million; and

- b) an Order providing for the Applicants' continued access to certain fuel service cards, known as the Mobil Fleet Cards.
- 3. Pursuant to certain restructuring milestones in the Forbearance Agreement, the Applicants were required within 40 days of the Initial Order to deliver for acceptance by CIBC a pro forma business model and financial forecast for the restructured business of the Applicants following implementation of a proposed plan consistent with a plan term sheet (the "**Term Sheet Milestone**"). Pursuant to the terms of the first amendment to the Forbearance Agreement dated July 18, 2023, CIBC provided certain accommodations to the Applicants and the Applicants were required to, *inter alia*, retain a financial advisor for the purpose of the SISP. Subsequently, certain defaults arose under the Forbearance Agreement, as amended, including in respect of the Term Sheet Milestone, and on August 2, 2023, CIBC provided notice to the Applicants of the occurrence of certain Terminating Events (as defined in the Forbearance Agreement).
- 4. On August 9, 2023, the Monitor filed its second report to Court (the "**Second Report**") which, among other things:
 - a) was drafted in the context of Section 23(1)(d)(i) of the CCAA, which requires the Monitor to file a report with the Court advising on the state of a company's business and financial affairs upon ascertaining a material adverse change (a "**MAC**") in the company's projected cash flow or financial circumstances;
 - b) discussed financial and other challenges being faced by the Applicants and the efforts being taken at the time by the Applicants, the Monitor, CIBC and 7-Eleven to address those challenges;
 - c) provided a comparison of the Applicants' cash flow forecast for the period June 18 to September 30, 2023 against actual results; and
 - d) advised that the Monitor would file a further report with the Court advising on the status of the Applicants' efforts to address the issues resulting from the MAC.

5. On August 11, 2023, the Monitor filed a supplement to the Second Report (the “**Second Report Supplement**”). The Second Report Supplement provided stakeholders with a copy of the Second Forbearance Amendment between, among others, CIBC and the Applicants. The Second Forbearance Amendment, among other things, provided the Applicants with enhanced availability of approximately \$10 million of credit under their existing financing arrangements with CIBC based on additional credit support provided by 7-Eleven to CIBC pursuant to a cash collateral agreement (the “**Cash Collateral Agreement**”). The Applicants advised that they expected that the additional capital would address their challenges and would lead to improved customer fill rates, and therefore financial performance. Copies of the Second Report and the Second Report Supplement are provided in **Appendices “C” and “D”**, respectively, without appendices.
6. On August 21, 2023, the Monitor prepared and filed its Third Report to Court (the “**Third Report**”) which provided, among other things, the Monitor’s recommendations that the Court issue:
- a) an order (the “**SISP Approval Order**”) among other things, approving the SISP and authorizing the Applicants, in consultation and co-operation with A&M, under the oversight of the Monitor, to conduct the SISP; and
 - b) an order (the “**Ancillary Order**”), among other things:
 - i. extending the stay of proceedings to and including November 30, 2023;
 - ii. approving the engagement of A&M as the Financial Advisor, pursuant to an agreement dated August 13, 2023 between the Applicants and A&M, and associated changes to the ARIO, including:
 - increasing the amount of the Administration Charge from \$750,000 to \$850,000 to include a work fee payable to A&M in connection with the SISP and its role as the Financial Advisor; and
 - granting a charge on the Applicants’ current and future assets, property and undertakings in favour of A&M to secure a fee payable to A&M upon completion of a qualifying transaction (the “**Transaction Fee**”), which is only subordinate to the Administration Charge.

7. On September 18, 2023, CIBC delivered to the Applicants a notice that certain additional Terminating Events had occurred and that CIBC was reserving all rights in respect of such, but provided that CIBC would continue to advance funding to the Applicants, subject to the borrowing limits of the CIBC Credit Agreement, unless and until two days following the delivery by CIBC of notice to the Applicants and the Monitor of CIBC's intention to discontinue funding.
8. On September 19, 2023, the Monitor filed its Fourth Report to Court (the "**Fourth Report**") which advised of a further MAC, as reflected by the Applicants' cash flow projection finalized on September 13, 2023. The MAC arose because the Applicants were not projected to have sufficient liquidity under the CIBC Revolving Loan to fund all forecasted disbursements in the ordinary course, unless the Logistics Companies deferred the payment of certain pre-filing and post-filing tobacco taxes (the "**Accrued Tobacco Taxes**") or made significant reductions to their inventory purchases (which was anticipated to impair the viability of the Logistics Business).
9. On October 7, 2023, the Monitor filed its Supplemental Report to the Fourth Report (the "**Fourth Report Supplement**"), which provided:
 - a) a summary of the dialogue among the Applicants, the Monitor and representatives of certain Provinces concerning the Accrued Tobacco Taxes and the payment by the Applicants of such taxes going-forward;
 - b) a further revised cash flow projection;
 - c) an update in respect of certain additional financial support provided by 7-Eleven;
 - d) an update concerning a third amendment to the Forbearance Agreement (the "**Third Amendment**"), which was expected to be finalized in the week following the filing of the Fourth Report Supplement and in respect of which the Monitor advised it would file a further supplemental report once finalized (the "**Second Supplement to the Fourth Report**");
 - e) an update concerning the SISP; and
 - f) the Monitor's recommendation that these proceedings continue so that the Applicants could complete the SISP, which was being advanced on an expedited basis given the Applicants' ongoing liquidity challenges.

10. Copies of the Fourth Report and the Fourth Report Supplement are provided in **Appendices “E” and “F”**, respectively, without appendices.
11. As of the date of this Report, a Third Amendment has not been finalized; however, CIBC has continued to make its revolving loan facility available to the Applicants, subject to the borrowing limits of the CIBC Credit Agreement and the reliance on certain additional financial support provided by 7-Eleven, so that the Applicants could fund their normal course business operations and complete the SISP, including the Transaction.
12. On October 30, 2023, the Monitor served its Fifth Report to Court, which recommended a sale of the Loudon Bros real property located in Thunder Bay, Ontario. The Court approved that transaction on November 3, 2023 and the sale is expected to close by no later than November 17, 2023.
13. The Court materials filed in these proceedings, including this Report, are available on the Monitor’s case website at www.ksvadvisory.com/experience/case/wallace-and-carey.

3.0 SISP

3.1 Background

1. The Applicants were required to commence the SISP due to their ongoing liquidity challenges and the absence of an executable restructuring plan.
2. As a result of negotiations among the Applicants, 7-Eleven, CIBC and the Monitor, the Applicants, 7-Eleven, and CIBC entered into the Cash Collateral Agreement on August 10, 2023, which resulted in an increase in the Applicants’ availability under the CIBC Facility. Pursuant to the Cash Collateral Agreement, the parties thereto agreed to the following key terms, among others:
 - a) 7-Eleven would provide \$9 million (the “**Cash Collateral**”) to be held by CIBC;
 - b) upon receipt by CIBC of the Cash Collateral, CIBC would promptly (i) increase the borrowing base under the CIBC Facility by an amount equal to the Cash Collateral, and (ii) increase the borrowing base under the CIBC Facility by not less than \$2 million;

- c) 7-Eleven agreed to execute and deliver to and in favour of CIBC a Limited Recourse Guarantee, therein guaranteeing the obligations of Wallace & Carey under the CIBC Credit Agreement, as well as a Cash Collateral Agreement granting to CIBC a security interest in the Cash Collateral (collectively, the “**7-Eleven Security Documents**”);
 - d) the Applicants would schedule a Court hearing to approve the SISP;
 - e) as consideration for 7-Eleven providing the Cash Collateral, the Applicants agreed (i) to pay 7-Eleven a fully earned fee equal to \$1 million; and (ii) 7-Eleven would be granted the 7-Eleven SISP Rights, including the right to be a stalking horse purchaser in the SISP, as discussed further in paragraph 3.2.3 below; and
 - f) on a monthly basis, the Applicants agreed to pay 7-Eleven interest at the rate of 10% per annum, less any amounts received from CIBC on account of the Cash Collateral, until same has been returned to 7-Eleven in full.
3. On August 10, 2023, the Cash Collateral Agreement, 7-Eleven Security Documents and Second Forbearance Amendment were executed and 7-Eleven funded the Cash Collateral amount. Accordingly, the Applicants were provided approximately \$10 million of additional liquidity under the CIBC Facility (which amounts are secured under the Lender Priority Charge) for general working capital purposes, including to purchase inventory intended to improve customer fill rates and to provide the Applicants the opportunity to advance the SISP.
4. Pursuant to the Cash Collateral Agreement, CIBC is not permitted to seek repayment of the amounts owing to it by the Applicants from the Cash Collateral until it has realized upon all of the tangible property of Wallace & Carey, CMI and the CMI subsidiaries over which CIBC holds security.
5. The guarantee by 7-Eleven was amended on or about October 6, 2023 to, among other things, increase the guarantee given by 7-Eleven to CIBC of the Applicants’ indebtedness from \$9 million to \$11.5 million. The guarantee by 7-Eleven was further amended on or about November 3, 2023 to among other things, increase the guarantee given by 7-Eleven to CIBC of the Applicants’ indebtedness from \$11.5 million to \$15 million.

3.2 SISP Overview⁷

1. Pursuant to the SISP, interested parties were provided the opportunity to submit offers to:
 - a) acquire all, substantially all or a portion of the Property or the Business;
 - b) make an investment in, restructure, reorganize or refinance the Business;
 - c) carry out any combination of a Sale Proposal and an Investment Proposal; or
 - d) form a partnership with the Applicants, or any of them, by way of joint-venture or otherwise.
2. The following table provides the key milestones and dates under the SISP Approval Order.

| | |
|---|--|
| | |
| SISP Launch Date | August 30, 2023 |
| Phase 1 Bid Deadline | October 5, 2023 |
| Phase 2 Bid Deadline | November 2, 2023 |
| Hearing of the Transaction Approval Application | Subject to the availability of the Court |
| Target Closing Date | On or before December 4, 2023 |

3. The SISP was designed as a two-stage process, with letters of intent to be submitted by the Phase 1 Bid Deadline and binding agreements to be submitted at the Phase 2 Bid Deadline.
4. Notwithstanding that 7-Eleven was granted the right to submit a stalking horse bid pursuant to the SISP, 7-Eleven did not exercise that right.

3.3 SISP Summary

1. A&M conducted a comprehensive process to solicit interest in the SISP, by contacting 190 parties, including 12 lending institutions, 141 private equity firms and 37 strategic parties, of which:

⁷ Defined terms in this Section of the Report have the meaning provided to them in the SISP Approval Order, unless otherwise defined herein.

- a) 47 parties executed a non-disclosure agreement (the “**NDA**”) and were granted access to an electronic data room, including 32 private equity firms, ten strategic parties and five lenders; and
 - b) four parties submitted non-binding expressions of interest/letters of intent (each an “**EOI**”), including one strategic party, two private equity firms and one lender.
- 2. A&M has provided the Monitor with a report concerning its conduct of the SISP and its recommendation of the Transaction. A copy of A&M’s report is provided in **Appendix “G”**.
 - 3. As a result of the Applicants’ significant liquidity challenges, which continued notwithstanding the Cash Collateral Agreement, the Applicants, A&M and the Monitor, with the consent of CIBC, believed it was necessary to expedite the SISP timelines.
 - 4. Accordingly, A&M encouraged the parties most interested in the transaction opportunity to provide EOIs at the earliest possible opportunity, which EOIs were to include, among other things, an overview of the proposed transaction structure, an indication of value, any outstanding due diligence and an estimated timeline to complete a transaction. A&M engaged with each party participating in the SISP at that time to facilitate their due diligence, including organizing meetings between certain interested parties and representatives of 7-Eleven.
 - 5. As noted, four parties submitted EOIs on or before October 5, 2023. Given the critical importance of the 7-Eleven relationship to the Wallace & Carey business, each of the parties that submitted an EOI required that a new service agreement be executed with 7-Eleven, with the exception of the prospective lender, which required an equity investment.
 - 6. During September 2023, 7-Eleven expressed concerns to the Monitor about the Applicants’ eroding financial and operational performance, lack of liquidity, the ability of the interested parties performing due diligence in the SISP to meet their service needs, and the amount of time that would be required to negotiate a new service agreement with one or more of these parties. 7-Eleven, however, also advised that it was not prepared at that time to exercise its right to submit a stalking horse bid nor to make a definitive offer for the Applicants’ business as its due diligence was not yet complete.

7. Following the Fourth Report (i.e., the second MAC report), discussions among A&M, the Monitor and 7-Eleven advanced rapidly concerning a transaction based on the structure detailed in this Report. On September 27, 2023, 7-Eleven sent an email to the Monitor outlining the terms of a proposed transaction. Those terms were incorporated into a draft term sheet between the Applicants and 7-Eleven that formed the basis of the Transaction documents. As the term sheet was non-binding, the parties' focus shifted to the definitive documents rather than finalizing the term sheet.

4.0 The Transaction⁸

1. The following are the primary Transaction documents:

- a) the W&C APA;
- b) the TSA; and
- c) the Receivership APS.

Each document is summarized below.

2. The W&C APA sets out the terms pursuant to which:

- a) the Applicants will sell to the Purchaser certain personal property forming part of the Western Business;
- b) the Purchaser will pay for 7-Eleven designated inventory; and
- c) the Purchaser will pay for all validated accounts receivable it owes to Wallace & Carey.

3. The W&C APA attaches a form of the TSA which is to be executed by the parties at closing of the Transaction. The TSA sets out the terms on which (i) the Purchaser will be provided an option following closing to purchase certain remaining assets used in the operation of the Western Business and the Eastern Business, including a lease for a warehouse used by Wallace & Carey in Oakville, Ontario that is believed to have considerable value; and (ii)

⁸ Unless otherwise defined in this Report, defined terms have the meanings provided to them in the Transaction Documents.

Wallace & Carey will continue to operate for the benefit of the Purchaser under CCAA protection, including:

- a) the duration of the TSA, being 15 months and nine months for the Western Business and the Eastern Business, respectively, subject in each case to two 90-day extensions that are available to the Purchaser; and
 - b) the Purchaser shall fund from and after closing, substantially all of the Applicants' operational costs, including employee costs, real property and personal property leases and other contracts, as well as the fees and costs of the Monitor and its counsel, and certain fees of the Applicants' counsel.
4. The execution of the TSA by the parties thereto is a critical part of the Transaction. The purpose of the TSA is for Wallace & Carey and CMI to maintain in good standing for the benefit of the Purchaser certain real and personal property leases and other contracts until the Purchaser can determine its long-term intentions for those leases and contracts.
 5. Pursuant to the TSA, the majority of Wallace & Carey's employees as of the Closing Date will continue to be employed until (and if) they are hired by one or more service providers identified by the Purchaser, which may include 7-Eleven, or until their services are no longer required, at which time their employment will be terminated and all wages and vacation pay owing to them will be paid. Additionally, the Purchaser has agreed to encourage any new service provider or providers with which they contract to hire Wallace & Carey's employees.
 6. The Receivership APS sets out the terms pursuant to which KSV, if appointed as Receiver of 772, is to sell and transfer to the Purchaser, respectively, the 772 Owned Real Property and 772's interest in the 772 Leased Real Property. These properties were marketed as part of the SISP. Pursuant to the terms of the Receivership APS, the Purchaser shall purchase the 772 Owned Real Property for the purchase price of \$14.92 million. The purchase price for the 772 Owned Real Property was determined through (i) an arm's length process conducted by a commercial real estate agent for the 772 Owned BC Property, in which the Purchaser's offer was the highest offer; and (ii) an estimate of value based on an appraisal sourced by the Applicants that was updated by the Monitor to reflect the current market value for the 772 Owned Alberta Property.

7. Other notable provisions of the Transaction include:

- a) from and after the Closing Date, the Lender will have no further obligation to fund the Applicants' operating costs;
- b) the key terms of the Transaction are consistent with the terms of a standard insolvency transaction, i.e., on an "as is, where is" basis, with limited representations and warranties from the Applicants or the Receiver, as the case may be;
- c) the closing of the W&C APA and the Receivership APS are conditional on the closing of each other;
- d) the CCAA AVO in respect of the W&C APA provides for the Releases (as discussed in Section 4.3 below);
- e) the CCAA AVO provides for an assignment of the Assigned Contracts listed on Schedule "B" to the W&C APA to the Purchaser provided that amounts required to be paid pursuant to section 11.3(4) of the CCAA have been paid by the Purchaser. The Monitor understands that the Applicants and the Purchaser are attempting to reach out to counterparties of the Assigned Contracts to obtain their consent to assignment. However, given the timing of the expected closing of this transaction, it is likely not possible to do so for all Assigned Contracts. In this respect, the Monitor notes that the Purchaser has agreed under the W&C APA to assume the obligations under the Assigned Contracts. Based on information provided to the Monitor by the Purchaser, the Monitor also understands that 7-Eleven will be able to perform the obligations under the Assigned Contracts and that it would be appropriate to assign the rights and obligations to the Purchaser;
- f) With respect to any real property lease assignments required under the Transaction, the Applicants' counsel has advised that each of the relevant landlords has indicated that it is prepared to consent to an assignment of the relevant lease. The Monitor understands that the Applicants' counsel intends to obtain these assignments in advance of closing; however, to the extent that the assignments are not provided prior to the hearing of the application, the Receivership AVO also provides for an assignment of the 772 Leased Real Property to the Purchaser;

- g) subject to Court approval, closing of the Transaction is contemplated to occur on November 20, 2023 (with an effective time of 12:01 a.m. on November 19, 2023) unless otherwise agreed by the parties and the Monitor. The Outside Date is November 30, 2023;
- h) the only material conditions precedent are Court approval of the Transaction pursuant to the CCAA AVO and the approval or non-objection of the Transaction by the Commissioner of Competition pursuant to the *Competition Act*, 1985, c. C-34, the latter of which is in process; and
- i) the Receiver also intends to market the Ridge Meadows and SIU real property for sale by retaining a real estate broker.

4.1 Estimated Transaction Value

1. The table below provides (i) an estimate of the value of the Transaction as of October 28, 2023 based on the Applicants' financial information available to the Monitor; and (ii) the indicative waterfall of distributions resulting therefrom pursuant to the ARIO and the Ancillary Order.

| (\$000s) ⁹ | Range | |
|---|---------------|---------------|
| Description | Low | High |
| W&C APA Transaction | | |
| Accounts Receivable | 10,000 | 12,600 |
| Inventory | 7,600 | 8,600 |
| 7-Eleven Inventory | 27,100 | 27,100 |
| Property, Plant & Equipment | 4,000 | 5,000 |
| Other Proceeds | 6,200 | 8,000 |
| Total proceeds from W&C APA Transaction | 54,900 | 61,300 |
| Receivership Transaction, net of CWB mortgage¹⁰ | 3,100 | 3,100 |
| Loudon real property | 1,300 | 1,300 |
| Other | 400 | 1,400 |
| Total gross realizations | 59,700 | 67,100 |

⁹ All amounts in the table have been rounded.

¹⁰ CWB's mortgage is expected to be repaid in full on closing from the sale of the 772 Owned Real Property.

| | | |
|---|-----------------|-----------------|
| Less: | | |
| Holdbacks and adjustments ¹¹ | (14,600) | (11,300) |
| Net proceeds of realization before the following | 45,100 | 55,800 |
| Lender Priority Charge | (31,800) | (31,800) |
| Surplus after Lender Priority Charge | 13,300 | 24,000 |
| D&O Charge ¹² | (4,000) | (4,000) |
| (Shortfall)/surplus after D&O Charge | 9,300 | 20,000 |
| CIBC Pre-Filing Security ¹³ | (5,600) | (5,600) |
| (Shortfall)/surplus after CIBC debt | 3,700 | 14,400 |
| Tobacco Tax Charge | (24,800) | (24,800) |
| Shortfall on Tobacco Charge | (21,100) | (10,400) |

4.2 Transaction Alternatives

1. For the following reasons, the Monitor is of the view that there is no viable better option to the Transaction:
 - a) A&M conducted the SISP in accordance with its terms, subject to encouraging parties to submit offers on an expedited basis;
 - b) the Transaction maximizes value for the Applicants' business and assets;
 - c) 7-Eleven has advised that it is not prepared to support any other transaction at this time. Given 7-Eleven's critical relationship to the Wallace & Carey business, its support is required for any going-concern solution;
 - d) absent the Transaction, the Applicants' business is likely to be liquidated; and
 - e) the value of the Transaction exceeds liquidation value for the Applicants' business and assets for the reasons listed below.

¹¹ Includes holdbacks for the Administration Charge, the Transaction Fee Charge, post-filing liabilities, vacation pay and various other amounts that are required to be paid.

¹² As discussed in paragraph 4.3.6 below, the Applicants' directors and officers are prepared to have this charge released if the Release contemplated by the Transaction is approved by the Court. This would make available \$4 million to stakeholders ranking subordinate to the D&O Charge.

¹³ Estimated, subject to adjustment for interest and expenses.

i. W&C APA transaction

- The purchase price of the personal property in the CCAA transaction exceeds the liquidation value of those assets based on valuations obtained by A&M. A&M and the Monitor engaged in extensive and protracted negotiation with 7-Eleven concerning the purchase price for these assets. The amount paid by 7-Eleven includes a premium above liquidation value reflecting their value-in-use for 7-Eleven.
- 7-Eleven has agreed to purchase, in most cases at cost, certain inventory that has been purchased on its behalf by Wallace & Carey. This represents a substantial portion of Wallace & Carey's inventory. Without this commitment from 7-Eleven, inventory realizations would be significantly impaired, and costs of realization would be materially higher. There would also be challenges conducting the liquidation of the inventory as the assistance of Wallace & Carey's employees would be required. This would require an expensive key employee retention plan given the large number of Wallace & Carey employees, which would further reduce recoveries.
- 7-Eleven has also agreed to pay in full its accounts receivable owing to Wallace & Carey. In a liquidation, Wallace & Carey may be unable to service 7-Eleven in the ordinary course, and there is a significant risk that 7-Eleven would setoff any damages against accounts receivable it owes to Wallace & Carey.
- The method for determining the purchase price for the Oakville lease, which is an Optional Purchased Asset that is believed to have considerable value, was established under the terms of the TSA. The Monitor believes that the methodology is fair and commercially reasonable and is consistent with how such value is commonly calculated.

ii. Receivership transaction

- The purchase price for each 772 Owned Real Property is based on either updated value estimates for those properties obtained by the Monitor earlier in these proceedings, and/or on offers received for these properties in these proceedings. The purchase price also excludes carrying costs (such as property taxes and utilities) that would otherwise be incurred while marketing the properties, and the realtor commissions payable are less than a typical transaction.¹⁴ The sale of the properties in the Transaction also eliminates the risk that these properties may sell for a lower price than the purchase price under the Transaction.

iii. Additionally, the Transaction:

- mitigates the risks and costs of a liquidation, including the challenges retaining employees to assist with the liquidation process and the related payroll and operating costs, which would total millions of dollars; and
- minimizes the fees and costs of the Monitor, its counsel and the Applicants' counsel carrying out a liquidation, which would also be very significant.

4.3 Releases

1. The CCAA AVO provides for the Releases, which include a broad release of all claims against (a) the current and former directors, officers, employees and their legal counsel; (b) legal counsel, agents and advisors of the Applicants and the Purchaser; (c) the Monitor and its legal counsel (collectively, the **"Released Parties"**).
2. The proposed Releases do not release: (i) any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA, or (ii) any fraud, gross negligence or willful misconduct on the part of any Released Parties.
3. The W&C APA provides that the closing of the Transaction will not be conditional upon the granting of the provisions of the CCAA AVO in a form that contains the Releases.

¹⁴ Typically, 5% of the selling price. In this case, commissions total approximately \$180k, or slightly more than 1%.

4. The Monitor notes that certain of the statutes under which the Accrued Tobacco Taxes are legislated contain provisions for director and/or officer liability that would be captured by the Releases contained in the CCAA AVO. The amounts are also secured by the Tobacco Tax Charge. Potential recoveries under the Tobacco Tax Charge are discussed herein and the Monitor understands that the applicable Provinces and Territories were served by the Applicants with their application materials on November 7, 2023 and will be served with this Report. The applicable Provinces and Territories have also been served with all materials filed in these proceedings, including the application materials containing the Initial Order, the ARIO and the Ancillary Order, each of which addresses the priority of the Tobacco Tax Charge and the other CCAA Charges.
5. In the Monitor's view, the Released Parties have provided substantial assistance (and will continue to do so) facilitating the proposed Transaction, which, if approved and closed, will ultimately see the value of the Applicants' business being maximized for the benefit of its stakeholders, including the beneficiaries of the Tobacco Tax Charge. In this regard, the Applicants' directors and officers have agreed, if requested, to continue in their role through this CCAA proceeding, which will provide the Purchaser with the benefit of their institutional knowledge of the Applicants' business and operations and will facilitate the orderly completion of these proceedings for the benefit of stakeholders.
6. Further, the Applicants' director and officers have agreed to have the D&O Charge released if the Release contemplated by the Transaction is approved by the Court. This would make the holdback of \$4 million otherwise contemplated to secure the D&O Charge unnecessary, meaning such funds would be available to stakeholders ranking subordinate to the D&O Charge. The release of this charge also negates the need for a claims process to determine any entitlement to such funds, resulting in significant associated cost savings.

5.0 Proposed Distributions

1. The ARIO and the Ancillary Order establish the following waterfall of distributions in the CCAA proceedings:
 - a) Administration Charge (\$850,000);

- b) Transaction Fee Charge (variable based on the value of the Transaction, but estimated to be approximately \$1 million);
 - c) the Lender Priority Charge (\$55 million);
 - d) D&O Charge (\$4 million);
 - e) the CIBC Pre-Filing Security (estimated to be \$5.5 million); and
 - f) Tobacco Tax Charge to \$25 million.
2. Pursuant to the Forbearance Agreement, CIBC was provided mortgages on the Non-Applicant Real Property ranking subordinate to CWB. As of the date of this Report, the amount owing to CWB is estimated to be approximately \$12 million. CWB is to be repaid, in full, from the sale of the Non-Applicant Real Property owned by 772.
 3. Subject to maintaining a holdback for the Administration Charge and other pre-closing costs that need to be funded from the Transaction proceeds, the Applicants are requesting an Order of the Court providing that the Net Distribution Proceeds are to be distributed to secured creditors in accordance with paragraph 1 and 2 above.
 4. In advance of these proceedings, and in order for the Monitor to recommend that the Court approve the Lender Priority Charge, the Monitor's counsel, Cassels, provided an opinion on the validity and enforceability of CIBC's security. Cassels' opinion provides that, subject to the customary assumptions and qualifications contained therein, the security granted to CIBC is valid and enforceable. Cassels has also provided the Monitor with an opinion confirming the validity and enforceability of CWB's security, subject to the customary assumptions and qualifications contained therein. A copy of the security opinions can be made available to the Court upon request.
 5. The Monitor is not aware of any secured creditors or any claim (including any deemed trust) that ranks or may rank in priority to the Lender Priority Charge or the CIBC Pre-Filing Security, other than the amounts secured under the Administration Charge, the Ancillary Order, and CWB in respect of the Non-Applicant Real Property (excluding the 772 Leased Real Property). Any equipment lessors with security interests in certain leased assets will either be assumed or paid by the Purchasers pursuant to the terms of the Transaction or their assets will be returned to the lessor.

6. The CCAA AVO provides that these distributions will be made free and clear of any claims and encumbrances. The Monitor notes that provincial legislation regarding tobacco taxes establishes a deemed trust in favour of tobacco tax authorities; however, that deemed trust is not operative pursuant to Section 37 of the CCAA. The Monitor notes that the applicable provinces will be served with this Report, as has been the case with all relevant materials filed in these proceedings.
7. Based on the foregoing, the Monitor recommends that the Court issue an order or orders:
 - a) authorizing the Monitor to make distributions to CWB to repay it in full from the proceeds of the sale of the 772 Owned Real Property; and
 - b) subject to the Monitor retaining sufficient reserves to satisfy, among other things, employee wages and vacation pay, the Administration Charge and the D&O Charge (subject to Court approval of the Release), authorizing the Applicant to make certain distributions, to the extent funds are available, including under the Transaction Fee Charge, the Lender Priority Charge and the CIBC Prefiling Security.

6.0 Tobacco Tax Recoveries

1. A table comparing the amounts projected to be owed by the Applicants to the Provinces and Territories as of November 17, 2023¹⁵ to the amounts owing as of the date of the Filing Date is provided below.

| (\$000s) | November 17 Projection | Filing Date | Change |
|-----------------------|---------------------------|-------------|---------|
| British Columbia | 3,638 | 4,281 | (643) |
| Alberta ¹⁶ | 16,085 | 13,780 | 2,305 |
| Saskatchewan | 1,880 | 4,386 | (2,506) |
| Manitoba | 1,426 | 452 | 974 |
| Ontario | 639 | 1,342 | (702) |
| Northwest Territories | 279 | 340 | (61) |
| Nunavut | - | 344 | (344) |
| Yukon | 822 | 535 | 287 |
| Total | 24,769 | 25,459 | (691) |

¹⁵ The last business day before closing.

¹⁶ The Monitor understands that the Province of Alberta's records may reflect a lower amount owing as of the Filing Date. The Monitor believes this amount would be approximately \$7.3 million. This is because the Province of Alberta's records would be based on the tobacco tax obligation as of the end of May 2023 and not as of the Filing Date.

2. As is evidenced by the table above, on a net basis, the tobacco taxes projected to be owing by the Applicants as of November 17, 2023 approximate the tobacco taxes owing as of the date of the Initial Order. The table reflects that the amounts owing to certain Provinces and Territories are projected to decline while the amounts owing to others are projected to increase, with Alberta seeing the greatest increase. This is largely because as of the Filing Date, Alberta and the Applicants had agreed to a payment plan in respect of tobacco tax arrears owing at the time, which the Applicants were unable to maintain during the CCAA proceedings. As noted in the Fourth Report Supplement, on October 1, 2023, Alberta withdrew Wallace & Carey's status as a tax collector such that Wallace & Carey is required to pay tobacco taxes at the time of purchase versus at the time of sale, which was the case until that time.
3. Based on the analyses performed by the Monitor, as discussed in Section 4.2 above, the projected repayments to the Provinces and Territories resulting from the Transaction materially exceed the amounts that the Provinces and Territories would receive if the business and assets of the Applicants were liquidated.
4. During the TSA period, Wallace & Carey intends to continue to pay tobacco taxes in the ordinary course.

7.0 Sealing

1. The Applicants are also seeking a Sealing Order, sealing on the Court file the Confidential Appendix to this Report, which contains a summary of bids received during the SISP. The availability of this information to other parties may negatively impact any future sale process if the Transaction does not close, or with respect to other elements of the Applicants' business that may be sold in the future. In the Monitor's view, sealing this information until the earlier of the termination of these proceedings or further Order of this Court is necessary to maximize recoveries in these proceedings and to maintain the integrity and confidentiality of key information in the SISP. The salutary effects of sealing such information from the public record greatly outweigh any deleterious effects of doing so. The Monitor is of the view that the Sealing Order is appropriate in the circumstances, satisfies the test from *Sherman Estate v. Donovan* 2021 SCC 25, and that no stakeholders will be prejudiced if the information is sealed.

8.0 Recommendation

1. The Monitor recommends that the Court issue the CCAA AVO, the Receivership Order and the Receivership AVO for the following reasons:
 - a) A&M carried out the SISP in accordance with its terms;
 - b) A&M widely canvassed the market for potential purchasers. Any purchaser of the Wallace & Carey business would have required a new “service agreement” with 7-Eleven. Among other reasons, the Applicants’ declining liquidity did not provide 7-Eleven with sufficient time to negotiate a service agreement with a new distributor;
 - c) the value of the Transaction exceeds liquidation value. The Transaction has been extensively negotiated. The Monitor believes that the Transaction is, by far, the best outcome for the business and its stakeholders in the circumstances, and is intended to maximize value. The Monitor does not believe there is any viable transaction alternative available to the Applicants;
 - d) the Applicants have had a series of liquidity challenges throughout these proceedings, which liquidity challenges are continuing. Accordingly, it is imperative that a transaction be completed forthwith. Liquidation is a probability if the Transaction is not approved by the Court;
 - e) the Forbearance Agreement has been terminated. Absent completion of the Transaction, it is unlikely that CIBC will continue to fund the going concern operations of Wallace & Carey’s business;
 - f) The Monitor does not believe that the Provinces and Territories would have a superior outcome to the Transaction if it is not approved. Wallace & Carey intends to continue to remit to the Provinces and Territories all tobacco taxes accruing from the date of closing and following;
 - g) the transaction will see the Wallace & Carey business continue during the transition periods, at a minimum. The Purchaser has undertaken to encourage a future service provider (or providers) to offer employment to Wallace & Carey employees. The Purchaser is also considering long-term self-distribution, which would also provide employees with opportunities for long-term employment; and

- h) the continuation of the business will provide Wallace & Carey's vendors with an opportunity to continue their relationship with 7-Eleven, which is critically important to many of them.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
in its capacity as monitor of
Wallace & Carey Inc., Loudon Bros Limited, and Carey Management Inc.
and not in its personal capacity**

APPENDIX C

[ATTACHED]

CERTIFIED *E. Wheaton*
by the Court Clerk as a true copy of
the document digitally filed on Dec
20, 2024

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.

RESPONDENTS

DIGIFLEX INFORMATION SYSTEMS INC. and MOHAMAD ZÄHED
MARDUKHI

DOCUMENT

CONSENT ORDER – DIGIFLEX INFORMATION SYSTEMS INC.

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Cassels Brock & Blackwell LLP
Bankers Hall West
3810, 888 3rd St SW
Calgary, AB T2P 5C5

E: joliver@cassels.com
P: 403 351 2920

Attention: Jeffrey Oliver

File no. 54670-3

DATE ON WHICH ORDER WAS PRONOUNCED: December 17, 2024

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

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

UPON THE APPLICATION of KSV Restructuring Inc., in its capacity as the Court-appointed Monitor (in such capacity, the "**Monitor**") of Wallace & Carey Inc. ("**Wallace & Carey**"), Loudon Bros Limited, and Carey Management Inc. (collectively, the "**Companies**") for an Order (among other things): (i) requiring DigiFlex Information Systems Inc. ("**DigiFlex**") and Mohamad Zahed Mardukhi ("**Mardukhi**"), as sole director and voting shareholder of DigiFlex, to continue to provide services to Wallace & Carey in the manner and at the rates and subject to the terms prescribed in the DigiFlex Agreements (as defined in the Fourteenth Report of the Monitor, dated December 13, 2024 (the "**Fourteenth Report**")); and (ii) restraining DigiFlex and Mardukhi, or any other parties on direction from DigiFlex or Mardukhi, from terminating or otherwise

interfering with the services provided under the terms of the DigiFlex Agreements and the services provided thereunder;

AND UPON having reviewed the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the "**ARIO**"); the Fourteenth Report; the TSA (as defined in the Fourteenth Report); and the Affidavit of Service of Angeline Gagnon, sworn December 17, 2024; **AND UPON** hearing counsel for the Monitor, counsel for the Companies, and any other interested parties appearing at the within application; **AND UPON** noting the consent of the Monitor, Wallace & Carey, DigiFlex, and Mardukhi; **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 Fourteenth Report.

SERVICE

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

CONTINUATION OF SERVICES

3. DigiFlex shall continue to provide maintenance services ("**Maintenance Services**") to Wallace & Carey in the manner, at the rates and subject to the terms prescribed in the Maintenance Agreement and subject to the terms of the ARIO 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.

4. DigiFlex shall continue to provide helpdesk support services ("**Support Services**") to Wallace & Carey in the manner and at the rates established by the historical practices of DigiFlex and Wallace & Carey and pursuant to the ARIO until January 31, 2025, after which Wallace & Carey shall have the option to extend such Support Services for a one-year term at a cost of \$192,000

(excluding G.S.T.). In the event of an extension, the hourly rate charged by DigiFlex for Support Services shall not exceed \$250.

5. Without limitation to paragraphs 18 and 19 of the ARIO, which remain in full force and effect, during the Stay Period:
 - (a) DigiFlex, Mardukhi and any other parties upon their direction are restrained from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Companies or exercising any other remedy provided under the DigiFlex Agreements or at law. The Companies shall be entitled to the continued use of the software and services provided by DigiFlex pursuant to the terms of the DigiFlex Agreements and DigiFlex and Mardukhi shall support the services provided to Wallace & Carey under the DigiFlex Agreements on the same basis as they did prior to the date of this Order.
 - (b) DigiFlex, Mardukhi and any party upon their direction shall not accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, license or permit in favour of or held by the Companies, except with the written consent of the Companies and the Monitor, or leave of this Court.

SERVICE OF ORDER

6. 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.

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


Justice of the Court of King's Bench of Alberta

Consented to this 17th day of December, 2024

DIGIFLEX INFORMATION SYSTEMS INC.

Per: 

Name: Mohamad Zähed Mardukhi

Title: Director

I have the authority to bind the corporation

WITNESS:


MOHAMAD ZÄHED MARDUKHI

MILLER THOMSON LLP, counsel to WALLACE & CAREY INC.

Per: 

Name: James W. Reid

Title: Partner

CASELS BROCK & BLACKWELL LLP, counsel to KSV RESTRUCTURING INC., in its capacity as Monitor to the Companies

Per: 

Name: Jeffrey Oliver

Title: Partner

APPENDIX D

[ATTACHED]

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

Clerk's Stamp:



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

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

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

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

DOCUMENT **ORDER**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT MILLER THOMSON LLP
Barristers and Solicitors
525-8th Avenue SW, 43rd Floor
Calgary, AB, T2P 1G1

Attention: James W. Reid / Pavin Takhar
Phone: 403-298-2418 / 403-298-2432
Email: jwreid@millerthomson.com /
ptakhar@millerthomson.com
File No: 0221652.0007

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

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

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

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

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

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

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

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

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

DEFINITIONS

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

EXTENSION OF STAY PERIOD

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

SECOND TSA AMENDMENT

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

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

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

the Second TSA Amendment.

MISCELLANEOUS

7. Service of this Order shall be deemed good and sufficient by posting a copy of this Order on the Monitor's website established in connection with these proceedings, for no less than six months from the date of this Order; and service on any other person is hereby dispensed with.

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

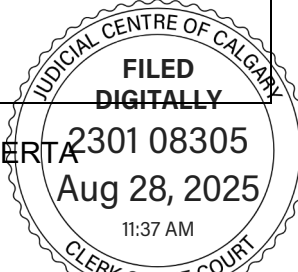
Justice of the Court of King's Bench of Alberta

APPENDIX E

[ATTACHED]

CERTIFIED *E. Wheaton*
by the Court Clerk as a true copy of
the document digitally filed on Aug
28, 2025

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

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

DOCUMENT **ORDER**
(Monitor's Enhanced Powers)

DLA Piper (Canada) LLP
1000, 250 2 Street SW
Calgary, Alberta T2P OC1

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Lawyer: Carole J. Hunter
Phone: (403) 698 8782
Fax: (403) 697 6600
Email: carole.hunter@ca.dlapiper.com

File No. 036250-00322

**DATE ON WHICH ORDER WAS
PRONOUNCED** August 26, 2025

LOCATION OF HEARING OR TRIAL Calgary, Alberta (Via Webex)

NAME OF JUDGE WHO MADE THIS ORDER Justice C. D. Simard

UPON THE APPLICATION of 7-Eleven Canada Inc. and 7-Eleven Distribution Canada Corporation (together, "**SEC**") filed August 13, 2025 (the "**Application**"); **AND UPON** reading the Seventeenth Report of KSV Restructuring Inc., in its capacity as the monitor (the "**Monitor**") of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited ("**Loudon**") and Carey Management Inc.

(“**CMI**”) dated August 13, 2025 (the “**Seventeenth Report**”) and the Supplement to the Seventeenth Report dated August 21, 2025, **AND UPON** hearing the submissions of counsel for SEC, the Monitor and the other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Capitalized terms otherwise used but not defined herein shall have the meanings ascribed to them in the Amended and Restated Initial Order granted on June 30, 2023 (the “**ARIO**”) in the within proceedings (the “**CCAA Proceedings**”)

SERVICE

2. Service of the Notice of Application for this Order is hereby validated and deemed good and sufficient, this application is properly returnable today, and no person other than those persons served is entitled to service of the Notice of Application.

MONITOR’S ENHANCED POWERS

3. The Monitor, in addition to its prescribed rights and obligations under the *Companies’ Creditors Arrangement Act*, RSC 1985, c.C-36, as amended (the “**CCAA**”) and under any orders granted in these CCAA Proceedings, and without altering in any way the powers, abilities, limitations and obligations of W&C, Loudon and CMI (together, the “**CCAA Entities**”) within, or as a result of the CCAA Proceedings, be and is hereby authorized, directed and empowered, but not obligated, to:
 - (a) deal with all administrative matters, including to control the CCAA Entities’ bank accounts;
 - (b) administer the Property and operations of the CCAA Entities, including control of receipts and disbursements, as the Monitor considers necessary or desirable to facilitate or assist the administration of the CCAA Proceedings,
 - (c) cause the CCAA Entities to exercise their rights and observe their obligations under the ARIO and all other Orders of the Court in the CCAA Proceedings,

- (d) cause the CCAA Entities to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the administration of the CCAA Proceedings and the operations of the CCAA Entities' businesses; and
- (e) cause the CCAA Entities to execute such agreements or amendments to agreements, and to carry out the CCAA Entities' obligations thereunder, as the Monitor considers necessary or desirable to facilitate or assist the administration of the CCAA Proceedings and the operations of the CCAA Entities' businesses,

and in each case where the Monitor takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other persons, including the CCAA Entities and without interference from any other person. Notwithstanding the foregoing, the Monitor shall not make an assignment in bankruptcy for any of the CCAA Entities without further order of this Court, obtained on notice to the Service List.

- 4. Except as necessary to give effect to this Order, the ARIO and any other Order granted in these proceedings shall remain in full force and effect. In the event of any conflict or inconsistency between this Order and the ARIO, the terms of this Order shall apply.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE MONITOR

- 5. The CCAA Entities and all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf shall fully co-operate with the Monitor in the exercise of its powers under this Order or any other Order of the Court, including by:
 - (a) advising the Monitor of the existence of any Property of which such party has knowledge of;
 - (b) providing the Monitor with immediate and continued access to any Property in such party's possession or control;
 - (c) advising the Monitor of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the CCAA Entities, and any computer programs, computer tapes, computer disks, or other data storage

media containing any such information (“**Records**”) of which such party has knowledge of; and

- (d) providing access to and use of the Records, including any accounting, computer, software and physical facilities relating thereto, and including providing the Monitor with instructions on the use of any computer or other system as requested by the Monitor, provided that, if the Monitor requests training or complex or ongoing assistance in connection with the use of such systems, the Monitor shall reasonably compensate the individual or individuals providing such training or assistance for their time, and providing the Monitor with any and all access codes, account names and account numbers that may be required to gain access to the Records, provided however that nothing in this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Monitor due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

LIMITATION ON THE MONITOR'S LIABILITY

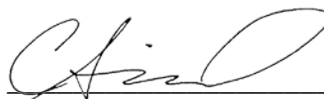
- 6. The Monitor is not and shall not, for any purposes, be deemed to be a director, officer, employee, receiver, receiver-manager, or liquidator of the CCAA Entities.
- 7. Nothing in this Order shall constitute or be deemed to constitute the Monitor as receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of any of the CCAA Entities within the meaning of any relevant legislation, regulation, common law, or rule of law or equity. For greater clarity, any distribution to creditors of any of the CCAA Entities administered by the Monitor on behalf of any of the CCAA Entities will be deemed to have been made by the CCAA Entities, themselves.
- 8. The Monitor is not and shall not for the purposes of the *Income Tax Act*, R.S.C., 1985, c. 1 (5th Supp.)), and all equivalent laws and regulations in other jurisdictions, be deemed to be a legal representative or person to whom s. 150(3) of that Act, or any equivalent provision in any foreign law or regulation, applies.
- 9. The rights, protections, indemnities, charges, priorities and other provisions in favour of the Monitor set out in the CCAA, any other applicable legislation, the ARIO and any other Order granted in these proceedings, all shall apply and extend to the Monitor in connection

with the Monitor carrying out the provisions of this Order, amended as necessary to give effect to the terms of this Order.

10. The Monitor shall not be liable for any employee-related liabilities of the CCAA Entities, including any successor employer liabilities as referred to in Section 14.06(1.2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "BIA"), or any equivalent law and regulation in other jurisdictions, other than amounts the Monitor may specifically agree in writing to pay or in respect of obligations imposed by applicable legislation, including under the *Wage Earner Protection Program Act*, S.C. 2005, c.47. The Monitor shall be liable for any employee related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Monitor may hire in accordance with the terms and conditions of such employment by the Monitor. The Monitor is empowered but not obligated to interact with, and provide direction to, individuals who are on the Property, but are not employed by the CCAA Entities or the Property.

SERVICE OF ORDER

11. 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;
 - (iii) any other parties attending or represented at the application for this Order;
 - (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
 - (c) service on any other person is hereby dispensed with.
12. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier.



J.C.K.B.A.

APPENDIX F

[ATTACHED]

CERTIFIED *E. Wheaton*
by the Court Clerk as a true copy of
the document digitally filed on Sep
22, 2025

COURT FILE NUMBER 2301 - 08305

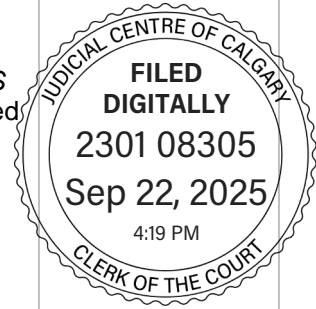
COURT COURT OF KING'S BENCH OF ALBERTA

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 APPROVING STAY EXTENSION AND THIRD TSA AMENDMENT**

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

Attention: Jeffrey Oliver

File no. 54670-3

DATE ON WHICH ORDER WAS PRONOUNCED: September 19, 2025

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice C. Feasby

UPON 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., Loudon Bros Limited, and Carey Management Inc. (collectively, the "**Companies**") for an Order (among other things) approving the extension of the Stay Period to February 15, 2026 and approving the Third TSA Amendment (as defined herein); **AND UPON** having reviewed the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the "**ARIO**"); 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 Affidavit of Joshua Buchanan sworn September 8, 2025; and the Affidavit of Service of Angeline Gagnon, sworn September 16, 2025; **AND UPON** hearing counsel for the Monitor, and any other interested parties appearing at the within application; **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 Second Supplement to Seventeenth Report.

SERVICE

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

STAY EXTENSION

3. The Stay Period is hereby extended from September 30, 2025 to February 15, 2026.

THIRD TSA AMENDMENT

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

“(a) The Term (the "**Term**") of this TSA will commence on the Effective Date and will terminate on February 15, 2026, or on such other date as may be agreed to by the parties in writing prior to February 15, 2026.”

5. The execution of the Third TSA Amendment by the Monitor is hereby authorized and approved, with such minor amendments as SEC and the Monitor may deem necessary.
6. The Monitor is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable to give effect to the Third TSA Amendment.
7. This Order shall be without prejudice to the rights of DigiFlex Information Systems Inc. ("**DigiFlex**") to bring an application before this Honourable Court seeking the termination of the Transition Services Agreement (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 to commence any such proceeding, including but not limited to those set out in the *Alberta Rules of Court*, Alta Reg 124/2010, and any other relevant statutes and

regulations; and

- (b) DigiFlex shall be represented by legal counsel in such application or proceeding, duly appointed in accordance with section 106(1) of the *Legal Profession Act*, RSA 2000, c L-8, rule 2.23 of the *Alberta Rules of Court*, and any other applicable statutes or regulations.

SERVICE OF ORDER

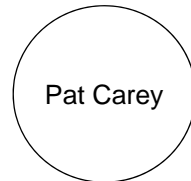
- 2. Service of this Order shall be deemed good and sufficient by:
 - (a) serving the same on:
 - i. the persons listed on the service list created in these proceedings;
 - ii. any other person served with notice of the application for this Order; and
 - iii. any other parties attending or represented 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.
- 3. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier.



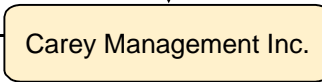
Justice of the Court of King's Bench of Alberta

APPENDIX G

[ATTACHED]



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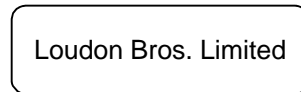
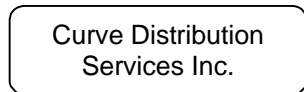
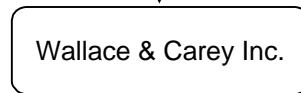
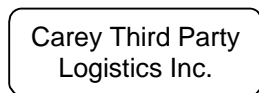
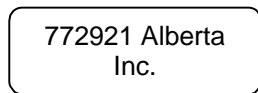
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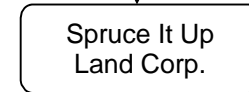
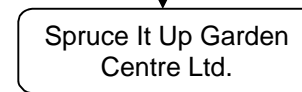
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APPENDIX H

[ATTACHED]

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT (this “TSA”) is made effective as of the 21st day of November, 2023 (the “**Effective Date**”),

AMONG:

**WALLACE & CAREY INC. (“W&C”) AND CAREY
MANAGEMENT INC. (“CMI”)**

(collectively, the “**Debtors**”)

- and -

7-ELEVEN CANADA, INC.

(the “**Purchaser**”)

- and -

**KSV RESTRUCTURING INC., in its capacity as CCAA Monitor of
the Debtors and not in its personal or corporate capacity**

(“**KSV**”)

BACKGROUND:

- A. On June 22, 2023, upon application by the Debtors, the Court of the King’s Bench of Alberta (the “**Court**”) granted an initial order (the “**Initial Order**”) in respect of the Debtors under the *Companies Creditors’ Arrangement Act* (Canada) (“**CCAA**”, and the proceedings thereunder being the “**CCAA Proceedings**”);
- B. KSV is the monitor (the “**Monitor**”) of the Debtors in the CCAA Proceedings, and on November 17, 2023 was appointed by the Court as receiver (the “**Receiver**”) in respect of, *inter alia*, the real properties and associated personal property and assets of 772921 Alberta Inc. (“**772921**”), in particular the real properties known municipally as 1230 Industrial Road, Kelowna, British Columbia and 5415 and 5445 8th Street N.E., Calgary, Alberta (together, the “**Acquired Properties**”);
- C. The Debtors and the Purchaser are parties to an asset purchase agreement dated as of November 7, 2023 (the “**APA**”) pursuant to which the Purchaser has agreed to purchase (or take an assignment of), and the Debtors have agreed to sell or assign certain assets currently used in connection with the business (the “**Business**”) of the Debtors (the “**Purchased Assets**”), subject to Court approval, which Purchased Assets include the leases (the “**Assumed Leases**”) of the Debtor’s warehouse premises known municipally as (i) 7350 Wilson Avenue, Delta, British Columbia and (ii) 14430 - 14434 157 Avenue, Edmonton, Alberta, and 772921’s warehouse premises known municipally as (iii) 5225 8th Street N.E., Calgary, Alberta and (iv) Unit 5B, 4386 Boban Drive, Nanaimo, British Columbia (together, the “**Assumed Lease Premises**”);
- D. The Purchaser and the Receiver are parties to an agreement of purchase and sale dated as of November 7, 2023 (the “**Warehouse APS**”) pursuant to which the Purchaser has agreed to purchase, and the Receiver has agreed to sell the Acquired Properties, subject to Court approval;

- E. The Debtors shall continue to own and shall preserve its ownership (including any real or personal property leasehold interests, as the case may be) of all assets utilized by the Debtors in respect of the Debtor's services provided to the Purchaser prior to the Effective Date, and to be provided to the Purchaser or its designee in accordance with this TSA following the Effective Date, that are not Purchased Assets, including, without limitation, the leases (the "**Option WH Leases**") of premises located at (i) 2226 South Service Road, Oakville, Ontario (the "**Oakville Warehouse**"), (ii) 603 Park Street, Regina, Saskatchewan, (iii) Units 1-6 Bentall Street, Winnipeg, Manitoba, and (iv) 8-3703 Millar Avenue, Saskatoon, Saskatchewan (the "**Leased Option Premises**");
- F. In order to enable the Debtors to continue providing the Purchaser with the ongoing services as set out in **Schedule A** hereto (the "**Ongoing Services**") and the transition services as set out in **Schedule B** hereto (the "**Transition Services**", and together with the Ongoing Services, the "**Services**") in accordance with this TSA, following the Effective Date, the Debtors shall continue to employ a certain level of warehouse, logistics, administrative, and managerial employees of the Debtors as may be adjusted from time to time during the Term in accordance with this TSA (the "**Transition Employees**");
- G. The Purchaser requires the Debtors to maintain and preserve (i) certain contracts required for the operation of the Debtors' Business which are not part of the Purchased Assets (the "**Transition Contracts**", as set out in **Schedule C** hereto), as may be adjusted from time to time during the Term in accordance with this TSA, and (ii) the equipment leases and vehicle leases included in the Optional Purchased Assets (the "**Option Equipment Leases**", as set out in **Schedule D** hereto, and together with the Option WH Leases, the "**Optional Purchased Assets**"), as may be adjusted from time to time during the Term in accordance with this TSA;
- H. The Purchaser requires the Debtors to maintain and preserve certain licences and permits required for the operation of the Debtors' Business which are not part of the Purchased Assets (the "**Transition Permits**", as set out in **Schedule E** hereto), as may be adjusted from time to time during the Term in accordance with this TSA;
- I. The APA and the Warehouse APS were both approved by Orders of the Court dated November 17, 2023) (the "**APA AVO**" and the "**Warehouse APS AVO**" respectively); and
- J. The entry into this TSA was approved pursuant to the APA AVO and is a closing condition under the APA and the Warehouse APS.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Provision of the Services.** Subject to and strictly in accordance with the terms of this TSA and the APA AVO, the Debtors shall provide the Services to the Purchaser using the Purchased Assets and the Optional Purchased Assets.
2. **Occupation.** The Debtors shall remain in occupation of each of the Acquired Properties, the Assumed Lease Premises, and Leased Option Premises (together, the "**Premises**" and each, a "**Premise**") during the period (the "**Occupation Period**") from 12:01 a.m. (prevailing Calgary, Alberta time) on November 19, 2023 (the "**Effective Time**") until the earlier of (i) not less than 10 days following receipt of notice of termination from the Purchaser in respect of the Services being performed at a specified Premise (other than a Leased Option Premise), (ii) not less than 35 days following receipt of notice of termination from the Purchaser in respect of the Services being performed at a Leased Option Premise, or (iii) the date upon

which the Term of this TSA expires or is otherwise terminated in accordance with its terms and conditions (the “**Termination Date**”).

3. **Services of Transition Employees.**

- (a) The Debtors shall provide the Purchaser with the Services utilizing the Transition Employees during the period (the “**Services Period**”) from the Effective Date until the Termination Date. Except as provided in section 3(b) and section 21(b), during the Services Period, the Transition Employees shall remain employees of the Debtors. Except as provided in section 3(b), nothing in this TSA or the APA shall create a relationship of employer and employee between the Purchaser and any of the Transition Employees. During the Services Period, the Debtors shall perform all obligations and discharge all liabilities that may be imposed on them by applicable law as employers of the Transition Employees. The Debtors shall be responsible for the day to day supervision and management of the Transition Employees during the Services Period.
- (b) From time to time during the Services Period, the Purchaser may elect to offer employment to one or more Transition Employee(s) on such terms as the Purchaser may deem appropriate (each employee who accepts such offer being, a “**Hired Employee**”). A Hired Employee will thereafter be subject to control and direction from the Purchaser, and the Debtors will provide (i) all assistance reasonably requested by the Purchaser in facilitating the resignation of such Hired Employee(s) from the employ of the Debtors and their subsequent engagement by the Purchaser, and (ii) such Hired Employee(s) with continued access to the Premises and information in the same way as if they had remained employed by the Debtors for provision of the Services. For clarity, nothing in this TSA requires the Purchaser to hire any of the Transition Employees.

4. **Access.** The Debtors will allow all Purchaser personnel (including Hired Employees), the Monitor, any party appointed by Canadian Imperial Bank of Commerce, as agent for the secured lenders to the Debtor, and third parties designated by the Purchaser to access the Premises from time to time during the Services Period, including, without limitation, for the purpose of realizing upon any Excluded Assets that are not Optional Purchased Assets and to proceed with the wind down of the Debtors and their Affiliates, and will ensure that the Transition Employees cooperate with all reasonable requests made by such individuals.

5. **Optional Purchased Assets.**

- (a) During the Term, the Debtors shall remain party to or retain their ownership, and provide the Purchaser with the operational benefit, of the Optional Purchased Assets, including, without limitation, the Option WH Leases.
- (b) The Debtors hereby grant the Purchaser an exclusive and irrevocable option to acquire any or all of the Optional Purchased Assets on terms to be agreed upon between the Purchaser and the Monitor, each acting reasonably, and subject to approval of the Court if required (the “**Option**”). The Option in respect of all of the Optional Purchased Assets *other than the Oakville Warehouse lease* will be available for exercise by the Purchaser, in the Purchaser’s sole discretion, during the entirety of the Term. The Option in respect of the Oakville Warehouse lease will be available for exercise by the Purchaser, in the Purchaser’s sole discretion, until the later of four (4) months after the Effective Date or such date that the Monitor decides to market the Oakville Warehouse lease, unless otherwise agreed by the Purchaser and Monitor, acting reasonably, in writing.

- (c) The Purchaser may exercise the Option (from time to time during the Term) by providing the Debtors with 10 days' written notice detailing which Optional Purchased Asset(s) the Purchaser would like to purchase (the "**Option Notice**"). Upon receipt of such Option Notice, and upon the Purchaser reaching agreement with the Monitor on the purchase price in respect of the Optional Purchased Asset(s), the Debtors agree to sell (subject to the approval of the Court if required) the corresponding Optional Purchased Asset(s) to the Purchaser on an "as is, where is" basis, free and clear of all claims and encumbrances, and to otherwise cooperate with the Purchaser in effecting such purchase and transfer of title. The purchase price for Optional Purchased Assets shall be limited to CAD\$1.00 for all Option Equipment Leases and Option WH Leases (with the sole exception of the Oakville Warehouse lease which may have a purchase price in excess of CAD\$1.00¹).
- (d) If the Purchaser exercises its Option in respect of the Oakville Warehouse lease, the Monitor and the Debtors will use commercially reasonable efforts to obtain a lease assignment order in respect of same upon the Purchaser's request.
- (e) From time to time during the Services Period, if the Purchaser determines that it will not be exercising the Option in respect of a particular Optional Purchased Asset, the Purchaser may, in the Purchaser's sole discretion, provide the Debtors and the Monitor with 35 days' prior written notice (an "**Exclusion Notice**") detailing which Optional Purchased Asset(s) the Purchaser would like to exclude from the Option, and the Purchaser's responsibility for funding any costs of the Debtor's obligations in respect of such Excluded Asset pursuant to section 10 of this TSA shall cease upon the effective date of the Exclusion Notice.
- (f) Any Optional Purchased Assets remaining in the Debtor's possession and control on the Termination Date shall thereupon be deemed to be Excluded Assets.

6. **Provision of Transition Contracts.** The Debtors shall remain party to the Transition Contracts during the period (the "**Contract Period**") from the Effective Time until the earlier of: (i) expiration of the Transition Contract in accordance with its terms, unless arrangements reasonably satisfactory to the Debtors and the Purchaser are made to extend or renew such Transition Contract; (ii) 35 days following receipt of notice of termination from the Purchaser in respect of the Services which are reliant on a Transition Contract; (iii) the assignment of a Transition Contract to the Purchaser by the Debtors; or (iv) the Termination Date.

7. **Provision of Transition Permits.** The Debtors shall remain party to the Transition Permits during the period (the "**Permit Period**") from the Effective Time until the earlier of: (i) expiration of the Transition Permit in accordance with its terms, unless arrangements reasonably satisfactory to the Debtors and the Purchaser are made to extend or renew such Transition Permit; (ii) 35 days following receipt of notice of termination from the Purchaser in respect of the Services which are reliant on a Transition Permit; (ii) the assignment of the Transition Permit to the Purchaser by the Debtors; or (iii) the Termination Date.

8. **Licence.** The Purchaser hereby grants the Debtors a limited, revocable, non-exclusive, non-transferable, non-sublicensable, non-assignable licence to use any information technology systems that were included in the Purchased Assets during the Services Period, provided that the Debtors may only use such systems to the extent such use is necessary to provide the Purchaser with the Services or to realize

¹ The purchase price for the Oakville Warehouse lease shall be calculated as of the date that the Oakville Warehouse lease is assigned to Purchaser. It will be determined by taking 50% of the present value of the difference between the payments set out in the Oakville lease and market rent, as determined by Colliers International, using a discount rate equal to CIBC's prime rate as of the Effective Date.

upon the Excluded Assets and proceed with the wind down of the Debtors and their Affiliates. The foregoing licence is also granted to any receiver of the Debtors, or the Monitor, if so appointed to realize upon the Excluded Assets.

9. Trademarks.

- (a) The Purchased Assets included certain trademarks that the Debtors used in association with their Business, as set out in more detail in the APA (the “**Trademarks**”). The Purchaser hereby grants the Debtors a limited, non-exclusive, non-transferable and non-sublicensable right and licence, during the Services Period, to use the Trademarks for the sole purpose of performing the Services or to realize upon the Excluded Assets and proceed with the wind down of the Debtors and their Affiliates, all in accordance with this section 9. The Debtors shall not use the Trademarks in any way not expressly permitted by this TSA or by the Purchaser in writing. The foregoing licence is also granted to any receiver of the Debtors, or the Monitor, if so appointed to realize upon the Excluded Assets.
- (b) The Debtors shall: (i) use, reproduce and display the Trademarks in a manner consistent with the operation of their Business immediately before the Effective Date, and in accordance with the policies, specifications, regulations and standards authorized or stipulated by the Purchaser from time to time relating to the form and manner in which the Trademarks are to be used; (ii) upon written notice from the Purchaser, immediately modify or discontinue any use of any of the Trademarks that the Purchaser determines might adversely affect the Purchaser’s rights or interests in the Trademarks, except as necessary to realize upon the Excluded Assets and proceed with the wind down of the Debtors and their Affiliates; (iii) not use, display or reproduce or apply to register any of the Trademarks, or any trademarks, domain names, business names, corporate names, words, designs, characters, symbols or other identifiers that are identical to or confusing with or derived from or based on any of the Trademarks, except as expressly authorized by the Purchaser in writing; (iv) not oppose or otherwise challenge the validity of any of the Trademarks or the Purchaser’s interest in any of the Trademarks; and (v) cooperate with the Purchaser for the purpose of protecting, preserving and enhancing the Trademarks and the Purchaser’s interest in the Trademarks as the Purchaser may reasonably request from time to time, at the cost of the Purchaser.
- (c) Except as may be authorized by this TSA or by the Purchaser, the Debtors shall not directly or indirectly through any number of intermediaries: (i) use, reproduce, display or take the benefit of any of the Trademarks; (ii) do anything or omit to do anything, that might impair, jeopardize, violate, infringe, dilute, depreciate, prejudice, derogate from, tarnish or disparage the Trademarks, the goodwill associated with the Trademarks, or the Purchaser’s interest in the Trademarks; (iii) use any of the Trademarks, or any trademarks, domain names, business names, corporate names, words, designs, characters, symbols or other identifiers that, in whole or in part, reproduce or resemble any of the Trademarks, or is confusing with any of the Trademarks, or is derived from or based on any of the Trademarks, in a manner that defames, slanders, libels, criticizes, or ridicules the Purchaser or any of Purchaser’s business, products, services or activities; or (iv) assist, permit, or encourage any other person or entity to do any of the foregoing.
- (d) The Debtors acknowledge and agree that: (i) the Purchaser will have no liability to any of the Debtors for anyone who may claim prior use of any of the Trademarks; (ii) as between the Purchaser and the Debtors, the Purchaser exclusively owns the Trademarks and all goodwill associated with or appurtenant to the Trademarks; and (iii) all the benefit and

goodwill associated with the Debtors' use of the Trademarks will at all times enure entirely to the Purchaser.

- (e) The Debtors shall permit and assist the Purchaser and its designees to observe and inspect the Debtors' activities relating to the Trademarks in order to confirm compliance with this TSA. This will include permitting and assisting the Purchaser or its designees to enter premises where the Debtors exercises any of their rights under this TSA.
- (f) This trademark licence commences on the Effective Date and will automatically terminate when the Services Period ends, except as necessary to realize upon the Excluded Assets and proceed with the wind down of the Debtors and their Affiliates. When this trademark licence ends, the Debtors will immediately stop using and reproducing the Trademarks, except as necessary to realize upon the Excluded Assets and proceed with the wind down of the Debtors and their Affiliates.

10. Purchaser's Funding Obligations.

- (a) The Purchaser's funding under this TSA will be based on a not less than six week rolling budget (the "**Budget**") to be prepared (or updated) by the Debtors, in consultation with the Monitor, by 5:00 pm (Central Time) on Tuesday of each week during the Term for the period commencing the subsequent Monday. The Budget will be approved by the Purchaser in its sole discretion. The initial Budget ("**Initial Budget**") shall be prepared by the Debtors, in consultation with the Monitor and the Purchaser, not less than ten (10) days prior to the Effective Date, for approval by the Purchaser in its sole discretion (a Purchaser-approved Budget or Initial Budget, an "**Approved Budget**").
- (b) Notwithstanding anything in this TSA to the contrary, the parties acknowledge that all weeks in the then-current Approved Budget, with the sole exception of the first two weeks in the corresponding Approved Budget period, remain subject to ongoing review and adjustment by the Purchaser as may be necessary to reflect changes in circumstances. The Purchaser will endeavour in good faith to provide reasonable advance notice of a change in circumstance requiring a material adjustment to an Approved Budget.
- (c) Budgeted costs and expenses ("**Approved Budget Expenses**") shall include all costs and expenses reasonably incurred by the Debtors to provide the Transition Services, consistent with the Approved Budget, including (but not limited to): (i) (a) costs directly related to the Leased Option Premises during the Occupation Period, including, without limitation, rents, utility charges (including phone bills), maintenance costs, and property taxes payable by the Debtors under the Option WH Leases, and (b) all utility charges (including phone bills) and maintenance costs, associated with the Debtors' occupation of the Assumed Lease Premises and the Acquired Properties, to the extent payable under the Assumed Leases or in respect of the Acquired Properties (collectively, the "**Premises Costs**")²; (ii) all amounts owing by the Debtors under Option Equipment Leases until the effective date of a corresponding Option Notice or Exclusion Notice; (iii) the costs incurred by the Debtors in relation to the Debtors' employment of the Transition Employees (which costs shall not include any unpaid or banked overtime pay accrued before the Effective Date, unpaid vacation pay or other vacation-related entitlements accrued before the Effective Date, retention, or other bonuses, severance or termination pay at the end of the Services

² It is presumed Purchaser will pay rents and property taxes related to Assumed Lease Premises, as well as property taxes related to the Acquired Properties, directly (and not through Debtor).

Period for any Transition Employee) and the provisions of the Services during the Services Period in accordance with existing employment contracts (“**Services Costs**”); (iv) costs related to the Transition Contracts during the Contract Period in accordance with the terms thereof (the “**Contract Costs**”); (v) all applicable goods and services, harmonized sales, value added, sales, use, transfer and other similar taxes (collectively, “**Sales Taxes**”) in relation to the Premises Costs, Services Costs, Contract Costs, and other amounts payable by the Debtors in connection with the provision of the Services under this TSA; (vi) professional fees and disbursements of the Monitor and its counsel (other than in respect of Excluded Assets) incurred during the Term, and an amount not exceeding: (x) \$7,500 per week, on a non-cumulative basis, for the first eight (8) weeks following the Effective Date, and (y) \$4,000 per week on a non-cumulative basis thereafter, unless otherwise agreed to by the Purchaser, in respect of the fees and disbursement of any lawyers or other professional advisor to the Debtors relating to the Services and this TSA or otherwise in connection with the CCAA Proceedings; and (vii) any such amounts that the Purchaser chooses to fund, in its sole discretion. The Debtors shall be responsible for all other professional fees and out-of-pocket disbursements, costs and expenses incurred by the Debtors from and after the Effective Date, including costs incurred solely for the sale of Excluded Assets, unless otherwise agreed to by the Purchaser.

- (d) To the extent that the Debtors do not generate sufficient revenue from sales of inventory acquired after the Effective Date to the Purchaser or the provision of Services to the Purchaser after the Effective Date, the Purchaser shall be responsible to fund the Debtors by deposit to the bank account to be designated by the Monitor prior to the Effective Date (the “**Funding Account**”) such shortfall amounts set out in the Budget (“**Approved Budget Shortfalls**”), no later than the Friday of a given week for the subsequent work week during the Term or as otherwise agreed among the Purchaser, the Debtors, and the Monitor. In no event shall the Debtors have any obligation to fund the fees and/or costs of any Transition Services from the proceeds of sale of Excluded Assets or otherwise, except as otherwise set forth herein. In no event shall the Monitor have any funding obligations under this Agreement.

11. **Withholding Obligations.** If any Applicable Law requires the deduction or withholding of any Tax from any payment to the Debtors, then Purchaser shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law, and, with the exception of any amounts required by Applicable Law to be deducted or withheld in relation to Employees, the amount payable to the Debtors shall be increased as necessary for such amount deducted or withheld to the relevant Governmental Entity so that after such deduction or withholding has been made, the Debtors receive an amount equal to the amount it would have received had no such deduction or withholding been made.

12. **Initial Budget Funding.** On or before the Effective Date, the Purchaser shall fund the Funding Account with the amount reflected in the Approved Initial Budget.

13. **Revenue.**

- (a) Subject to Section 13(b), all revenue generated by the Debtors during the Term, regardless of the source of such revenue, will be solely for the Purchaser’s account. For greater certainty, in the event that an Approved Budget reflects a material surplus of revenue, the Purchaser may require that the Debtors refund to the Purchaser the amount of any prior advances made to the Funding Account from time to time. On the Termination Date, all

net revenue amounts remaining in the possession of the Debtors arising from and after the Effective Date shall be remitted to the Purchaser.

- (b) All revenue generated from any Excluded Assets for which the Debtors paid prior to the Effective Time, including any inventory that was paid for by the Debtors prior to the Effective Time which was not Designated Inventory or SEC A/R, shall be solely for the Debtors' account to be distributed to the Debtors' creditors in accordance with their respective priorities. For the avoidance of doubt, this section shall only apply to Excluded Assets for which the Debtors paid prior to the Effective Time, and all revenue generated from any assets of the Debtors which are paid for after the Effective Time shall be for the account of the Purchaser.

14. Winding-Down of Non-Purchaser Operations. The Debtors and the Monitor shall use their best commercial efforts to wind-down all business activities of the Debtors involving customers other than the Purchaser within the 60 day period following the Effective Date, subject to any extensions as may be consented to by the Purchaser in its sole discretion, on a customer specific basis.

15. Limitation of Liability. In no event will the Purchaser, its Affiliates, and its designee(s), and each of its and their respective employees, officers, directors, contractors, representatives, and agents (the "**Purchaser Released Parties**"), be liable to the Debtors for any direct, consequential, indirect, incidental, exemplary, special, or punitive damages whatsoever, whether arising out of breach of contract, tort (including negligence), or any other theory of liability, or otherwise (the "**Claims or Damages**"), regardless of whether such Claims or Damages were foreseeable and whether or not the Purchaser Released Parties were advised of the possibility of such Claims or Damages, other than the payment obligations of the Purchaser under this TSA, provided that the foregoing limitation of liability will not be applicable to the extent any such Claims or Damages are caused by or contributed to by the negligence, fraud, or willful misconduct of the Purchaser's, or the Purchaser's Affiliates', officers or directors. In no event will the Debtor, the Monitor, their Affiliates, and their designee(s), and each of their respective employees, officers, directors, contractors, representatives, and agents (the "**Debtor and Monitor Released Parties**"), be liable to the Purchaser for any Claims or Damages, regardless of whether such Claims or Damages were foreseeable and whether or not the Debtor and Monitor Released Parties were advised of the possibility of such Claims or Damages, provided that the foregoing limitation of liability will not be applicable to the extent any such Claims or Damages are caused by or contributed to by the negligence, fraud, or willful misconduct of the Debtors', or the Debtors' Affiliates', officers or directors.

16. Representations. The Debtors shall perform the Services: (a) in accordance with all Applicable Laws and regulatory requirements; and (b) in a good, workman-like manner and in accordance with a reasonable standard of effort, care, prudence, skill and quality. Other than the foregoing, the Debtors make no representations or warranties hereunder with respect to any Services.

17. Insurance. The Debtors shall maintain comprehensive general liability insurance coverage and such other insurance coverage as is typically maintained by the Debtors, including, without limitation, with respect to the Leased Option Premises during the Occupation Period and such insurance costs shall be a Lease Cost. The Debtors will ensure that all of the Debtors' insurance policies include the Purchaser and all of the Purchaser's Affiliates as additional named insureds during the Term, and the Purchaser shall be responsible for the pro-rata cost of such insurance from and after the Effective Time.

18. Term; Termination.

- (a) The term (the "**Term**") of this TSA will commence on the Effective Date and will terminate:

- (i) in respect of the Business conducted, and Services provided, by the Debtors east of Alberta (the “**Eastern Business**”), on the date that is nine months following the Effective Date; and
- (ii) in respect of Business conducted, and Services provided, by the Debtors in and west of Alberta (the “**Western Business**”), on the date that is 15 months following the Effective Date;

provided that the Purchaser shall have the right to elect to extend the Term for each of the Eastern Business and the Western Business two (2) times by 90 days each time, provided that such election notice is provided to the Debtors and the Monitor in writing at least 35 days (or such lesser number of days as may be agreed to by the Monitor) prior to the expiry of the then-current Term.

- (b) The Purchaser may terminate this TSA or suspend performance of its obligations hereunder upon notice to the Debtors if the Debtors materially breach this TSA and fail to cure such breach within five Business Days after the Purchaser provides the Debtors and the Monitor with notice of such breach. Upon termination by the Purchaser under this section 18(b) or section 23, the Debtors will undertake to wind down the remaining business as expeditiously as reasonably possible and the Purchaser remains liable for its funding obligations hereunder during such wind down.
- (c) The Debtors, with prior written consent of the Monitor, may terminate this TSA or suspend performance of their obligations hereunder upon notice to the Purchaser if the Purchaser materially breaches this TSA and fails to cure such breach within five Business Days after the Debtors provide the Purchaser with notice of such breach.
- (d) Notwithstanding the termination of this TSA in accordance with this section 18, sections 10, 11, 12 and 15 hereof shall survive such termination.

19. **Disclaimer of Leases.** Subject to the terms hereof, the Debtors shall not surrender possession of or disclaim, or otherwise terminate any interest the Debtors may have in, any of the Option WH Leases or Option Equipment Leases with effect prior to 35 days before the Termination Date even if such Optional Purchased Assets are subject to an Exclusion Notice, unless otherwise agreed by the Purchaser.

20. **Disclaimer of Contracts.** Subject to the terms hereof, the Debtors shall not surrender possession or disclaim, or otherwise terminate any interest the Debtors may have in, any of the Transition Contracts prior to the termination of the Contract Period with respect to such Transition Contract without the prior written consent of the Purchaser, provided however that the Purchaser acknowledges and agrees that the Debtors shall be entitled, in their sole discretion and without further notice to or consent of the Purchaser, to disclaim, or otherwise terminate any interest they may have in, any Transition Contract following the termination of the Contract Period in respect of such Transition Contract and may deliver a notice of disclaimer up to 30 days prior to the termination of the Contract Period in respect of such Transition Contract.

21. **General Limitations.**

- (a) Nothing contained in this TSA shall require the Debtors to provide (or cause the provision of) any services: (i) that would constitute the provision of any legal, financial, accounting or tax advice or regulated activity; (ii) that are in support of any business or operations other than the Business as conducted immediately prior to the date hereof; (iii) at a level of

quantity or volume in excess of the levels provided by the Debtors to the Business immediately prior to the date hereof; (iv) that exceed the scope of the services provided by the Debtors to the Business immediately prior to the date hereof; or (v) for the benefit of any Person other than the Purchaser, its Affiliates, or its designee(s).

- (b) In addition to the limitations in section 21(a), in no event shall the Debtors be: (i) obligated to provide (or cause the provision of) any Services if the provision of such Services violate any law, order (including the Initial Order or any related orders), contract (including any Transition Contract), licence or permit to which the Debtors are subject; (ii) obligated to provide any Services that, in the Debtors' reasonable determination after consultation with the Monitor, will create deficiencies in the Debtors' controls over financial information or adversely affect the maintenance of the Debtors' financial books and records; (iii) obligated to hire any additional employees to perform the Services unless the Purchaser agrees to bear all related costs and expenses thereof that the Debtors are unable to pay; (iv) obligated to hire replacements for Transition Employees who resign, retire, or are terminated; (v) obligated to maintain the employment of any specific Transition Employee who tenders their resignation, enter into retention agreements with Transition Employees, or otherwise provide any incentive beyond payment of regular salary and benefits; (vi) prevented from determining, in its sole discretion, the individual Transition Employees who will provide Services; (vii) obligated to purchase, lease or license any additional equipment or software or licences for provision of the Services; (viii) obligated to create or supply any documentation or information not currently existing or reasonably available (subject to any requirements or obligations hereunder to provide any documentation or information); or (ix) obligated to enter into new or additional contracts with third parties or change the scope of current contracts (including the Transition Contracts) with third parties or take any actions that would result in the breach of any contracts of the Debtors with third parties. The Debtors shall use commercially reasonable efforts to notify the Purchaser as promptly as practicable if the Debtors are unable to provide the Services due to circumstances arising under this section 21(b).
- (c) The Debtors shall not destroy or remove the books and records of the Business from their usual and ordinary location, and shall continue to maintain such books and records for a period of 7 years. The Purchaser and the Debtors shall make any books and records of the Business in their possession available to each other as required for the delivery of Services under this TSA.
- (d) In connection with the receipt and use of the Services and as applicable, Purchaser shall, and shall cause its Affiliates and representatives to, comply with the Debtors' then-current work processes, policies and procedures of which Purchaser has been made aware, and Purchaser acknowledges that the Debtors' ability to provide the Services is dependent on such compliance by the Purchaser and its Affiliates and representatives.

22. Indemnity.

- (a) The Purchaser shall indemnify, hold harmless, and defend the Monitor, its affiliates, and their designee(s), and each of their respective employees, officers, directors, contractors, representatives, and agents (the "**Monitor Indemnified Parties**") and, Debtors' directors, officers, and Transition Employees (the "**Debtor Indemnified Parties**") against any and all third party claims against any of the Monitor Indemnified Parties and Debtor Indemnified Parties to the extent directly arising out of or related to:

- (i) material breach or non-fulfilment of any provision of this TSA by the Purchaser or its Affiliates, representatives or agents, including the Hired Employees (collectively, **“Purchaser Personnel”**);
- (ii) any gross negligence, wilful misconduct or more culpable act or omission of the Purchaser or Purchaser Personnel (including reckless misconduct) in connection with the performance of its obligations under this TSA;
- (iii) any bodily injury, death of any person, or damage to real or tangible personal property caused by the gross negligence, wilful misconduct or more culpable acts or omissions of Purchaser or Purchaser Personnel (including any reckless misconduct); or
- (iv) any failure by Purchaser or Purchaser Personnel to comply with any material applicable federal, provincial, or territorial laws, regulations or codes in the performance of its obligations under this TSA;

(collectively, **“Indemnifiable Claims”**)

provided that the foregoing indemnification obligations will not be applicable to the extent any such Indemnifiable Claims are caused by or contributed to by a Debtor Indemnified Party.

- (b) The Purchaser shall indemnify, hold harmless, and defend the Debtors’ directors and officers (the **“Debtors’ D&Os”**) against any third party claims brought against the Debtors’ D&Os in their personal capacity, but solely to the extent that such claims: (i) strictly relate to statutory liabilities arising after the Effective Date; and (b) are a direct result of any such Debtors’ D&Os acting as directors or officers of the Debtors during the Term. The foregoing indemnification obligations will not be applicable to the extent any indemnifiable claims arise due to fraud or gross negligence on the part of the Debtor’s D&Os. In addition, the Purchaser will have no indemnification obligations for any claims pertaining to the period prior to the Effective Date, regardless of when such claims are brought against the Debtors’ D&Os.

23. Force Majeure. If the Debtors or any third-party provider of the Debtors is wholly or partially prevented from, or delayed or restricted in, providing one or more Services, or one or more Services are interrupted or suspended, by reason of events beyond the Debtors’ or third party providers’ reasonable control (including failure by Purchaser or its Affiliates or representatives to comply with the terms and conditions of this TSA, failure by any third party to comply with the terms and conditions of any contract with the Debtors or its Affiliates (including any Transition Contract), acts of God, acts of nature, acts, decrees or orders of governmental, regulatory or military authorities, fire, explosion, lack of utilities, accident, embargoes, disruption or delay in transportation, epidemics, pandemics, war, acts of terrorism, infrastructure failure, IT systems or software failure, nuclear disaster, labour strikes, work stoppages or slowdowns, changes in law (or changes in the interpretation or enforcement thereof) or legal or regulatory actions, including restraining orders and injunctions, civil unrest and/or riots or disruption of internet access (including access disruptions as a result of any virus, worm, Trojan horse, etc.), or any other type of similar event), the Debtors shall: (i) give notice of suspension of Services as soon as reasonably practicable to the Purchaser stating the date and extent of such suspension and its cause; (ii) not be obligated to deliver, or cause to be delivered, the affected Services during such period provided it remains in strict compliance with this section 23; and (iii) resume the performance of their obligations as soon as reasonably practicable after the removal of the cause, provided that following receipt by the Purchaser of a notice pursuant to (i),

Purchaser shall have the right in its sole discretion to immediately terminate this TSA, provided the Purchaser pays all amounts owing to the date of termination.

24. **Services.** Subject to the terms hereof, the Debtors may terminate the employment of any Transition Employees prior to termination of the applicable Services Period for each Transition Employee, provided that the Services obligations hereunder continue to be met by the Debtors and the then-current Approved Budget is complied with. The Purchaser acknowledges and agrees that the Debtors shall be entitled, in their sole discretion and without further notice to or consent of the Purchaser, to terminate the employment of any Transition Employees following the termination of the Services Period for such Transition Employee.

25. **No Assignment of Lease.** The Debtors and the Purchaser each hereby acknowledge and agree that nothing in this TSA is intended to, or shall be construed to, create a lease, sublease or assignment of lease in favour of the Purchaser or otherwise impose on the Purchaser any obligations as a lessee, sublessee or assignee of any of the Leased Option Premises.

26. **Independent Contractors; No Employer Relationship.** The relationship between the Debtors, on the one hand, and the Purchaser, on the other hand, is that of independent contractors, not partners or joint venturers. The Debtors and the Purchaser each hereby acknowledge and agree that nothing in this TSA is intended to, or shall be construed to, create or deem the Purchaser to be the employer of the Transition Employees. For greater certainty, except as provided expressly herein with regards to Hired Employees, nothing in this TSA shall deem or cause the Purchaser to become the employer of the Transition Employees and nothing herein modifies in any way the protections provided to the Debtors pursuant to the Order. For the avoidance of doubt, the Transition Employees will at all times remain under the control or direction of the Debtors and will not be, nor deemed to be, under the common control or direction of the Purchaser, nor will such Transition Employees have any entitlement to receive payment of compensation or severance from the Purchaser or otherwise participate in, or accrue or receive benefits in respect of, any retirement, employee benefit or incentive plan sponsored or maintained by the Purchaser or its Affiliates.

27. **Confidential Information.** Each party hereto shall, in its performance of this TSA, be bound by the confidentiality provisions set out in the APA.

28. **Access.** If either party has access (either on-site or remotely) to any of the computer systems and/or information stores of the other party in connection with the Services to be provided under this TSA, it shall limit such access solely to the use of such systems and information stores as required to so perform or receive the Services and shall not access or attempt to access any computer systems, information stores, files, software or services other than those required to perform or receive the Services. Each party shall limit such access to those of its personnel with a bona fide need to have such access and who have agreed to maintain the confidentiality of the other party's Confidential Information. Each party shall, and shall cause its personnel to, follow all applicable security rules and procedures communicated to it for restricting access to any computer systems and information stores of the other party to which it is provided access.

29. **Security.** The Debtors shall perform the Services using at least the same level of security practices and procedures as used in the provision of analogous or similar services by the Debtors in the twelve (12) months prior to Closing, but in any event, no less than commercially reasonable security measures. The Debtors shall promptly notify the Purchaser of any known security breaches potentially giving unauthorized third parties access to the Purchaser's data.

30. **Interpretation.** Capitalized terms used but not defined in this TSA have the meanings ascribed to such terms in the APA.

31. **Designee(s).** From time to time, upon providing the Debtors with prior written notice, the Purchaser may require that any or all Services, as well as any or all rights granted to the Purchaser hereunder, be provided to, or exercised by, one or more designee(s) of the Purchaser.

32. **Successors and Assigns.** This TSA shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

33. **Governing Law.** This TSA shall be governed by, construed and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

34. **Further Assurances.** Each of the parties will, from time to time, execute and deliver all such further documents, and instruments and do all acts and things as any other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this TSA.

35. **Counterparts.** This TSA may be executed by the parties in counterparts and may be executed and delivered by facsimile or other electronic means and all such counterparts and facsimiles (or other electronic deliveries) shall together constitute one and the same agreement.

36. **Amendment.** This TSA may be amended or supplemented only by a written agreement signed by each party.

37. **Assignment.** This TSA may be assigned by the Debtors only with the prior written consent of the Purchaser, which consent may be unreasonably withheld. The TSA may be assigned by the Purchaser only with the prior written consent of the Debtors and the Monitor, which consent may not be unreasonably withheld.

38. **Severability.** If any provision of this TSA is determined by an arbitrator or any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision will be severed from this TSA and the remaining provisions shall continue in full force and effect.

39. **Entire Agreement.** This TSA, together with the APA, and all exhibits and schedules hereto and thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters.

[Signature page follows]

- 14 -

IN WITNESS WHEREOF the parties have duly executed this TSA as of the Effective Date.

WALLACE & CAREY INC.

DocuSigned by:
By: Pat Carey
4D2ADDC865CC484
Name: Patrick Carey
Title: Chief Executive Officer

CAREY MANAGEMENT INC.

DocuSigned by:
By: Pat Carey
4D2ADDC865CC484
Name: Patrick Carey
Title: President

7-ELEVEN CANADA, INC.

By: _____
Name: David Seltzer
Title: Treasurer

**KSV RESTRUCTURING INC., in its capacity as
CCAA Monitor of the Debtors and not in its personal
or corporate capacity**

By: _____
Name:
Title:

- 14 -

IN WITNESS WHEREOF the parties have duly executed this TSA as of the Effective Date.

WALLACE & CAREY INC.


By: _____
Name: Patrick Carey
Title: Chief Executive Officer

CAREY MANAGEMENT INC.

By: _____
Name: Patrick Carey
Title: President

7-ELEVEN CANADA, INC.

By: _____
Name: David Seltzer
Title: Treasurer

DocuSigned by:

EA758A1409164FD...

**KSV RESTRUCTURING INC., in its capacity as
CCAA Monitor of the Debtors and not in its personal
or corporate capacity**

By: _____
Name:
Title:

IN WITNESS WHEREOF the parties have duly executed this TSA as of the Effective Date.

WALLACE & CAREY INC.

By: _____
Name: Patrick Carey
Title: Chief Executive Officer

CAREY MANAGEMENT INC.

By: _____
Name: Patrick Carey
Title: President

7-ELEVEN CANADA, INC.

By: _____
Name: David Seltzer
Title: Treasurer

**KSV RESTRUCTURING INC., in its capacity as
CCAA Monitor of the Debtors and not in its personal
or corporate capacity**

By: _____
Name: Bobby Kofman
Title: President and Managing Director

SCHEDULE A
ONGOING SERVICES

All services currently provided by Debtor to Purchaser under existing contracts between the parties, as may have been amended and/or implemented over time, including, without limitation, (a) the Combined Distribution Center Service Agreement dated March 1, 2007, as amended, between W&C and Purchaser and (b) the Service Agreement dated February 6, 2006, as amended, between W&C and Purchaser (collectively, the “**Existing Contracts**”), which services shall include, without limitation, the following:

| | ONGOING SERVICE CATEGORY | ONGOING SERVICE DESCRIPTION |
|----|---------------------------------|--|
| 1. | <i>Executive</i> | <ul style="list-style-type: none"> Consult with Purchaser on matters related to the business of the Debtor as needed and as requested by Purchaser. Oversee and maintain the financial operations of the business of the Debtor in a manner consistent with operations prior to Closing. Ensure the accuracy and integrity of related internal controls. |
| 2. | <i>Financial</i> | <ul style="list-style-type: none"> Seek to re-establish traditional 30 day or longer credit terms with suppliers. Provide timely and accurate input of invoices and expense claims to facilitate the disbursement of payments to suppliers, tax authorities, and Transition Employees. Maintain accurate records and reports and provide information to Purchaser as needed. Collect and remit taxes timely, including, without limitation, relating to tobacco taxes. Prepare and file tax returns as and when required |
| 3. | <i>Sales Management</i> | <ul style="list-style-type: none"> Perform sales management duties during the Services Period in a manner consistent with periods prior to Closing, unless otherwise directed by Purchaser. Work with Purchaser to maintain strategic and appropriate levels of product inventory. |
| 4. | <i>Purchasing</i> | <ul style="list-style-type: none"> Continue making inventory purchases in the ordinary course. Execute purchasing strategy as directed by Purchaser. Consult with Purchaser on matters related to purchasing. Procure inventory and consumed goods and service for the business of the Debtor in a timely and cost-effective manner under the guidance of the Purchaser. Ensure adequate levels of inventory in all inventory locations to satisfy market demand under the guidance of Purchaser, including to meet minimum fill rates consistent with the Existing Contracts. Coordinate with logistics and customs to ensure expedient and cost-effective transportation of goods. |

| | ONGOING SERVICE CATEGORY | ONGOING SERVICE DESCRIPTION |
|----|--------------------------------------|---|
| | | <ul style="list-style-type: none"> • Obtain warranties and other QA/QC information from suppliers as required. • Retain a document repository to maintain records of all contracts entered into by Debtor with various suppliers. • Identify contracts coming up for renewal. • Maintain current product pricing unless otherwise directed by Purchaser. • Optimize inventory levels to minimize spoilage in the warehouses. |
| 5. | <i>Logistics and Customs</i> | <ul style="list-style-type: none"> • Execute logistics and customs activities as directed by Purchaser. • Ensure products are shipped and imported accurately in a timely and cost-effective manner in full compliance with Applicable Laws. • Coordinate with suppliers and freight companies to ensure a smooth delivery process for private brand and national products. • Proactively monitor and trace shipments with freight companies to mitigate issues. • Review and resolve any issues related to freight and logistics issues. • Ensure cost effective modes of transport are selected. • Coordinate with Purchaser to establish freight synergies with Purchaser's existing business. • Ensure efficient, timely and lawful movement of goods across international boundaries by maintaining excellent communications and relationships with customs brokers and government agencies. • Ensure all customs and excise guidelines are followed to mitigate compliance risk. • Re-establish processes to return Purchaser's business to fill-rates and timelines consistent with the Existing Contracts. • Provide fleet management services in the ordinary course and as requested by Purchaser from time to time. |
| 6. | <i>Information Technology</i> | <ul style="list-style-type: none"> • Operate all information technology systems and services in a manner consistent with periods prior to Closing, unless otherwise directed by Purchaser. |
| 7. | <i>Employment</i> | <ul style="list-style-type: none"> • Transition Employees are to perform their duties during the Services Period in a manner consistent with periods prior to Closing. • Retain only those Transition Employees necessary to efficiently service the Purchaser's business, in consultation with Purchaser. • Reduce the size of the Debtor's workforce as existing customers leave the Debtor's business. |

| | ONGOING SERVICE CATEGORY | ONGOING SERVICE DESCRIPTION |
|----|---|--|
| 8. | <i>Health, Safety, and Environment (HSE) and Human Resources Management (HR)</i> | <ul style="list-style-type: none">• Perform duties during the Services Period in a manner consistent with periods prior to Closing, unless otherwise directed by Purchaser.• Maintain all health and safety certifications consistent with periods prior to Closing.• Manage Debtor's Human Resources requirements, inclusive of payroll and benefits. |

SCHEDULE B
TRANSITION SERVICES

| | TRANSITION SERVICE CATEGORY | TRANSITION SERVICE DESCRIPTION |
|----|--|---|
| 1. | <i>Executive</i> | <ul style="list-style-type: none">• Assist in transition of business operations to Purchaser's systems and personnel, as well as to any third party systems and personnel upon request by Purchaser.• Without limiting the obligation for Debtor to provide Purchaser with as many resources as Purchaser reasonably requires in connection with the Transition Services, appoint 3 Debtor nominees who will remain actively involved in the delivery and receipt of the Transition Services during the Term (the "Nominees").• Ensure that the Nominees are familiar and knowledgeable with the operations of the Business immediately prior to Closing. |
| 2. | <i>Nominee Responsibilities</i> | <ul style="list-style-type: none">• Provide general oversight and supervision of the Transition Services.• Address any issue which could reasonably be expected to materially adversely affect the provision of the Transition Services.• Act as an initial point of contact for issues and disagreements that may arise in connection with the TSA. |
| 3. | <i>Financial</i> | <ul style="list-style-type: none">• Obtain Purchaser's approval, in Purchaser's sole discretion, to a six-week rolling budget to be prepared by the Debtors in consultation with the Monitor.• Provide financial reporting, budgeting, and forecasting in the ordinary course and as requested by Purchaser from time to time.• Attend calls with Purchaser weekly (or as reasonably requested by Purchaser) to provide updates on financial reporting, budgeting, and forecasting. |
| 4. | <i>Sales Management</i> | <ul style="list-style-type: none">• Facilitate transition of customer relationships to Purchaser.• Work with Purchaser to manage the wind-down of non-strategic accounts that will not be part of the long-term business. |
| 5. | <i>Purchasing</i> | <ul style="list-style-type: none">• Facilitate transition of purchasing activities and vendor relationships to Purchaser.• As promptly as practicable, wind down inventory of customers who are exiting the business. |
| 6. | <i>Logistics and Customs</i> | <ul style="list-style-type: none">• Facilitate transition of logistics and customs functions to Purchaser or a third party of Purchaser's choosing.• Work with Purchaser to optimize rolling stock fleet as non-strategic customers exit the business. |

| | TRANSITION SERVICE CATEGORY | TRANSITION SERVICE DESCRIPTION |
|-----|---|--|
| 7. | <i>Information Technology / Data</i> | <ul style="list-style-type: none">• Assist Purchaser with integrating any of Debtor's information technology systems and source code into Purchaser's environment, including by providing all records, reports, documentation, and information that a reasonably skilled programmer would require to complete such integration and maintain such systems going forward without assistance from Debtor.• Maintain Purchaser's access to Debtor's information technology systems.• Assist with data migration. |
| 8. | <i>Health, Safety, and Environment (HSE) and Human Resources Management (HR)</i> | <ul style="list-style-type: none">• If applicable, provide all assistance reasonably requested by the Purchaser in facilitating the resignation of any Hired Employees from the employ of the Debtors and their subsequent engagement by the Purchaser. For clarity, nothing in this TSA requires the Purchaser to hire any of the Transition Employees. |
| 9. | <i>Reporting</i> | <ul style="list-style-type: none">• Attend calls with Purchaser every two weeks, or more frequently as may be requested by Purchaser, to provide updates on transition progress. |
| 10. | <i>CCAA</i> | <ul style="list-style-type: none">• Abide by all legal obligations of the Debtors pursuant to the CCAA.• Work co-operatively with the Monitor in the exercise of its duties. |

SCHEDULE C
TRANSITION CONTRACTS

| Contract | External Parties | Category | Effective Date | End Date | Notes |
|--|-------------------------------------|--------------------------------|----------------|------------------|----------------------|
| Strategic Alliance Distributorship Agreement | Complete Distribution Services Ltd. | Distribution | 31-Aug-21 | 31-Aug-24 | |
| Service Agreement | JTI-Macdonald Corp. | Distribution | 1-Oct-22 | Until terminated | |
| Strategic Alliance Distributorship Agreement | OH Armstrong Ltd. | Distribution | 22-Jun-22 | 22-Jun-25 | Terminated 15-Sep-23 |
| Distribution Agreement | Rothmans, Benson & Hedges Inc. | Distribution | 25-Apr-22 | 31-Dec-23 | |
| Product Supply Agreement | Itwal Limited | Supply | 1-Jan-86 | Until terminated | |
| Delivery Services Agreement | Imperial Tobacco Company Limited | Distribution | Jan-22 | 31-Dec-25 | |
| Repair and Maintenance Agreement | Ryder Truck Rental, Ltd. | Operational Services Agreement | 5-Apr-18 | | |

Insurance Contracts

| Policy Number and Type of Insurance | Insurer | Additional Insureds | Effective Date | End Date | Notes |
|---|-------------------------------------|---|----------------|-----------|---|
| Policy Number SOV79847464 related to Unit #120 & 130, 7350 Wilson Avenue, Delta, BC | Sovereign General Insurance Company | Tariff Developments Inc. (solely to the Commercial General Liability arising out of the operations of Wallace & Carey) | 30-Apr-23 | 31-Dec-23 | Commercial general liability for business of Wallace & Carey. |
| Policy Number SOV79847464 related to 14430-14494 157 Ave NW, Edmonton, AB | Sovereign General Insurance Company | Skyline Commercial Real Estate Holdings Inc. and Skyline Commercial Management Inc. (solely to the Commercial General Liability arising out of the operations of Wallace & Carey) | 30-Apr-23 | 31-Dec-23 | Commercial general liability for business of Wallace & Carey. |
| Policy Number SOV79847464 related to 617 Park St. Regina, SK | Sovereign General Insurance Company | | 30-Apr-23 | 31-Dec-23 | Commercial general liability for business of Wallace & Carey. |
| Policy Number SOV79847464 related to 1- 6, 20 Bentall St. Winnipeg, MB | Sovereign General Insurance Company | | 30-Apr-23 | 31-Dec-23 | Commercial general liability for business of Wallace & Carey. |
| Policy Number SOV79847464 related to 2226 South Service Rd W, Oakville ON | Sovereign General Insurance Company | | 30-Apr-23 | 31-Dec-23 | Commercial general liability for business of Wallace & Carey. |
| Policy Number SOV79847464 related to 8, 3703 Millar Ave, Saskatoon, SK | Sovereign General Insurance Company | | 30-Apr-23 | 31-Dec-23 | Commercial general liability for business of Wallace & Carey. |
| Policy Number SOV79847464 related to 14430 - 14494 157 Ave NW, Edmonton, AB | Sovereign General Insurance Company | | 30-Apr-23 | 31-Dec-23 | Commercial general liability for business of Wallace & Carey. |
| Policy Number SOV79847464 related to 5225 8 St NE, Calgary, AB | Sovereign General Insurance Company | | 30-Apr-23 | 31-Dec-23 | Commercial general liability for business of Wallace & Carey. |
| Policy Number SOV79847464 related to 58, 4386 Boban Dr, Nanaimo, BC | Sovereign General Insurance Company | | 30-Apr-23 | 31-Dec-23 | Commercial general liability for business of Wallace & Carey. |
| Policy Number SOV79847464 related to 1230 Industrial Rd, West Kelowna, BC | Sovereign General Insurance Company | | 30-Apr-23 | 31-Dec-23 | Commercial general liability for business of Wallace & Carey. |
| Policy Number SOV79847464 related to 5445 8th St NE, Calgary, AB | Sovereign General Insurance Company | | 30-Apr-23 | 31-Dec-23 | Commercial general liability for business of Wallace & Carey. |
| Policy Number 10000011453 | Travelers Insurance | | 30-Apr-23 | 30-Apr-24 | Theft, funds transfer fraud, computer crime coverage for Wallace & Carey Inc. |
| Policy number EB79847464 | Travelers Insurance | | 30-Apr-23 | 31-Dec-23 | Equipment breakdown coverage for Wallace & Carey Inc. |
| Policy Number 2000309P | Aviva Insurance Company | | 30-Apr-23 | 31-Dec-23 | Property insurance for business of Wallace & Carey. |

| | | | | |
|-------------------------|---------------------------------------|---|-----------|--|
| | | Canadian Western Bank (solely with respect to its interest in 1230 Industrial Road, Kelowna, BC and 5445 - 8th Street NE, Calgary, AB, and liability of arising from Wallace & Carey occupation of that property.) | | |
| | | Noort Investments (solely with respect to its interest as landlord in Unit 5B, 4386 Boban Drive, Nanaimo BC, and liability of arising from Wallace & Carey occupation of that property.) | | |
| | | Willow Holdings (solely with respect to its interest as landlord in 5228 - 8th Street NE, Calgary, AB, and liability of arising from Wallace & Carey occupation of those properties.) | | |
| Policy Number 5U0395553 | Intact Insurance Company | Penske Truck Leasing Canada (solely with respect to long term leased and short term rented trucks w/o trailers, by written contract with Wallace and Carey, and liability of arising from Wallace & Carey operation of the vehicles.) | 30-Apr-23 | Umbrella liability coverage for business of Wallace & Carey over and above General Liability Policy #: 31-Dec-23 SOV79847464 |
| Policy Number 2026914 | Northbridge General Insurance Company | Penske Truck Leasing Canada (solely with respect to long term leased and short term rented trucks w/o trailers, by written contract with Wallace and Carey, and liability of arising from Wallace & Carey operation of the vehicles.) | 31-Oct-23 | Coverage on all vehicles leased and owned by Wallace & Carey. 31-Oct-24 |

General Additional Insured:

Canadian Imperial Bank of Commerce (as its interest may appear)

Liftex Equipment Rentals Inc. (as its interest may appear)

Costco Wholesale Canada Ltd. (with respective to Liability Coverage as per Form # S70195)

Costco Wholesale Corporation and/or any subsidiary, proprietary company or corporation, partnership or joint venture (with respective to Liability Coverage as per Form # S70195)

SCHEDULE D
OPTION EQUIPMENT LEASES

| Lease and Identifier | Category | Issuer | Effective Date | Notes |
|-----------------------------------|-----------------|----------------------------------|----------------|-------|
| Vehicle Lease Service Agreement | Equipment Lease | Penske Truck Leasing Canada Inc. | 5-Mar-20 | |
| Truck Lease and Service Agreement | Equipment Lease | Ryder Truck Rental, Ltd. | 14-Mar-84 | |
| Master Lease Agreement | Equipment Lease | G.N. Johnston Equipment Co. Ltd. | 1-Dec-18 | |

| Branch | Year | Make | Model | W & C Vehicle # | Vehicle Identification # | Location | Status | Lease Company | Lease #/ Unit # | Active |
|---------|------|---------------|---------------------|-----------------|--------------------------|----------|-----------------|---------------|--------------------|--------|
| CGY | 2018 | FREIGHTLINER | MM112064S | 682904 | 3ALHC5DV9DJK7646 | AB | LEASED | Paclease | 260-1873 | |
| CGY | 2018 | FREIGHTLINER | MM106042S | 682906 | 3ALACXFD0DJK7648 | AB | LEASED | Paclease | | |
| CGY | 2019 | FREIGHTLINER | M2 | 840788 | 3ALHCYFE7KDKS2660 | AB | LEASED | PENSKE | 236332 | |
| CGY | 2019 | FREIGHTLINER | Cascadia | 839748 | 3AKJGBDV4KSKR0016 | AB | LEASED | PENSKE | 236331 | |
| CGY | 2019 | FREIGHTLINER | MM106064S | 840304 | 3ALHCYFE5KDKR3520 | AB | WAIT LEASE/RENT | PENSKE | 470785 | |
| CGY | 2019 | FREIGHTLINER | MM106064S | 839751 | 3ALHCYFE9KDKR3519 | AB | LEASED | PENSKE | 201929 | |
| CGY | 2019 | FREIGHTLINER | MM106064S | 840327 | 3ALHCYFE7KDKR3521 | AB | LEASED | PENSKE | 197780 | |
| CGY | 2019 | FREIGHTLINER | MM106064S | 840356 | 3ALHCYFE9KDKR3522 | AB | LEASED | PENSKE | 155284 | |
| CGY | 2018 | FREIGHTLINER | MM106042S | 682905 | 3ALACXFD9DJK7647 | AB | LEASED | PENSKE | 236334 | |
| CGY | 2020 | CIMCR | Continuous | 48RG07 | 5275R4822LL017261 | AB | LEASED | PENSKE | 236335 | |
| CGY | 2021 | FREIGHTLINER | Cascadia | 236332 | 3AKJHHDR3MSMP4966 | AB | LEASED | PENSKE | 236337 | |
| CGY | 2021 | Commercial | Utility Trailer | 236331 | 1UYVS248XM2352302 | AB | LEASED | PENSKE | 236338 | |
| CGY | 2023 | INTERNATIONAL | MV607 | 470785 | WAIT LEASE | AB | LEASED | PENSKE | 236339 | |
| CGY | 2023 | FREIGHTLINER | Cascadia 116 | 201929 | 3ALHHTDV9PDUD2221 | AB | LEASED | PENSKE | 236340 | |
| CGY | 2023 | FREIGHTLINER | M2 | 197780 | 3ALACXFD8PDUD2545 | AB | LEASED | PENSKE | 236341 | |
| EDM | 2023 | FREIGHTLINER | Cascadia | 155284 | 3AKJHHDR3PSNX9737 | AB | LEASED | PENSKE | 236342 | |
| EDM | 2021 | FREIGHTLINER | Cascadia | 236334 | 3AKJHHDR7MSP4968 | AB | LEASED | PENSKE | 292137 | |
| EDM | 2020 | CIMCR | Continuous | 48RG08 | 5275R4822LL017262 | AB | LEASED | PENSKE | 292138 | |
| EDM | 2021 | FREIGHTLINER | Cascadia | 236335 | 3AKJHHDR9MSMP4969 | AB | LEASED | PENSKE | 292141 | |
| EDM | 2021 | FREIGHTLINER | M2 | 236337 | 3ALACXFD4MDMP4971 | AB | LEASED | PENSKE | 292139 | |
| EDM | 2021 | FREIGHTLINER | M2 | 236338 | 3ALACXFD6MDMP4972 | AB | LEASED | PENSKE | 236345 | |
| EDM | 2021 | FREIGHTLINER | M2 | 236339 | 3ALACXFD8MDMP4973 | AB | LEASED | PENSKE | 236330 | |
| EDM | 2021 | FREIGHTLINER | M2 | 236340 | 3ALACXFDXMDMP4974 | AB | LEASED | PENSKE | 292143 | |
| EDM | 2021 | FREIGHTLINER | M2 | 236341 | 3ALACXFD1MDMP4975 | AB | LEASED | PENSKE | 197781 | |
| EDM | 2021 | FREIGHTLINER | M2 | 236342 | 3ALACXFD3MDMP4976 | AB | LEASED | Penske | 406809 | |
| EDM | 2021 | FREIGHTLINER | Cascadia 116 | 292137 | 3ALHHTDV4MSMP6042 | AB | LEASED | Penske | 236336 | |
| EDM | 2021 | FREIGHTLINER | Cascadia 116 | 292138 | 3ALHHTDV6MSMP6043 | AB | LEASED | PENSKE | 292140 | |
| EDM | 2021 | FREIGHTLINER | Cascadia 116 | 292141 | 3ALHHTDV1MSMP6046 | AB | LEASED | PENSKE | 236344 | |
| EDM | 2021 | FREIGHTLINER | Cascadia 116 | 292139 | 3ALHHTDV8MSMP6044 | AB | LEASED | PENSKE | | |
| EDM | 2021 | FREIGHTLINER | M2 | 236345 | 3ALACXFD9MDMP4979 | AB | LEASED | PENSKE | | |
| EDM | 2021 | 48x13 Utility | Trailer w/Reefer | 236330 | 1UYVS2488M2352301 | AB | LEASED | PENSKE | | |
| EDM | 2021 | FREIGHTLINER | Cascadia 116 | 292143 | 3ALHHTDV5MSMP6048 | AB | LEASED | PENSKE | | |
| EDM | 2023 | FREIGHTLINER | Cascadia 116 | 197781 | 3ALHHTDV7PDUD2220 | AB | LEASED | Ryder | 682904 | |
| KELOWNA | 2019 | FREIGHTLINER | Tractor Sleeper Cab | D 07 | 3AKJGLDR9KSKR0019 | BC | LEASED | Ryder | 682906 | |
| KELOWNA | 2019 | FREIGHTLINER | Tandem | D 09 | 1FVHC5DV9KHKR3547 | BC | LEASED | Ryder | 840788 | |
| KELOWNA | 2018 | FREIGHTLINER | Tractor Sleeper Cab | D 16 | 3AKJGLFG9KSKR3546 | BC | LEASED | Ryder | 839748 | |
| KELOWNA | 2022 | FREIGHTLINER | CASCADIA | D 29 | 3AKJGED61GSGZ2628 | BC | LEASED | Ryder | 840304 | |
| KELOWNA | 2021 | FREIGHTLINER | Tractor Sleeper Cab | D 33 | 3AKJHHDR5MSMP4970 | BC | LEASED | Ryder | 839751 | |
| KELOWNA | 2016 | KENWORTH | Tractor Day Cab | D 66 | 1XKYD49X5HJ989079 | BC | LEASED | Ryder | 840327 | |
| KELOWNA | 2019 | FREIGHTLINER | Tractor Day Cab | D 77 | 3AKJGBDV4KSKX1725 | BC | LEASED | Ryder | 840356 | |
| KELOWNA | 2019 | FREIGHTLINER | Tractor Day Cab | D 93 | 3AKJGEFG0KSKR3544 | BC | LEASED | Ryder | 682905 | |
| KELOWNA | 2016 | KENWORTH | Tractor Day Cab | D 97 | 1XKYD49X7GJ983492 | BC | LEASED | Ryder | 839810 | |
| KELOWNA | 2016 | TRAILER | 53' Tri Temp | T 08 | 1GRAA0633GB705964 | BC | LEASED | Ryder | 841940 | |
| KELOWNA | 2015 | TRAILER | 38' Duel Temp | T 09 | 1GRAA7625GB705965 | BC | LEASED | Ryder | 841881 | |
| KELOWNA | 2017 | TRAILER | 48' Dual Temp | T 11 | 1UYVS2482J2328801 | BC | LEASED | Ryder | 867416 | |
| KELOWNA | 2017 | TRAILER | 40' Duel Temp | T 12 | 1UYVS2406J2328701 | BC | LEASED | Ryder | | |
| KELOWNA | 2019 | TRAILER | 48' Dual Temp | RG05 | 527SR4823LL017222 | BC | LEASED | Ryder | | |
| KELOWNA | 2019 | TRAILER | 48' Dual Temp | RG06 | 527SR4825LL017223 | BC | LEASED | Ryder | | |
| KELOWNA | 2019 | TRAILER | 40' Duel Temp | RG19 | 527SR4022LL017224 | BC | LEASED | Ryder | | |
| KELOWNA | 2019 | TRAILER | 53' Tri Temp | R684 | 527SR5331LL017225 | BC | LEASED | Ryder | | |
| KELOWNA | 2019 | TRAILER | 53' Tri Temp | R685 | 527SR5333LL017226 | BC | LEASED | RYDER | | |
| KELOWNA | 2019 | TRAILER | 53' Tri Temp | R686 | 527SR5335LL017227 | BC | LEASED | RYDER | | |
| KELOWNA | 2019 | TRAILER | 53' Tri Temp | R687 | 527SR5337LL017228 | BC | LEASED | RYDER | | |
| KELOWNA | 2018 | UTILITY | TRAILER | T12 | 1UYVS2406J2328701 | BC | LEASED | RYDER | | |
| NANAIMO | 2019 | FREIGHTLINER | Freightliner | 41067 | 3ALHCYFE3KDKR3533 | BC | LEASED | RYDER | | |
| NANAIMO | 2019 | FREIGHTLINER | Freightliner | 40805 | 3ALHCYFEKDKR3531 | BC | LEASED | RYDER | | |
| NANAIMO | 2021 | FREIGHTLINER | Cascadia 116 | 292140 | 3ALHHTDVXMSMP6045 | AB | LEASED | RYDER | | |
| NANAIMO | 2007 | FREIGHTLINER | Freightliner | 749 | 1FUJA6CK47PX42302 | BC | LEASED | RYDER | | |
| DELTA | 2020 | FREIGHTLINER | 5 TON | 169 | RENTAL | BC | LEASED | RYDER | | |

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|-------|------|--------------|-----------------|--------|-------------------|----|------------------|-----------------|--------|
| DELTA | 2021 | FREIGHTLINER | M2 | 236344 | 3ALACXFD7MDMP4978 | BC | LEASED | RYDER | |
| DELTA | 2017 | UTILITY | TRAILER | 351 | 1UYVS3532H2033801 | BC | LEASED | RYDER | |
| DELTA | 2019 | FREIGHTLINER | Freightliner | 41774 | 3ALHCYFE7KDKL7532 | BC | LEASED | RYDER | |
| DELTA | 2021 | FREIGHTLINER | Cascadia | 236334 | 3AKJHHR7MSP4968 | BC | LEASED | RYDER | |
| DELTA | 2015 | FREIGHTLINER | Freightliner | 323527 | 1FUJGEBG6FLGL7937 | BC | LEASED | RYDER | |
| DELTA | 2022 | FREIGHTLINER | Freightliner | 406809 | 3AKJHTDV7NSND4521 | BC | LEASED | RYDER | |
| DELTA | 2022 | FREIGHTLINER | Freightliner | 406810 | 3AKBCYFE7NDND4522 | BC | LEASED | RYDER | |
| DELTA | 2018 | FREIGHTLINER | Freightliner | 682610 | 3ALHCYFE4JDK7634 | BC | LEASED | RYDER | |
| DELTA | 2018 | FREIGHTLINER | Freightliner | 682611 | 3ALHCYFE6JDK7635 | BC | LEASED | RYDER | |
| DELTA | 2018 | FREIGHTLINER | Freightliner | 682909 | 3ALHC5DV2JDK7651 | BC | LEASED | RYDER | |
| DELTA | 2018 | FREIGHTLINER | Freightliner | 682910 | 3ALHC5DV4JDK7652 | BC | LONG TERM Rental | RYDER | |
| DELTA | 2018 | FREIGHTLINER | Freightliner | 682911 | 3ALACXFD4JDK7653 | BC | LEASED | RYDER | |
| DELTA | 2018 | FREIGHTLINER | Freightliner | 682912 | 3ALACXFD6JDK7654 | BC | LONG TERM Rental | RYDER | |
| DELTA | 2018 | FREIGHTLINER | Freightliner | 682945 | 3ALHCYFE8JDK7667 | BC | LEASED | T Wizard - IT | |
| DELTA | 2018 | FREIGHTLINER | Freightliner | 682946 | 3ALHCYFEXJDK7668 | BC | LEASED | T Wizard - IT | |
| DELTA | 2018 | FREIGHTLINER | Freightliner | 682947 | 3ALHCYFE1JDK7669 | BC | LEASED | T Wizard - IT | |
| DELTA | 2020 | FREIGHTLINER | TANDEM | 793087 | RENTAL | BC | LEASED | T Wizard - IT | |
| DELTA | 2019 | FREIGHTLINER | Freightliner | 839772 | 3ALHCYFE5KDKR0018 | BC | LEASED | T Wizard - IT | |
| DELTA | 2019 | FREIGHTLINER | Freightliner | 839817 | 3ALACXFDXKDKR0020 | BC | LEASED | T Wizard - IT | |
| DELTA | 2019 | FREIGHTLINER | Freightliner | 841070 | 3ALHCYFE5KDKR3534 | BC | LEASED | T Wizard - IT | |
| DELTA | 2018 | UTILITY | TRAILER | 53R25 | 1UYVS2404J2225101 | BC | LEASED | T Wizard - IT | |
| DELTA | 2023 | FREIGHTLINER | | 468736 | | BC | Rented LT | TRAILER W. | 48RG08 |
| DELTA | 2007 | GREAT DANE | STORAGE TRAILER | STOR | 1GRAA96257W703346 | BC | LEASED | Trailer Wizards | 48RG07 |

| LEASE NUMBER | LOCATION | CONTRACT START | CONTRACT EXP. | STATUS | UNIT DESCRIPTION | SERIAL NUMBERS | CONTRACT SUBTYPE | CUSTOMER NAME |
|--------------|-----------|----------------|---------------|--------|--|---|------------------|---------------------|
| 18892 | OAKVILLE | 1-Feb-19 | 1-Feb-24 | ACTIVE | 1) 4 x RAYMOND MODEL 7300 R35TT 95 20414 | 1) 720-18-AC03953, 720-18-AC03954 | LEASE | WALLACE & CAREY INC |
| | | | | | 2) 2 x DEKA BATTERY MODEL 12D126173127-14.12 | 2) 1603LH, 1602LH | | |
| | | | | | 3) 2 x DEKA CHARGERS MODEL Q4-24/36-150-B | 3) 2-10-0918-00335, 2-10-0918-00123 | | |
| 19235 | SASKATOON | 1-Apr-19 | 1-Apr-24 | ACTIVE | 1) RAYMOND MODEL 7300 R35TT 95 20416.1 | 1) 730-18-BC03955 | LEASE | WALLACE & CAREY INC |
| | | | | | 2) DEKA BATTERY MODEL 18D12511694-14.12 REA | 2) 1811IH | | |
| 19238 | CALGARY | 1-Apr-19 | 1-Apr-24 | ACTIVE | 1) 4 x RAYMOND MODEL 7300 R35TT 95 21616.1 | 1) 730-19-AC04176, 730-19-AC04180, 730-19-AC04181, 730-19-AC04186 | LEASE | WALLACE & CAREY INC |
| | | | | | 2) 4 x DEKA BATTERY MODEL 18-D125-2 | 2) 2990LH, 2991LH, 2992LH, 2993LH | | |
| 19652 | OAKVILLE | 1-Aug-19 | 1-Aug-24 | ACTIVE | 1) 2 x RAYMOND MODEL 7200 R35TT 91 20414 | 1) 720-19-AC04695, 720-19-AC04696 | LEASE | WALLACE & CAREY INC |
| | | | | | 2) 2 x DEKA BATTERY MODEL 12-D125-2 | 2) 6883FI, 6884FI | | |
| | | | | | 3) 2 x DEKA CHARGERS MODEL Q4-24/36-150-B | 3) 2-10-0419-00027, 2-10-0419-00030 | | |
| 19653 | CALGARY | 1-Aug-19 | 1-Aug-24 | ACTIVE | 1) RAYMOND MODEL 7300 R35TT 91 20416.1 | 1) 730-19-BC04679 | LEASE | WALLACE & CAREY INC |
| 19654 | OAKVILLE | 1-Aug-19 | 1-Aug-24 | ACTIVE | 1) 2 x RAYMOND MODEL 8410 FRE80L 48 27 | 1) 841-19-49548, 841-19-4959 | LEASE | WALLACE & CAREY INC |
| | | | | | 2) 2 x DEKA BATTERY MODEL 12-D85-13 | 2) 7556EI, 7557EI | | |
| | | | | | 3) 2 x DEKA CHARGERS MODEL Q4-24/36-100-B | 3) 2-10-0419-20887, 2-10-0419-20889 | | |
| 20105 | DELTA | 1-Nov-19 | 1-Nov-23 | ACTIVE | 1) CARNEY BATTERY CHANGE 24V - 30 INCH | 1) CRI0044 | LEASE | WALLACE & CAREY INC |
| 20111 | CALGARY | 1-Nov-19 | 1-Nov-24 | ACTIVE | 1) RAYMOND MODEL 8410 - FRE60L 46 27 | 1) 841-19-51117 | LEASE | WALLACE & CAREY INC |
| | | | | | 2) DEKA BATTERIES MODEL 12-D85-13 | 2) 5094HI | | |
| 20155 | DELTA | 1-Dec-19 | 1-Dec-23 | ACTIVE | 1) ADVANCE SCRUBBER 36C ECOFLEX SC6000 | 1) 3510181700231 | LEASE | WALLACE & CAREY INC |
| 20160 | CALGARY | 1-Dec-19 | 1-Dec-23 | ACTIVE | 1) 4 x RAYMOND MODEL 8210 F45L 48 22 | 1) 821-19-40032, 821-19-40033, 821-19-40034, 821-19-40035 | LEASE | WALLACE & CAREY INC |
| | | | | | 2) 6 x ENERSYS BATTERIES MODEL 510164T-SGRY | 2) RTJ00071247, RTJ00071248, RTJ00071249, RTJ00071250, RTJ00071283, RTJ00071285 | | |
| 20261 | DELTA | 1-Dec-19 | 1-Dec-24 | ACTIVE | 1) 2 x RAYMOND MODEL 8410 FRE60L 48 27 | 1) 841-19-51607, 841-19-51634 | LEASE | WALLACE & CAREY INC |
| | | | | | 2) 4 x DEKA BATTERIES MODEL 12-D85-13-3019 | 2) 4890HI, 4890HI, 5101HI, 5101HI | | |
| | | | | | 3) 2 x DEKA CHARGER MODEL Q4-24/36-150-B | 3) 2-15-0819-22125, 2-15-0819-22126 | | |

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|-------------------|-------------|--------------------|---|--|-------|---------------------|
| 20303 DELTA | 1-Jan-20 | 1-Jan-25 ACTIVE | 1) 5 x RAYMOND MODEL 7500 R35TT 11025016.2 2) 10 x DEKA BATTERIES MODEL 1 8-D125-13-6C79 3) 2 x DEKA CHARGER MODEL Q4-24/36-150-B | 1) 750-19-AC76071, 750-19-AC76072, 750-19-AC76073, 750-19-AC76074, 750-19-AC76075 2) 5768HI, 5769HI, 5770HI, 5773HI, 5774HI, 5775HI, 5778HI, 5779HI, 5780HI, 5781HI 3) 7-15-0919-22608, 2-15-0819-22138, 2-15-0819-22142, 2-15-0819-22146, 2-15-0819-22281 | LEASE | WALLACE & CAREY INC |
| 20337 DELTA | 1-Jan-20 | 1-Jan-25 ACTIVE | 1) RAYMOND MODEL 415 C35TT 88 20316.5 2) DEKA BATTERIES MODEL 18-D125-13-6C79 3) DEKA CHARGER MODEL Q4-24/36-150-B | 1) 415-19-65043 2) 4130HI 3) 7-15-0819-22148 | LEASE | WALLACE & CAREY INC |
| 21358 DELTA | 1-Aug-2020 | 1-Aug-2025 ACTIVE | 1) RAYMOND MODEL 530 OPC30TT 107240 2) DEKA BATTERIES MODEL 12D125133008-13 3) DEKA CHARGER MODEL Q4-24/36-150-B | 1) 530-20-01933 2) 1476JI 3) 7-15-0919-22678 | LEASE | WALLACE & CAREY INC |
| 22559 THUNDER BAY | 1-Feb-2021 | 1-Feb-2026 ACTIVE | 1) RAYMOND MODEL 7300 R36TT 10725216.1 2) GNB BATTERY MODEL M2701812513B 3) GNB CHARGER MODEL XPS-18-750 | 1) 730-20-AC06946 2) GKZ2018 3) 20509.1-1-01 | LEASE | WALLACE & CAREY INC |
| 23844 CALGARY | 1-Jan-2022 | 1-Jan-2025 ACTIVE | 1) 2 x RAYMOND MODEL 8210 F45L 48 27 2) 2 x ENERSYS BATTERY MODEL 510164T-SGRY | 1) 821-21-53950, 821-21-53951 2) CVK80034016, CVK80034017 | LEASE | WALLACE & CAREY INC |
| 23988 THUNDER BAY | 1-Feb-2022 | 1-Feb-2025 ACTIVE | 1) 2 x RAYMOND MODEL 8210 F45L 48 27 2) 2 x ENERSYS BATTERY MODEL 510164T-SGRY | 1) 821-21-53766, 821-21-53765 2) CVK80034011, CVK80034012 | LEASE | WALLACE & CAREY INC |
| 24734 EDMONTON | 1-Oct-2022 | 1-Oct-2025 ACTIVE | 1) 3 x DEKA BATTERIES MODEL 16-D125-13-6D44 | 1) 2638HL, 1644HL, 3587HL | LEASE | WALLACE & CAREY INC |
| 24835 DELTA | 11-Nov-2022 | 11-Nov-2025 ACTIVE | 1) 6 x DEKA BATTERIES MODEL 16-D125-13-6D44 2) 4 x DEKA BATTERIES MODEL 12-D85-13-3019 | 1) 2143IL, 2142IL, 2141IL, 2140IL, 2139IL, 2138IL 2) 1397HL, 1394HL, 1393HL, 1398HL | LEASE | WALLACE & CAREY INC |
| 24887 CALGARY | 1-Dec-2022 | 1-Dec-2024 ACTIVE | 1) RAYMOND MODEL 6410 FRE60L 48 27 2) NEW BATTERY | 1) 841-12-11307 2) 82924005 | LEASE | WALLACE & CAREY INC |
| 25042 CALGARY | 1-Jan-2023 | 1-Jan-2028 ACTIVE | 1) RAYMOND MODEL EZACT R40TT 95 211 2) RENEWED BATTERY | 1) EZ-15-DF53175 2) RSK129638 | LEASE | WALLACE & CAREY INC |

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|----------------|--------------|-----------------------|--|---|-------|---------------------|
| 25392 DELTA | 1-Apr-2023 | 1-Apr-2026 ACTIVE | 1) 5 x RAYMOND MODEL 8210 F45L 48 27 | 1) 821-23-0062660, 821-23-0062661, 821-23-0062662, 821-23-0062663, 821-23-0062664 | LEASE | WALLACE & CAREY INC |
| | | | 2) 5 x ENERSYS BATTERIES MODEL 510164T-SGRY | 2) RWE00386231, RWE00386230, RWE00386229, RWE00386228, RWE00386269 | | |
| 25444 CALGARY | 1-May-2023 | 1-May-2025 ACTIVE | 1) RAYMOND MODEL 8410 FRE60L 48 27 | 1) 841-13-145-09 | LEASE | WALLACE & CAREY INC |
| | | | 2) STRIKER BATTERY MODEL 12S-85-13 | 2) 91792M6 | | |
| 25505 CALGARY | 1-May-2023 | 1-May-2028 ACTIVE | 1) RAYMOND MODEL 7300 DR30TT 95 20716.1 | 1) 841-13-145-09 | LEASE | WALLACE & CAREY INC |
| | | | 2) STRIKER BATTERY MODEL 18-D125-2) 2168IL 13-6d44 | | | |
| 25506 CALGARY | 1-May-2023 | 1-May-2028 ACTIVE | 1) 4 x RAYMOND MODEL 7300 R35TT 95 21616.1 | 1) 730-23-AC0010180, 730-23-AC0010182, 730-23-AC0010183, 730-23-AC0010186 | LEASE | WALLACE & CAREY INC |
| | | | 2) 4 x DEKA BATTERY MODEL 18-D125-2) 2908IL, 2910IL, 2915IL, 13-6D44 | | | |
| 25521 KELOWNA | 1-May-2023 | 1-May-2026 ACTIVE | 1) 3 x RAYMOND MODEL 8210 F45L 48 27 | 1) 821-21-0064697, 821-21-0064698, 821-21-0064699 | LEASE | WALLACE & CAREY INC |
| | | | 2) 3 x ENERSYS BATTERY MODEL 510164T-SGRY | 2) RWI00425682, RWI00425665, RWI00425664 | | |
| 25551 WINNIPEG | 1-Jun-2023 | 1-Jun-2026 ACTIVE | 1) DEKA BATTERY MODEL 12-D125-15-1) 3670 | 1) 1509DM | LEASE | WALLACE & CAREY INC |
| 25580 OAKVILLE | 1-Jun-2023 | 1-Jun-2026 ACTIVE | 1) DEKA BATTERY MODEL 12-D125-15-1) 3670 | 1) 1440EM, 1441EM | LEASE | WALLACE & CAREY INC |
| 25700 WINNIPEG | 1-Jun-2023 1 | 1-Jun-2026 1 ACTIVE 1 | 1) ENERSYS BATTERY MODEL 510164T-SGRY | 1) NOT ANNEXED TO LEASE | LEASE | WALLACE & CAREY INC |

1 Note this lease is not countersigned nor is Schedule A present. Information is that it is active from approximately these dates.

SCHEDULE E
TRANSITION PERMITS

| Permit/License Name | Category | Issuer | Date of Issue | Notes |
|--|--------------------------------------|--|---------------|-----------------------|
| Wholesale Dealer Permit (Under the Tobacco Tax Act) | Tobacco License | British Columbia Ministry of Finance | 15-Nov-21 | |
| Province of Alberta Tobacco License | Tobacco License | Alberta Treasury Board and Finance | 16-Sep-14 | Revoked Sept 29, 2023 |
| Province of Alberta Tobacco License | Tobacco License | Alberta Revenue | 31-Jul-04 | Revoked Sept 29, 2023 |
| License to Import Tobacco | Tobacco License | Saskatchewan Finance | 31-Aug-99 | |
| Manitoba Tobacco/Fuel Tax License | Tobacco License | Government of Manitoba | 5-Dec-07 | |
| Wholesaler's Permit (Issued pursuant to the Tobacco Tax Act) | Tobacco License | Ontario Ministry of Finance | 13-Dec-22 | For Oakville location |
| Wholesaler's Permit (Issued pursuant to the Tobacco Tax Act) | Tobacco License | Ontario Ministry of Finance | 13-Dec-22 | For Calgary location |
| Wholesale Dealers Permit | Tobacco License | Government of Northwest Territories | 6-Nov-17 | |
| Wholesale Dealers Permit | Tobacco License | Government of Nunavut | 31-Aug-99 | |
| Tobacco Wholesale Dealer's Permit | Tobacco License | Yukon Finance | 9-Sep-09 | |
| Tobacco Wholesale Vendor | Tobacco License | New Brunswick Finance and Treasury Board | 28-Sep-16 | |
| Wholesale Vendor's Permit | Tobacco License | Service Nova Scotia and Internal Services | 1-Apr-23 | |
| Wholesale Vendor's Permit | Tobacco License | Province of Prince Edward Island | 7-Jun-17 | |
| Notice of the Issue of a Permit | Tobacco License | Revenu Quebec | 16-Jan-18 | |
| Single-use Retail Bag Distributor Registration | Single-use Retail Bags | Government of Northwest Territories | 1-Feb-22 | |
| International Fuel Tax Agreement | IFTA | Tax and Revenue Administration Alberta | 16-Dec-22 | |
| Provincial Sales Tax Letter of Registration | PST Tax Permit | British Columbia Ministry of Finance | 16-Jan-13 | |
| Vendor License | Vendor License | Sasatchewan Revenue and Financial Services | N/A | |
| Medical Device Establishment License | Medical Device Establishment License | Health Canada | 1-Sep-23 | |

APPENDIX I

[ATTACHED]

AMENDMENT TO TRANSITION SERVICES AGREEMENT

This Amendment to Transition Services Agreement (this “**Amendment**”), dated as of February 7, 2025 (the “**Amendment Effective Date**”), is entered into among Wallace & Carey Inc. (“**W&C**”), Carey Management Inc. (“**CMI**” and together with W&C, the “**Debtors**”), 7-Eleven Canada, Inc. (“**SEC**”), and KSV Restructuring Inc., in its capacity as CCAA Monitor of the Debtors (collectively the “**Parties**”, and each, a “**Party**”).

RECITALS:

- A. The Parties entered into that certain Transition Services Agreement dated effective as of November 21, 2023 (the “**Transition Services Agreement**”);
- B. Pursuant to subsection 18(a) of the Transition Services Agreement and that certain letter dated on or about July 9, 2024, SEC exercised its right to extend the term of the Transition Services Agreement with respect to the Eastern Business for a period of 90 days, until November 19, 2024;
- C. Pursuant to subsection 18(a) of the Transition Services Agreement and that certain letter dated on or about October 15, 2024, SEC exercised its right to further extend the term of the Transition Services Agreement with respect to the Eastern Business for a period of 90 days, until February 17, 2025;
- D. Pursuant to subsection 18(a) of the Transition Services Agreement and that certain letter dated on or about January 9, 2025, SEC exercised its right to further extend the term of the Transition Services Agreement with respect to the Western Business for a period of 90 days, until May 22, 2025;
- E. The Parties desire to amend the Transition Services Agreement on the terms and subject to the conditions set forth herein to adjust the term of the Transition Services Agreement; and
- F. Pursuant to Section 36 of the Transition Services Agreement, the amendments contemplated by the Parties must be contained in a written agreement signed by each Party.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

- 1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Transition Services Agreement.
- 2. Amendments to the Transition Services Agreement. As of the Amendment Effective Date, the Transition Services Agreement is hereby amended or modified as follows:
 - (a) Subsection 18.(a) of the Transition Services Agreement is hereby deleted and replaced in its entirety with the following language:

“(a) The term (the “**Term**”) of this TSA will commence on the Effective Date and will terminate on the date that is 15 months following the Effective Date; provided that the Purchaser shall have the right to elect to extend the Term two (2) times by 90 days each time, provided that such election notice is provided to the Debtors and

the Monitor in writing at least 35 days (or such lesser number of days as may be agreed to by the Monitor) prior to the expiry of the then-current Term. The Parties acknowledge the previous extensions to the Term by the Purchaser in relation the Eastern Business on July 9, 2024 and October 15, 2024, and the previous extension to the Term by the Purchaser in relation to the Western Business on January 9, 2025, all of which shall continue to be counted as the Purchaser's elections for the purposes of this subsection."

3. Limited Effect. Except as expressly provided in this Amendment, all of the terms and provisions of the Transition Services Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Transition Services Agreement or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Amendment Effective Date, each reference in the Transition Services Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to the Transition Services Agreement in any other agreements, documents, or instruments executed and delivered pursuant to, or in connection with, the Transition Services Agreement, will mean and be a reference to the Transition Services Agreement as amended by this Amendment.

4. Miscellaneous.

(a) Governing Law. This Amendment is governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

(b) Successors and Assigns. This Amendment is binding upon and shall enure to the benefit of the Parties hereto and their respective successors and assigns.

(c) Counterparts. This Amendment may be executed in counterparts, each of which is deemed an original, but all of which together constitutes one and the same agreement. Delivery of an executed counterpart of this Amendment by electronic means (including by DocuSign) shall be effective as delivery of an original executed counterpart of this Amendment.

(d) Entire Agreement. This Amendment constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

WALLACE & CAREY INC.

Per 

Name: Patrick Carey

Title: Authorized Signatory

CAREY MANAGEMENT INC.

Per 

Name: Patrick Carey

Title: Authorized Signatory

7-ELEVEN CANADA, INC.

Per _____

Name: Raghu Mahadevan

Title: Authorized Signatory

**KSV RESTRUCTING INC., in its capacity
as CCAA Monitor of the Debtors and not in
its personal or corporate capacity**

Per _____

Name:

Title:

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

WALLACE & CAREY INC.

Per _____

Name:

Title:

CAREY MANAGEMENT INC.

Per _____

Name:

Title:

7-ELEVEN CANADA, INC.

Signed by:
Per Raghu Mahadevan
1D5D880D1E7B430...

Name: Raghu Mahadevan

Title: Authorized Signatory

**KSV RESTRUCTING INC., in its capacity
as CCAA Monitor of the Debtors and not in
its personal or corporate capacity**

DocuSigned by:
Per Jason Knight
87E48B2D2D52481...

Name: Jason Knight

Title: Managing Director

APPENDIX J

[ATTACHED]

SECOND AMENDMENT TO TRANSITION SERVICES AGREEMENT

This Amendment to Transition Services Agreement (this “**Amendment**”), dated as of August 18, 2025 (the “**Second Amendment Effective Date**”), is entered into among Wallace & Carey Inc. (“**W&C**”), Carey Management Inc. (“**CMI**” and together with W&C, the “**Debtors**”), 7-Eleven Canada, Inc. (“**SEC**”), and KSV Restructuring Inc., in its capacity as CCAA Monitor of the Debtors (collectively the “**Parties**”, and each, a “**Party**”).

RECITALS:

- A. The Parties entered into that certain Transition Services Agreement dated effective as of November 21, 2023 (the “**Initial TSA**”);
- B. Pursuant to subsection 18(a) of the Initial TSA and that certain letter dated on or about July 9, 2024, SEC exercised its right to extend the term of the Transition Services Agreement with respect to the Eastern Business for a period of 90 days, until November 19, 2024;
- C. Pursuant to subsection 18(a) of the Initial TSA and that certain letter dated on or about October 15, 2024, SEC exercised its right to further extend the term of the Initial TSA with respect to the Eastern Business for a period of 90 days, until February 17, 2025;
- D. Pursuant to subsection 18(a) of the Initial TSA and that certain letter dated on or about January 9, 2025, SEC exercised its right to further extend the term of the Initial TSA with respect to the Western Business for a period of 90 days, until May 22, 2025;
- E. Pursuant to an Amendment to Transition Services Agreement dated as of February 7, 2025 (the “**First TSA Amendment**”) the Parties amended the Initial TSA to, *inter alia*, provide for a single 15 month term (as amended, the “**Transition Services Agreement**”).
- F. Pursuant to subsection 18(a) of the Transition Services Agreement and that certain letter dated on or about March 18, 2025, SEC exercised its right to further extend the term of the Transition Services Agreement for a period of 90 days, until August 20, 2025;
- G. The Parties desire to amend the Transition Services Agreement on the terms and subject to the conditions set forth herein to adjust the term of the Transition Services Agreement; and
- H. Pursuant to Section 36 of the Transition Services Agreement, the amendments contemplated by the Parties must be contained in a written agreement signed by each Party.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

- 1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Transition Services Agreement.
- 2. Amendments to the Transition Services Agreement. As of the Second Amendment Effective Date, the Transition Services Agreement is hereby amended or modified as follows:
 - (a) Subsection 18.(a) of the Transition Services Agreement is hereby deleted and replaced in its entirety with the following language:

“(a) The term (the “**Term**”) of this TSA will commence on the Effective Date and will terminate on September 30, 2025.”

3. Limited Effect. Except as expressly provided in this Amendment, all of the terms and provisions of the Transition Services Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Transition Services Agreement or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Amendment Effective Date, each reference in the Transition Services Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to the Transition Services Agreement in any other agreements, documents, or instruments executed and delivered pursuant to, or in connection with, the Transition Services Agreement, will mean and be a reference to the Transition Services Agreement as amended by this Amendment.

4. Miscellaneous.

(a) Governing Law. This Amendment is governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

(b) Successors and Assigns. This Amendment is binding upon and shall enure to the benefit of the Parties hereto and their respective successors and assigns.

(c) Counterparts. This Amendment may be executed in counterparts, each of which is deemed an original, but all of which together constitutes one and the same agreement. Delivery of an executed counterpart of this Amendment by electronic means (including by DocuSign) shall be effective as delivery of an original executed counterpart of this Amendment.

(d) Entire Agreement. This Amendment constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

WALLACE & CAREY INC.

Per _____

Name:

Title:

CAREY MANAGEMENT INC.

Per _____

Name:

Title:

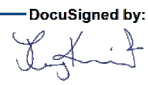
7-ELEVEN CANADA, INC.

Per  _____
Raghu Mahadevan (Aug 25, 2025 11:25:54 CDT)

Name: Raghu Mahadevan

Title: Authorized Signatory

**KSV RESTRUCTING INC., in its capacity
as CCAA Monitor of the Debtors and not in
its personal or corporate capacity**

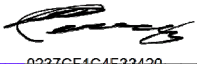
DocuSigned by:

Per _____
87E48B2D2D52481

Name: Jason Knight

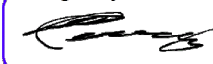
Title: Managing Director

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.

WALLACE & CAREY INC.

Signed by:

Per _____
0237CF1G4F33420...
Name:
Title:

CAREY MANAGEMENT INC.

Signed by:

Per _____
0237CF1C4F33420...
Name:
Title:

7-ELEVEN CANADA, INC.

Per _____
Name: Raghu Mahadevan
Title: Authorized Signatory

**KSV RESTRUCTING INC., in its capacity
as CCAA Monitor of the Debtors and not in
its personal or corporate capacity**

Per _____
Name:
Title:

APPENDIX K

[ATTACHED]

THIRD AMENDMENT TO TRANSITION SERVICES AGREEMENT

This Amendment to Transition Services Agreement (this “**Amendment**”), dated as of September 30, 2025 (the “**Third Amendment Effective Date**”), is entered into among Wallace & Carey Inc. (“**W&C**”), Carey Management Inc. (“**CMI**” and together with W&C, the “**Debtors**”), 7-Eleven Canada, Inc. (“**SEC**”), and KSV Restructuring Inc., in its capacity as CCAA monitor (the “**Monitor**”) of the Debtors (collectively the “**Parties**”, and each, a “**Party**”).

RECITALS:

- A. The Parties entered into that certain Transition Services Agreement dated effective as of November 21, 2023 (the “**Initial TSA**”);
- B. Pursuant to subsection 18(a) of the Initial TSA and that certain letter dated on or about July 9, 2024, SEC exercised its right to extend the term of the Transition Services Agreement with respect to the Eastern Business for a period of 90 days, until November 19, 2024;
- C. Pursuant to subsection 18(a) of the Initial TSA and that certain letter dated on or about October 15, 2024, SEC exercised its right to further extend the term of the Initial TSA with respect to the Eastern Business for a period of 90 days, until February 17, 2025;
- D. Pursuant to subsection 18(a) of the Initial TSA and that certain letter dated on or about January 9, 2025, SEC exercised its right to further extend the term of the Initial TSA with respect to the Western Business for a period of 90 days, until May 22, 2025;
- E. Pursuant to an Amendment to Transition Services Agreement dated as of February 7, 2025 (the “**First TSA Amendment**”) the Parties amended the Initial TSA to, *inter alia*, provide for a single 15-month term (as amended, the “**Transition Services Agreement**”);
- F. Pursuant to subsection 18(a) of the Transition Services Agreement and that certain letter dated on or about March 18, 2025, SEC exercised its right to further extend the term of the Transition Services Agreement for a period of 90 days, until August 20, 2025;
- G. By Order of the Court of King’s Bench of Alberta (the “**Court**”) dated August 18, 2025, the Court approved the Second Amendment to Transition Services Agreement, and amended the Term set out therein to end on September 30, 2025 (as amended, the “**Second TSA Amendment**”);
- H. By Order of the Court dated August 26, 2025, the Court ordered that the Monitor be given enhanced powers and authority, including the authority to cause the Debtors to enter into agreements and carry out the Debtors’ obligations thereunder, as the Monitor considers necessary or desirable to facilitate or assist the administration of the CCAA Proceedings and operations of the Debtors’ businesses;
- I. The Parties desire to further amend the Transition Services Agreement on the terms and subject to the conditions set forth herein to adjust the Term of the Transition Services Agreement; and
- J. Pursuant to Section 36 of the Transition Services Agreement, the amendments contemplated by the Parties must be contained in a written agreement signed by each Party.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Definitions. Capitalized terms used and not defined in this Amendment have the respective meanings assigned to them in the Transition Services Agreement.

2. Amendments to the Transition Services Agreement. As of the Third Amendment Effective Date, the Transition Services Agreement is hereby amended or modified as follows:

(a) Subsection 18.(a) of the Transition Services Agreement is hereby deleted and replaced in its entirety with the following language:

“(a) The term (the “**Term**”) of this TSA will commence on the Effective Date and will terminate on February 15, 2026, or on such other date as may be agreed to by the parties in writing prior to February 15, 2026.”

3. Limited Effect. Except as expressly provided in this Amendment, all of the terms and provisions of the Transition Services Agreement are and will remain in full force and effect and are hereby ratified and confirmed by the Parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Transition Services Agreement or as a waiver of or consent to any further or future action on the part of either Party that would require the waiver or consent of the other Party. On and after the Amendment Effective Date, each reference in the Transition Services Agreement to "this Agreement," "the Agreement," "hereunder," "hereof," "herein," or words of like import, and each reference to the Transition Services Agreement in any other agreements, documents, or instruments executed and delivered pursuant to, or in connection with, the Transition Services Agreement, will mean and be a reference to the Transition Services Agreement as amended by this Amendment.

4. Miscellaneous.

(a) Governing Law. This Amendment is governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

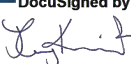
(b) Successors and Assigns. This Amendment is binding upon and shall enure to the benefit of the Parties hereto and their respective successors and assigns.

(c) Counterparts. This Amendment may be executed in counterparts, each of which is deemed an original, but all of which together constitutes one and the same agreement. Delivery of an executed counterpart of this Amendment by electronic means (including by DocuSign) shall be effective as delivery of an original executed counterpart of this Amendment.

(d) Entire Agreement. This Amendment constitutes the sole and entire agreement of the Parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

IN WITNESS WHEREOF, the Parties have executed this Amendment as of the date first written above.


**WALLACE & CAREY INC., by KSV
RESTRUCTURING INC., in its capacity as
CCAA Monitor of the Debtors and not in its
personal or corporate capacity**

DocuSigned by:

Per 87E48B2D2D52481...

Name: Jason Knight

Title: Managing Director

**CAREY MANAGEMENT INC. by KSV
RESTRUCTURING INC., in its capacity as
CCAA Monitor of the Debtors and not in its
personal or corporate capacity**

DocuSigned by:

Per 87E48B2D2D52481...

Name: Jason Knight

Title: Managing Director


7-ELEVEN CANADA, INC.

Per _____

Name: Raghu Mahadevan

Title: Authorized Signatory

**KSV RESTRUCTURING INC., in its
capacity as CCAA Monitor of the Debtors
and not in its personal or corporate capacity**

DocuSigned by:

Per 87E48B2D2D52481...

Name: Jason Knight

Title: Managing Director

APPENDIX L

[ATTACHED]



| | |
|--|---|
| 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. |
| RESPONDENT | DIGIFLEX INFORMATION SYSTEMS INC. and MOHAMAD ZÄHED MARDUKHI |
| DOCUMENT | FOURTEENTH REPORT OF THE MONITOR DECEMBER 13, 2024 |
| ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT | <u>MONITOR</u> KSV Restructuring Inc. Suite 1165, 324 – 8 th Avenue SW Calgary, Alberta T2P 2Z2 Attention: Bobby Kofman / Jason Knight Telephone: 416.932.6228 / 587.287.2605 Facsimile: 416.932.6266 Email: bkofman@ksvadvisory.com / jknight@ksvadvisory.com <u>MONITOR’S COUNSEL</u> Cassels Brock & Blackwell LLP Bankers Hall West Suite 3810, 888 – 3 rd Street SW Calgary, Alberta T2P 5C5 Attention: Jeffrey Oliver Telephone: 403.351.2921 Facsimile: 403.648.1151 Email: joliver@cassels.com |

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| December 12 Letter | R |
| December 12 Response Email | S |

1.0 Introduction

1. Pursuant to an order (the “**Initial Order**”) granted by the Court of King’s Bench of Alberta (the “**Court**”) on June 22, 2023 (the “**Filing Date**”), Wallace & Carey Inc. (“**Wallace & Carey**”), Loudon Bros Limited (“**Loudon Bros**”, and together with Wallace & Carey, the “**Logistics Companies**”), and Carey Management Inc. (“**CMI**”, and together with the Logistics Companies, the “**Companies**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV Restructuring Inc. (“**KSV**”) was appointed monitor (the “**Monitor**”) of the Companies (the “**CCAA Proceedings**”).
2. On June 30, 2023, the Court granted an Amended and Restated Initial Order (the “**ARIO**”).
3. Pursuant to an order granted by the Court on August 23, 2023, the Companies carried out a sale and investment solicitation process (the “**SISP**”) that resulted in a transaction (the “**Transaction**”) between the Companies and 7-Eleven Canada, Inc. (“**7-Eleven**”) that was approved by the Court on November 17, 2023, pursuant to an approval and vesting order (the “**Transaction Approval and Vesting Order**”) and other orders (together with the Transaction Approval and Vesting Order, the “**Transaction Orders**”).
4. Pursuant to the Transaction Orders, the Court among other things:
 - a) approved a sale of certain of the Companies’ property, assets and undertakings to 7-Eleven, primarily fixed assets and real property;
 - b) approved a transition services agreement (the “**TSA**”) among CMI, Wallace & Carey, the Monitor, and 7-Eleven, as more fully discussed in the sixth report of the Monitor dated November 8, 2023, but, importantly, saw Wallace & Carey continue to carry out the normal course operations of the business during the TSA period, which is continuing; and
 - c) appointed KSV as receiver of all of the assets, undertakings, and properties of certain subsidiaries of CMI for the purpose of, among other things, selling certain real property owned by these entities to 7-Eleven.
5. A copy of the TSA is attached as **Appendix “A”**.

6. On November 25, 2024, upon an application by the Companies, the Court granted an order, among other things, extending the stay of proceedings in these CCAA Proceedings to and including April 30, 2025 (the “**Stay Period**”).
7. As noted, Wallace & Carey continues to carry on day-to-day business during these CCAA Proceedings, which is largely limited to servicing its largest customer, 7-Eleven. The TSA, among other things, sets out the terms under which Wallace & Carey will continue to operate under CCAA protection. The duration of the TSA is 15 months and nine months for the Western Business and the Eastern Business (both as defined in the TSA), respectively, from November 21, 2023 (i.e., the Effective Date of the TSA), subject in each case to two 90-day extensions that are available to 7-Eleven.
8. Pursuant to the TSA, 7-Eleven is responsible to fund substantially all of Wallace & Carey’s operational costs, including employee costs associated with approximately 450 employees, real property and personal property leases, and other contracts, as well as the fees and costs of the Monitor and its counsel, and certain fees of the Companies’ counsel.
9. DigiFlex Information Systems Inc. (“**DigiFlex**”) is an Alberta corporation with a registered office in Calgary, Alberta. The sole director and voting shareholder of DigiFlex is Mr. Mohamad Zāhed Mardukhi (“**Mr. Mardukhi**”). DigiFlex provides software and support services on which Wallace & Carey is reliant to operate.
10. As discussed in further detail below, DigiFlex is seeking to either increase the price of its services to Wallace & Carey by 304%, such amount being far in excess of what is permitted by the applicable agreements between the parties, plus a new \$3.23 million fee not otherwise payable under those agreements, and has terminated such agreements effective January 1, 2025 in order to leverage such increased amounts. These actions are contrary to the ARIO and require the urgent intervention of this Honourable Court.
11. Court materials filed in these proceedings are available on the Monitor’s case website at www.ksvadvisory.com/experience/case/wallace-and-carey (the “**Case Website**”).
12. KSV is filing this fourteenth report (the “**Report**”) as Monitor of the Companies.

1.1 Purposes of this Report

1. The purpose of this Report is to provide information to the Court in support of the Monitor's application for an order, among other things:
 - a) declaring that DigiFlex's purported termination, price increases, and all other amendments to the DigiFlex Agreements (as defined below) and any other agreement for services between DigiFlex and the Companies are in breach of paragraphs 18 and 19 of the ARIO and of no force and effect;
 - b) requiring DigiFlex and Mr. Mardukhi, as sole director and voting shareholder of DigiFlex, to continue to provide Wallace & Carey with services and software on the terms and in the manner prescribed by the DigiFlex Agreements, and at an annual rate that shall not exceed \$290,093.70, representing 103.5% of the 2024 rates (the "**Allowable Rate Increase**"), unless otherwise agreed to by DigiFlex, Wallace & Carey and the Monitor in writing;
 - c) restraining DigiFlex and Mr. Mardukhi, or any other party on direction from DigiFlex or Mardukhi, from terminating or otherwise interfering with the terms of the DigiFlex Agreements and the services provided thereunder; and
 - d) ordering DigiFlex and Mr. Mardukhi to pay costs of the Monitor's application on a solicitor and own client, full indemnity basis in the amount of \$35,000.

1.2 Scope and Terms of Reference

1. In preparing this Report, the Monitor has relied upon the Companies' unaudited financial information, books and records, and discussions with 7-Eleven, 7-Eleven's counsel, the Companies' management, and the Companies' legal counsel.
2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

3. An examination of any forward-looking financial information discussed herein has not been performed in accordance with the Chartered Professional Accountants of Canada Handbook. Forward-looking financial forecasts and information are based upon various assumptions. Actual results achieved may vary materially from the forecasted results. The Monitor expresses no opinion or other form of assurance on whether the Companies' businesses will perform in accordance with their financial forecasts and projections.

1.3 Currency

1. All references to currency in this Report are to Canadian dollars.

2.0 Companies' Background

1. CMI is an Alberta corporation and the sole shareholder of Wallace & Carey, which is the sole shareholder of Loudon Bros. In addition to the Logistics Companies, CMI has ownership interests in nine subsidiaries, none of which are subject to the CCAA Proceedings.
2. Wallace & Carey is an Alberta corporation that is extra-provincially registered to conduct business in most provinces and territories in Canada. Wallace & Carey operates as a distribution and logistics business that supplies and distributes products to customer locations from Ontario to British Columbia. Wallace & Carey's most significant customer, by far, is 7-Eleven.
3. Loudon Bros, located in Thunder Bay, Ontario, is an Ontario corporation that is wholly owned by Wallace & Carey, which, until late 2023, operated as Wallace & Carey's Northwestern Ontario branch. As part of the downsizing of their businesses during these proceedings, the Companies discontinued the Loudon Bros business and realized on all of its assets.
4. Pursuant to the terms of the Transaction Approval and Vesting Order and the TSA, Wallace & Carey continues to carry on active business operations. 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**"), 7-Eleven is responsible for funding substantially all post-Effective Closing Time costs of Wallace & Carey's operations and is entitled to any profits or is responsible for any losses resulting therefrom.

3.0 The DigiFlex Agreements

1. DigiFlex and Wallace & Carey have a long-standing business relationship spanning approximately 24 years, whereby DigiFlex licenses to Wallace & Carey certain enterprise resource planning computer program software¹ (the “**Software**”) and provides it with helpdesk support in respect of the Software.
2. To the best of the Monitor’s knowledge, Mr. Mardukhi is the controlling mind of DigiFlex and directs its operations. Pursuant to an Alberta corporate profile report dated December 11, 2024 (the “**Corporate Profile**”), DigiFlex is not in good standing as its 2024 annual returns have not been completed. A copy of the Corporate Profile is attached as **Appendix “B”**.
3. The Monitor is aware of the following agreements between DigiFlex and Wallace & Carey:
 - a) Software License Agreement dated August 19, 2013 (the “**Software Agreement**”), which references a Maintenance Agreement attached thereto as Schedule “A” (the “**Maintenance Agreement**”); and
 - b) Helpdesk Support Agreement, a copy of which the Monitor has not received and/or reviewed (the “**Support Agreement**”);

(collectively, the Software Agreement, Support Agreement, and any other agreement for services between DigiFlex and the Companies shall be referred to as the “**DigiFlex Agreements**”).
4. Copies of the DigiFlex Agreements are attached as **Appendix “C”**.
5. As of the date of this Report, the Monitor and the Companies have not been able to locate an executed or dated copy of the Maintenance Agreement or a copy of the Support Agreement.

¹ The Software includes, among other things, the following applications: (i) ProCLASS Distribution Management System; (ii) Runtime Version LAZER DBMS; (iii) CLASS Accounts Receivable; (iv) CLASS Accounts Payable; (v) CLASS General Ledger; and (vi) CLASS Bank Reconciliation.

6. The Software licensed to Wallace & Carey under the DigiFlex Agreements is integral to its operations, as the Software is utilized for all aspects of Wallace & Carey's operations including distribution management, financial reporting and business intelligence. Without access to the Software, the Monitor understands that it would be impossible for Wallace & Carey to continue to operate.
7. The Monitor understands that the Software runs on servers located at Wallace & Carey's offices. If the DigiFlex Agreements are allowed to terminate effective January 1, 2025, Wallace & Carey will lose access to critical support and maintenance through DigiFlex.
8. The key terms of the Software Agreement are, among others, the following:
 - a) Wallace & Carey agreed to pay \$300,000 for an unlimited-use license-to-use agreement, which amount was paid by way of an initial payment of \$150,000 on April 23, 2012, with the remaining \$150,000 paid on the execution of the Software Agreement on August 19, 2013;
 - b) all rates specified in the Software Agreement (including the fees payable under the Maintenance Agreement) are fixed for the first 12-month period (starting in August, 2013), after which DigiFlex may increase the price payable by Wallace & Carey upon providing at least 30 days advance written notice to Wallace & Carey. The percentage increase shall not exceed the Consumer Price Index for that period as published by Statistics Canada for the City of Calgary, or in the alternative, the province of Alberta or Canada; and
 - c) in addition to the rates described in paragraph 7(b), Wallace & Carey is also responsible for certain service fees on an hourly basis. Historically, hourly service fees are invoiced to and paid by Wallace & Carey as soon as the service request is completed by DigiFlex.
9. There is no set term or expiration date for the Software Agreement.
10. The key terms of the Maintenance Agreement are, among others, the following:
 - a) Wallace & Carey agreed to pay an annual maintenance services fee for three software packages in an amount of \$28,350 (\$9,450 per software package) for one year, to be paid in advance (the "**Maintenance Charge**"). Additional fees apply to install the software packages in multiple branches on additional server systems;

- b) the term of the Maintenance Agreement began on the date of software installation and automatically renews for successive one-year terms to be agreed upon by the parties at the time of renewal, unless the agreement is terminated. The Maintenance Agreement is terminated by either party serving written notice to the other at least 30 days prior to the expiration of the initial term or renewal, in which case the Maintenance Agreement terminates at the end of that term or renewal; and
 - c) the Maintenance Charge is fixed for a 12-month period, after which DigiFlex may increase the price payable by Wallace & Carey upon providing at least 30 days advance written notice prior to the end of the then current term to Wallace & Carey. The percentage increase shall not exceed the Consumer Price Index for that period as published by Statistics Canada for the City of Calgary, or in the alternative, the province of Alberta or Canada. Historically, DigiFlex invoiced renewal fees for the Maintenance Agreement in February of each calendar year.
11. As 7-Eleven is responsible for funding the operational costs of Wallace & Carey until February 2025 (or potentially longer) under the terms of the TSA, 7-Eleven has been in direct communications with DigiFlex in relation to its services and the costs thereof since the Transaction closed on November 19, 2023.

4.0 Communications with DigiFlex

1. On October 7, 2024, Mr. Mardukhi was informed via email that 7-Eleven would be taking an assignment of the DigiFlex Agreements in accordance with the Transaction. 7-Eleven also requested that the existing agreements between DigiFlex and Wallace & Carey, under which the rates expire on January 31 and March 12, 2025 for the Support Agreement and Maintenance Agreement, respectively,² be renewed for a one-year term (the “**October 7 & 8 Email Exchange**”). A copy of the October 7 & 8 Email Exchange is attached as **Appendix “D”**.
2. On October 15, 2024, Mr. Mardukhi responded to 7-Eleven’s request to renew the existing agreements (the “**October 15 Email Exchange**”). Mr. Mardukhi offered to renew the Support Agreement for a one-year term for \$201,599.54 (\$192,000.00 plus applicable taxes) (the “**Support Agreement Renewal Invoice**”), but indicated that a new Maintenance Agreement with 7-Eleven may be required. A representative of 7-Eleven responded

² These dates are calculated based upon the dates of the invoices issued by DigiFlex for the 2024 pricing.

advising that: (i) 7-Eleven did not intend to buy a new licensing agreement; (ii) after seeking legal advice, 7-Eleven was of the opinion the DigiFlex Agreements would be in full force and effect on the current terms; and (iii) recommended that DigiFlex consult legal counsel. A copy of the October 15 Email Exchange is attached as **Appendix “E”**.

3. On November 12, 2024, DigiFlex sent to 7-Eleven Distribution Canada Corporation (“**SEDCC**”) (a new entity created with the intention of eventually assuming the distribution role currently performed by Wallace & Carey) a new Software License Agreement (the “**New License Agreement**”), which provided for the payment of \$3.23 million for an unlimited use license, and it affixed a Maintenance Agreement that required an annual payment of \$847,875 (\$807,000 plus applicable taxes). Following that email, on November 14, 2024, Mr. Mardukhi, on behalf of DigiFlex, sent an email to SEDCC (the “**November 14 Email**”) that included:
 - a) an invoice for license fees (the “**License Fee Invoice**”) totaling \$3,391,500 (\$3,230,000 plus applicable taxes) for the period of November 1, 2024 to October 31, 2025;
 - b) an invoice for one year of Software maintenance totaling \$847,875 (\$807,500 plus applicable taxes (the “**Maintenance Agreement Renewal Invoice**”);
 - c) an invoice for helpdesk support for the period November 1, 2024 to October 31, 2025 totaling \$201,560 (\$191,199 plus applicable taxes) (the “**Help Desk Invoice**”, and together with the License Fee Invoice and Maintenance Agreement Renewal Invoice, the “**Renewal Invoices**”); and
 - d) a notice that several service invoices (the “**Service Invoices**”) were overdue. 7-Eleven advised the Monitor that the Service Invoices discussed in the November 14 Email related to hourly support services provided by DigiFlex, and were promptly paid.

Copies of the November 14 Email, the New License Agreement, and the Renewal Invoices are attached as **Appendices “F”, “G”, and “H”**, respectively.

4. In addition to the \$3.23 million license fee that is not payable under the existing DigiFlex Agreements, the Renewal Invoices contained in the November 14 Email total approximately \$1,049,475, representing an increase of approximately 304%, which is well in excess of the Allowable Rate Increase provided for in the DigiFlex Agreements.

5. On November 25, 2024, Mr. Mardukhi responded to a service request from representatives of Wallace & Carey and informed Wallace & Carey that DigiFlex does not have a maintenance or licensing agreement with SEDCC and that the DigiFlex Agreements had not been in effect for some time (the “**November 25 Email**”). Mr. Mardukhi informed Wallace & Carey that SEDCC had been sent new agreements which had not been signed, nor had outstanding invoices been paid (which 7-Eleven understood was a reference to the Renewal Invoices). Mr. Mardukhi advised that DigiFlex could complete the work requested by Wallace & Carey, but it would only do so at the “new SEDCC hourly rate of \$250.00”. A copy of the November 25 Email is attached as **Appendix “I”**.
6. On December 3, 2024, Mr. Mardukhi informed 7-Eleven that due to 7-Eleven’s lack of response or acknowledgement of the New License Agreement and overdue invoices (i.e., the Renewal Invoices), he assumed DigiFlex’s services were no longer required (the “**First December 3 Email**”). Mr. Mardukhi requested that 7-Eleven inform Wallace & Carey of the change and requested that the software and documentation held by Wallace & Carey be destroyed according to the DigiFlex Agreements. A copy of the First December 3 Email is attached as **Appendix “J”**.
7. Shortly after receipt of the December 3 Initial Email, the Monitor attempted to phone Mr. Mardukhi but there was no answer. The Monitor left a voicemail to be returned (the “**December 3 Voicemail**”).
8. Mr. Mardukhi responded to the December 3 Voicemail via email on December 3, 2024 (the “**Second December 3 Email**”), insisting that he did not threaten to terminate the DigiFlex Agreements. Mr. Mardukhi asserted that some of the DigiFlex Agreements are non-transferrable, and since 7-Eleven is a different company than Wallace & Carey, it would require a new agreement with DigiFlex. Further, Mr. Mardukhi claimed that the DigiFlex Agreements should not have been in effect after the Transaction Approval and Vesting Order because “...Wallace & Carey became a division of 7-Eleven as of November 2023...”. Mr. Mardukhi again requested that 7-Eleven sign a new license agreement with DigiFlex. A copy of the Second December 3 Email is attached as **Appendix “K”**. It is clear from Mr. Mardukhi’s various email correspondence, that he does not seem to understand the structure of the Transaction and the purpose of the TSA, as he claims that Wallace & Carey is no longer operating.

9. After receipt of the Second December 3 Email, counsel for the Monitor sent a letter to Mr. Mardukhi on behalf of DigiFlex (the “**December 3 Letter**”), among other things:
- a) informing DigiFlex that the statement “...Wallace & Carey became a division of 7-Eleven as of November 2023...” is incorrect and that during the course of the CCAA Proceedings, Wallace & Carey has continued to operate in the ordinary course of business;
 - b) informing DigiFlex that its demand for a new agreement with 7-Eleven and threat to terminate the DigiFlex Agreements was prohibited according to the terms of the ARIO;
 - c) directing DigiFlex to contact the Monitor before 5:00 p.m. (MT) on December 6, 2024 (the “**Deadline**”) to discuss terms for renewal of the Software Agreement and correct the breach of the ARIO out of Court;
 - d) advising DigiFlex that if it did not respond to the Monitor’s Letter by the Deadline, the Companies, with the support of the Monitor, would bring a court application to compel DigiFlex’s cooperation; and
 - e) recommending that DigiFlex seek independent counsel.

A copy of the December 3 Letter is attached is attached as **Appendix “L”**.

10. On December 3, 2024, Mr. Mardukhi requested that the Monitor have its counsel review the Second December 3 Email. The Monitor’s counsel replied that, after reviewing the Second December 3 Email, the Monitor’s position remained unchanged (the “**December 3 Response Emails**”). Copies of the December 3 Response Emails are attached **Appendix “M”**.
11. On December 5, 2024, Mr. Mardukhi responded to the Monitor’s Letter (the “**December 5 Email**”) wherein he refused to engage legal counsel in the matter and offered two options:
- a) the first was 7-Eleven signing a new license agreement and paying “overdue” invoices; and
 - b) the second was to terminate support, maintenance, and helpdesk services on January 1, 2025. DigiFlex remarked it “would rather shut down its software than provide services under threats and intimidation.”

A copy of the December 5 Email and the response to the same is attached as **Appendix “N”**.

12. On December 9, 2024, by way of an email, DigiFlex informed Wallace & Carey that it would not provide maintenance or helpdesk services to Wallace & Carey after January 1, 2025. DigiFlex separately informed the Monitor it would not discuss the DigiFlex Agreements and claimed that 7-Eleven does not have a right to use DigiFlex’s software (the **“Initial December 9 Emails”**). Copies of the Initial December 9 Emails are attached as **Appendix “O”**.
13. Shortly after receipt of the December 9 Email, the Monitor again attempted to phone Mr. Mardukhi but there was no answer. The Monitor left a voicemail to be returned (the **“December 9 Voicemail”**).
14. Mr. Mardukhi responded to the December 9 Voicemail via email on December 9, 2024 (the **“Second December 9 Email”**), stating that: “a conversation between us will not help since our problem is not with you or your firm or with whatever is left of Wallace & Carey. Rather, our problem is with 7-Eleven that do not understand they have no legal right to use our software without first purchasing a software license, and signing our License and Maintenance Agreement that was passed on to them back in November”. A copy of the Second December 9 Email is attached as **Appendix “P”**.
15. On December 11, 2024, Mr. Mardukhi sent an email on behalf of DigiFlex (the **“December 11 Email”**) to representatives of 7-Eleven which reads as follows (emphasis added):

Good day,

Since you have decided to proceed with court action (see email below), **this is our formal notice that we will stop our support, maintenance and helpdesk services on January 1st, 2025. This will be the case regardless of the court outcome.**

We will then proceed with our own legal action to stop the use of our software without a license.

Even if you believe that our client is still Wallace & Carey and that our license agreement with them is still at play, you should be aware that point 5 of our license agreement states:

In the event that Digiflex breaches any of its obligations, or if Digiflex becomes insolvent, or files a petition in bankruptcy, then the Customer may, at its option terminate the License To Use granted hereunder upon written notice to Digiflex.

In the event of a termination of the License hereunder, the Package and all copies thereof shall forthwith be returned to Digiflex or, at Digiflex's option, destroyed or erased from electronic memories or other storage devices and thereafter Customer shall deliver to Digiflex a letter, from an officer of the Customer, certifying that all copies of the Software and any code or listings produced by the Software have been destroyed, returned or erased and that the Customer has discontinued use of the Package.

Regards,

Mohamad Zähed Mardukhi

16. A copy of the December 11 Email is attached as **Appendix “Q”**.
17. In response to the December 11 Email, counsel for the Monitor sent a letter to Mr. Mardukhi on December 12, 2024 (the “**December 12 Letter**”), among other things, advising that:
 - a) the December 11 Email was going to be provided to the Court; and
 - b) should Mr. Mardukhi undertake the actions referenced in the December 11 Email, the Monitor would, among other things, seek a contempt order and Mr. Mardukhi's imprisonment.

A copy of the December 12 Letter is attached as **Appendix “R”**.

18. Upon receipt of the December 12 Letter, Mr. Mardukhi, on behalf of DigiFlex, emailed representatives of 7-Eleven (the “**December 12 Response Email**”). In the December 12 Response Email, Mr. Mardukhi acknowledged receipt of the December 12 Letter and clearly understood of its contents. Mr. Mardukhi remarked to 7-Eleven “Hope you are still running a successful business when I get out of prison!”. A copy of the December 12 Response Email is attached as **Appendix “S”**.

5.0 Monitor's Recommendations

1. Pursuant to paragraph 19 of the ARIO, suppliers are compelled to provide services to the Companies during the CCAA Proceedings in accordance with the terms of existing agreements. Paragraph 19 of the ARIO reads (emphasis added):

19. During the Stay Period, **all persons having:**

(a) statutory or regulatory mandates for the supply of goods and/or services; or

(b) oral or written agreements or arrangements with the [Companies], including without limitation all supply arrangements pursuant to purchase orders and historical supply practices, **computer software**, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the [Companies],

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the [Companies] or exercising any other remedy provided under such agreements or arrangements. The [Companies] shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the **usual prices or charges for all such goods** or services received after the date of this Order are paid by the [Companies] in accordance with the payment practices of the [Companies], or such other practices as may be agreed upon by the supplier or service provider and each of the [Companies] and the Monitor, or as may be ordered by this Court.

2. Further, paragraph 18 of the ARIO reads (emphasis added):

18. During the Stay Period, **no person shall** accelerate, suspend, discontinue, **fail to honour**, alter, interfere with, repudiate, **terminate** or cease to perform **any right, renewal right, contract, agreement, licence or permit in favour of or held by the [Companies]**, except with the written consent of the [Companies] and the Monitor, or leave of this Court.

3. As discussed above, DigiFlex is seeking to increase the prices payable by Wallace & Carey under the DigiFlex Agreements, terminate, or otherwise amend the terms of the DigiFlex Agreements. This conduct is very clearly contrary to the terms of the ARIO.
4. Mr. Mardukhi has refused to engage with the Monitor to try to find a solution. He has also refused multiple suggestions to retain counsel, appears to fundamentally misunderstand the relationship among DigiFlex, 7-Eleven, and Wallace & Carey, despite this relationship having been explained to him on numerous occasions. Wallace & Carey is a separate legal entity from 7-Eleven and is subject to these CCAA Proceedings. Wallace & Carey and all parties that contract with it (including 7-Eleven and DigiFlex) do so subject to the terms of the ARIO and the Transaction Documents, including the TSA.
5. At this time, DigiFlex remains contractually bound to provide services to Wallace & Carey pursuant to the DigiFlex Agreements and the ARIO, regardless of 7-Eleven's role in funding that business.

6. Mr. Mardukhi has been explicit that DigiFlex will be terminating the DigiFlex Agreements effective January 1, 2025, and that he will not comply with any Court order issued which would require continuation of the DigiFlex Agreements.
7. The Monitor is seeking urgent relief from the Court as DigiFlex's conduct, if not addressed immediately, would have a profound and detrimental impact on Wallace & Carey's entire supply chain and its ability to operate. In the event Wallace & Carey's access to the Software or services provided under the DigiFlex Agreements is disrupted, service to hundreds of 7-Eleven stores from Ontario to British Columbia, which make up the bulk of Wallace & Carey's business, would be significantly and immediately impacted.
8. As noted in paragraphs 32 to 37 of the Brief of the Monitor filed in conjunction with this Report, other suppliers in this proceeding have refused to comply with the ARIO and have been judicially sanctioned with multiple cost awards. The Monitor is respectfully of the view that the conduct of Mr. Mardukhi and DigiFlex is sufficiently serious to warrant an award of costs on a solicitor and own client scale in the amount of \$35,000, in order to offset the costs directly incurred by the Monitor as a result of Mr. Madukhi's conduct.
9. In the event that Mr. Mardukhi does not comply with the ARIO in the future, or does not comply with any order of this Honourable Court arising out of the within application, the Monitor intends to return to Court on an emergency basis. Should such an appearance be required, the Monitor anticipates that it will seek an order of contempt as against Mr. Mardukhi and may request his imprisonment until such contempt is purged.

6.0 Conclusion

1. Based on the foregoing, the Monitor is of the view that the relief requested is reasonable and appropriate in the circumstances and respectfully requests that this Court issue the order granting the Monitor's requested relief.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
in its capacity as monitor of
Wallace & Carey Inc., Loudon Bros Limited, and Carey Management Inc.
and not in its personal capacity**

Appendix “A”

Removed

Appendix “B”

Government of Alberta ■ Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2024/12/11
Time of Search: 01:10 PM
Service Request Number: 43526055
Customer Reference Number: 05995840-12047165

Corporate Access Number: 204972582
Business Number: 136104874
Legal Entity Name: DIGIFLEX INFORMATION SYSTEMS INC.

Name History:

| Previous Legal Entity Name | Date of Name Change (YYYY/MM/DD) |
|----------------------------|----------------------------------|
| TOMO GOLF LTD. | 1993/04/16 |

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 1991/06/07 YYYY/MM/DD

Registered Office:

Street: SUITE 450, 630 - 6 AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P0S8

Records Address:

Street: SUITE 450, 630 - 6 AVENUE S.W.
City: CALGARY
Province: ALBERTA
Postal Code: T2P0S8

Email Address: CORP@COLINQWINTERLAW.COM

Primary Agent for Service:

| Last Name | First Name | Middle Name | Firm Name | Street | City | Province | Postal Code | Email |
|-----------|------------|-------------|--------------------------|------------------------|---------|----------|-------------|--------------------------|
| WINTER | COLIN | Q. | COLIN Q. WINTER LAW FIRM | 450, 630 - 6 AVENUE SW | CALGARY | ALBERTA | T2P0S8 | CORP@COLINQWINTERLAW.COM |

Directors:

Last Name: MARDUKHI

First Name: MOHAMAD
Middle Name: Z.
Street/Box Number: 2611 VENABLES STREET
City: VANCOUVER
Province: BRITISH COLUMBIA
Postal Code: V5K2R4

Voting Shareholders:

Last Name: MARDUKHI
First Name: MOHAMAD
Street: 2611 VENABLES STREET
City: VANCOUVER
Province: BRITISH COLUMBIA
Postal Code: V5K2R4
Percent Of Voting Shares: 100

Other Information:

Last Annual Return Filed:

| File Year | Date Filed (YYYY/MM/DD) |
|-----------|-------------------------|
| 2023 | 2023/05/23 |

Outstanding Returns:

Annual returns are outstanding for the 2024 file year(s).

Filing History:

| List Date (YYYY/MM/DD) | Type of Filing |
|------------------------|---|
| 2019/11/18 | Change Address |
| 2020/02/17 | Update BN |
| 2021/10/22 | Change Agent for Service |
| 2023/05/23 | Enter Annual Returns for Alberta and Extra-Provincial Corp. |

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.





Appendix “C”

Removed

Appendix “D”

Thompson, Natalie

From: Thompson, Natalie
Sent: Friday, December 13, 2024 12:00 PM
To: Thompson, Natalie
Subject: FW: [EXTERNAL] FW: DigiFlex Maintenance Renewal

From: Naik, Anvaya Pradeep <Anvaya.Naik@7-11.com>
Sent: October 8, 2024 06:57
To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Cc: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>; Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>
Subject: RE: DigiFlex Maintenance Renewal

Morning @Mohamad Zähed Mardukhi, 7-Eleven Canada will be the buying entity but please note that only Wallace & Carey transactions will be carried on Digi flex.

Thank you
Regards,

Anvaya Naik
Sr. Manager | Strategic Sourcing | Enterprise Tech and Digital
7-Eleven, Inc. | Store Support Center
500 Speedway Dr., Enon, OH 45323
Cell: (937)-244-7339, M: (217) 979-5283
Email: Anvaya.Naik@7-11.com
Co-Lead | 7-Eleven Network of Asian & Pacific Islander Professionals
Click here to Join 7APIN

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From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Monday, October 7, 2024 4:21 PM
To: Naik, Anvaya Pradeep <Anvaya.Naik@7-11.com>
Cc: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>; Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>
Subject: RE: DigiFlex Maintenance Renewal

****External - Potential security risk - Exercise caution****

Good afternoon Anvaya,

Will these agreements be with Wallace & Carey or with 7-Eleven? I do not know if Wallace & Carey still exists (or will exist in 2025) as a legal entity.

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P

Digiflex Information Systems Inc.
Phone: **+1 (604) 720-0485**
Email: mardukhi@digiflex.ca
WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

From: Naik, Anvaya Pradeep <Anvaya.Naik@7-11.com>
Sent: October 7, 2024 10:12
To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Cc: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>; Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>
Subject: DigiFlex Maintenance Renewal

Hello Mohamad,

I am part of the 7-Eleven Sourcing team. Our business team has requested that we request maintenance renewal quote for 1 year term of existing Digiflex licenses that were acquired as part of the Wallace and Carey contract. Could you please send us the quote for that?

Let us know if you have any questions or concerns

Thank you
Regards,

Anvaya Naik
Sr. Manager | Strategic Sourcing | Enterprise Tech and Digital
7-Eleven, Inc. | Store Support Center
500 Speedway Dr., Enon, OH 45323
Cell: (937)-244-7339, M: (217) 979-5283
Email: Anvaya.Naik@7-11.com
Co-Lead | 7-Eleven Network of Asian & Pacific Islander Professionals
Click here to [Join 7APIN](#)

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Appendix “E”

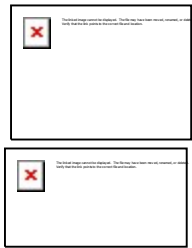
From: Naik, Anvaya Pradeep
Sent: Tuesday, October 15, 2024 3:52 PM
To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>; Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>
Cc: Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>
Subject: RE: DigiFlex Maintenance Renewal

Hi Mohammad,

Thank you for the note and yes, we would like to continue with both the license maintenance and the help desk support portion. 7-Eleven does not intend to buy net new license agreement. There is also no immediate intent or capacity to move to your new ERP system. Our attorneys are reviewed and confirmed that the existing Wallace and Carey contracts will be in full force and effect on its current terms., I would recommend checking with your internal legal department to make sure you are considering that when you send us the order form/invoice.

@Buchanan, Joshua Graham (Josh) can you please confirm the bill to for Mohammad.

Thank you
Regards,



Anvaya Naik

Sr. Manager | Strategic Sourcing | Enterprise Tech and Digital

7-Eleven, Inc. | Store Support Center

500 Speedway Dr., Enon, OH 45323

Cell: (937)-244-7339, M: (217) 979-5283

Email: Anvaya.Naik@7-11.com

Co-Lead | 7-Eleven Network of Asian & Pacific Islander Professionals

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From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Tuesday, October 15, 2024 2:06 PM
To: Naik, Anvaya Pradeep <Anvaya.Naik@7-11.com>
Cc: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>; Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>
Subject: RE: DigiFlex Maintenance Renewal

****External - Potential security risk - Exercise caution****

Good day Anvaya,

It appears that for all intent and purposes Wallace & Carey no longer exists as a legal entity, or at best, it has become a division of 7-Eleven. The "Wallace & Carey transactions" that you mention below are almost all for 7-Eleven businesses.

We currently have two agreements with Wallace & Carey: A software Maintenance Agreement that started in May 2000, and a Helpdesk Level 2 support agreement that

started in June 2008 (at \$7,000 per month, more than 16 years ago) where we provide helpdesk support for both Digiflex products, the OpenVMS operating system, and the Itanium servers on a 7 x 24 basis.

We are awaiting advice regarding renewal of the existing Maintenance Agreement because a new License Agreement with 7-Eleven may be required before we can renew that agreement. Just as an aside, if 7-Eleven purchases a new license agreement, there will be no restrictions and 7-Eleven can transfer the Wallace & Carey business to a new instance of our ERP system under SEDCC and change its fiscal structure as needed.

The Helpdesk Level 2 support agreement is not directly related to our licensing agreement so we can offer renewal of that agreement to 7-Eleven for another year at \$192,000 per year. If you are interested in renewing this agreement, please send me the 7-Eleven bill-to information and we will send you an invoice.

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P

Digiflex Information Systems Inc.

Phone: **+1 (604) 720-0485**

Email: mardukhi@digiflex.ca

WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

From: Naik, Anvaya Pradeep <Anvaya.Naik@7-11.com>

Sent: October 8, 2024 06:57

To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>

Cc: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>; Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>

Subject: RE: DigiFlex Maintenance Renewal

Morning @Mohamad Zähed Mardukhi, 7-Eleven Canada will be the buying entity but please note that only Wallace & Carey transactions will be carried on Digi flex.

Thank you
Regards,



Anvaya Naik

Sr. Manager | Strategic Sourcing | Enterprise Tech and Digital

7-Eleven, Inc. | Store Support Center

500 Speedway Dr., Enon, OH 45323

Cell: (937)-244-7339, M: (217) 979-5283

Email: Anvaya.Naik@7-11.com

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From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Monday, October 7, 2024 4:21 PM
To: Naik, Anvaya Pradeep <Anvaya.Naik@7-11.com>
Cc: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>; Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>
Subject: RE: DigiFlex Maintenance Renewal

****External - Potential security risk - Exercise caution****

Good afternoon Anvaya,

Will these agreements be with Wallace & Carey or with 7-Eleven? I do not know if Wallace & Carey still exists (or will exist in 2025) as a legal entity.

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P
Digiflex Information Systems Inc.
Phone: **+1 (604) 720-0485**
Email: mardukhi@digiflex.ca
WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

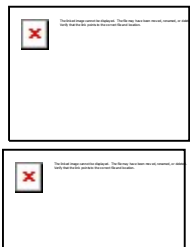
From: Naik, Anvaya Pradeep <Anvaya.Naik@7-11.com>
Sent: October 7, 2024 10:12
To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Cc: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>; Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>
Subject: DigiFlex Maintenance Renewal

Hello Mohamad,

I am part of the 7-Eleven Sourcing team. Our business team has requested that we request maintenance renewal quote for 1 year term of existing Digiflex licenses that were acquired as part of the Wallace and Carey contract. Could you please send us the quote for that?

Let us know if you have any questions or concerns

Thank you
Regards,



Anvaya Naik
Sr. Manager | Strategic Sourcing | Enterprise Tech and Digital
7-Eleven, Inc. | Store Support Center
500 Speedway Dr., Enon, OH 45323
Cell: (937)-244-7339, M: (217) 979-5283
Email: Anvaya.Naik@7-11.com
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Appendix “F”

From: Mohamad Zähed Mardukhi
Sent: November 14, 2024 10:38
To: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>
Subject: RE: DigiFlex Maintenance Renewal

Good morning Joshua,

I have attached our invoices for license fees and one year of maintenance services for SEDCC; please ensure they get paid as they are due upon receipt.

And another reminder: our helpdesk services invoice is way overdue; please have its payment sent today so we can continue to provide those services.

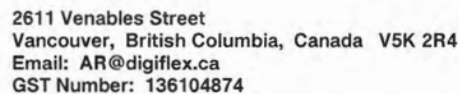
Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P
Digiflex Information Systems Inc.
Phone: +1 (604) 720-0485
Email: mardukhi@digiflex.ca
WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

Appendix “G”

Removed

Appendix “H”



INVOICE DATE
24-OCT-24

CUSTOMER NO.
512

INVOICE NO.
2817

ProCLASS and OpenVMS Helpdesk2
01-Nov-2024 to 31-Oct-2025

PAGE
1

SOLD TO

7-Eleven Distribution Company
5445 8th Street NE

Calgary, Alberta
Canada T2K 5R9

SHIP TO

7-Eleven Distribution Company
5445 8th Street NE

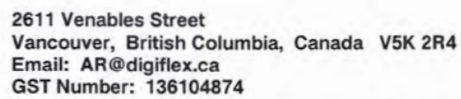
Calgary, Alberta
Canada T2K 5R9

SALESREP: 1 ROUTE/STOP: 1/ 1 CARRIER: 1 TERMS: 7 DAYS

WAREHOUSE: 1 REFERENCE:

[illegible]

[illegible]



SOLD TO

Calgary, Alberta
Canada T2K 5R9

SHIP TO

Calgary, Alberta
Canada T2K 5R9

| |
|--------------|
| INVOICE DATE |
| 01-NOV-24 |

CUSTOMER NO.
512

INVOICE NO.
2822

CLASS/ProCLASS Maintenance Fee
01-Nov-2024 to 31-Oct-2025

PAGE
1

WAREHOUSE: 1 REFERENCE:

| | |
|------------|-----------|
| Please Pay | 847875.00 |
|------------|-----------|

Appendix “I”

Thompson, Natalie

From: Thompson, Natalie
Sent: Friday, December 13, 2024 12:08 PM
To: Thompson, Natalie
Subject: FW: [EXTERNAL] Digiflex - Proclass

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Monday, November 25, 2024 11:58 AM
To: Cliff Harrison <harrisonc@wacI.com>
Subject: RE: Suggested Retails

CAUTION: This email originated from an outside source. Do not open attachments or click on links unless you recognize the sender and have validated the content is safe.

Hi Cliff,

This will have to be a new program that goes through 4 separate tables and zeroes out the retail price/margin field in all records; estimate is 12 hours.

However, currently we do not have any maintenance or licensing agreements with 7-Eleven Distribution Company of Canada (SEDCC) and the Wallace & Carey agreement have not been in effect for some time. We passed on new agreements to SEDCC a few weeks ago and they have not paid our invoices nor signed the new agreement.

While we wait a bit longer for this issue to be handled by SEDCC, we can do this job for you but at only our new SEDCC hourly rate of \$250. Let me know if you want us to proceed.

Mohamad

From: Cliff Harrison <harrisonc@wacI.com>
Sent: November 22, 2024 12:45
To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>; Help <Help@digiflex.ca>
Subject: RE: Suggested Retails

Hi Mohamad, Only 3. CURR RETL and 4. NEXT RETL, not sure if you have to blank out the Start dates but I assume if the next retail in zero then it doesn't really matter if there's a next date. It would just set it to zero again

P/C WACI 18.1

Enquire Retail

1 CUSTOMER : 9 ENTERED : 210720 13:27
GROUP : 8001 MODIFIED: 210720 14:53 822
ZONE :
NAME: 7-ELEVEN CONSOLIDATED

2 ITEM : 225500
GROUP :

NAME: 5 HOUR ENERGY BERRY 12PK

3 CURR RETL: 3.790

START: 210720

PACK/MSR: 1

4 NEXT RETL: 0.000

START:

PACK/MSR:

5 CLASS : 80

6 LABEL TYP: 0

7 GRADE :

8 FLAG :.



**WALLACE
& CAREY**

Cliff Harrison | I.T. Enterprise Systems Team Lead

Office Phone: 403-730-2247

E-Mail: harrisonc@wac.com

5445 – 8 ST. NE Calgary | Alberta | T2K 5R9

Follow **wallaceandcarey** on social media

#CareyKindness #WallaceAndCarey100 #MovingCanadiansForwardSince1921

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>

Sent: Friday, November 22, 2024 1:23 PM

To: Cliff Harrison <harrisonc@wac.com>; Digiflex Helpdesk <Help@digiflex.ca>

Subject: RE: Suggested Retails

CAUTION: This email originated from an outside source. Do not open attachments or click on links unless you recognize the sender and have validated the content is safe.

Can you confirm which fields are to zeroed using menu 18.1 fields? (there are also next retail price fields)

From: Cliff Harrison <harrisonc@wac.com>

Sent: November 22, 2024 12:20

To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>; Help <Help@digiflex.ca>

Subject: RE: Suggested Retails

Hi Mohamad,

All 4 types need to be zeroed out.



WALLACE & CAREY

Cliff Harrison | I.T. Enterprise Systems Team Lead

Office Phone: 403-730-2247

E-Mail: harrisonc@wac.com

5445 – 8 ST. NE Calgary | Alberta | T2K 5R9

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From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>

Sent: Friday, November 22, 2024 12:51 PM

To: Cliff Harrison <harrisonc@wac.com>; Digiflex Helpdesk <Help@digiflex.ca>

Subject: RE: Suggested Retails

CAUTION: This email originated from an outside source. Do not open attachments or click on links unless you recognize the sender and have validated the content is safe.

Hi Cliff,

You should look at menu 18.1 to see all the retail price fields. A non-zero retail class must be in place via any of the 4 types mentioned earlier for the customer to be authorized to order the item. Other retail fields have no effect on authorization.

Mohamad

From: Cliff Harrison <harrisonc@wac.com>

Sent: November 22, 2024 11:43

To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>; Help <Help@digiflex.ca>

Subject: RE: Suggested Retails

Hi Mohamad,

Just want to double check on this first just in case we are missing something, does zeroing out any of the below affect customer ability to order the product or anything else? They are trying to change the retail margin/suggested retail price only with this. As long as the retail record exists even if set to zero that won't affect the ability to order, or output in the 18.19 pricing files.

P/C WACI 15.7

Display Customer

1 DATE : 221124 LANDED COST: 31.800
2 FLAG : BASE COST : 31.800
 COOP/ECR :
3 CUSTOMER: GROUP: 8001 DISC/DEBIT :
 NAME: 7-ELEVEN CONSOLIDATED FREIGHT/CTO:
FLAG 1:E.....S.....56 ADJUST A/B:
FLAG 2: ...D....JK.....R..U.W...1.... C/D:

BRKDN/HSBRD:

4 ITEM : 225500 PACK/SIZE: 12 57.00ML TAX 1/ : 1.72*

NAME: 5 HOUR ENERGY BERRY 12PK / :

FLAG:E.....M.....T..... / :

WAREHSE: 1 MARKUP/WFEE: 2.54

ON-HAND: 30.00 WGT: 26.40KG OFF INV A/B:

ON-ORDER: 0 DUE: / / () 31.800 C/D:

POINTS: E/TOTAL:

CASE UPC: 10719410571815 CN: 00719410500122 NET PRICE : 34.34 + 1.72

UNIT UPC: 719410500016 OT: 120702 **SUG RETAIL: 1 / 3.790**

RTL MARGIN: 24.49% CL: 80

5 QUANTITY: 1 FREE ITEM: LIM:

They are trying to change the margin



**WALLACE
& CAREY**

Cliff Harrison | I.T. Enterprise Systems Team Lead

Office Phone: 403-730-2247

E-Mail: harrisonc@wac.com

5445 – 8 ST. NE Calgary | Alberta | T2K 5R9

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From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>

Sent: Friday, November 22, 2024 12:22 PM

To: Cliff Harrison <harrisonc@wac.com>; Digiflex Helpdesk <Help@digiflex.ca>

Subject: RE: Suggested Retail

CAUTION: This email originated from an outside source. Do not open attachments or click on links unless you recognize the sender and have validated the content is safe.

Hi Cliff,

There are 4 types of retail price records/tables:

1. Customer-group and Item-group
2. Customer and Item-group
3. Customer-group and Item
4. Customer and Item

The ones below are type 3, is that the only type to be zeroed?

Mohamad

From: Cliff Harrison <harrisonc@wac1.com>

Sent: November 21, 2024 13:54

To: Mohamad Zāhed Mardukhi <mardukhi@digiflex.ca>; Help <Help@digiflex.ca>

Subject: RE: Suggested Retails

Hi Mohamad,

It would be the "CUR RETL" in 18.10 that we would want to zero out.

We do not want the retail records removed, just changed to zero. (see screenshot)

Does that make sense?

| P/C WACI 18.10 | | | Update Custom R | | |
|----------------|--------|--------------------------|---------------------------------|-----------|-----------|
| 1 GROUP: | 8001 | 7-ELEVEN CONSOLIDATED | 3 PSA: | 220801 | |
| 2 ITEM : | 225500 | 5 HOUR ENERGY BERRY 12PK | UPC: | 7194105 | |
| GRP | ZONE | CUST | NAME | NEXT RETL | PACK MS B |
| 101 | | | 7-ELEVEN - BC | 0.000 | 0 |
| 102 | | | 7-ELEVEN - AB-SOUTHERN | 0.000 | 0 |
| 103 | | | 7-ELEVEN - AB-NORTHERN | 0.000 | 0 |
| 105 | | | 7-ELEVEN - MB | 0.000 | 0 |
| 107 | | | 7-ELEVEN - ON | 0.000 | 0 |
| 50 | | | 7-11 CN/BC/101/BTVAN | 0.000 | 0 |
| 51 | | | 7-11CN/BC/LWRMNL D PRM2DPCBTVAN | 0.000 | 0 |
| 52 | | | 7052 - BC | 0.000 | 0 |
| 56 | | | 7056 - BC | 0.000 | 0 |
| 57 | | | 7057 - BC | 0.000 | 0 |
| 58 | | | 7044 - BC | 0.000 | 0 |
| 59 | | | 7059 - BC | 0.000 | 0 |
| 60 | | | 7060 - BC | 0.000 | 0 |
| 62 | | | 7062 - BC | 0.000 | 0 |
| 61 | | | 7061 - BC | 0.000 | 0 |



WALLACE & CAREY

Cliff Harrison | I.T. Enterprise Systems Team Lead

Office Phone: 403-730-2247

E-Mail: harrisonc@wac.com

5445 – 8 ST. NE Calgary | Alberta | T2K 5R9

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From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>

Sent: Thursday, November 21, 2024 2:07 PM

To: Cliff Harrison <harrisonc@wac.com>; Digiflex Helpdesk <Help@digiflex.ca>

Subject: RE: Suggested Retails

CAUTION: This email originated from an outside source. Do not open attachments or click on links unless you recognize the sender and have validated the content is safe.

Hi Cliff,

The word "remove" was confusing because if we remove all retail records, no one will be able to order anything.

Can you specify the fields in menu 18.1 that you want to change to zero?

What is the logic behind this change? (since a lot of effort has gone into specifying the existing retail prices in the system)

Mohamad

From: Cliff Harrison <harrisonc@wac.com>

Sent: November 21, 2024 08:32

To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>; Help <Help@digiflex.ca>

Subject: RE: Suggested Retails

H Mohamad,

Sorry for the delay, was waiting for pricing to confirm that there are no exceptions. They want all suggested retails zeroed no exceptions on specific customers/groups or items.

Do you require anything else in regards to criteria in order to provide a quote on this assuming there is no easy for them to do so on their own ?



WALLACE & CAREY

Cliff Harrison | I.T. Enterprise Systems Team Lead

Office Phone: 403-730-2247

E-Mail: harrisonc@wac.com

5445 – 8 ST. NE Calgary | Alberta | T2K 5R9

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From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>

Sent: Thursday, November 14, 2024 11:20 AM

To: Cliff Harrison <harrisonc@wac.com>; Digiflex Helpdesk <Help@digiflex.ca>

Subject: RE: Suggested Retails

CAUTION: This email originated from an outside source. Do not open attachments or click on links unless you recognize the sender and have validated the content is safe.

Hi, what would be the selection criteria for these deletes?

Mohamad

From: Cliff Harrison <harrisonc@wac.com>

Sent: November 14, 2024 07:50

To: Help <Help@digiflex.ca>

Subject: Suggested Retails

Hello,

Is there a way to remove all suggested retails/zero them out aside from manually changing them on all items? Or is there a program you can run to do so?



WALLACE & CAREY

Cliff Harrison | I.T. Enterprise Systems Team Lead

Office Phone: 403-730-2247

E-Mail: harrisonc@wac.com

5445 – 8 ST. NE Calgary | Alberta | T2K 5R9

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Appendix “J”

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Tuesday, December 3, 2024 1:09 PM
To: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>
Subject: RE: DigiFlex Maintenance Renewal
Importance: High

****External - Potential security risk - Exercise caution****

Good day Joshua,

Based on the lack of response, or even acknowledgment, of our new license agreement and 3 overdue invoices, we can only assume that your Epicor implementation project has finally been completed and you no longer need our systems or services.

If this is the case, please inform Wallace & Carey of this change and initiate the destruction of our software and documentation at Wallace & Carey, as stipulated in point 5 of our license agreements. As per the last paragraph of point 5, please send us a letter conforming that this destruction has been completed.

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P
Digiflex Information Systems Inc.
Phone: **+1 (604) 720-0485**
Email: mardukhi@digiflex.ca
WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

From: Mohamad Zähed Mardukhi
Sent: November 14, 2024 10:38
To: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>
Subject: RE: DigiFlex Maintenance Renewal

Good morning Joshua,

I have attached our invoices for license fees and one year of maintenance services for SEDCC; please ensure they get paid as they are due upon receipt.

And another reminder: our helpdesk services invoice is way overdue; please have its payment sent today so we can continue to provide those services.

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P
Digiflex Information Systems Inc.
Phone: **+1 (604) 720-0485**
Email: mardukhi@digiflex.ca
WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

Appendix “K”

Donnelly, Rachel

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Tuesday, December 03, 2024 2:06 PM
To: 'jknight@ksvadvisory.com'
Subject: 7-Eleven / Wallace & Carey
Attachments: New Company - ProCLASS, CLASSAP, CLASSAR, CLASSGL, CLASS Bank Reconciliation;
RE: DigiFlex Maintenance Renewal

Good afternoon Jason,

I just listened to your voice message and thought an email will be more efficient than calling you back.

First, we have not threatened any termination, rather deduced from the lack of response or even acknowledgement from 7-Eleven to multiple emails that they no longer need our software or services. We were expecting this to happen even before 7-Eleven was involved since Wallace & Carey decided to implement another ERP system almost 3 years ago. So we have been expecting this and have planned our future without Wallace & Carey for some time now, although we are ready and able to reorganize again if 7-Eleven decides to use our software.

As for who owns or controls Wallace & Carey, all indications are 7-Eleven has effectively taken over the operations for more than a year now. They even requested that we set up a new company named "7-Eleven Distribution Canada Corporation" (SEDCC) on our ERP system starting in January 2025 (see the 1st attached email from July 2024). We reminded them that our license is not transferable and that the new company requires a new license; they did not proceed with the request.

We then received an email from 3 people at 7-Eleven, with not a single Wallace & Carey person copied in, requesting a renewal of our maintenance agreement (see bottom of the 2nd attached email chain). We responded that our Helpdesk services agreement is the only one that is not directly related to a software license and could be renewed without delay. We then asked who we should bill for this service and they responded with "Seven Eleven Distribution Canada Corporation" (see top of the 2nd attached email). We issued the invoice right away and it remains unpaid as of today (overdue by more than a month).

Even according to paragraphs 15 and 16 of an affidavit on your web site (which we only discovered in November 2024), Wallace & Carey was purchased by 7-Eleven Canada in November 2023 (so our license agreement with Wallace & Carey should not have been in effect from that point in time):

15. Following the SISP, 7-Eleven Canada, Inc. (the "Purchaser") and the Applicants entered into a purchase and sale agreement (the "Sale Agreement"). The Sale Agreement was for the

sale of the Applicants' personal property and equipment assets located in Alberta and British Columbia and the intellectual property, technology, software and systems relating to the entire Logistics Companies' logistics/distribution business across Canada. The Applicants are continuing to operate in various provinces across Canada, including BC, Alberta, Saskatchewan, Manitoba and Ontario.

16. Pursuant to the Sale Agreement and concurrent with the closing of that transaction, the Applicants and the Purchaser entered into a transition services agreement ("TSA") pursuant to which Wallace & Carey continues to provide logistics services to the Purchaser in accordance with the terms and conditions contained therein. Pursuant to the TSA, the Purchaser is required to fund substantially all of Wallace & Carey's and CM I's costs from and after the effective closing time, being 12:01 a.m. on November 19, 2023.

We had an excellent relationship with Wallace & Carey for over 23 years and this has been reflected in our extremely favourable rates and exceptional service levels. Our license agreement with Wallace & Carey explicitly states that it is not transferable in its very first paragraph, and our special rates do not apply to 7-Eleven.

It appears that 7-Eleven did not realize our license agreement is not transferable until we reminded them of this fact. They now want to pretend they are Wallace & Carey to avoid paying licensing and maintenance fees.

We have no desire to take this matter to litigation and hope that 7-Eleven does the right thing by signing our license agreement (sent on November 12, 2024), and pays our 3 overdue invoices. But we are ready and confident to proceed otherwise if needed.

If you respond, please do so via email as I often do not pick up phone calls from numbers that are not in my contacts list.

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P
Digiflex Information Systems Inc.
Phone: +1 (604) 720-0485
Email: mardukhi@digiflex.ca
WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

Appendix “L”



December 3, 2024

Via Email (mardukhi@digiflex.ca)

DigiFlex Information Systems Inc.
2611 Venables Street
Vancouver, BC V5K 2R4

joliver@cassels.com
tel: +1 403 351 2921
file # 54670-3

Attention: Mohamad Zähed Mardukhi

Dear Sir:

**Re: Court File Number 2301-08305
ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and
Carey Management Inc. (the "CCAA Proceedings")
Software License Agreement between DigiFlex Information Systems Inc. ("DigiFlex") and
Wallace & Carey Inc. ("WCI") dated August 19, 2013 (the "Agreement")**

We are counsel to KSV Restructuring Inc. in its capacity as Court-appointed Monitor (in such capacity, the "**Monitor**") of WCI, Loudon Bros Limited ("**LBL**"), and Carey Management Inc. ("**CMI**" and together with WCI and LBL, the "**Companies**"). We write further to various email exchanges between yourself and representatives of WCI and/or 7-Eleven Canada, Inc. ("**7-Eleven**"), and in particular, your emails dated September 9, 2024, November 4, 2024 and November 25, 2024 (the "**Renewal Emails**").

We are not aware of DigiFlex having retained legal counsel on this matter. However, we strongly encourage you to do so.

In your email correspondence dated November 4, 2024 you state that "...*Wallace & Carey became a division of 7-Eleven as of November 2023...*". This is incorrect. During the course of the CCAA Proceedings, subject to the terms of the Amended and Restated Initial Order granted by the Court of King's Bench of Alberta (the "**Court**") in the CCAA Proceedings on June 30, 2023 (the "**ARIO**"), WCI has continued to operate in the ordinary course of business. While 7-Eleven is currently funding the WCI business during the CCAA Proceedings pursuant to a Transition Services Agreement dated November 21, 2023, 7-Eleven is not the subject of the CCAA Proceedings, and the Agreement has not been assigned to 7-Eleven. Rather, WCI remains party to the Agreement, and 7-Eleven remains a separate legal entity from WCI.

We wish to direct your attention to paragraph of the ARIO, pursuant to which suppliers are compelled to provide services to WCI during the CCAA Proceedings in accordance with the terms of existing agreements. Paragraph 19 reads (emphasis added):

19. During the Stay Period, **all persons having:**

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with the [Companies], including without limitation all supply arrangements pursuant to purchase orders and

historical supply practices, **computer software**, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the [Companies],

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the [Companies] or exercising any other remedy provided under such agreements or arrangements. The [Companies] shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the **usual prices or charges for all such goods** or services received after the date of this Order are paid by the [Companies] in accordance with the payment practices of the [Companies], or such other practices as may be agreed upon by the supplier or service provider and each of the [Companies] and the Monitor, or as may be ordered by this Court.

Further, paragraph 18 of the ARIO reads (emphasis added):

18. During the Stay Period, **no person shall** accelerate, suspend, discontinue, **fail to honour**, alter, interfere with, repudiate, **terminate** or cease to perform **any right, renewal right, contract, agreement, licence or permit in favour of or held by the [Companies]**, except with the written consent of the [Companies] and the Monitor, or leave of this Court.

A copy of the ARIO is enclosed for your reference.

The Renewal Emails make demand for renewal at a significantly increased price. Your proposed price increase and the termination by you of the Agreement is expressly prohibited by paragraphs 18 and 19 of the ARIO.

If DigiFlex continues to pursue either price increases or a termination of the Agreement, the Monitor will bring an application to hold DigiFlex in contempt of Court on the basis that those actions are contrary to the ARIO. In such a hearing, the Monitor would also seek costs payable by DigiFlex to WCI on a solicitor and client own basis, and potentially damages.

Notwithstanding that DigiFlex could be required by the Court to provide its services at the rates set out in the Agreement, WCI has advised the Monitor that it is prepared to engage in good faith discussions with DigiFlex, with the intention of negotiating a one-year renewal of the Agreement on such terms.

Please contact Jason Knight at jknight@ksvadvisory.com not later than **5:00 PM (MT) on December 6, 2024** (the "**Deadline**") to discuss terms for renewal of the Agreement that are agreeable to all parties and in alignment with the ARIO.

If we do not hear from you prior to the Deadline, the Companies, with the support of the Monitor, will prepare a Court application to compel your cooperation.

Yours truly,

Cassels Brock & Blackwell LLP

A handwritten signature in black ink that reads "Jeffrey Oliver". The signature is written in a cursive, flowing style.

Jeffrey Oliver
Partner

JO/ag
Enclosure
LEGAL*66795391.1



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 **AMENDED AND RESTATED INITIAL ORDER**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

MILLER THOMSON LLP
3000, 700 - 9th Avenue S.W.
Calgary, AB, Canada T2P 3V4

Attention: James W. Reid / Larry Ellis

Telephone: 403.298.2418 / 416-595-8639

Fax: 403.262.0007

E-mail: jwreid@millerthomson.com
lellis@millerthomson.com

File No.: 0221652.0006

DATE ON WHICH ORDER WAS PRONOUNCED: June 30, 2023

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice M.E. Burns

LOCATION OF HEARING: Edmonton Law Courts

UPON the application of Wallace & Carey Inc., Loudon Bros Limited, and Carey Management Inc. (collectively, the "**Applicants**"),

AND UPON having read the Application, Affidavit No. 1 of Brian M. Birnie sworn June 21, 2023 ("**Birnie Affidavit No. 1**"), Affidavit No. 2 of Brian M. Birnie sworn June 27, 2023, the Pre-Filing Report of KSV Restructuring Inc. in its capacity as Proposed Monitor dated June 22, 2023, and the First Report of KSV Restructuring Inc. in its capacity as Monitor dated June 27, 2023;

AND UPON reading the consent of KSV Restructuring Inc. to act as Monitor (the “**Monitor**”);

AND UPON being advised that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this application and either do not oppose or alternatively consent to the within Order;

AND UPON hearing counsel for the Applicants, counsel for the Monitor, counsel for Canadian Imperial Bank of Commerce, counsel for Canadian Western Bank, and counsel for other interested parties;

AND UPON reviewing the Affidavit of Service of Marica Ceko sworn June 28, 2023;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

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

APPLICATION

2. The Applicants are companies to which the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (“**CCAA**”) applies.

PLAN OF ARRANGEMENT

3. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”) between, among others, the Applicants and one or more classes of their secured and/or unsecured creditors as they deem appropriate.

POSSESSION OF PROPERTY AND OPERATIONS

4. The Applicants shall:
 - (a) remain in possession and control of their current and future assets, undertakings, and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”);

- (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property;
 - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel, and such other persons (collectively, the “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order; and
 - (d) be entitled to continue to utilize the Cash Management System (as hereinafter defined) in accordance with the Forbearance Agreement (as hereinafter defined) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in their capacity as provider of the Cash Management System, unaffected creditors under any Plan with regard to any claims or expenses they may suffer or incur in connection with the provision of the Cash Management System.
5. To the extent permitted by law and subject to the terms of the Forbearance Agreement, the Applicants shall be entitled but not required to make the following advances or payments of the following expenses, incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay, employee incentive plan payments, and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

- (b) the reasonable fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges, including for periods prior to the date of this Order.
- 6. Except as otherwise provided to the contrary herein and subject to the terms of the Forbearance Agreement, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
 - (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance, maintenance, and security services; and
 - (b) payment for goods or services actually supplied to the Applicants following the date of this Order.
- 7. The Applicants shall remit, in accordance with legal requirements, or pay:
 - (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of:
 - (i) employment insurance,
 - (ii) Canada Pension Plan, and
 - (iii) income taxes,but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;
 - (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were

accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

- (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.
8. Subject to paragraph 8, and the Forbearance Agreement, the Applicants shall be entitled to remit or pay, in accordance with legal requirements, any provincial and territorial tobacco tax obligations under the *Tobacco Tax Act*, RSA 2000, c T-4 or under any other applicable provincial legislation or laws (the “**Tobacco Taxes**”) in the normal course, whether such Tobacco Taxes arose or were required to be remitted before or after the date of this Order. Without limiting the foregoing, and subject to the consent of the Monitor, the Applicants shall be authorized to pay, any amounts owing by the Applicants under the Tobacco Tax Payment Plans (as described and defined in Bernie Affidavit No. 1) to pay down any arrears outstanding for unremitted Tobacco Taxes.
 9. Any provincial or territorial authorities entitled to receive payments or collect monies from the Applicants in respect of Tobacco Taxes or Tobacco Tax Payment Plans are hereby stayed during the Stay Period from requiring that any amounts be paid or any security be posted by or on behalf of the Applicants (including from the Applicants’ directors and officers) in connection with the Tobacco Taxes or from exercising any remedies, including license or permit suspensions, as a result of any non-payment of obligations outstanding as of the date of this Order.
 10. Until such time as a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order (“**Rent**”), but shall not pay any rent in arrears.

11. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:
- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of its creditors (including pursuant to guarantee or other contingent arrangements) as of the date of this Order, other than payments of principal, interest or amounts otherwise owing by the Applicants pursuant to the CIBC Credit Agreement, the Forbearance Agreement or the other Loan Documents (as defined in the CIBC Credit Agreement) (including, for greater certainty, payments of amounts owing in connection with the BCAP Loan, as defined in the CIBC Credit Agreement);
 - (b) to grant no security interests, trust, liens, charges, or encumbrances upon or in respect of any of their Property; and
 - (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

12. The Applicants shall, subject to such requirements as are imposed by the CCAA, and subject to the terms of the Forbearance Agreement, have the right to:
- (a) permanently or temporarily cease, downsize or shut down any portion of their business or operations and to dispose of redundant or non-material assets not exceeding \$500,000 in any one transaction or \$2,000,000 in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in favour of a person related to the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;
 - (b) terminate the employment of such of their employees or temporarily lay off such of their employees as they deem appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;
 - (c) disclaim or resiliate, in whole or in part, with the prior consent of the Monitor or further Order of the Court, their arrangements or agreements of any nature

whatsoever with whomsoever, whether oral or written, as the Applicants deem appropriate, in accordance with section 32 of the CCAA; and

- (d) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

13. The Applicants shall provide each of the relevant landlords with notice of the Applicants’ intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicants’ entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further order of this Court upon application by the Applicants on at least two (2) days’ notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliate the lease governing such leased premises in accordance with section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants’ claim to the fixtures in dispute.
14. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
 - (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours’ prior written notice; and
 - (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants

in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicants of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

15. Until and including September 20, 2023, or such later date as this Court may order (the **"Stay Period"**), no proceeding or enforcement process in any court (each, a **"Proceeding"**) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

16. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being **"Persons"** and each being a **"Person"**), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:
 - (a) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on;
 - (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
 - (c) prevent the filing of any registration to preserve or perfect a security interest;
 - (d) prevent the registration of a claim for lien; or

- (e) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety, or the environment.
17. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

NO INTERFERENCE WITH RIGHTS

18. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

19. During the Stay Period, all persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
 - (b) oral or written agreements or arrangements with the Applicants, including without limitation all supply arrangements pursuant to purchase orders and historical supply practices, computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants,

are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such agreements or arrangements. The Applicants shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

20. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 17 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

22. The Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors and or officers of the Applicants after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.
23. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**D&O Charge**") on the Property, which charge shall not exceed an aggregate amount of \$4,000,000, as security for the indemnity provided in paragraph 22 of this Order. The D&O Charge shall have the priority set out in paragraphs 43 and 45 herein.
24. Notwithstanding any language in any applicable insurance policy to the contrary:
- (a) no insurer shall be entitled to be subrogated to or claim the benefit of the D&O Charge; and

- (b) the Applicants' directors and officers shall only be entitled to the benefit of the D&O Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 22 of this Order.

APPOINTMENT OF MONITOR

- 25. KSV Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business, and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
- 26. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
 - (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
 - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants or any of them;
 - (c) assist the Applicants, to the extent required by the Applicants, in its dissemination to the Lender and its counsel in accordance with the Forbearance Agreement (as defined below) of financial and other information as agreed to between the Applicants and the Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the Lender;
 - (d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the Lender, which information shall be reviewed with

the Monitor and delivered to the Lender and its counsel in accordance with the Forbearance Agreement, or as otherwise agreed to by the Lender;

- (e) advise the Applicants in its development of the Plan and any amendments to the Plan;
 - (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
 - (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents and management, employees and advisors of the Applicants and to the extent that it is necessary to adequately assess the Property, Business and financial affairs of the Applicants or to perform its duties arising under this Order;
 - (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
 - (i) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and
 - (j) perform such other duties as are required by this Order or by this Court from time to time.
27. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain possession or control of the Business or Property, or any part thereof.
28. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does

not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation or regulation. The Monitor shall not, as a result of this Order or anything done in the pursuance of the Monitor's duties and powers under this Order be deemed to be in possession of any of the Property within the meaning of any federal or provincial environmental legislation.

29. The Monitor shall provide any creditor of the Applicants and Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
30. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.
31. The Monitor, counsel to the Monitor, and counsel to the Applicants shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on, or subsequent to, the date of this Order by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Applicants on a monthly basis.
32. The Monitor and its legal counsel shall pass their accounts from time to time.

ADMINISTRATION CHARGE

33. The Monitor, counsel to the Monitor, and counsel to the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$750,000, as security for their professional fees and disbursements incurred at their standard rates and

charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings.

34. The Administration Charge shall have the priority set out in paragraphs 43 and 45 hereof.

CASH MANAGEMENT SYSTEM AND LENDER PRIORITY CHARGE

35. The Applicants' execution and performance under the forbearance agreement dated as of June 22, 2023 between the Applicants and Canadian Imperial Bank of Commerce ("**CIBC**" or the "**Lender**") (among others), as may be amended from time to time (the "**Forbearance Agreement**") is hereby approved.
36. The Applicants shall be entitled to continue to utilize the credit facilities (the "**Cash Management System**") granted by CIBC under the CIBC Credit Agreement, as defined and described in Birnie Affidavit No. 1 (the "**CIBC Credit Agreement**"). For greater certainty, (i) the Applicants are authorized to borrow, repay and re-borrow such amounts from time to time as the Applicants may consider necessary or desirable under the CIBC Credit Agreement, subject to the terms and conditions of the Forbearance Agreement and the CIBC Credit Agreement; and (ii) the Lender is authorized to apply receipts and deposits made to the Applicants' bank accounts, whether directly or through blocked accounts, against the indebtedness owing to CIBC in accordance with the Forbearance Agreement, whether such indebtedness arose before or after the date of this Order.
37. The Cash Management System will be governed by the terms of the CIBC Credit Agreement and the Forbearance Agreement and such other documentation applicable to the Cash Management System, including any blocked account agreements. The Lender shall be an unaffected creditor in these proceedings and unaffected by any Plan filed by any of the Applicants or any proposal filed by any of the Applicants under the *Bankruptcy and Insolvency Act* (Canada) with respect to any obligations outstanding as of the date hereof or arising hereafter (including in connection with the BCAP Loan, as defined in the CIBC Credit Agreement), and the rights and remedies of the Lender shall be unaffected by paragraphs 15, 16, 18 and 19 of this Order or any other stay of proceedings that may be granted in these proceedings.
38. The Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Lender Priority Charge**") on the Property, which charge shall not exceed an

aggregate principal amount of \$55,000,000 plus interest, fees and expenses, as security for any advances made under the CIBC Credit Agreement from and after the commencement of these CCAA proceedings.

39. The Lender Priority Charge shall have the priority set out in paragraphs 43 and 45 hereof.
40. The payments made by the Applicants pursuant to this Order, the CIBC Credit Agreement and the Forbearance Agreement, and the granting of the Lender Priority Charge shall not constitute or be deemed to be a preference, fraudulent conveyance or transfer at undervalue or other challengeable or reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) or any applicable law, nor shall they constitute oppressive or unfairly prejudicial conduct under any applicable law. The rights of the Lender under this Order, including without limitation the Lender Priority Charge, shall be enforceable in any bankruptcy, interim receivership, or receivership or in any proceedings under the CCAA of the Applicants or Property.
41. Upon the Termination Date (as defined in the Forbearance Agreement) the Lender may:
 - (a) immediately cease making advances to the Applicants;
 - (b) set off and/or consolidate any amounts owing by the Lender to the Applicants against any obligations of the Applicants to the Lender under the CIBC Credit Agreement or the Forbearance Agreement or any other Loan Documents (as defined in the CIBC Credit Agreement) and make demand, accelerate payment or give other notices; and
 - (c) exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the CIBC Credit Agreement, the Forbearance Agreement or the other Loan Documents.

TOBACCO TAX CHARGE

42. The provincial and territorial authorities that are entitled to receive payments or collect monies from the Applicants in respect of the Tobacco Taxes shall be entitled to the benefit of and are hereby granted a charge (the “**Tobacco Tax Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$26,000,000, as

security for all amounts owing by the Applicants in respect of the Tobacco Taxes. The Tobacco Tax Charge shall have the priority set out in paragraphs 43 and 45.

VALIDITY AND PRIORITY OF CHARGES

43. The priorities of the Administration Charge, Lender Priority Charge, and the D&O Charge, as among them, shall be as follows:
- (a) First – Administration Charge (to the maximum amount of \$750,000);
 - (b) Second – Lender Priority Charge (to the maximum amount of 55,000,000 plus interest, fees, and expenses);
 - (c) Third – D&O Charge (to the maximum amount of \$4,000,000);
 - (d) Fourth – the Encumbrances existing as of the date hereof in favour of the Lender securing the pre-filing obligations owing under the CIBC Credit Agreement including, for greater certainty, obligations in connection with the BCAP Loan; and
 - (e) Tobacco Tax Charge (to the maximum amount of \$26,000,000).
44. The filing, registration or perfection of the Administration Charge, the Lender Priority Charge, and the D&O Charge (collectively, the “**Charges**”) shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
45. Each of the Charges shall constitute a charge on the Property and subject always to section 34(11) of the CCAA, except for the security registrations in relation to equipment leased from equipment lessors, the Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person, provided the Tobacco Tax Charge shall rank behind the Encumbrances securing the pre-filing obligations owing under the CIBC Credit Agreement.
46. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority

to, or *pari passu* with, any of the Charges, unless the Applicants also obtain the prior written consent of the Monitor, CIBC, and the beneficiaries of the Charges, or further order of this Court.

47. The Charges shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) and/or the Lender thereunder shall not otherwise be limited or impaired in any way by:
- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
 - (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
 - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
 - (d) the provisions of any federal or provincial statutes; or
 - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) that binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
 - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which it is a party;
 - (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, or the execution, delivery or performance of the definitive documents associated with the Agreements; and
 - (iii) the payments made by the Applicants pursuant to this Order, and the granting of the Charges, do not and will not constitute preferences,

fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

ALLOCATION

48. Any interested Person may apply to this Court on notice to any other party likely to be affected for an order to allocate the Administration Charge, the Lender's Priority Charge, the D&O Charge, and the Tobacco Tax Charge amongst the various assets comprising the Property.

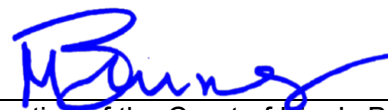
SERVICE AND NOTICE

49. The Monitor shall (i) without delay, publish in the Calgary Herald and the Globe and Mail a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against either of the Applicants of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.
50. The Monitor shall establish a case website in respect of the within proceedings at <https://www.ksvadvisory.com/experience/case/wallace-and-carey>.

GENERAL

51. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
52. Notwithstanding Rule 6.11 of the Alberta Rules of Court, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Monitor's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
53. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business, or the Property.

54. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
55. The Applicants and the Monitor are at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
56. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
57. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

A handwritten signature in blue ink, appearing to read 'M. Bunn', is written over a horizontal line.

Justice of the Court of King's Bench of Alberta

Appendix “M”

Donnelly, Rachel

From: Oliver, Jeffrey
Sent: Tuesday, December 03, 2024 10:14 PM
To: Mohamad Zähed Mardukhi; Jason Knight
Cc: Thompson, Natalie; Bobby Kofman
Subject: RE: 7-Eleven / Wallace & Carey [IWOV-LEGAL.FID4715768]

Hi Mohamad,

We have reviewed your email and confirm that the Monitor's position remains unchanged. Digiflex is bound by the terms of the ARIO, as referenced in our letter.

Again, we highly recommend that you retain counsel to advise you on this matter.

Regards,

Cassels | JEFFREY OLIVER *(he/him/his)*
Partner
t: +1 403 351 2921
e: joliver@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, AB T2P 5C5 Canada
Services provided through a professional corporation

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Tuesday, December 03, 2024 4:54 PM
To: Jason Knight <jknight@ksvadvisory.com>
Cc: Oliver, Jeffrey <joliver@cassels.com>; Thompson, Natalie <nthompson@cassels.com>; Bobby Kofman <bkofman@ksvadvisory.com>
Subject: RE: 7-Eleven / Wallace & Carey

CAUTION: External Email

Hi Jason,

I have reviewed your document. Please ask your legals to review my email carefully as well (attached).

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P
Digiflex Information Systems Inc.
Phone: +1 (604) 720-0485
Email: mardukhi@digiflex.ca
WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

From: Jason Knight <jknight@ksvadvisory.com>
Sent: December 3, 2024 14:33
To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Cc: Jeffrey Oliver (joliver@cassels.com) <joliver@cassels.com>; Natalie Thompson (nthompson@cassels.com) <nthompson@cassels.com>; Bobby Kofman <bkofman@ksvadvisory.com>
Subject: RE: 7-Eleven / Wallace & Carey

Hi Mohamad,

I understand that the Monitor's legal counsel (copied here) has sent you the attached letter. Please review carefully.

Best,
- Jason

Jason Knight
Managing Director
KSV Advisory Inc.
T 587.287.2605
M 403.589.3225
E jknight@ksvadvisory.com

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: December 3, 2024 2:06 PM
To: Jason Knight <jknight@ksvadvisory.com>
Subject: 7-Eleven / Wallace & Carey

Good afternoon Jason,

I just listened to your voice message and thought an email will be more efficient than calling you back.

First, we have not threatened any termination, rather deduced from the lack of response or even acknowledgement from 7-Eleven to multiple emails that they no longer need our software or services. We were expecting this to happen even before 7-Eleven was involved since Wallace & Carey decided to implement another ERP system almost 3 years ago. So we have been expecting this and have planned our future without Wallace & Carey for some time now, although we are ready and able to reorganize again if 7-Eleven decides to use our software.

As for who owns or controls Wallace & Carey, all indications are 7-Eleven has effectively taken over the operations for more than a year now. They even requested that we set up a new company named "7-Eleven Distribution Canada Corporation" (SEDCC) on our ERP system starting in January 2025 (see the 1st attached email from July 2024). We reminded them that our license is not transferable and that the new company requires a new license; they did not proceed with the request.

We then received an email from 3 people at 7-Eleven, with not a single Wallace & Carey person copied in, requesting a renewal of our maintenance agreement (see bottom of the 2nd attached email chain). We responded that our Helpdesk services agreement is the only one that is not directly related to a software license and could be renewed

without delay. We then asked who we should bill for this service and they responded with "Seven Eleven Distribution Canada Corporation" (see top of the 2nd attached email). We issued the invoice right away and it remains unpaid as of today (overdue by more than a month).

Even according to paragraphs 15 and 16 of an affidavit on your web site (which we only discovered in November 2024), Wallace & Carey was purchased by 7-Eleven Canada in November 2023 (so our license agreement with Wallace & Carey should not have been in effect from that point in time):

15. Following the SISP, 7-Eleven Canada, Inc. (the "Purchaser") and the Applicants entered into a purchase and sale agreement (the "Sale Agreement"). The Sale Agreement was for the sale of the Applicants' personal property and equipment assets located in Alberta and British Columbia and the intellectual property, technology, software and systems relating to the entire Logistics Companies' logistics/distribution business across Canada. The Applicants are continuing to operate in various provinces across Canada, including BC, Alberta, Saskatchewan, Manitoba and Ontario.

16. Pursuant to the Sale Agreement and concurrent with the closing of that transaction, the Applicants and the Purchaser entered into a transition services agreement ("TSA") pursuant to which Wallace & Carey continues to provide logistics services to the Purchaser in accordance with the terms and conditions contained therein. Pursuant to the TSA, the Purchaser is required to fund substantially all of Wallace & Carey's and CM I's costs from and after the effective closing time, being 12:01 a.m. on November 19, 2023.

We had an excellent relationship with Wallace & Carey for over 23 years and this has been reflected in our extremely favourable rates and exceptional service levels. Our license agreement with Wallace & Carey explicitly states that it is not transferable in its very first paragraph, and our special rates do not apply to 7-Eleven.

It appears that 7-Eleven did not realize our license agreement is not transferable until we reminded them of this fact. They now want to pretend they are Wallace & Carey to avoid paying licensing and maintenance fees.

We have no desire to take this matter to litigation and hope that 7-Eleven does the right thing by signing our license agreement (sent on November 12, 2024), and pays our 3 overdue invoices. But we are ready and confident to proceed otherwise if needed.

If you respond, please do so via email as I often do not pick up phone calls from numbers that are not in my contacts list.

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P

Digiflex Information Systems Inc.

Phone: **+1 (604) 720-0485**

Email: mardukhi@digiflex.ca

WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

Appendix “N”

Donnelly, Rachel

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Thursday, December 05, 2024 2:24 PM
To: Oliver, Jeffrey
Cc: Thompson, Natalie; 'Buchanan, Joshua Graham (Josh)'; Jason Knight
Subject: RE: Software License Agreement between DigiFlex Information Systems Inc. and Wallace & Carey Inc. [IWOV-LEGAL.FID4364182]

Importance: High

CAUTION: External Email

Good day,

Our multiple emails and invoices to 7-Eleven were ignored for weeks, and now we have this threatening letter from a legal team. As a result, we have decided that we will not waste any more time on this matter, and we will not engage our lawyer. The best (or worst) that you can do is to force Digiflex into bankruptcy which will then seriously jeopardize 7-Eleven and Wallace & Carey operations.

This whole process is an abuse of the CCAA. If the judge in this case was aware of just the 2 facts below, they would prevent any further extensions (and likely question past extensions):

1. On July 4, 2024 we were asked to set up a whole new company on our ERP system, while continuing with the Wallace & Carey ERP system as is. This is not an act for a company under creditor protection.
2. On December 4, 2024 we were asked to allow for up to 4000 new accounts in our General Ledger system, an almost 100% increase from pre-CCAA numbers. Again, not an act for a company under creditor protection.

Going forward, we see only 2 options:

1. Our license agreement for 7-Eleven Distribution Canada Corporation (SEDCC), sent on November 12, 2024, is signed and our 3 overdue invoices are paid by December 20, 2024. SEDCC will then have the legal right to use our ERP as they see fit, for as long as they need, and they will have the same services and service levels we have provided to Wallace & Carey for over 24 years. Or,
2. We will continue to provide our support services to ensure continuous operation of our ERP system until January 1, 2025 and then our support/maintenance/helpdesk services will end.

This is certainly not how we wanted our long-term relationship with Wallace & Carey to come to an end. We had expected that Wallace & Carey would have finished implementing the replacement for our ERP system and that we would have parted ways amicably a year or more ago.

7-Eleven is likely thousands of times bigger than Digiflex but our small size does not mean we can be pushed around. At this point we are ready to take this all the way to shutting down Digiflex rather than provide our software and services under threats and intimidation.

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P
Digiflex Information Systems Inc.
Phone: +1 (604) 720-0485
Email: mardukhi@digiflex.ca
WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

From: Gagnon, Angeline <agagnon@cassels.com>
Sent: December 3, 2024 13:41
To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Cc: Thompson, Natalie <nthompson@cassels.com>
Subject: Software License Agreement between DigiFlex Information Systems Inc. and Wallace & Carey Inc. [IWOV-LEGAL.FID4364182]

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

Thank you,

Cassels | ANGELINE GAGNON
Legal Administrative Assistant
t: +1 587 441 7624
e: agagnon@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, Alberta T2P 5C5 Canada

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Appendix “O”

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>

Sent: Monday, December 9, 2024 4:24 PM

To: Jason Knight <jknight@ksvadvisory.com>

Subject: Your phone call

Good afternoon Jason,

I just listened to your voice message.

Unfortunately a conversation between us will not help since our problem is not with you or your firm or with whatever is left of Wallace & Carey. Rather, our problem is with 7-Eleven that do not understand they have no legal right to use our software without first purchasing a software license, and signing our License and Maintenance Agreement that was passed on to them back in November.

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P

Digiflex Information Systems Inc.

Phone: **+1 (604) 720-0485**

Email: mardukhi@digiflex.ca

WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

Appendix “P”

Gagnon, Angeline

Subject: FW: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]
Attachments: 2024 12 09 - LT Justice Simard and Justice Mah re Emergency Time on the Commercial List.pdf
Importance: High

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Monday, December 9, 2024 1:40 PM
To: Heather Miller <millerh@wac1.com>
Cc: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>
Subject: FW: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]
Importance: High

****External - Potential security risk - Exercise caution****

Good morning Heather,

I just received the email below threatening court action to force us to provide support to 7-Eleven, even though we have never had a license or maintenance agreement with them. I had told them last week that should they proceed with court action, and regardless of its outcome, that we will not provide support beyond January 1, 2025.

This note is to let you know that we will take our systems through the usual calendar year-end processes (please confirm if you want us to do so) and then we will no longer be able to provide maintenance or helpdesk services after January 1, 2025.

7-Eleven will then continue to risk using our software systems without a license.

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P
Digiflex Information Systems Inc.
Phone: +1 (604) 720-0485
Email: mardukhi@digiflex.ca
WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

From: Thompson, Natalie <nthompson@cassels.com>
Sent: December 9, 2024 11:00
To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Cc: Oliver, Jeffrey <joliver@cassels.com>; Gagnon, Angeline <agagnon@cassels.com>
Subject: FW: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or

Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

Importance: High

Hi there,

Please see the attached correspondence, sent a few minutes ago.

Kind regards,

Cassels | NATALIE THOMPSON *(she/her/hers)*
Associate
t: +1 587 441 3064
e: nthompson@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, Alberta T2P 5C5 Canada

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

Sent: Monday, December 09, 2024 11:56 AM

To: CommercialCoordinator KBJCalgary <CommercialCoordinator.KBJCalgary@albertacourts.ca>

Cc: Oliver, Jeffrey <joliver@cassels.com>; Thompson, Natalie <nthompson@cassels.com>

Subject: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

Importance: High

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

Thank you,

Cassels | ANGELINE GAGNON
Legal Administrative Assistant
t: +1 587 441 7624
e: agagnon@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, Alberta T2P 5C5 Canada

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Appendix “Q”

Donnelly, Rachel

From: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>
Sent: Wednesday, December 11, 2024 11:53 AM
To: Bobby Kofman; Jason Knight; Lamek, Edmond; Oliver, Jeffrey
Cc: Eric Rolheiser
Subject: FW: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]
Attachments: WEBEX CONFIRMATION - 2301 08305 - WALLACE & CAREY INC., v. COMPANIES CREDITORS ARRANGEMENT ACT - Dec 17, 2024 11:00 AM - NEILSON, J - Confirmed

CAUTION: External Email

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Wednesday, December 11, 2024 12:40 PM
To: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>; Naik, Anvaya Pradeep <Anvaya.Naik@7-11.com>; Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>
Cc: Heather Miller <millerh@wacI.com>
Subject: FW: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

****External - Potential security risk - Exercise caution****

Good day,

Since you have decided to proceed with court action (see email below), this is our formal notice that we will stop our support, maintenance and helpdesk services on January 1st, 2025. This will be the case regardless of the court outcome.

We will then proceed with our own legal action to stop the use of our software without a license.

Even if you believe that our client is still Wallace & Carey and that our license agreement with them is still at play, you should be aware that point 5 of our license agreement states:

In the event that Digiflex breaches any of its obligations, or if Digiflex becomes insolvent, or files a petition in bankruptcy, then the Customer may, at its option terminate the License To Use granted hereunder upon written notice to Digiflex.

In the event of a termination of the License hereunder, the Package and all copies thereof shall forthwith be returned to Digiflex or, at Digiflex's option, destroyed or erased from electronic memories or other storage devices and thereafter Customer shall deliver to Digiflex a letter, from an officer of the Customer,

certifying that all copies of the Software and any code or listings produced by the Software have been destroyed, returned or erased and that the Customer has discontinued use of the Package.

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P
Digiflex Information Systems Inc.
Phone: +1 (604) 720-0485
Email: mardukhi@digiflex.ca
WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

From: Thompson, Natalie <nthompson@cassels.com>
Sent: December 10, 2024 14:09
To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Cc: Oliver, Jeffrey <joliver@cassels.com>
Subject: RE: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

Further to the below, please see the attached email containing the virtual courtroom link for the application on December 17, 2024.

Kindly,

Cassels | NATALIE THOMPSON *(she/her/hers)*
Associate
t: +1 587 441 3064
e: nthompson@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, Alberta T2P 5C5 Canada

From: Thompson, Natalie
Sent: Tuesday, December 10, 2024 11:12 AM
To: mardukhi@digiflex.ca
Cc: Oliver, Jeffrey <joliver@cassels.com>
Subject: FW: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

Hello Mohamad,

Please be advised that this matter has been scheduled to be heard via WebEx on December 17 from 11:00 AM – 12:00 PM (Calgary time).

Regards,

Cassels | NATALIE THOMPSON *(she/her/hers)*
Associate

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, Alberta T2P 5C5 Canada

From: CommercialCoordinator KBJCalgary <CommercialCoordinator.KBJCalgary@albertacourts.ca>
Sent: Monday, December 09, 2024 3:40 PM
To: Gagnon, Angeline <agagnon@cassels.com>
Cc: Oliver, Jeffrey <joliver@cassels.com>; Thompson, Natalie <nthompson@cassels.com>
Subject: RE: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

CAUTION: External Email

Good afternoon,

Justice Neilson is able to hear this matter on December 17 from 11:00 AM – 12:00 PM.

This is CCM eligible. After you have submitted the Confirming Letter, please enter the matter into CCM.

Please send a confirming letter with the below information:

1. Action # (if no action number has been assigned, please indicate)
2. Date/Time/Duration of application (and if any reading time has been assigned)
3. Assigned Justice
4. Description of the application
5. A list of materials that will be relied on
6. Names of Interested/Opposing Counsel
7. Whether or not the application will be opposed (to the best of your knowledge when sending in the confirming letter).

Once received you will receive a booking confirmation with Webex information.

Thank you,



**Brittany Robinson for
Corbyn Burik**
Commercial Duty Coordinator

commercialcoordinator.kbjcalgary@albertacourts.ca

Court of King's Bench of Alberta

Calgary Courts Centre
601 5 Street SW
Calgary, Alberta T2P 5P7

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

Sent: December 9, 2024 11:56 AM

To: CommercialCoordinator KBJCalgary <CommercialCoordinator.KBJCalgary@albertacourts.ca>

Cc: Oliver, Jeffrey <joliver@cassels.com>; Thompson, Natalie <nthompson@cassels.com>

Subject: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

Importance: High

CTS Caution: This email is from an external source. Do not open attachments, click on links or scan QR codes unless you trust the sender. If in doubt, contact the CTS Help Desk.

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

Thank you,

Cassels | ANGELINE GAGNON
Legal Administrative Assistant
t: +1 587 441 7624
e: agagnon@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, Alberta T2P 5C5 Canada

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Appendix “R”



December 12, 2024

Via Email (mardukhi@digiflex.ca)

DigiFlex Information Systems Inc.
2611 Venables Street
Vancouver, BC V5K 2R4

joliver@cassels.com
tel: +1 403 351 2921
file # 54670-3

Attention: Mohamad Zähed Mardukhi

Dear Sir:

**Re: Court File Number 2301-08305
ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and
Carey Management Inc. (the "CCAA Proceedings")
Software License Agreement between DigiFlex Information Systems Inc. ("DigiFlex") and
Wallace & Carey Inc. ("WCI") dated August 19, 2013 (the "Agreement")**

As you are aware, we are counsel to KSV Restructuring Inc. in its capacity as Court-appointed Monitor (in such capacity, the "**Monitor**") of WCI, Loudon Bros Limited ("**LBL**"), and Carey Management Inc. ("**CMI**") and together with WCI and LBL, the "**Companies**"). We write further to various email exchanges between yourself and representatives of WCI and/or 7-Eleven Canada, Inc. ("**7-Eleven**"), and in particular, your email dated December 11, 2024 (the "**Termination Email**").

We understand DigiFlex has refused to retain legal counsel on this matter. However, we continue to strongly encourage you to do so.

On December 3, 2024 you received our letter which explicitly notified you that your interference with WCI's agreements and subsequent termination of the same are in breach of the terms of the Amended and Restated Initial Order (the "**ARIO**") granted by the Court of King's Bench of Alberta (the "**Court**"). You have also been advised repeatedly that your actions are in breach of the ARIO. Your continued breaches have required the Monitor to request urgent time before the court on December 17, 2024, at which time we will seek an order which will enforce the terms of the ARIO; prohibit the actions you have threatened in the Termination Email and seek costs payable from you in the amount of \$35,000 (the "**Emergency Application**").

The Termination Email has been affixed to this letter **which will be submitted to the Court** in advance of the Emergency Application. In the Termination Email, you have given formal notice that you will stop support, maintenance and helpdesk services on January 1st, 2025, **regardless of the outcome of the Emergency Application**.

Should you take the steps referenced in the Termination Email you will be in direct breach of an order of the Court. In that case, the Monitor will proceed on an emergency basis to the Court and intends to seek a further order citing DigiFlex and you personally in contempt of court under the *Alberta Rules of Court* rule 10.53(1) and (2). The punishments for civil contempt of court can include imprisonment until the contempt

has been purged or up to 2 years and additional fines and costs. In determining an appropriate punishment for civil contempt, the Court considers aggravating factors, certain of which are present in this matter.

You hereby are on notice that should you fail to comply with any Court order arising from the Emergency Application on December 17, 2024, the Monitor will seek a declaration finding you in civil contempt of court. The Monitor will further seek an order for imprisonment until the contempt is resolved and full costs for such an application.

Yours truly,

Cassels Brock & Blackwell LLP



Jeffrey Oliver
Partner

JO

Enclosure

cc: DLA Piper (Canada) LLP c/o Edmond Lamek (edmond.lamek@ca.dlapiper.com)
KSV Restructuring Inc. c/o Bobby Kofman (bkfman@ksvadvisory.com) & Jason Knight
(jknight@ksvadvisory.com)

LEGAL*66882733.3

Gagnon, Angeline

Subject: FW: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

Attachments: WEBEX CONFIRMATION - 2301 08305 - WALLACE & CAREY INC., v. COMPANIES CREDITORS ARRANGEMENT ACT - Dec 17, 2024 11:00 AM - NEILSON, J - Confirmed

Importance: High

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Wednesday, December 11, 2024 12:40 PM
To: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>; Naik, Anvaya Pradeep <Anvaya.Naik@7-11.com>; Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>
Cc: Heather Miller <millerh@wac.com>
Subject: FW: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

****External - Potential security risk - Exercise caution****

Good day,

Since you have decided to proceed with court action (see email below), this is our formal notice that we will stop our support, maintenance and helpdesk services on January 1st, 2025. This will be the case regardless of the court outcome.

We will then proceed with our own legal action to stop the use of our software without a license.

Even if you believe that our client is still Wallace & Carey and that our license agreement with them is still at play, you should be aware that point 5 of our license agreement states:

In the event that Digiflex breaches any of its obligations, or if Digiflex becomes insolvent, or files a petition in bankruptcy, then the Customer may, at its option terminate the License To Use granted hereunder upon written notice to Digiflex.

In the event of a termination of the License hereunder, the Package and all copies thereof shall forthwith be returned to Digiflex or, at Digiflex's option, destroyed or erased from electronic memories or other storage devices and thereafter Customer shall deliver to Digiflex a letter, from an officer of the Customer, certifying that all copies of the Software and any code or listings produced by the Software have been destroyed, returned or erased and that the Customer has discontinued use of the Package.

Regards,

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P
Digiflex Information Systems Inc.

Phone: +1 (604) 720-0485
Email: mardukhi@digiflex.ca
WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

From: Thompson, Natalie <nthompson@cassels.com>
Sent: December 10, 2024 14:09
To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Cc: Oliver, Jeffrey <joliver@cassels.com>
Subject: RE: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

Further to the below, please see the attached email containing the virtual courtroom link for the application on December 17, 2024.

Kindly,

 **NATALIE THOMPSON** *(she/her/hers)*
Associate
t: +1 587 441 3064
e: nthompson@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, Alberta T2P 5C5 Canada

From: Thompson, Natalie
Sent: Tuesday, December 10, 2024 11:12 AM
To: mardukhi@digiflex.ca
Cc: Oliver, Jeffrey <joliver@cassels.com>
Subject: FW: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

Hello Mohamad,

Please be advised that this matter has been scheduled to be heard via WebEx on December 17 from 11:00 AM – 12:00 PM (Calgary time).

Regards,

 **NATALIE THOMPSON** *(she/her/hers)*
Associate
t: +1 587 441 3064
e: nthompson@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, Alberta T2P 5C5 Canada

From: CommercialCoordinator KBJCalgary <CommercialCoordinator.KBJCalgary@albertacourts.ca>
Sent: Monday, December 09, 2024 3:40 PM

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

Cc: Oliver, Jeffrey <joliver@cassels.com>; Thompson, Natalie <nthompson@cassels.com>

Subject: RE: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

CAUTION: External Email

Good afternoon,

Justice Neilson is able to hear this matter on December 17 from 11:00 AM – 12:00 PM.

This is CCM eligible. After you have submitted the Confirming Letter, please enter the matter into CCM.

Please send a confirming letter with the below information:

1. Action # (if no action number has been assigned, please indicate)
2. Date/Time/Duration of application (and if any reading time has been assigned)
3. Assigned Justice
4. Description of the application
5. A list of materials that will be relied on
6. Names of Interested/Opposing Counsel
7. Whether or not the application will be opposed (to the best of your knowledge when sending in the confirming letter).

Once received you will receive a booking confirmation with Webex information.

Thank you,



**Court of King's
Bench of Alberta**

**Brittany Robinson for
Corbyn Burik**
Commercial Duty Coordinator

commercialcoordinator.kbjcalgary@albertacourts.ca

Court of King's Bench of Alberta
Calgary Courts Centre
601 5 Street SW
Calgary, Alberta T2P 5P7

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

Sent: December 9, 2024 11:56 AM

To: CommercialCoordinator KBJCalgary <CommercialCoordinator.KBJCalgary@albertacourts.ca>

Cc: Oliver, Jeffrey <joliver@cassels.com>; Thompson, Natalie <nthompson@cassels.com>

Subject: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

Importance: High

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

Thank you,

 **Cassels** | ANGELINE GAGNON
Legal Administrative Assistant
t: +1 587 441 7624
e: agagnon@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, Alberta T2P 5C5 Canada

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Appendix “S”

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: Thursday, December 12, 2024 12:25 PM
To: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>; Naik, Anvaya Pradeep <Anvaya.Naik@7-11.com>; Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>
Cc: Heather Miller <millerh@wacI.com>
Subject: FW: ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

****External - Potential security risk - Exercise caution****

Good day,

Jeffrey Oliver continues to escalate this matter and there are no signs that anyone from 7-Eleven or Wallace & Carey get copied onto the correspondence.

The attached letter is particularly interesting in that it threatens me with a 2 year prison sentence. Hope you are still running a successful business when I get out of prison!

Mohamad Zähed Mardukhi, I.S.P., ITCP, IP3P

Digiflex Information Systems Inc.

Phone: **+1 (604) 720-0485**

Email: mardukhi@digiflex.ca

WWW: [HTTPS://www.digiflex.ca/](https://www.digiflex.ca/)

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

Sent: December 12, 2024 09:05

To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>

Cc: Oliver, Jeffrey <joliver@cassels.com>; Thompson, Natalie <nthompson@cassels.com>; edmond.lamek@ca.dlapiper.com; Jason Knight <jknight@ksvadvisory.com>; Bobby Kofman <bkofman@ksvadvisory.com>

Subject: ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]

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

Thank you,

Cassels | ANGELINE GAGNON
Legal Administrative Assistant
t: +1 587 441 7624
e: agagnon@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3810, Bankers Hall West, 888 3rd Street SW
Calgary, Alberta T2P 5C5 Canada

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APPENDIX M

[ATTACHED]



DLA Piper (Canada) LLP
Suite 6000, 1 First Canadian Place
PO Box 367, 100 King St W
Toronto ON M5X 1E2
www.dlapiper.com

Edmond Lamek
edmond.lamek@dlapiper.com
T +1 416.365.3444
F 416.365.7886

November 18, 2025

DELIVERED BY EMAIL

KSV Restructuring Inc. in its capacity as
CCAA Monitor of Wallace & Carey Inc., et al.
c/o Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 3rd Street SW
Calgary, Alberta
T2P 5C5

Attention: Jeffrey Oliver

Re: Wallace & Carey Inc. – Digiflex ProCLASS/LAZER/NEXUS Software License Agreements

We are writing to you in your capacity as *Companies Creditors' Arrangement Act* ("**CCAA**") monitor (the "**Monitor**") now vested with enhanced powers in place of the directors and management of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited ("**Loudon**") and Carey Management Inc. ("**CMI**"), in accordance with the Order of the Honourable Justice Simard dated August 26, 2025.

We refer to the following perpetual software License Agreements entered into between Digiflex Information Systems Inc. ("**Digiflex**") as licensor, and W&C and Loudon as licensees:

1. ProCLASS/LAZER/NEXUS Software License Agreement between Digiflex and W&C executed March 9, 2000;
2. CLASS Software License Agreement between Digiflex and W&C executed June 27 (Digiflex) and August 12 (W&C), 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 November 14, 2025 Affidavit ("**MM Affidavit**")) and signed by Digiflex 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 MM Affidavit);
5. ProCLASS/CLASS Software License Agreement Addendum between Digiflex and Loudon dated May 8, 2014;
6. ProCLASS/CLASS Software License Agreement Addendum between Digiflex and Loudon dated June 6, 2014.

(Collectively, the "**Digiflex License Agreements**")

As you are aware, in accordance with the terms of the Court-approved Transition Services Agreement between W&C and CMI (the “**Debtors**”) and 7-Eleven Canada, Inc. (“**SEC**” or the “**Purchaser**”) dated November 21, 2013 (the “**TSA**”), the Debtors were obligated (subject to SEC’s compliance with its TSA Funding obligations) to provide SEC with information technology and data related services during the term of the TSA currently expiring February 15, 2026 (the “**TSA Term**”), including: (ii) Assist Purchaser with integrating any of Debtors’ information technology systems and source code into Purchaser’s environment, including by providing all records, reports, documentation, and information that a reasonably skilled programmer would require to complete such integration and maintain such systems going forward without assistance from Debtor; (ii) Maintain Purchaser’s access to Debtor’s information technology systems; and (iii) Assist with data migration (collectively the “**IT Transition Services**”)

One of the essential components of the IT Transition Services throughout the TSA Term has been the continued provision by W&C of its enterprise resource planning system (“**ERP System**”) and underlying software, principally the software subject to the W&C DigiFlex License Agreements, which form the backbone of the W&C inventory management and transaction billing system for all inventory acquisitions, distribution, and sale to customers including, in particular SEC. In furtherance of the IT Transition Services, SEC has funded the W&C costs to continue to pay Digiflex for the maintenance services and call centre services provided by Digiflex under certain ancillary agreements (the “**Ancillary Agreements**”), consistent with W&C’s practice prior to the TSA, and at substantially increased rates as requested by Digiflex from time to time during the TSA term, which amounts have been paid to Digiflex in full and in advance to February 15, 2026.

As set out in the CCAA Court materials filed by SEC and 7-Eleven Distribution Canada Corp. (“**SEDCC**”) to date, SEC and SEDCC are well advanced in their establishment and launch of a new ERP System that is not reliant upon the software licensed under the Digiflex License Agreements, with transition to that system scheduled to take place prior to the February 15, 2026 end of the TSA Term.

We have been provided with a copy of the Application of Digiflex returnable November 27, 2025, seeking *inter alia* to lift the CCAA Amended and Restated Initial Order stays of proceedings in respect of Digiflex, and declaring that Digiflex no longer has an obligation to provide SEC or SEDCC (including through W&C) with access to the Digiflex ERP System software and may terminate access to such software.

SEC and SEDCC believe this application (and the Action recently commenced by Digiflex and Mr. Mardukhi in Federal Court) is yet another attempt by Mr. Mardukhi to extract some kind of extraordinary payment from SEC or SEDCC in respect of the IT Transition Services, as has been his consistent approach towards SEC and SEDCC since at least December of 2024, and SEC and SEDCC intend to oppose the application. We ask that, given the TSA obligations to continue to provide the IT Transition Services until the end of the TSA term, the Monitor in its own right and on behalf of W&C also oppose the relief sought by Digiflex on November 27.

In order to ensure that the IT Transition Services remain uninterrupted, SEDCC hereby requests that the Monitor cause W&C and Loudon to bring an application, also returnable on November 27, 2025, for an order pursuant to Section 11.3 of the CCAA ordering the assignment of the Digiflex Software Agreements by W&C/Loudon to SEDCC (the “**Ordered Assignments**”). We confirm the SEDCC is not seeking an assignment of the Ancillary Agreements (the services under those agreements are no longer required in connection with the IT Transition Services).

We understand that all amounts owing under the Digiflex License Agreements were paid in full by W&C and Loudon when, or shortly after, they were entered into, but would you please confirm that the W&C records reflect that same paid in full status, to confirm no monetary defaults exist under the Digiflex



Software Licenses.

In consideration for the Ordered Assignments, SEDCC is prepared to pay to the Monitor, on behalf of W&C and Loudon, the aggregate sum of Cdn. \$80,000 (inclusive of applicable taxes, if any) to compensate for the time and effort to deal with the Ordered Assignments and provide a financial benefit to W&C's and Loudon's creditors.

Would you please confirm that the foregoing is acceptable to the Monitor, and that it will cause W&C to proceed with the requested Ordered Assignments application on November 27, 2025.

We look forward to hearing from you.

DLA Piper (Canada) LLP

Per:

A handwritten signature in blue ink, appearing to read 'Edmond Lamek', with a stylized, flowing script.

Edmond Lamek

CC: Courtney Chouinard and Josh Buchanan, 7-Eleven, Inc.
Justin Mooney, DLA Piper (Canada) LLP

APPENDIX N

[ATTACHED]



November 18, 2025

Via E-Mail (cnimmo@bdplaw.com)

Burnet, Duckworth & Palmer LLP
2400, 525 - 8 Avenue SW
Calgary, AB T2P 1G1

joliver@cassels.com
tel: +1 403 351 2921
file # 054670-03

Attention: Chelsea Nimmo

Dear Ms. Nimmo:

**Re: In the matter of the Compromise or Arrangement of Wallace & Carey Inc. ("W&C") Loudon Bros Limited ("Loudon") and Carey Management Inc. ("CMI" and collectively, the "Companies") I Court File Number 2301-08305
Application scheduled to be heard on Thursday, November 27, 2025 via WebEx (the "Application")**

We are counsel to KSV Restructuring Inc., in its capacity as Court-appointed monitor with enhanced powers (in such capacity, the **"Monitor"**) of the Companies.

Further to the above-referenced Application and your correspondence dated November 13, 2025, the Monitor writes to respectfully request that DigiFlex Information Systems Inc. ("**DigiFlex**") consent to the assignment of the following license agreements from W&C and/or Loudon to 7-Eleven Canada, Inc. ("**SEC**"):

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 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;

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

As you are aware, on November 17, 2023, the Court approved a Transition Services Agreement (the "**TSA**") dated November 21, 2023, among W&C, CMI (jointly, the "**Debtors**"), the Monitor, and SEC. Under the TSA and subsequent orders in these CCAA proceedings, the Debtors are obligated (subject to SEC's compliance with its funding obligations) to provide SEC with information technology and data-related services during the TSA term, which currently expires February 15, 2026. These obligations include the provision of various IT transition services, including the continued operation of W&C's enterprise resource planning system and related software, particularly those governed by the DigiFlex License Agreements.

As you are also aware, pursuant to the DigiFlex License Agreements, W&C and/or Loudon were granted a perpetual license to use the software subject to the DigiFlex License Agreements (the "**Perpetual Licenses**") following the payment of the amounts required under the DigiFlex License Agreements. 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, W&C and/or Loudon hold the Perpetual Licenses.

Given the obligations under the TSA and the fact that W&C and/or Loudon hold the Perpetual Licenses, if DigiFlex does not consent to the assignment of the DigiFlex License Agreements, the Monitor intends to bring a response application, also returnable on November 27, 2025, seeking an order from the Court:

- a) dismissing the Application and maintaining the status quo under the TSA; and
- b) assigning the rights and obligations of W&C and Loudon, as applicable, under the DigiFlex License Agreements to SEC or 7-Eleven Distribution Canada Corp, pursuant to section 11.3 of the CCAA.

We look forward to hearing from you regarding whether your client consents to the assignment of the DigiFlex License Agreements before our filing deadline on November 20, 2025. Please do not hesitate to contact us should you require anything further.

Yours truly,

Cassels Brock & Blackwell LLP



Jeffrey Oliver
Partner

JO//kw

APPENDIX O

[ATTACHED]

From: [Oliver, Jeffrey](#)
To: [Chelsea Nimmo](#)
Cc: [Marechal, Danielle](#); [Lamek, Edmond](#); [Bruna Kalinoski](#); [Adam Grotsky](#); [Gagnon, Angeline](#); [Bobby Kofman](#); [Jason Knight](#)
Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. Loudon Bros Limited and Carey Management Inc.
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)

Chelsea,

Thank you for your email.

The Monitor asked if your client would consent to the assignment prior to proceeding with the section 11.3 application as it is standard insolvency practice and appropriate. Nothing in that should be surprising.

Most importantly, I am writing with respect to the below statement:

On a separate note, please be advised that Digiflex will take issue with the non-arm's length relationship between the Super Monitor and 7-Eleven and how it has motivated your anticipated application. We will raise this issue with the court on November 27th

These are very serious allegations to make as against a Monitor, as an officer of the Court. Doing so without sufficient evidence is inappropriate and can result in cost consequences. We remind you that the Monitor, through the SEC transaction and the TSA, has contractual and other legal obligations it owes to 7-Eleven. If you wish to advance these assertions, we require that you particularize them as soon as possible (and by no later than the end of the day today) so the Monitor has an opportunity to respond to them in its report to the Court.



JEFFREY OLIVER *(HE/HIM/HIS)*
Partner
t: +1 403 351 2921
e: joliver@cassels.com

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

From: Chelsea Nimmo <cnimmo@bdplaw.com>
Sent: Tuesday, November 18, 2025 5:08 PM
To: Oliver, Jeffrey <joliver@cassels.com>
Cc: Marechal, Danielle <dmarechal@cassels.com>; Lamek, Edmond <edmond.lamek@ca.dlapiper.com>; Bruna Kalinoski <bkalinowski@bdplaw.com>; Adam Grotsky <agrotsky@bdplaw.com>; Gagnon, Angeline <agagnon@cassels.com>
Subject: RE: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. Loudon Bros Limited and Carey Management Inc.

CAUTION: External Email

WITH PREJUDICE

Jeffrey,

Thank you for your letter.

I had a call with counsel for 7-Eleven this afternoon and was advised that 7-Eleven asked you to make the request for the assignment on behalf of W&C.

As I told Mr. Lamek on the phone, Digiflex will not consent to an assignment of any of its licenses or contracts. We also provided reasons in our brief yesterday as to why s. 11.3 would not have been appropriate with respect to the W&C Software Licenses, even if W&C had sought an assignment at the appropriate time (which was 2 years ago). I was therefore surprised to receive your request today because our position is set out in the brief.

On a separate note, please be advised that Digiflex will take issue with the non-arm's length relationship between the Super Monitor and 7-Eleven and how it has motivated your anticipated application. We will raise this issue with the court on November 27th.

We look forward to receiving your materials on Thursday. Please let us know if you would like to cross-examine Mr. Mardukhi on his affidavit so we can canvass his availability in the next few days. We may supplement with an additional short affidavit now that you have put 11.3 into play, which we will provide after receiving your materials.

Yours truly,
Chelsea

Chelsea Nimmo

Counsel

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

Sent: Tuesday, November 18, 2025 12:37 PM

To: Chelsea Nimmo <cnimmo@bdplaw.com>

Cc: Oliver, Jeffrey <joliver@cassels.com>; Marechal, Danielle <dmarechal@cassels.com>

Subject: [EXT] In the matter of the Compromise or Arrangement of Wallace & Carey Inc. Loudon

Bros Limited and Carey Management Inc. [IMAN-LEGAL.FID4364182]

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

Thank you,



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