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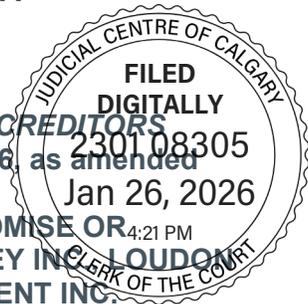
APPLICANTS

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

2301 08305

Jan 26, 2026

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



DOCUMENT **NINETEENTH REPORT OF THE MONITOR
JANUARY 26, 2026**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

MONITOR
KSV Restructuring Inc.
Suite 1165, 324 – 8th 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

MONITOR’S COUNSEL
Cassels Brock & Blackwell LLP
Bankers Hall West
Suite 3700, 888 – 3rd 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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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 30, 2023, the Court granted an Amended and Restated Initial Order (the “**ARIO**”), a copy of which is attached as **Appendix “A”**.
3. 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 which is attached as **Appendix “B”**, without appendices.
4. 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;
 - b) approved a transition services agreement (the “**TSA**”) among the Monitor, SEC, CMI, and Wallace & Carey (CMI and Wallace & Carey are referred to as the “**Debtors**” in the TSA); and
 - c) appointed KSV as receiver (in such capacity, the “**Receiver**”) of certain subsidiaries of CMI, being 772921 Alberta Inc., Ridge Meadows Properties Ltd., and Spruce It Up Land Corp. (collectively, the “**Receivership Companies**”).

5. On December 17, 2024, following a dispute with DigiFlex Information Systems Inc. (“**DigiFlex**”) concerning its requirement to continue to provide access to the enterprise resource planning software¹ (the “**ERP Software**”) to the Debtors, the Monitor obtained a Court order by consent (the “**DigiFlex Consent 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 (both as defined below).
6. 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**”) (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.
7. On August 18, 2025, the Court heard the Companies’ application (the “**August 18th Application**”) for an order, among other things, extending the Stay and TSA to February 15, 2026, and approving the corresponding execution of a second amendment to the TSA.
8. 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 extending 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 and TSA to and including September 30, 2025; and
 - b) approving the corresponding execution of a second amendment to the TSA.

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.

9. 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 completion of these CCAA proceedings given that Patrick Carey, the sole Director of the Companies, intended to resign.
10. On September 9, 2025, the Monitor filed an application returnable September 19, 2025 (the “**September 19th Application**”) for an order (the “**Third TSA Amendment Order**”), among other things, extending the Stay and TSA to February 15, 2026, and approving the corresponding execution of a third amendment to the TSA.
11. 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.
12. 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 to terminate the TSA or to otherwise commence proceedings against SEC, provided that DigiFlex complied with all applicable procedural requirements to bring any such application or commence any such proceeding and be represented by legal counsel.
13. On November 13, 2025, DigiFlex filed an application (the “**DigiFlex Application**”) seeking an order, among other things:
 - a) lifting the stay in relation to Wallace & Carey and Loudon such that it no longer applies to DigiFlex;

- b) 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
 - c) awarding DigiFlex costs on the DigiFlex Application, on the highest possible scale.
14. In response to the DigiFlex Application, on November 20, 2025, the Monitor filed an application (the “**Monitor’s Application**”, together with the DigiFlex Application, the “**November Applications**”) seeking an order (the “**Dismissal and Assignment Order**”), among other things:
- a) dismissing the DigiFlex Application; and
 - b) assigning Wallace & Carey and Loudon’s interests, as applicable, under the DigiFlex License Agreements (as defined below) to SEDCC, pursuant to section 11.3 of the CCAA.
15. On November 27, 2025, the Court heard the November Applications.
16. On December 15, 2025, the Court issued the Reasons for Decision of Justice M.A. Marion (the “**Reasons**”) regarding the November Applications. In the Reasons, among other things, the Court:
- a) refused to lift the Stay immediately and rejected DigiFlex’s request for declarations that it had no obligation to provide ERP Software access or services to Wallace & Carey, SEC, or SEDCC during the current TSA Term;
 - b) lifted the Stay vis-à-vis DigiFlex effective February 15, 2026 at 11:59 p.m.;
 - c) adjourned the Monitor’s relief requesting the assignment of the DigiFlex License Agreements to allow the parties to attempt to find a commercial solution for limited, post-February 15, 2026 access to the ERP Software solely for records retention, audit, and tax purposes;
 - d) invited the parties to seek procedural directions for further evidence and submission if no agreement is reached; and
 - e) ordered that each party bears its own costs with respect to the November Applications.

17. As further discussed below, an order reflecting the Reasons has not been submitted for execution by the Court at this time as the parties have been unable to come to an agreement on the terms of the Lift Stay Order.
18. Copies of the DigiFlex Consent Order, the Enhanced Powers Order, the Third TSA Amendment Order, and the Reasons are attached as **Appendices “C”, “D”, “E”, and “F”**, respectively.

1.1 Purposes of this Report

1. The purposes of this nineteenth report (the “**Report**”) are to:
 - a) provide background information concerning the Companies and these CCAA proceedings;
 - b) discuss the Monitor’s request for advice and direction regarding the form of order resulting from the Reasons (the “**Lift Stay Order**”) and in particular, the scope of lifting the Stay *vis a vis* DigiFlex;
 - c) provide the Court with information to assist it to consider the scope of the lifting of the Stay and the consequences thereof, including how a lifting of the Stay may affect the priorities established by prior orders issued by the Court in these CCAA proceedings;
 - d) report on the Companies’ cash flow forecast prepared by the Monitor for the period January 26 to August 16, 2026 (the “**Cash Flow Forecast**”);
 - e) discuss the rationale for extending the Stay from February 15 to August 14, 2026;
 - f) provide the Court with an update on the Monitor’s activities since the Monitor’s Seventeenth Report to Court dated August 13, 2025 (the “**Seventeenth Report**”); and
 - g) provide the Monitor’s recommendation in respect of its application for an order (the “**Stay Extension Order**”), among other things:
 - i. extending the Stay up to and including August 14, 2026;

- ii. approving this Report and the Monitor’s Supplement to the Seventeenth Report to Court dated August 21, 2025 (the “**Seventeenth Report Supplement**”), the Monitor’s Second Supplement to the Seventeenth Report to Court dated September 11, 2025 (the “**Second Seventeenth Report Supplement**”), and the Monitor’s Eighteenth Report to Court dated November 20, 2025 (the “**Eighteenth Report**”, and together with the Seventeenth Report Supplement, the Second Seventeenth Report Supplement, and the Eighteenth Report, the “**Previous Reports**”), and the Monitor’s activities, as detailed therein. The Seventeenth Report Supplement, the Second Seventeenth Report Supplement, and the Eighteenth Report, each without appendices, are attached as **Appendices “G”, “H”, and “I”**, respectively; and
- iii. approving the fees and expenses of the Monitor and its counsel, Cassels Brock & Blackwell LLP (“**Cassels**”), as detailed herein.

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 SEC, SEDCC, and their legal counsel, DLA Piper (Canada) LLP (“**DLA**”).
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, other than the Court, wishing to place reliance on the financial information discussed herein 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, and the Affidavit of Mohamad Mardukhi sworn November 14, 2025 (the “**Mardukhi Affidavit**”), provide additional background information regarding the ERP Software and the DigiFlex dispute. 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 Background

1. CMI is an Alberta corporation and the sole shareholder of Wallace & Carey, which is the sole shareholder of Loudon. In addition to Wallace & Carey and Loudon, CMI has ownership interests in nine subsidiaries, none of which are subject to the CCAA proceedings. These include the Receivership Companies, where KSV was appointed Receiver pursuant to an order granted by the Court on November 17, 2023 (the “**Receivership Proceedings**”). CMI’s corporate organizational chart is provided in **Appendix “J”**.
2. Prior to the Filing Date, Wallace & Carey and Loudon 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.
3. Prior to the CCAA proceedings, the Companies’ senior secured lender was Canadian Imperial Bank of Commerce (“**CIBC**”). In addition, the Receivership Companies granted first-ranking mortgages against certain real property and a second-ranking general security interest to secure amounts owing to Canadian Western Bank (“**CWB**”). As a result of SEC Transaction and the SEDCC Transaction, all amounts owing to CIBC and CWB have been repaid.

4. The Sixth Report provides the waterfall of distributions among the beneficiaries of the following charges (collectively and together with the TSA Charge (as defined below), the “**CCAA Charges**”) created in the CCAA proceedings pursuant to the ARIO and the order dated August 23, 2023 (the “**Ancillary Order**”):
- a) first, a charge in the amount of \$850,000 to secure: (i) the fees and disbursements of the Companies’ legal counsel, the Monitor, and Cassels; and (ii) a work fee payable to Alvarez & Marsal Canada Securities ULC (“**A&M**”), the financial advisor retained by the Companies to carry out the SISP (the “**Administration Charge**”);
 - b) second, a charge in favour of A&M to secure a fee payable to A&M upon completion of a qualifying transaction;
 - c) third, a charge in the amount of \$55 million plus interest, fees and expenses for all post-Filing Date advances made by CIBC under the existing CIBC Credit Agreement (as defined in the Initial Order), as amended;
 - d) fourth, a charge in the amount of \$4 million in favour of the directors and officers of the Companies;
 - e) fifth, a charge in favour of CIBC for the existing security for the pre-Filing Date obligations owing under the CIBC Credit Agreement; and
 - f) sixth, a charge in the amount of \$26 million in favour of provincial and territorial authorities (the “**Provinces and Territories**”) in respect of the amounts required to be remitted by the Logistics Companies under the *Tobacco Tax Act*, RSA 2000, c. T-4 or under any other applicable provincial legislation or laws (the “**Tobacco Tax Charge**”).

5. Each CCAA Charge has been fully satisfied and released, except for the Tobacco Tax Charge, the TSA Charge (as defined below), and the Administration Charge². As of the Effective Closing Time (as defined below), the Provinces and Territories were owed approximately \$24.47 under the Tobacco Tax Charge. To date, the Monitor has distributed approximately \$12.41 million to the Provinces and Territories. The Provinces and Territories are projected to have a shortfall on their claims against the Companies in the amount of approximately \$5.85 million, which amount remains subject to change, but in all circumstances, the Provinces and Territories will not recover all amounts owing to them.

2.1 TSA and Amendments

1. The SEC Transaction saved the Logistics Business, preserved employment for more than 450 employees, maximized recoveries for creditors (including the secured creditors and the Provinces and Territories), and prevented a disorderly and financially devastating liquidation. SEC bargained for the TSA and paid consideration for it. The SEC Transaction and the TSA were approved by the Court. The Companies complied with their obligations under the TSA, and the Monitor, pursuant to the Enhanced Powers Order, assumed the Companies' TSA obligations when the Companies could no longer perform them.
2. 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. Without these services, SEC's business would have been disrupted. 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 "K"**.
3. As SEC is responsible for funding substantially all post-Effective Closing Time costs of the Companies' operations, on August 22, 2024, the Court granted, among other things, a priority charge (the "**TSA Charge**") for the benefit of SEC over the following present and future property of Wallace & Carey (collectively the "**Post-Transaction Property**"):

² The Monitor is holding funds sufficient to satisfy all amounts payable under the Administration Charge.

- a) all accounts receivable generated and inventory acquired after November 21, 2023 (the “**TSA Effective Date**”);
 - b) all vendor rebates generated in respect of inventory acquired after the TSA Effective Date; and
 - c) cash, cash equivalents, and monies on deposit in any account with a deposit-taking institution (whether in the name of Wallace & Carey, SEDCC, the Monitor, or a third party) from any source after the TSA Effective Date.
4. The TSA Charge does not create a charge on any of the assets excluded from the SEC Transaction and SEDCC Transactions (the “**Excluded Assets**”).
 5. The services provided under the TSA to SEC (at its cost) include warehouse, logistics, administrative, and managerial staff required to operate the Logistics Business, as well as information technology and data-related services.
 6. Pursuant to the terms of the TSA, the initial TSA term (the “**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 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.
 7. Pursuant to amendments to the TSA dated February 7, August 18, and September 30, 2025 (collectively, the “**TSA Amendments**”), the TSA termination date for the Western Business and Eastern Business was extended to February 15, 2026. Copies of the TSA Amendments are collectively attached as **Appendix “L”**.
 8. As noted in the Eighteenth Report, each of the TSA Amendments were sought because SEC had experienced delays developing and implementing customized integration software (the “**Integration Software**”) to enable data to be moved from the ERP System to the SEC/SEDCC systems and SEC was working to have the Integration Software fully operational by no later than the end of February 2026.
 9. The Monitor understands that 7-Eleven has now completed the implementation of the Integration Software and that it no longer requires Wallace & Carey to provide the ERP Software to SEC to operate the Logistics Business.

2.2 ERP Software

1. DigiFlex designed and maintains the ERP Software. The ERP Software is required for supply chain management and financial and operational reporting. 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; 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);
 - c) ProCLASS/CLASS/LAZER Software License Agreement between DigiFlex and Loudon entered into on February 18, 2013 (per the Mardukhi Affidavit);
 - d) ProCLASS/CLASS Software License Agreement Addendum between DigiFlex and Loudon dated May 8, 2014; and
 - e) ProCLASS/CLASS Software License Agreement Addendum between DigiFlex and Loudon dated June 6, 2014.
2. The key terms of the DigiFlex License Agreements include:
 - 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 at the time they were entered, 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.
3. 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 are paid upfront on an annual basis.
4. The Monitor understands that the ERP Software runs on designated servers, formerly located at Wallace & Carey’s offices, which were purchased by SEC as part of the SEC Transaction (the “**Designated Servers**”).

3.0 Status of the CCAA Proceedings

1. Given that the transition of the Logistics Business to SEC has been completed, the following activities (the “**Remaining Activities**”) need to be completed before the CCAA proceedings and Receivership Proceedings can be completed:
- a) the realization of the remaining Excluded Assets, including, but not limited to:
 - i. collecting a promissory note issued by Spruce It Up Garden Centre Inc. to CMI, which is due and payable on April 29, 2026 (the “**Promissory Note**”); and
 - ii. the judgement granted by the Court in favour of Wallace & Carey against Dakin News Systems Inc. (“**INS News**”) for \$616,341 (the “**INS News Judgement**”);

- b) distributing net recoveries from the Receivership Companies to their creditors³ upon receipt by the Receiver on behalf of the Receivership Companies of clearance certificates from Canada Revenue Agency (“**CRA**”). The Receiver has requested the Clearance Certificates; however, as of the date of this Report, they have not been received;
- c) finalizing the administrative and reconciliation aspects of the TSA, including tobacco tax refunds and filings in respect of Wallace & Carey during the TSA Term, which expires on February 15, 2026; and
- d) the Monitor seeking its discharge and completing the CCAA proceedings and the Receivership Companies, which may include an application to have the Companies and/or the Receivership Companies placed in bankruptcy as they will be unable to repay their creditors in full.

4.0 Update on DigiFlex Matter

1. On December 19, 2025, DLA sent a letter on a not without prejudice basis to BD&P advising that:
 - a) SEDCC was willing to pay DigiFlex a one-time licensing fee of \$200,000 (the “**SEDCC License Fee**”) to acquire a perpetual royalty free license to continue to utilize the ERP Software currently licensed by DigiFlex to Wallace & Carey, on a read only basis; and
 - b) payment of the SEDCC License Fee was predicated on DigiFlex discontinuing its Federal Court action against 7-Eleven on a without costs, with prejudice basis, and executing a full and final release in favour of 7-Eleven.
2. On December 23, 2025, BD&P sent an email rejecting the offer without any counteroffer or proposal for discussion at that time.

³ Their largest creditors are Wallace & Carey and CMI, which will then pay these amounts to their creditors based on the priorities established by the ARIO and Ancillary Order, meaning that these monies would be distributed to the Provinces and Territories for amounts owing to them under the Tobacco Tax Charge.

3. Pursuant to the Reasons, the Monitor's counsel was directed to prepare the form of order with the proposed amendments to any CCAA order in these proceedings as required to reflect the Reasons. Accordingly, on December 29, 2025, the Monitor's counsel provided Burnet, Duckworth & Palmer LLP ("**BD&P**"), DigiFlex's legal counsel, with a draft lift stay order (the "**Initial Lift Stay Order**"). A copy of the Initial Lift Stay Order is attached as **Appendix "M"**.
4. On January 7, 2026, BD&P:
 - a) provided comments on the Initial Lift Stay Order (the "**DigiFlex Lift Stay Order**"). The DigiFlex Lift Stay Order and a blackline comparing it to the Initial Lift Stay Order are attached as **Appendix "N"**; and
 - b) sent an email to DLA further rejecting SEDCC's December 19th offer and advising that DigiFlex was "*...open to a settlement, however, not on the terms that 7-Eleven had proposed.*"
5. On January 15, 2026, the Monitor's counsel, after accepting a majority of the changes proposed in the DigiFlex Lift Stay Order, provided BD&P with a revised version of the DigiFlex Lift Stay Order (the "**Revised Lift Stay Order**") that, among other things:
 - a) lifted the Stay under the ARIO as against Wallace & Carey and Loudon, vis-à-vis DigiFlex, effective 11:59 p.m. (Calgary time) on February 15, 2026;
 - b) varied the ARIO, the DigiFlex Consent Order, and other prior orders, as necessary, to give effect to the Stay being lifted;
 - c) clarified that nothing in the Revised Lift Stay Order or Reasons authorized any claim, action, demand or proceedings against the Monitor, or against its counsel, agents, employees, or representatives;
 - d) dismissed the portion of the Monitor's Application seeking dismissal of the DigiFlex Application in its entirety;
 - e) adjourned the portion of the Monitor's Application seeking an assignment of Wallace & Carey and Loudon's interests, as applicable, under the DigiFlex License Agreements to SEDCC, to allow the parties the opportunity to work out an appropriate compromise or commercial arrangement to facilitate ongoing access to the DigiFlex Software post February 15, 2026;

- f) stated that each party shall bear its own costs pursuant to the DigiFlex Application and the portion of the Monitor's Application for dismissal of the DigiFlex Application; and
 - g) clarified that nothing in the order limited the Monitor's ability to bring an application for advice, direction, or declarations regarding the Reasons or the contents of the Revised Lift Stay Order, including, without limitation, the Court's advice and direction regarding the scope and application of the lifting of the Stay as contemplated by the Revised Lift Stay Order.
6. Copies of the Revised Lift Stay Order, a blackline outlining the changes made to the DigiFlex Lift Stay Order, and a blackline outlining the changes made to the Initial Lift Stay Order are attached as **Appendix "O"**.
7. On January 16, 2026, BD&P sent the letter attached as **Appendix "P"** (the "**BDP Letter**"), among other things:
- a) providing DigiFlex's notice terminating the Maintenance Agreements affiliated with the DigiFlex Software Licenses effective February 15, 2026 at 11:59 p.m.;
 - b) advising that DigiFlex would be agreeable to discuss a new Maintenance Agreement if Wallace & Carey required read-only access to the ERP Software for historical audit purposes and reporting; and
 - c) communicating DigiFlex's position that:
 - i. to the extent Wallace & Carey is currently using the DigiFlex software, such use is in breach of the DigiFlex Software Licenses and amounts to copyright infringement;
 - ii. to the extent 7-Eleven is currently using the ERP Software, 7-Eleven is infringing DigiFlex's copyrights, and Wallace & Carey is facilitating and/or contributing to this infringement; and
 - iii. neither the TSA, the Stay, the DigiFlex Consent Order, nor the Reasons can excuse Wallace & Carey and/or 7-Eleven's actions and "*Justice Marion explicitly preserved DigiFlex's rights to prove this in a separate proceeding on a more fulsome record. Stay's place proceedings against illegal behaviour on hold. They do not excuse illegal behaviour[sic].*"

8. On January 19, 2026, BD&P sent an email stating that it did not understand the necessity of certain additions in the Revised Lift Stay Order, including the addition that “...*nothing in this Order or Reasons authorized any claim, action, demand or proceedings against the Monitor, or against its counsel, agents, employees, or representatives*”. In its email, BD&P stated the following:

“Your additions raise other questions, such as your motivation for paragraph 5. The ARIO stay is limited to the "Monitor" only, not its "counsel, agents, employees or representatives" (as you propose in your draft). I really hope I don't have to sue Cassels Brock! Plus, at this stage, the Monitor is effectively the Applicants so you can appreciate why I am skeptical. Given the history between the parties, you can also appreciate the hesitancy”.

9. On January 23, 2026, the Monitor’s counsel sent an email to BD&P, among other things, advising that the Monitor intended to seek the Court’s advice and direction on the scope and effect of lifting the Stay and the form of lift stay order on February 5, 2026. The correspondence between Cassels and BD&P from December 29, 2025 to January 23, 2026 is attached as **Appendix “Q”**.

5.0 Monitor’s Recommendation

1. Based on the correspondence with BD&P in negotiating the terms of the proposed lift stay order and the contents of the BD&P Letter, the Monitor is seeking the Court’s advice and directions on the following issues, which were not before the Court at the time the Reasons were issued, in order to incorporate the same into the form of Lift Stay Order:
 - a) confirmation that the lifting of the Stay is solely against Wallace & Carey and Loudon;
 - b) the consequence of a judgment against the Companies, including its priority; and
 - c) whether Wallace & Carey and Loudon can continue to use the fully paid Perpetual License after the Stay has been lifted.

5.1 Scope, Enforcement and Court-Ordered Priorities

1. As noted above, the ARIO and Ancillary Order established the CCAA Charges, all of which have been fully satisfied and released, except for the Tobacco Tax Charge in the amount of \$26 million, and the Administration Charge and TSA Charge which remain outstanding for all amounts which are or become owing under each.⁴
2. The Monitor does not object to the lifting of the Stay against Wallace & Carey and Loudon for the purpose of DigiFlex commencing an action against them, provided that any judgement does not disturb the priorities created by the CCAA Charges or otherwise affect any of the other orders issued in the CCAA proceedings or Receivership Proceedings. It is the Monitor's view that if the effect of lifting the Stay is inconsistent with such orders, it would amount to a collateral attack on those orders, the Court-approved SEC Transaction, SEDCC Transaction and these CCAA proceedings generally.
3. Such an outcome would be particularly prejudicial to the Provinces and Territories, who, as discussed above, are already not recovering all amounts owing to them. Any enforcement that would allow DigiFlex to recover any amounts in priority to the Provinces and Territories would further decrease any recovery to their claims.
4. Notwithstanding the Tobacco Tax Charge, any claim successfully advanced by DigiFlex would constitute an unsecured claim and must therefore be treated in accordance with the priority afforded to unsecured creditors. The mere lifting of the Stay in DigiFlex's favour does not justify conferring any special privilege or "super" priority to its claim.
5. Further, the Monitor's view is that DigiFlex and/or Mr. Mardukhi cannot seek to bring a claim against the Monitor, its counsel, or their representatives without leave of the Court, as the Monitor and its counsel performed their duties and obligations in accordance with the orders issued in these CCAA proceedings, including the ARIO and the orders approving the SEC Transaction and the SEDCC Transaction.
6. Additionally, CMI was not a party to the DigiFlex License Agreements or Maintenance Agreements. Accordingly, DigiFlex has no applicable claims as against CMI, and the Stay should not be lifted as against CMI.

⁴ See footnote 2.

7. Based on the above, the Monitor is of the view that the Lift Stay Order should make clear that the lifting of the Stay, and any resulting judgement or claim in favour of DigiFlex:
 - a) is subordinate to the existing CCAA Charges;
 - b) is against Wallace & Carey and Loudon only, as applicable;
 - c) is not against CMI, the Monitor, its counsel, or their representatives;
 - d) restricts and stays DigiFlex from taking any enforcement steps under any judgement until and if, all priority claims have been satisfied (i.e. enforcement of the judgement is subject to the Stay); and
 - e) is an unsecured claim.

5.2 Access to Historical Database

1. The Monitor will require access to the ERP Software for the purpose of retrieving data to meet its statutory and Court-ordered obligations, including any potential tax audit requirements and responding to questions from tax authorities (i.e., the Permitted Uses), whether as Monitor or in a subsequent role, such as a bankruptcy trustee. As previously stated, a bankruptcy may be required to conclude the CCAA proceedings and the Receivership Proceedings, as the Companies will be unable to repay their creditors in full.
2. The Monitor is of the view that the Lift Stay Order should make clear that lifting the Stay does not terminate the Perpetual Licenses and, as a result, the Monitor, for and on behalf of Wallace & Carey and Loudon, can continue using the ERP Software after the Stay has been lifted. The Monitor requires this access to meet its statutory and Court-ordered obligations, including any potential tax audit requirements and responding to questions from tax authorities, for the following reasons:
 - a) the Perpetual License is owned by Wallace & Carey and Loudon, who have already paid the entirety of the purchase price, and no further amounts remain outstanding under the DigiFlex License Agreements;

- b) as there are no amounts outstanding to DigiFlex, there are no known defaults under the Perpetual License, and should the Monitor choose to place the Companies into bankruptcy, KSV, should it be appointed as bankruptcy trustee, will assume all rights and entitlements of Wallace & Carey and Loudon under the DigiFlex License Agreements, as applicable; and
 - c) the Monitor does not require DigiFlex's Maintenance Services or Help Desk Services to obtain read only access to the ERP Software, and therefore, the Monitor does not believe there will be any undue burden or prejudice suffered by DigiFlex or Mr. Mardukhi.
3. Based on the above, the Monitor is seeking a declaration from the Court that it can continue to use the ERP Software pursuant to the Perpetual License.

6.0 Stay Extension

1. The Monitor is of the view that the Court should grant the Stay Extension Order, among other things, extending the Stay to August 14, 2026 for the following reasons:
- a) in the context of a CCAA proceeding in which a "super-monitor" has been appointed, it is appropriate that the Monitor be held to the good faith standard. As "super-monitor" in these CCAA proceedings, the Monitor believes that it has been and is currently discharging its duties and obligations in good faith and with due diligence;
 - b) the proposed extension is intended to provide time to complete or substantially advance the Remaining Activities, including making distributions to the Provinces and Territories;
 - c) the Monitor does not believe that any creditor will be prejudiced if the Stay is extended;
 - d) as of the date of this Report, the Monitor is not aware of any party opposed to the Stay extension; and
 - e) as reflected below, the Cash Flow Forecast reflects that the Companies are projected to have liquidity to fund the CCAA proceedings during the Stay extension.

7.0 Cash Flow Forecast

1. The Monitor has prepared the Cash Flow Forecast for the period January 26 to August 16, 2026 (the “**Forecast Period**”). The Cash Flow Forecast is attached as **Appendix “R”**⁵.
2. The Cash Flow Forecast shows that the Companies are projected to have sufficient liquidity to continue to operate during the Forecast Period:

(unaudited; \$000s)	Note	January 26 to August 16, 2026
Receipts		
Excluded Assets	A	50
		<u>50</u>
Disbursements		
Professional fees	B	(155)
Contingency	C	(35)
		<u>(190)</u>
Net cash flow		(140)
Opening cash balance		1,517
Net cash flow		(140)
Ending cash balance, before distributions to creditors	D	<u>1,377</u>

3. A summary of the key assumptions underlying the Cash Flow Forecast⁶ is as follows:
 - a) Excluded Assets: represents the projected receipt of the Promissory Note. Given the timing and uncertainty of the INS News litigation, the Monitor has not included any receipts from this litigation;
 - b) Professional fees: includes the projected fees and disbursements of the Monitor and its legal counsel, excluding fees and disbursements incurred in connection with the TSA. Pursuant to paragraph 10(c) of the TSA, SEC is responsible for the fees of the Monitor and its legal counsel with respect to work performed in connection with the TSA;
 - c) Contingency: represents a contingency for unforeseen administrative or other costs; and

⁵ As the Companies no longer have any employees, management was not involved in preparing the Cash Flow Forecast and, accordingly, Management’s Report on Cash Flow has not been included.

⁶ The notes to the Cash Flow Forecast provide the underlying assumptions, including a description of each line item.

- d) Ending cash balance: represents the estimated amount available for distribution to creditors. The cash balance excludes the amounts being held by the Receiver, totalling approximately \$5.91 million.
4. The Cash Flow Forecast reflects that the Companies have sufficient liquidity to operate during the Forecast Period.
5. Pursuant to the TSA, SEC is required to fund the Companies' operational costs (including taxes accruing during that period) incurred from and after the Effective Closing Time. To the Monitor's knowledge, SEC has funded all of the Companies' operating costs since the Effective Closing Time. No creditor has contacted the Monitor since the Effective Closing Time to express concerns regarding payment delays or non-payment.
6. Based on the Monitor's review of the Cash Flow Forecast, the cash flow assumptions appear reasonable. The statutory report on the Cash Flow Forecast prepared by the Monitor is attached as **Appendix "S"**.

8.0 Monitor's Activities Since the Seventeenth Report

1. Since the Seventeenth Report, the Monitor has conducted the following activities:
 - a) communicating with SEC and SEDCC's representatives regarding the TSA, the Companies' books and records, the Companies' continued banking arrangements with CIBC, and the Companies' banking arrangements with the Bank of Nova Scotia;
 - b) corresponding extensively with SEC, SEDCC, DLA, and Cassels regarding the ERP Software, the November Applications, the Reasons, and the proposed Lift Stay Order;
 - c) attending (virtually) the November Applications;
 - d) corresponding with the CRA, SEC, and SEDCC regarding outstanding GST and T2 income tax returns for the Companies;
 - e) responding to inquiries from creditors and customers of Wallace & Carey and Loudon concerning the CCAA proceedings, the SEDCC Transaction, and the SEC Transaction;
 - f) for and on behalf of Wallace & Carey, pursuing collection of the INS News Judgment;
 - g) administering the Monitor's trust account;

- h) drafting the Previous Reports and this Report; and
- i) maintaining the Case Website.

9.0 Professional Fees

1. Pursuant to paragraph 31 of the ARIO, the Monitor and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges. Pursuant to paragraph 32 of the ARIO, the Monitor and its counsel shall pass their accounts from time to time.
2. The Court has approved the fees of the Monitor and Cassels up to July 31, 2025.
3. The Monitor seeks to have its fees and disbursements, including those of its legal counsel, approved by the Court. The Monitor and its counsel have maintained detailed records of their professional time and costs.
4. The Monitor's fees from August 1 to December 31, 2025, were \$36,503.50, plus GST of \$1,825.18, for a total of \$38,328.68.
5. Cassels' fees, as legal counsel to the Monitor, from August 1 to December 31, 2025, were \$33,161.50, plus disbursements of \$823.68, plus GST of \$1,689.11, for a total of \$35,674.29.
6. A summary of the accounts rendered by the Monitor and its legal counsel is attached hereto as **Appendix "T"**. Detailed accounts are available for review by the Court upon request. The amount of the fees is based on the hourly rates of the professionals involved in this matter multiplied by actual time spent on this matter.
7. It is the Monitor's opinion that the fees and disbursements of the Monitor and Cassels accurately reflect the work performed by the Monitor and Cassels in connection with the administration of the CCAA proceedings for the dates of their respective invoices. It is the Monitor's opinion that the fees and disbursements of Cassels are fair, reasonable and justified in the circumstances. The Monitor recommends approval of Cassels' accounts by this Court.

8. Pursuant to paragraph 10(c) of the TSA, SEC is responsible for the fees of the Monitor and its legal counsel with respect to work performed in connection with the TSA. The Monitor and its counsel have maintained records of fees incurred in connection with the TSA, and SEC has paid invoices issued by the Monitor and its counsel regarding same.
9. As the fees and costs of the Monitor and its counsel dealing with DigiFlex are a TSA matter, these fees and costs have been invoiced in full to SEC. These invoices have been paid in full, except for the Monitor's and Cassels' most recent invoices, which were recently rendered and which the Monitor expects SEC will pay shortly.

10.0 Conclusion

1. Based on the foregoing, the Monitor respectfully recommends that the Court make the orders granting the relief sought by the Monitor.

* * *

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]



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@millერთhompson.com
lellis@millერთhompson.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.



Justice of the Court of King's Bench of Alberta

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
Facsimile: 416.932.6266
Email: bkofman@ksvadvisory.com /
dsieradzki@ksvadvisory.com /
jknight@ksvadvisory.com

MONITOR'S AND PROPOSED RECEIVER'S COUNSEL

Cassels Brock & Blackwell LLP
Bankers Hall West
Suite 3810, 3rd Street SW
Calgary, Alberta
T2P 5C5

Attention: Jeffrey Oliver / Jane Dietrich
Telephone: 403.351.2921 / 416.860.5223
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.

[REDACTED]	
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

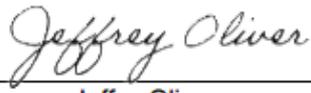
WITNESS:


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]

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 E
[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

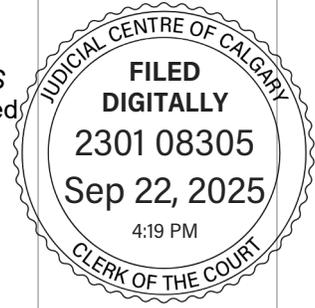
COURT COURT OF KING'S BENCH OF ALBERTA

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 F
[ATTACHED]

Court of King’s Bench of Alberta



Citation: Wallace & Carey Inc. (Re), 2025 ABKB 750

Date:
Docket: 2301 08305
Registry: 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.

**Reasons for Decision
of the
Honourable Justice M.A. Marion**

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I. Introduction

[1] Wallace & Carey Inc. (**W&C**), Loudon Bros Limited (**Loudon**), and Carey Management Inc. (**CMI**) (collectively, **Companies**) are subject to protection under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (**CCAA**). The monitor is KSV Restructuring Inc. (**Monitor**).

[2] I have before me two applications:

- (a) an application (**Digiflex Application**) by Digiflex Information Systems Inc. (**Digiflex**) to:
 - (i) lift the stay of proceedings vis a vis Digiflex; and
 - (ii) declare that Digiflex has no obligations:

- (A) to provide 7-Eleven, Inc. (**7-Eleven**), 7-Eleven Canada, Inc. (**SEC**) or 7-11 Distribution Canada Corporation (**SEDCC**) access to Digiflex’s enterprise resource planning (**ERP**) software (**Digiflex Software**), whether directly or indirectly through W&C/Loudon; and
 - (B) to provide any associated software services to 7-Eleven, SEC, SEDCC, W&C or Loudon;
- (b) an application by the Monitor (**Monitor Application**), on behalf of W&C/Loudon and at the request of SEC/SEDCC, to dismiss the Digiflex Application and approve the assignment (**Proposed Assignments**) of the interests of W&C and Loudon in and to certain software licence agreements between them and Digiflex (**Licence Agreements**)¹ to SEC or SEDCC, pursuant to section 11.3 of the *CCAA*.

[3] For the reasons set out below, Digiflex’s Application is not granted as requested. However, the Court lifts the stay *vis a vis* Digiflex effective on February 15, 2026, to allow Digiflex to pursue whatever rights and remedies it may have as against W&C/Loudon at that time.

[4] The portion of the Monitor Application seeking the Proposed Assignments is adjourned to allow the parties to attempt to reach a commercial resolution for continued limited use and access to the Digiflex Software post-February 15, 2026, for the purposes of records retention, audit and tax purposes.

II. Background

[5] The Companies operated one of Canada’s largest independent wholesale distribution and logistics businesses servicing more than 7,000 customers across Canada. The Companies’ largest customer, by far, was SEC. The W&C distribution and logistics business for SEC was complex and ran on an almost just-in-time basis. The work for SEC involved over 450 employees involved in the daily picking, packing and delivery of over 5,000 products from approximately 240 suppliers to SEC’s over 500 7-Eleven stores across Ontario and western Canada.

[6] In 2023, W&C and Loudon were facing a liquidity crisis caused by the COVID-19 global pandemic, supply chain disruptions and lockdowns, inflationary pressures, increasing interest rates, and the decline of tobacco sales, all of which put their business and continued employment of hundreds of employees at risk.

[7] On June 22, 2023, the Court granted an initial order under the *CCAA* with respect to the Companies. On June 30, 2023, the Court granted an Amended and Restated Initial Order (**ARIO**).

[8] Given the importance of W&C to SEC’s retail business, SEC quickly became directly involved in the *CCAA* proceedings. It negotiated an agreement with the Companies and their secured creditor to provide cash collateral to increase W&C’s liquidity, to provide a limited

¹ Defined as the “Digiflex Agreements” in the Monitor Application.

recourse guarantee of W&C's credit obligations to its secured creditor, and to provide SEC the right to be a stalking horse purchaser of W&C's assets when they were sold.

[9] On August 23, 2023, the Court granted an order approving a sale and investment and sales process (**SISP**) for the Companies' assets or business.

[10] Following the SISP, on November 17, 2023, the Court granted an Approval and Vesting Order (**AVO**) approving a transaction with SEC (**Transaction**), including among other things:

- (a) approving an asset purchase agreement (**APA**) by which SEC purchased certain specific assets (**Purchased Assets**) of W&C and Loudon (**Vendors**);
- (b) vesting the Purchased Assets, which included certain assigned contracts (**Assigned Contracts**), in or with SEC;
- (c) approving the assignment of the Assigned Contracts; and
- (d) approving a Transition Services Agreement (**TSA**) between W&C, CMI, SEC and the Monitor.

[11] One of the commercial purposes of the TSA was to maintain W&C's services to SEC to facilitate the transition of the Purchased Assets and the SEC-related logistics operations from W&C to SEC. It also provided SEC time to decide whether there were additional assets it wanted to purchase, and how it was going to structure its Canadian distribution and logistics needs.

[12] Under the TSA, among other things:

- (a) W&C and CMI (**Debtors**) were obligated to SEC to continue to provide certain services (**Services**), which included certain "**Ongoing Services**" and "**Transition Services**", and to maintain and preserve certain contracts (**Transition Contracts**) required for the operation of the Debtor's business that were not part of the Purchased Assets;
- (b) the Debtors would use certain employees to perform the Services, but SEC would have the right to offer employment to those employees as SEC may deem appropriate;
- (c) SEC would fund W&C's operations and would be entitled to W&C's revenue during the term of the TSA;
- (d) the Debtors and the Monitor would use best efforts to wind-down all business activities of the Debtors for its non-SEC customers within 60 days, subject to any extensions SEC may agree to for some non-SEC customers in its sole discretion; and
- (e) the TSA's term was to end by August 2024 for business east of Alberta (**Eastern Business**) and by February 2025 for business in Alberta and British Columbia (**Western Business**), subject to SEC's right to extend those dates twice by 90 days

each time (that is, until approximately February 2025 for the Eastern Business and August 2025 for the Western Business).

[13] The AVO authorized and approved any amendments to the TSA agreed to between the Companies and SEC with the consent of the Monitor, and authorized and approved the Companies' performance of the obligations under the TSA.

[14] Under a long-standing business relationship with Digiflex, W&C and Loudon used the Digiflex Software, including a number of modules and software programs, which handled (among other things), purchasing, inbound control and receiving, warehouse management and inventory control, order processing and billing, logistics, shipping control, and consolidated reporting.

[15] For that purpose, W&C and Loudon had several agreements with Digiflex related to the Digiflex Software, including the Licence Agreements and associated maintenance agreements (**Maintenance Agreements**). The Licence Agreements are non-exclusive and perpetual licences to use the Software - the licence fees were paid when the Licence Agreements were first entered into. The Maintenance Agreements are automatically renewed annually unless a written notice of termination was given at least 30 days before the end of the term; they contemplated the provision of "**Maintenance Services**" including the provision of software updates and a 7 day by 24 hour "hotline service" for the software. In 2021, the Companies had decided to wind-down their use of the Digiflex Software and to transition to a new ERP software with another provider. However, at the time the Companies entered *CCAA* protection, W&C/Loudon continued to use the Digiflex Software under the Licence Agreements and continued to receive Maintenance Services under the Maintenance Agreements.

[16] It is acknowledged by all parties that the Licence Agreements were not purported to be part of, and were not part of, the Purchased Assets or Assigned Contracts acquired by SEC in the Transaction, and that they are not expressly referenced in the TSA.

[17] The Transaction closed in November 2023. For much of the first post-closing year, SEC worked on integrating financial information into SEC's database management system. During this process, it became apparent to SEC that the Digiflex Software used by W&C was outdated. SEC began exploring long term and short term ERP software options.

[18] Eventually, SEC also decided that it would incorporate a new company, SEDCC, to provide SEC with distribution and logistics services.

[19] In July 2024, W&C sought a quote from Digiflex for the development, test and go-live support, together with ongoing maintenance and support, for a separate ERP system to operate temporarily from January 1, 2025, to March 31, 2025 (with a possible extension until June 30, 2025). After receiving Digiflex's quote information, which included licence fees ranging from about \$485,000 to \$3,875,000 and with annual maintenance fees from \$169,400 to \$968,750, W&C advised Digiflex that it intended to continue using its existing Digiflex Software system with only a name change. Digiflex advised that a new company would require a new software licence.

[20] By September 2024, Digiflex was aware of SEC's plans to set up SEDCC for SEC's distribution and logistics needs. It had discussions with W&C and reiterated the need for a new licence if SEDCC intended to use the Digiflex Software.

[21] In October 2024, a senior manager of 7-Eleven in Ohio contacted Digiflex about renewing the Maintenance Agreements. She confirmed that only W&C transactions would be carried on the Digiflex Software. Digiflex advised a new licence agreement may be required to renew the Maintenance Agreement, but Digiflex could renew its annual general helpdesk² services (**General Helpdesk Services**) because that agreement was not directly related to the Software Licence Agreement. It provided an invoice for General Helpdesk Services, that was significantly more than the previous year.

[22] On October 15, 2024, 7-Eleven confirmed that it did not intend to buy a new licence agreement with Digiflex, there was no immediate intent or capacity to move to Digiflex's new ERP system, and that the W&C contracts (including the Licence Agreements) "will be in full force and effect" on their current terms. Later, 7-Eleven confirmed that the Digiflex Software was being used by W&C and that until W&C winds down Digiflex invoices should continue being issued to W&C.

[23] A dispute then arose. Digiflex took the position that SEC/SEDCC had been using Digiflex's Software since November 2023 (upon closing of the Transaction). It sent a new licence agreement to SEDCC, which SEDCC did not sign. Digiflex issued invoices to SEDCC, which SEC/SEDCC refused to pay until they were re-issued in the name of W&C.

[24] On December 3, 2024, Digiflex wrote to 7-Eleven, noted the lack of payment of the invoices or response, stated that "we can only assume that your Epicor implementation project has finally been completed and you no longer need our system or services". It asked 7-Eleven to inform W&C of this change and to initiate destruction of the Digiflex Software and documentation.

[25] That day, the Monitor's counsel wrote to Digiflex. It confirmed that, while SEC is funding W&C's business, W&C has not assigned (and remained party to) its agreements with Digiflex, that the agreements with Digiflex were not assigned to SEC, and that W&C was a separate legal entity from SEC. The Monitor informed Digiflex of the stay and stay period (**Stay Period**) under the ARIO, and that Digiflex's attempt to terminate agreements and increase prices was in breach of the ARIO.

[26] Digiflex's position was that "all indications are 7-Eleven has effectively taken over operations for more than a year now" that "7-Eleven decided to hide behind CCAA and [W&C], and now they seem to be trying to set up the 7-Eleven Distribution Canada business inside the existing [W&C] ERP databases", and that "they now want to pretend they are [W&C] to avoid paying licensing and maintenance fees". Digiflex confirmed it would not provide services beyond January 1, 2025.

² Referred to as Helpdesk Level 2 Support. I understand that the General Helpdesk Services are different than the Maintenance Services and, in particular, are different than the hotline service under the Maintenance Services Agreements.

[27] The Monitor immediately filed and scheduled an urgent court application. In Digiflex's December 11, 2024 response, it provided "formal notice that we will stop our support, maintenance and helpdesk services on January 1, 2025 ... regardless of the court outcome". Further correspondence and negotiations ensued.

[28] The parties reached a resolution. On December 17, 2024, Digiflex, W&C and the Monitor agreed to the terms of a consent order (**Digiflex Consent Order**), which (paraphrased) provided (among other things):

- (a) Digiflex shall continue to provide Maintenance Services to W&C until the later of (1) the expiration of the Stay Period (as may be extended by court order) and (2) the expiration of the term for the Western Business under the TSA (subject to further extensions as permitted under the TSA or court order);
- (b) Digiflex shall continue to provide General Helpdesk Services to W&C until January 31, 2025, after which W&C shall have the option to extend such services for one year to January 31, 2026, at a cost of \$192,000;
- (c) Digiflex, and its sole director and voting shareholder, Mr. Mohamed Mardukhi (**Mardukhi**), are restrained from discontinuing, altering, interfering with, suspending or terminating the supply of services as required by the Companies, or from exercising any other remedy provided under any agreements between Digiflex and the Companies;
- (d) the Companies shall be entitled to the continued use of the Digiflex Software and services provided by Digiflex under those agreements, and Digiflex shall support the services provided to W&C under those agreements on the same basis as they did prior to the Digiflex Consent Order; and
- (e) Digiflex and Mardukhi 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 written consent of the Companies and the Monitor or leave of the Court.

[29] At the time of the Digiflex Consent Order, the *CCAA* stay period was set to expire on April 30, 2025 and, as noted above, the TSA's term for its Western Business could potentially be extended to August 2025.

[30] On February 7, 2025, SEC, the Debtors and the Monitor agreed to a written amendment to the TSA which provided that the TSA's term for the Western Business and the Eastern Business could be extended to August 2025.

[31] On February 21, 2025, the Court approved an extension of the Stay Period to August 20, 2025. By this time, W&C's employees had been hired by SEC or SEDCC, at least some of them had been seconded back to W&C to conclude the transition, and W&C continued to provide

logistics and other services to SEC in connection with W&C's business and the TSA.³ Digiflex was on the service list by this time but did not attend or take any position with respect to this order.

[32] On March 18, 2025, SEC exercised its right to extend the TSA to August 20, 2025.

[33] In late-May 2025, SEC advised the Monitor that SEC required the continued use of the Digiflex Software past August 20, 2025, to complete the transition of the logistics business to SEDCC.

[34] In June 2025, the Monitor's counsel advised W&C's counsel that SEDCC required extension of the *CCAA* and the TSA past the August 20, 2025, expiry date: the "work they are doing on the replacement IT work is progressing but it is not clear they are going to be finished by August. They are therefore asking for a TSA amendment and stay extension to December 31, 2025".⁴

[35] On August 5, 2025, the Monitor requested that W&C apply for an approval for a further amendment to the TSA to extend its term to February 15, 2026.

[36] In August 2025:

- (a) W&C applied to extend the Stay Period and the TSA to September 30, 2025, to give W&C time to review and consult with stakeholders about a further extension to the TSA. It was the understanding of Patrick Carey (**Carey**), W&C's CEO until December 31, 2024, and consultant until April 30, 2025, and its then director, that the extension of the TSA to February 15, 2026, was necessary "for SEC's and SEDCC's continued use" of the Digiflex Software. Carey also deposed that since the closing of the Transaction, W&C "has been providing services to SEC pursuant to TSA", that W&C continued to conduct business in most provinces and territories in Canada, and that "SEC, through SEDCC, carries on the logistics business of [W&C] under the TSA";
- (b) SEC applied for an order granting the Monitor enhanced powers. In its August 13, 2025, application, SEC confirmed that, "in order to have the continued use of the Digiflex software and services as it completes the transition under the TSA, SEC requires that the TSA be extended for a further six-month period, such that it would expire on February 15, 2026". Its application also stated that "the business of the [Companies] has been transferred to SEC"; and
- (c) the Monitor applied to approve certain of its activities and its fees.

[37] The matter came before me on August 18, 2025. By that time, some aspects of the relief requested were adjourned until August 26, 2025. W&C, after further consultation with the Monitor and SEC, sought the extension of the TSA to February 15, 2026, instead of only to September 30,

³ Affidavit No. 7 of Patrick Carey sworn February 10, 2025 at paras 20 and 34. Monitor's 15th Report dated February 13, 2025 at para 3.

⁴ Affidavit No. 8 of Patrick Carey sworn August 15, 2025, at para 30 and Exhibit D.

2025. Although Digiflex had not filed any evidence, Mardukhi appeared and expressed Digiflex's concern and belief that SEC was abusing the CCAA process to continue to use Digiflex's Software.

[38] I granted the requested Stay Period extension to September 30, 2025 only, not February 15, 2026, as requested, for these reasons (emphasis added):

My concern about this part of the application relates more to the lack of evidence about why a further extension of the TSA to February, of 2026 is needed. I didn't note any particular reasons given other than it seems obvious from the totality of the evidence before me that the reason for needing to extend the TSA relates to the ongoing need for certain software and services, related services being provided by [Digiflex]. There may be other reasons, but that is the only one that stood out as material to me. This CCAA has been ongoing for quite some time, and the orders approving the transaction with 7-Eleven and the transition services were all predicated on negotiated agreements that had a certain end date for the TSA process, or TSA agreement which, at least at the time the orders were granted, was thought obviously and held to be enough time to complete this part of this restructuring.

The Court needs more evidence about why a further number of months is needed, and the concern is made worse by the order of December 17th, 2024, which effectively requires [Digiflex] to continue providing services. **So in my mind, there is an issue about whether or not the continued provision of the services is really part of the restructuring any longer, or is it just something that 7-Eleven would like.** So there is just not enough evidence before me to make a determination on that point. I do note it does appear, from what I see in the evidence, that [Digiflex], although clearly affected by a continuation of the TSA, does not appear to have been involved in recent negotiations relating to the extension of the TSA, based on the record I have. So I don't have evidence about why the extension is needed specifically, what efforts have been made to resolve the transition in a timely fashion. I am not saying there aren't reasons. They are just not before me.

I don't have evidence about what will happen to the restructuring process as a whole if the TSA is not continued or extended and the requirement that goes hand in hand with that for [Digiflex] to continue to provide service and for those reasons, I am not prepared to grant the order that has been requested, but I do believe and accept what I have been told that there will be an impact on [7-Eleven's] transition to some extent if the software services are not continued to be provided.

So I will take Mr. Reid up on his alternative argument, which was his original application of the companies, was to keep the TSA date aligned with the stay. I don't want to, just because there is not sufficient evidence right now, cause an unnecessary disruption if there is good reason for a continued extension of the TSA. I do note [Digiflex] had at least some notice of this, didn't file any evidence and if it has a real concern, it might consider filing evidence or seeking to ask some questions on an affidavit or so forth. It has not engaged in those processes.

So I am satisfied that the TSA can continue to the same period of time as the stay, which is September 30th, so that more information can be provided if [...] they continue to want to pursue that extension.

[39] On August 25, 2025, Digiflex issued invoices to W&C/Loudon to continue providing Maintenance Services under the Maintenance Agreements until September 30, 2025. W&C paid those invoices.

[40] On August 26, 2025, the Court granted the Monitor enhanced powers with respect to the Companies. Carey subsequently resigned as W&C's only director.

[41] On September 9, 2025, the Monitor applied to extend the Stay Period, and to approve the extension of the term of the TSA, to February 15, 2026. The Monitor advised the Court⁵ that it was the Monitor's understanding that Digiflex's Software was run on servers located in the Debtor's offices, and was critical for W&C's logistics business that was transferred to SEC under the Transaction. The Monitor advised that SEDCC has been developing its own integration software to enable data to be moved from the Debtor's systems to SEC/SEDCC systems, which the Monitor understood would be fully operational by February 15, 2026.

[42] On September 19, 2025, the matter came before Justice Feasby. Digiflex did not file an application or evidence, but made several written submissions to the Court. Digiflex sought a declaration that W&C's Digiflex software licence agreement⁶ was terminated, to block SEC/SEDCC from using Digiflex's Software, and damages. Much (but not all) of what it relied on pre-dated the Digiflex Consent Order, and it made some of the same arguments it had made to the Monitor before the Digiflex Consent Order. In essence, Digiflex asserted that SEC was abusing the *CCAA* process by attempting to hide the fact that business was being carried on as SEC/SEDCC and not W&C, and that SEDCC/SEC were infringing Digiflex's copyright (among other things) by using the Digiflex Software without authorization. In oral submissions, Digiflex asked the Court to "make a judgment that [SEC] has been using our software without the licence since they finalized the purchase of [W&C]", to "make SEDCC pay our licence and maintenance invoices from November 1, 2024, plus interest, so they can legally use our ERP software for as long as needed". Digiflex advised that, if that was done, Digiflex would have no objection to the TSA extension.

[43] SEC/SEDCC confirmed to Justice Feasby that they were committed to completing the transition away from the Digiflex Software by February 15, 2026, if the extension was granted.

[44] On September 19, 2025, Justice Feasby granted an order (**Feasby Order**) extending the Stay Period, and approving the extension of the TSA, to February 15, 2026, but did so without prejudice to Digiflex's right to seek the termination of the TSA or otherwise commence proceedings against SEC.

[45] Following the Feasby Order, Digiflex invoiced W&C/Loudon for Maintenance Services to end February 15, 2026, and W&C/Loudon paid those invoices.

⁵ Second Supplement to the Monitor's 17th Report dated September 11, 2025.

⁶ Which is one of the Licence Agreements.

[46] On October 3, 2025, Digiflex confirmed a November 27, 2025 booking on the commercial list. On November 13, 2025, it filed the Digiflex Application. On November 21, 2025, the Monitor requested leave to bring the Monitor Application at the same time as the Digiflex Application, which was consented to by Digiflex and which I permitted.

[47] I heard the applications on November 27, 2025, and reserved my decision.

III. Issues

[48] The issues are:

- (a) Should the Digiflex Application be Granted?
- (b) Should the Monitor Application be Granted?

IV. Analysis

A. Should the Digiflex Application be Granted?

1. The Positions of the Parties

[49] Digiflex wants the stay lifted so that it can immediately terminate the Licence Agreements between W&C and Digiflex, and obtain a declaration that it has no further obligation to make its software available to SEC/SEDCC (directly or through W&C), or to provide services to SEC/SEDCC or W&C/Loudon. If SEC/SEDCC still requires the Digiflex Software, Digiflex's position is that SEC/SEDCC must have a new software licence agreement and maintenance agreement, and must pay a significant licence fee in the invoiced amount as outlined earlier. At the same time, in oral argument, Digiflex advised the Court that it does not really take issue with its licences with Loudon.

[50] Digiflex asserts (among other things) that:

- (a) the Digiflex Software is protected by copyright under the *Copyright Act*, RSC 1985, c C-42;
- (b) there are no orders or agreements which require Digiflex to provide access to the Digiflex Software, or to provide associated services, to SEC/SEDCC;
- (c) the Licence Agreements are perpetual and not transferable;
- (d) access to the Digiflex Software was not included or contemplated in the Transaction or the TSA;
- (e) SEC/SEDCC is using Digiflex's Software in breach of the Licence Agreement and Digiflex's copyright, and SEC/SEDCC is stealing from Digiflex; and
- (f) the continued compulsion of Digiflex to provide access to the Digiflex Software and associated services is akin to a granting a mandatory injunction against Digiflex that has caused and will continue to cause it prejudice.

[51] The Monitor’s asserts (among other things) that Digiflex’s position ignores the fact that W&C, through SEC/SEDCC seconded employees, continues to operate and provide services to SEC/SEDCC pursuant to the TSA, including by using the Digiflex Software. The Monitor advises that W&C will remain in business until all its obligations under the TSA are satisfied. The Monitor’s position is that the provision of those services under the TSA was a fundamental component of the court-approved Transaction. It argues that granting the Digiflex Application would undermine that approval and the sanctity of the bargain with SEC, which greatly benefited the Companies’ stakeholders, would cause harm to SEC/SEDCC because it continues to rely on W&C’s access to the Digiflex Software (and will continue to do so until February 15, 2026), and would put W&C in a position of being unable to honour its obligations under the TSA.

[52] SEC/SEDCC’s position is that it would be impossible for SEC/SEDCC to continue logistics operations required for SEC’s retail stores if the Digiflex Software is not useable. It requires the *status quo* to be maintained until February 15, 2026, to allow it to transition to a different ERP platform. It notes that Digiflex has been paid for Maintenance Services for W&C/Loudon up until February 15, 2026, and that SEC/SEDCC do not need Maintenance Services or General Helpdesk Services beyond that date. It asserts it requires the assignment of the Licence Agreements after February 15, 2026, solely for the purposes of being able to access historical data for records retention, audit and tax purposes.

[53] No other party took a position with respect to the Digiflex Application.

2. Legal Framework for Application to Lift CCAA Stay

[54] The Court has the discretion to lift or vary a stay of proceedings under the *CCAA* in accordance with the procedure set out in the court’s stay order: *Montréal (City) v Deloitte Restructuring Inc*, 2021 SCC 53 at paras 50-51; *Canadian Airlines Corp (Re)*, 2000 CanLII 28202 (AB KB) at paras 14-21; *Yukon Zinc Corporation (Re)*, 2015 BCSC 1961 at para 26(a); *Canwest Global Communications Corp*, 2011 ONSC 2215 at paras 19, 27 [*Canwest 2011*].

[55] The onus is on the party seeking to lift the stay, which has been described as a “heavy” onus, because lifting a stay is not routine: *Bellatrix Exploration Ltd (Re)*, 2020 ABQB 809 at para 67, leave to appeal dismissed 2021 ABCA 85; *Alignvest Private Debt Ltd v Surefire Industries Ltd*, 2015 ABQB 148 at para 42, appeal dismissed 2015 ABCA 355; *Canwest 2011* at para 27; *Canwest Global Communications Corp (Re)*, 2009 CanLII 70508 (ON SC) [*Canwest 2009*] at para 32; *Timminco Limited (Re)*, 2012 ONSC 2515 [*Timminco 2012*] at para 16; *Yukon Zinc* at para 26(b).

[56] In *Canadian Airlines*, at paras 15-19, Justice Paperny (as she then was) noted that in considering whether to lift a stay under the *CCAA*, the Court must consider the particular facts, the balancing of various interests, and the purpose of the *CCAA*. Over the years since that decision, courts have described various non-exhaustive factors in different ways. Based on these decisions, I find that a summary of non-exhaustive factors includes:

- (a) whether the applicant has “serious grounds” or “sound reasons” or lifting the stay. Non-exhaustive examples include when a *CCAA* plan is likely to fail or has not been put forward in a timely way, hardship or prejudice to the applicant caused by

the stay, a necessity for payment, loss of security, the protection of a pre-stay right or a right which could be lost due to the passage of time (for example, limitations);

- (b) the merits of the proposed action or step, where relevant;
- (c) whether the prejudice caused by the stay is material and unique to the applicant;
- (d) the relative prejudice of affected parties;
- (e) the balance of convenience;
- (f) the status of the *CCAA* proceedings and the impact lifting the stay will have on them;
- (g) whether the debtor company, the applicant seeking the stay, and any other relevant stakeholders have acted in good faith and with diligence: *CCAA* section 18.6; *Century Services Inc v Canada (Attorney General)*, 2010 SCC 60 at para 70 [*Century Services 2010*];
- (h) whether lifting the stay is consistent with the remedial objectives of the *CCAA*. Like any discretionary decision under the *CCAA*, the court's discretion to lift a *CCAA* stay must be exercised in furtherance of the *CCAA*'s remedial purpose: *Canada v Canada North Group Inc*, 2021 SCC 30 at para 138, citing *Century Services 2010* at paras 58-61; *9354-9186 Québec inc v Callidus Capital Corp*, 2020 SCC 10 at para 50; and
- (i) whether it is in the interests of justice, or would be equitable, to lift the stay.

See: *Bellatrix Exploration* at paras 66-68; *Accel Canada Holdings Limited (Re)*, 2020 ABQB 182 at para 66; *Alignvest* at paras 41-43; *Canadian Airlines* at paras 14-21; *Yukon Zinc* at para 26; *Azure Dynamics Corporation (Re)*, 2012 BCSC 781 at paras 5-7; *3S Printers Inc (Re)*, 2011 BCSC 630 at para 32; *BioSteel Sports Nutrition Inc, (Re)*, 2024 ONSC 2459 at paras 33-34; *Nuance Pharma Ltd v Antibe Therapeutics Inc*, 2024 ONSC 7210 at para 115; *Timminco Limited (Re)*, 2014 ONSC 3393 at paras 50-52; *Canwest 2011* at para 27; *Timminco 2012* at para 16; *Canwest 2009* at paras 32-33; *ICR Commercial Real Estate (Regina) Ltd v Bricore Land Group Ltd*, 2007 SKCA 72 at para 68; *D Vachon Investments inc c Ernst & Young inc*, 2025 QCCA 476 at paras 19-22; *Arrangement relating to 9304-7033 Québec inc*, 2025 QCCS 2425 at paras 46-47; *Arrangement relatif à NMX Residual Assets Inc*, 2024 QCCS 2599 at para 63; *Arrangement relatif à 9424-9356 Québec inc*, 2021 QCCS 5319 at para 10; *Pascan Aviation inc (Arrangement relatif à)*, 2016 QCCS 1444 at para 19.

3. Assessment and Decision

[57] I have considered all of these factors and the positions of the parties.

[58] For the reasons set out below, I decline to exercise my discretion to lift the stay as requested by Digiflex, but I do provide it some relief. Some key factors are expressly addressed below.

a. The Feasby Order

[59] Digiflex did not apply to terminate the TSA as contemplated by the Feasby Order. Although this was raised in argument, neither the Monitor nor SEC/SEDCC took a strong position that this nuance had any real impact on the Digiflex Application. I find it does not.

[60] A court order should be interpreted as a holistic document, by reading the language of the order as a whole, in the context of the pleadings, the arguments made by the parties, the factual and legal context or circumstances in which the order was granted, and the intention of the court granting the order: *Lay v Lay*, 2024 ABCA 26 at para 10; *Kantor v Kantor*, 2023 ABCA 237 at para 23; *Weinrich Contracting Ltd v Wiebe*, 2022 ABCA 176 at para 25.

[61] The Feasby Order expressly referenced certain steps that could be taken based on the submissions made by Digiflex at the time, and the Feasby Order would not prejudice those steps. The clear intention of the Feasby Order was to allow Digiflex to file an application to assert its positions without being prejudiced by the decision to extend the Stay Period and the TSA to February 15, 2026.

[62] In any event, the Feasby Order did not preclude other applications. Digiflex was entitled to apply to vary the stay under the terms of the ARIO (paragraph 56) and to seek leave of the Court to terminate or cease to perform obligations under the Digiflex Consent Order (paragraph 5(b)).

b. The Transaction and the TSA Contemplated W&C/Loudon’s Continued Use of the Digiflex Software and Maintenance Services

[63] I disagree with one of Digiflex’s key positions, namely its interpretation of the APA and the TSA to the effect that they did not contemplate the Debtors’ continued use and maintenance of the Digiflex Software under the Licence Agreements and the Maintenance Agreements for the benefit of SEC/SEDCC. I find they did.

[64] The goal of contractual interpretation is to determine the objective intent of the parties at the time the contract was made through the application of legal principles of interpretation: *IFP Technologies (Canada) Inc v EnCana Midstream and Marketing*, 2017 ABCA 157 at para 79; *Sattva Capital Corp v Creston Moly Corp*, 2014 SCC 53 at para 49; *Remington Development Corporation v Canadian Pacific Railway Company*, 2025 ABCA 244 at para 43.

[65] Provisions must be interpreted in light of the contract as a whole, giving the words used their ordinary and grammatical meaning, consistent with the surrounding circumstances known to the parties at the time of the formation of the contract: *Remington Development* at para 43; *Sattva* at paras 47, 49; *IFP* at para 79; *Tercon Contractors Ltd v British Columbia (Transportation and Highways)*, 2010 SCC 4 at para 64.

[66] Courts must consider the relevant surrounding circumstances, including the “objective evidence of the background facts at the time of the execution of the contract ... that is, knowledge that was or reasonably ought to have been within the knowledge of both parties at or before the date of contracting”: *IFP* at paras 82–83; *Sattva* at para 58; *Remington Development* at para 47.

[67] Relevant background facts can include the genesis, aim or purpose of the contract, the nature of the relationship created by the contract, the nature or custom in the industry in which the contract was executed, antecedent agreements leading up to the contract, and even negotiations if they shed light on the factual matrix: *IFP* at paras 83–85 and the cases cited therein; *Alberta Union of Provincial Employees v Alberta Health Services*, 2020 ABCA 4 at para 32.

[68] “Surrounding circumstances” does not include the parties’ subjective intentions and cannot be used to add to, detract from, vary, or otherwise overwhelm the written words: *Sattva* at paras 59-60; *IFP* at paras 81-82; *Talwandi Video Lab Inc v 1441419 Alberta Ltd*, 2024 ABCA 140 at para 11; *Alberta Union* at para 26; *Remington Development* at para 47; *SA v Metro Vancouver Housing Corp*, 2019 SCC 4 at para 30; *Heritage Property Corporation v Triovest Inc*, 2025 ABCA 64 at para 14.

[69] Digiflex argues that it and its agreements are not mentioned anywhere in the APA or the TSA. Digiflex’s implication is that the Licence Agreements were missed or SEC/SEDCC made a strategic decision not to include them and SEC/SEDCC is now trying to manipulate the *CCAA* process to fix its mistake or strategic error in not dealing with the Licence Agreements at the time of the Transaction.

[70] As noted above, it is correct, and acknowledged by the Monitor and SEC/SEDCC, that the Licence Agreements are not part of the Purchased Assets under the APA, nor are they expressly referenced in the TSA. But that does not end the matter.

[71] The commercial context of the Transaction and the TSA included that SEC was not acquiring all the Companies’ assets, but rather a specific set of assets for the future logistics operations required for SEC’s retail store operations. To obtain the benefit of the purchase for the Companies’ and its stakeholders, the Debtors were to continue to provide services to SEC during the transition. The obvious commercial purpose of this was to ensure continuity of distribution and logistics operations necessary to minimize disruption to SEC’s retail 7-Eleven operations during the transition.

[72] Under the APA, among other things:

- (a) SEC acquired the “Purchased Assets” (APA, clause 2.1), but not the “Excluded Assets”, which were all assets not included in the definition of Purchased Assets (APA clause 2.2);
- (b) the Purchased Assets included, among other things, all furniture, fixtures, equipment, machinery and all other tangible personal property owned by the Companies in Alberta and British Columbia (APA clause 2.1(a));
- (c) the Purchased Assets included a list of defined Assigned Contracts which were to be assigned to SEC (APA clauses 2.1(b) and 2.4). SEC was entitled to add to or delete from the list of Assigned Contracts until Closing. It therefore had the option to include the Licence Agreements but did not do so. All contracts that were not Assigned Contracts were “Excluded Contracts”. Although some software licences were included as Assigned Contracts, the Digiflex Licence Agreements were not Assigned Contracts. Therefore, they were Excluded Contracts;

- (d) the TSA shall be entered into and shall set out the terms and conditions pursuant to which the Companies “will continue to provide logistics services to the Purchaser on a revenue neutral basis” and that the Companies “will continue to have access to the Purchased Assets for the purposes set out in the TSA” (APA, clause 5.6);
- (e) it was expressly contemplated that the Excluded Contracts would be retained by the Companies and disclaimed in the *CCAA* process “subject at all times to their obligations under the TSA” (APA clause 2.4(e)). It was, therefore, expressly contemplated that the Companies would have to maintain their interest in Excluded Contracts (including the Licence Agreements) to provide services under the TSA; and
- (f) the Companies were to commence an immediate orderly wind-down and termination of third-party customer business such that as soon as possible following Closing, other than residual wind-down activities, the Purchaser will be the only go-forward customer of the Companies, as contemplated by the TSA (APA, clause 5.10).

[73] Under the TSA, among other things:

- (a) the Debtors are to provide the Services, which are the Ongoing Services and the Transition Services, both of which are set out in schedules to the TSA;
- (b) the Ongoing Services include all services currently provided by the Debtors to the Purchaser under existing contracts between the parties, including executive, financial, sales management, purchasing, logistics and customs, information technology, employment, health safety and environment (**HSE**), and human resources (**HR**) services. This included a requirement to “operate all information technology systems and services in a manner consistent with the periods prior to Closing, unless otherwise directed by Purchaser”; and
- (c) the Transition Services include executive, nominee responsibilities, financial, sales management, purchasing, logistics and customs, information technology/data, HSE, HR, reporting and *CCAA* services. The information technology/data services expressly contemplated that the Companies would assist the Purchaser with integrating the “Debtor’s information technology systems” into the Purchaser’s environment, with data migration, and with maintaining “the Purchaser’s access to Debtor’s information technology systems”.

[74] Properly interpreted, I find that the Licence Agreements were Excluded Contracts and, although the Companies did not own the Digiflex Software, they had licences to access it and use it. I find that access to and use of the Digiflex Software formed a part of the Companies’ information technology systems which they were obligated to maintain access to and use to provide Services to the Purchaser during the term of the TSA.

[75] I disagree with Digiflex’s narrow interpretation of Services. In the commercial context of the APA and TSA, it was not objectively intended by the parties to exclude access to software required to operate the Companies’ logistics business when they all knew that business was

integral to avoid disruption to SEC's retail operations during the anticipated transition. The fact that the parties decided not to definitely list the Excluded Contracts in the APA, or not expressly reference the Licence Agreements in these agreements, does not change this interpretation.

c. No Lack of Good Faith in the Transaction

[76] CCAA section 18.6 provides that “any interested person in any proceedings under this Act shall act in good faith with respect to those proceedings” and that, if a court finds a person has failed to do so, the court on application may “make any order it considers appropriate in the circumstances”. Appropriateness, good faith and due diligence are baseline considerations the Court should always bear in mind: *Century Services 2010* at para 70.

[77] I find that there is no evidence of a lack of good faith on the part of the Companies, SEC or the Monitor in how the Transaction, the APA or the TSA were structured, papered and proposed for the Court's approval.

[78] The specific reason why the Licence Agreements were not included in the APA, and not dealt with at the time of the APA is not before me. The only parties who could provide that contextual evidence were the Companies, SEC or the Monitor. A court may exercise its discretion to draw an adverse inference against a party that fails or refuses to bring forward evidence on a key point, upon considering various factors: *Stikeman Elliott LLP v 2083878 Alberta Ltd*, 2019 ABCA 274 at para 87 (Slatter JA in dissent); *Greco v Calgary (City)*, 2025 ABKB 629 at paras 169-172.

[79] Affidavits from key witnesses from both the Companies and 7-Eleven were before me and Digiflex could have questioned on those affidavits under rule 6.7 to obtain more evidence. When Digiflex attended before me on August 18, 2025, I expressly invited it to consider questioning on affidavits. It chose not to do that.

[80] Digiflex also did not seek further evidence from the Monitor. Court-appointed officers, such as monitors, are not typically subject to cross-examination except in exceptional or unusual circumstances: *Canadian Western Bank v Goshen Professional Care Inc*, 2025 SKKB 5 at paras 47-48. However, monitors often voluntarily answer interrogatories. See, for example: *Accel Canada Holdings Limited (Re)*, 2020 ABQB 116 at para 1; *Re Plan of Compromise or arrangement*, 2024 ONSC 5416 at para 3; *Pride Group Holdings Inc et al*, 2024 ONSC 5902 at para 3; *Re Blue Lobster Capital Limited et al*, 2025 NSSC 243 at 6.

[81] In the circumstances, Digiflex has not proven that SEC/SEDCC or the Monitor did not act in good faith with respect to the Transaction, and I decline to draw an adverse inference against them.

d. The Agreements with Digiflex Should have Been Addressed Sooner

[82] Although I have found that the APA and the TSA contemplate the Companies' continued use of the Digiflex Software under the TSA during the transition, and I have not drawn an adverse inference against the parties to that transaction, this does not absolve these parties of any responsibility for the circumstances now before the Court.

[83] The Monitor gave notice to all known creditors of the Companies (including Digiflex)⁷ that the Companies were in *CCAA* protection in June 2023 (although Digiflex asserts it did not receive the letter).

[84] However, Digiflex was not given notice of the application to approve the Transaction, the APA and the TSA. It is unclear on the record before me when and if Digiflex was first served with the AVO (Mardukhi's evidence is that he first learned that W&C was winding down and a new distribution company taking over in July 2024).

[85] The Licence Agreements were not expressly referenced in the Transaction approval application materials. The risks associated with not providing Digiflex notice or expressly dealing with Digiflex contracts at the time of the Transaction approval were not addressed or explained. Yet the Digiflex Software is now acknowledged to be critical to ongoing operations and performance of the TSA Services. There is no evidence that the omission of Digiflex agreements in the Transaction was a mistake or oversight, which means it was likely a choice. The Monitor acknowledges the Digiflex contracts were likely available to SEC in the due diligence process under the *SISP*. That can be reasonably inferred.

[86] Digiflex was already restrained by the stay imposed by the *ARIO*. In that context, the formal approval of transactions that expressly required Digiflex's ongoing performance of services and access to its software, for a potentially indefinite time dependent on the diligence and resource allocation of a third-party purchaser in a major transition, clearly affected Digiflex. I disagree with the Monitor on this point and find that Digiflex should have been given notice of the Transaction approval. Third-party counterparties to agreements with debtors under *CCAA* protection must also be treated fairly and equitably: *In Re Hudson's Bay Company*, 2025 ONSC 5998 at paras 32; *Veris Gold Corp (Re)*, 2015 BCSC 1204 at para 58.

[87] Had notice to, and more complete information about, Digiflex been given at the time the Transaction and TSA were approved, the issues now before me would very likely have been raised earlier and a commercial or judicial resolution may have been achieved with less expense and risk, and with more go-forward certainty for all parties. As pointed out by Digiflex, this is similar to what happened in an analogous situation involving software used by a debtor company in *Re Nortel Networks Corporation et al*, 2016 ONSC 2732 at para 35. See also *Nexient Learning Inc (Re)*, 2009 CanLII 72037 (ON SC) at para 84.

e. The Digiflex Consent Order

[88] However, the Transaction parties' role in causing the current circumstances is not determinative. I disagree with Digiflex that the Digiflex Consent Order is irrelevant to the applications before me. To the contrary, it is both relevant and material.

[89] It is important to put into context Digiflex's state of knowledge and position at the time it agreed to the terms of the Digiflex Consent Order. Critically, at that time, Digiflex had already taken the position that "7-Eleven has effectively taken over the operations for more than a year

⁷ Monitor's 18th Report dated November 20, 2025, para 2 and Appendix A (CCAA Notice to Creditors dated June 28, 2023). See also Monitor List of Creditors as at June 22, 2023) available at <https://www.ksvadvisory.com/experience/case/wallace-and-carey>.

now”, that Digiflex’s software licence agreement with W&C should not have been in effect since the closing of the Transaction, that a new licence was required, and that 7-Eleven wanted to “pretend they are [W&C] to avoid paying licensing and maintenance fees.”⁸ Digiflex asserted:

Instead of acknowledging the need for a new license, 7-Eleven decided to hide behind CCAA and [W&C], and now they seem to be trying to set up the 7-Eleven Distribution Canada business inside the existing [W&C] ERP databases.⁹

[90] These are some of the very same positions that Digiflex now takes. In that context, rather than asserting its position to the Court or seeking to lift the stay of proceedings in December 2024, Digiflex decided to reach a commercial arrangement with the Monitor and the Companies as reflected in the Digiflex Consent Order. Parties should be expected to be held to their bargains in the insolvency context: *ATB Financial v Mayfield Investments Ltd*, 2024 ABKB 635 at para 40.

[91] In my view, by agreeing to the Digiflex Consent Order, Digiflex effectively acknowledged that, up to that time, its software was being used by W&C and Digiflex was providing Maintenance Services to W&C, under the agreements with Digiflex. This is clear by the reference to (emphasis added) “Digiflex shall **continue** to provide maintenance services ... to [W&C]”, and its consent that “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 [W&C] **on the same basis they did prior to the date of this Order**”. That is, notwithstanding its position that a new licence was already required for SEC based on what was actually happening post-Closing, Digiflex agreed to continue to provide *status quo* access to and maintenance of the Digiflex Software, and knew it was doing so, for the purposes of the TSA.

[92] Further, Digiflex agreed that it would continue to provide *status quo* access to and maintenance of its software, on the same basis, until the later of the CCAA stay being lifted or the end of the TSA term, which patently created a potentially indeterminate period. Therefore, Digiflex agreed to have the length of time the *status quo* would be maintained with respect to its software to be out of its control. I give Digiflex’s argument that it agreed to the Digiflex Consent Order on the assumption the Stay Period would end in April 2025 little weight.

[93] It is obvious that the Monitor, the Debtors, the Court and other stakeholders (including SEC) relied on the Digiflex Consent Order in the ongoing management and response to the CCAA proceedings, the performance of the TSA, and the continued transition of the Companies’ logistics business to SEC/SEDCC.

[94] In all these circumstances, Digiflex’s attempt before me to rely on events that predated the Digiflex Consent Order are viewed with special scrutiny and are given much less weight. I find it would be an abuse of the CCAA process for it, a year later, to now raise and rely on the state of affairs prior to the Digiflex Consent Order in these proceedings. Digiflex had an opportunity to raise its concerns and position in these CCAA proceedings in late 2024, and chose instead to agree to a consent court order. Part of the Court’s supervisory role in CCAA proceedings is to ensure that the process unfolds in a fair and transparent manner. Digiflex’s attempt to revive and rely on the

⁸ Mardukhi November 14, 2025 Affidavit, Exhibit M (December 3, 2024 email from Digiflex to Monitor).

⁹ Mardukhi November 14, 2025 Affidavit, Exhibit P (December 6, 2024 email from Digiflex to Monitor).

allegations that pre-dated the Digiflex Consent Order, almost a year later, is not consistent with an orderly *CCAA* process. Digiflex did not act in a fair and transparent manner in this regard.

f. There is a Non-Frivolous Dispute About Whether the Digiflex Software is Being Used under or in Breach of the Licence Agreement, or in Breach of Copyright

[95] In addition to relying on matters that pre-date the Digiflex Consent Order, Digiflex also relies on matters after the Digiflex Consent Order. For example, Digiflex points to further steps that have been taken to wind-down W&C, including SEC/SEDCC hiring 450 W&C employees, SEC/SEDCC employees using its software, Digiflex receiving emails from SEC/SEDCC email addresses, the wind-down of the W&C website and sign-in for customers, and the replacement of W&C logos on documents generated using or in conjunction with the software.

[96] The reality is that Digiflex's Application is completely founded on its asserted position that W&C is no longer the one using the Digiflex Software, it is SEC/SEDCC. This is the foundation for its argument that there has been a breach of the Licence Agreement by W&C and a breach of copyright by SEC/SEDCC.

[97] The problem with Digiflex's position, on the record before me, is that the question of which entity has been using the Software, and whether W&C remains operational, is in dispute and the record is not sufficient for me to fairly determine that issue in a final way in this summary process. Digiflex's counsel, when asked, indicated it did not seek or require a finding of fact on this key issue.

[98] The Monitor, a court officer currently holding enhanced powers with respect to W&C's management, advises that W&C continues to operate under the TSA, and is legally the party using the Digiflex Software, through former W&C employees that are now SEC/SEDCC employees seconded back to W&C for that purpose. Again, I note that Digiflex did not question SEC/SEDCC, or seek an evidentiary process with the Monitor, to explore in a concrete way exactly where, by whom and how the Digiflex Software is being used.

[99] I find that the fact SEC/SEDCC employees seconded to W&C may be using the Digiflex Software to support SEDCC's business, that Digiflex is receiving emails from SEC/SEDCC email addresses, or that logos on documents have been changed, is insufficient to prove for the purposes of this summary process that W&C has breached the Licence Agreements or any copyright. The facts relied on by Digiflex are also consistent with W&C continuing to provide a portion of the logistics services to SEC as W&C has always done, as part of the continued provision of Services under the TSA (including as contemplated in the Digiflex Consent Order).

[100] I further understand that Digiflex has commenced an action in Federal Court against SEC and/or SEDCC for breach of Digiflex's copyright, which will raise this very same issue. My finding here is an interim finding based on a limited record, and is not intended to, and does not, create a binding decision on these disputed points. Based on the record before me, I find that Digiflex's assertions of Licence Agreement and copyright breaches are not frivolous.

[101] Whether the Companies and SEC/SEDCC have in fact operated beyond the scope of what was approved in the TSA, or in breach of the Licence Agreements or copyright, is a matter to be determined by settlement or a trial process, not this interim, summary *CCAA* application.

g. Digiflex Delay in Seeking Relief

[102] I find that Digiflex has not pursued relief from the Court expeditiously. I understand that it has been on the service list since December 2024. It was likely served with the February 2025 application materials for the extension of the Stay Period, together with the related Monitor's report. These materials disclosed the amendment to the TSA to extend its term to August 2025, that the Companies continued to wind down operations, that all remaining W&C employees were hired by SEC or SEDCC, and that some of those employees had been seconded back to W&C to facilitate the wind-down and transition of the companies' business.¹⁰ Digiflex waited almost eight months to formally pursue its rights. It only retained counsel when expressly directed to do so by Justice Feasby.

[103] Creditors in *CCAA* proceedings must advance their positions in a timely way, with an appropriate evidentiary foundation: *Delta 9 Cannabis Inc (Re)*, 2025 ABKB 52 at paras 139-140. Digiflex did not do that with appropriate diligence.

h. Digiflex's Stated Purpose May Not be Furthered by Lifting the Stay

[104] Digiflex's stated goal is to stop SEC/SEDCC and W&C from accessing or using the Digiflex Software moving forward. However, if the stay is lifted, it is not clear that Digiflex would be in a position to terminate the Licence Agreements. That would likely depend on the core disputed issue of whether W&C has breached them, as discussed above.

[105] Further, one of the licence agreements provides (emphasis added):¹¹

LICENCE TERMINATION. If Customer breaches any of its obligations hereunder, or if the Customer becomes insolvent, files a petition in bankruptcy, or has filed against it an involuntary petition in bankruptcy, or has a receiver appointed over all or substantially all of its assets, **then Digiflex may, at its option, if there are any amounts owing by Customer to Digiflex, immediately terminate the License To Use granted hereunder upon written notice to Customer.** In case of receivership or bankruptcy the License To Use shall be continued provided the Receiver or Trustee in Bankruptcy assumes all of the Customer's obligations under this agreement. If the License To Use is so terminated, all the Licence fees paid hereunder will be deemed to have been paid for the use of the Package during the time it was in Customer's possession and Customer shall not be entitled to a refund of any portion of the License To Use fee. In addition, in the event of a breach by Customer of any of its obligations hereunder, Digiflex shall be entitled to seek equitable relief, including by way of injunction, to protect its interests herein, it

¹⁰ Monitor's 15th Report dated February 13, 2025 at para 2-3; Affidavit No. 7 of Patrick Carey sworn February 10, 2025 at para 34.

¹¹ I was advised that the terms of the various Licence Agreements with W&C/Loudon are substantially the same.

being acknowledged by the Customer that Digiflex would suffer irreparable harm by any such breach and that damages would be an inadequate remedy. [...]

[106] This provision provides that if W&C/Loudon are in breach of the Licence Agreements, then they can terminate them “if there are amounts owing by Customer”, and may have a right to seek an injunction. However, there is no amount currently owing to Digiflex under the Licence Agreements (the licence fee was prepaid long ago), and it does not seem likely there will be any amounts owing in the near term given that Maintenance Services have already been paid for to February 15, 2026.

i. Overstated or Unproven Prejudice

[107] Digiflex asserts it and Mardukhi will suffer prejudice and hardship if it is not granted relief. I find this to be overstated. Digiflex was pre-paid for the Licence Agreements and so has not received further licence fees since the *CCAA* proceedings started. However, Digiflex has continued to be paid for its Maintenance Services and General Helpdesk Services.

[108] Digiflex’s assertion that Mardukhi wants to retire is also of limited weight. First, Digiflex is a corporation and the evidence is that it has contract workers available to assist in the event Mardukhi wishes to transition some of the required work to them. Further, by agreeing to the Digiflex Consent Order, Digiflex must be taken to have been aware that it might be required to provide services into 2026.

[109] Further, and in any event, the Monitor (on behalf of W&C) and SEC/SEDCC have advised that they will not require Maintenance Services after February 15, 2026, and do not seek to assign the Maintenance Agreements to SEC/SEDCC. So, Mardukhi and Digiflex’s continued active involvement will accordingly and effectively be wound down within two months.

[110] What Digiflex really laments is the potential loss of a new and significant licence fee that it would not have an entitlement to (if at all), but for the insolvency of the Companies. It is noted that the Companies had already advised Digiflex they were moving to another ERP software and Digiflex had already organized a wind-down in operations in anticipation of that move. In any event, for the reasons outlined earlier, Digiflex’s entitlement to a new licence fee is founded upon its position that the Licence Agreements have been breached, and it is SEC/SEDCC using its software. As noted, that issue cannot be determined in this process.

[111] SEC/SEDCC’s alleged harm or prejudice is also overstated. In an affidavit from 7-Eleven, it is suggested that the termination of access to the Digiflex Software would “result in the immediate discontinuation of the SEDCC business, including the catastrophic disruption of the SEC retail business across Canada”. In SEC/SEDCC’s brief, they argue that if the Licence Agreements are not assigned and Digiflex is permitted to terminate them “there will be a loss of 540 7-Eleven retail locations in five provinces across Canada and yet another insolvent retailer”.¹²

[112] The Court must assume that sophisticated commercial businesses will behave rationally: *Cleo Energy Corp (Re)*, 2025 ABKB 621 at para 25. With respect, it is simply not believable that SEC/SEDCC and 7-Eleven would irrationally allow a catastrophic failure of its Canadian retail

¹² Bench Brief of SEC and SEDCC filed November 21, 2025.

chain over the need to enter into a new software licence agreement with Digiflex, especially given that Digiflex has made it very clear it is willing to give SEC/SEDCC unlimited access to the Digiflex Software for its invoiced licence fee. The rational response from SEC/SEDCC, if it has no other options, would be to pay Digiflex the licence fee. The prejudice or hardship for SEC/SEDCC is simply that it does not want to pay the fee. It perceives Digiflex as extracting a ransom.

[113] At a practical level, at its core the dispute between the parties on these applications is primarily about the licence fee, and the suggestions otherwise are not persuasive. One party wants it paid and the other doesn't want to pay it, and they each find the other's position abhorrent.

j. SEC/SEDCC's Delay in Transition to New ERP Software

[114] With respect, SEC/SEDCC's approach to the transition away from services requiring the Digiflex Software has been slow. The APA and TSA, as approved, contemplated transition by August 2025. 7-Eleven's evidence is that it takes 18 months to build out an ERP software system. SEC must be taken to have known of the existence of the Digiflex Software when the APA/TSA were entered into and approved in November 2023. 18 months from November 2023 would have been May 2025 (well within the originally anticipated term of the TSA).

[115] Further, by no later than July 2024, SEC knew work was required and there may be issues with Digiflex. 18 months from that time would have been December 2025. However, SEC says that it was "unable" to start working on a new ERP system until November 2024 because its financial and IT resources were busy. At the same time, however, it describes the Digiflex Software as of "mission critical importance".

[116] In my view, SEC/SEDCC's evidence reflects consequences of its resource allocation decisions or choices, or possibly lack of diligence, rather than an *inability* to start the ERP transition process earlier. SEC/SEDCC effectively caused or contributed to the need for the Digiflex Software longer than had originally been anticipated. SEC/SEDCC is responsible, at least in part, for the extended time the Digiflex Software and services have been required.

[117] Purchasers gaining the benefit of *CCAA* processes, in particular with ongoing stay requirements against third parties, are expected to earnestly and expeditiously dedicate resources to effect transitions of purchased assets or businesses as soon as reasonably possible. The resources required to accomplish this should be factored into their decision-making on price and transition planning. In this case, the need for expeditious and diligent transition was heightened by the terms of the Digiflex Consent Order, which bound Digiflex for a period outside Digiflex's control and at least partly within SEC/SEDCC's control.

[118] In hindsight, it does not appear to me that SEC/SEDCC gave the new ERP system the early and urgent attention it deserved and required in the circumstances.

k. The Impact on the *CCAA* Proceedings and the Companies' Stakeholders

[119] The Transaction closed in November 2023. The transition of the Purchased Assets to SEC/SEDCC is largely complete and cannot be unwound: see *Nexient* at para 83. Approximately

450 employee jobs were saved by the Transaction. These *CCAA* proceedings are almost complete (although I am aware that the Monitor has scheduled time with Justice Feasby on February 12, 2026, for another Stay Period extension application). The benefit of the Transaction has already largely been realized.

[120] The Monitor was unable to point to any specific negative impact to the Companies, their creditors, or other stakeholders if the Digiflex Application is granted. No other stakeholders took a position on the application. SEC/SEDCC did not suggest it would sue someone (or the basis upon which it would do that), if the Court grants the Digiflex Application.

[121] The Monitor argues that the Digiflex Application should be denied in order to protect the integrity of the Companies' *CCAA* process and the Court's orders, including the approval of the Transaction and the TSA. The Monitor highlights, and I find, that the Transaction benefited the Companies' stakeholders and appears to have avoided the loss of significant jobs and a potential damaging ripple impact on SEC/SEDCC's retail operations. Further, concerns have been raised about discouraging future purchasers in *CCAA* if post-closing transition is not facilitated.

[122] I agree that it is critical to uphold the fairness and transparency of the *CCAA* process, including to uphold the reasonable expectations of the court-approved Purchaser of a significant component of the Companies' assets. It is also often appropriate to reasonably facilitate transitions. However, in all the circumstances, I find it is unlikely that granting the Digiflex Application would put a chill on future *CCAA* restructurings. As noted, purchasers of assets or businesses under *CCAA* restructuring processes well know they must take reasonable steps to transition in a timely and efficient manner and cannot expect to impose unreasonably on other third parties.

[123] In my view, it is equally or more likely that allowing the *CCAA* to be used to protect a debtor and a purchaser of assets, for an indefinite or multi-year post-closing transition process when third party contracts are affected, would not be consistent with the *CCAA*'s remedial objectives of "timely, efficient and impartial resolution" of a debtor's insolvency: *Callidus* at paras 40-42; *Delta 9* at para 33. This is particularly so when affected third party contractual counterparties are not provided notice of the approval process and those contracts were not specifically raised with, or addressed by, the Court at the time of the transaction approval (but could have been). Again, third parties must also be treated fairly and equitably: *Hudson's Bay* at para 32; *Veris Gold* at para 58.

[124] Allowing the stay and the Digiflex Consent Order to continue beyond February 15, 2026, *vis a vis* Digiflex, the Digiflex Software and the Licence Agreements, would serve to undermine the overall fairness and transparency of the *CCAA* process. On SEC/SEDCC's own evidence, by then the transition contemplated by the Transaction will be complete (at least as it relates to the Digiflex Software). To continue the stay and the Digiflex Consent Order *vis a vis* Digiflex beyond that time would no longer be for the purpose of facilitating *CCAA* restructuring but rather to use the Court's protection to unfairly benefit a purchaser in its ongoing post-restructuring business.

I. Conclusion

[125] For at least the above reasons, Digiflex has not met its burden to establish that it is appropriate to grant the Digiflex Application on the terms requested. I also do not grant the

declarations sought. The transition away from the Digiflex Software is to be completed in two months, and the balance of convenience, equity, and interests of justice support maintaining the *status quo* until February 15, 2026, to allow the Companies, the Monitor and SEC/SEDCC to complete the transition process by that date.

[126] However, the transition must then end as it relates to Digiflex. The balance of convenience, equity and interests of justice require SEC/SEDCC and the Monitor to dedicate the necessary resources to finish the transition away from the Digiflex Software within this time frame. After that, with respect to the Licence Agreements, the parties should be free to exercise their rights accordingly (acknowledging the dispute about whether there has been a breach of the Licence Agreements or copyright). To be clear, I make no findings and do not intend to bind any future court addressing the dispute about whether the Licence Agreements or copyright has been breached or infringed since the Digiflex Consent Order, on a more complete record or at trial.

[127] With respect to the Maintenance Services under the Maintenance Agreements, and the General Help Desk Services, SEC/SEDCC has expressed that they are not required or desired beyond February 15, 2026, and those agreements can likely be terminated in accordance with their terms or by agreement.

[128] Accordingly, I order that the stay shall be lifted *vis a vis* Digiflex at 11:59 p.m. on February 15, 2026. The ARIO, the Digiflex Consent Order, and any other orders in these proceedings are varied to the extent necessary to implement this decision. The Monitor's counsel is directed to prepare the form of order with the proposed amendments to the orders in these proceedings as required. If any issues arise with respect to the specific terms of the order, the Monitor may contact my office, and I can settle the terms of the required variation order.

B. Should the Monitor Application be Granted?

[129] The primary relief sought in the Monitor Application is the dismissal of the Digiflex Application, which has already been addressed above.

[130] The secondary relief is the Proposed Assignments from W&C/Loudon to SEC/SEDCC under section 11.3 of the *CCAA*. SEC/SEDCC propose to pay W&C/Loudon \$80,000 for the assignment of the Licence Agreements.

[131] The Proposed Assignments relief was sought by the Monitor using its enhanced powers, at the request of SEC/SEDCC and in response to the Digiflex Application.

[132] In the SEC/SEDCC brief, SEC/SEDCC confirmed that, although the Licence Agreements "are perpetual, SEDCC does not anticipate requiring the use of such licences beyond February 2026". The Monitor Application was, not surprisingly, focussed on the need to ensure access to the Digiflex Software during the transition to February 15, 2026.

[133] Given that I have lifted the stay effective February 15, 2026, there no longer appears to be a need for the Proposed Assignments for the purposes of the transition, as applied for by the Monitor.

[134] However, immediately before these Applications, SEC/SEDCC wrote to the Monitor's counsel and advised that, even if the Digiflex Application was not granted, SEC/SEDCC required future access to the Digiflex Software after February 15, 2026 to be able to access historical electronic records and documents that are only accessible through the software, for "multi-year record and document audit and [Canada Revenue Agency] retention obligations". This was also briefly discussed at the hearing.

[135] During the hearing, Digiflex advised that the Digiflex Software could be configured to something referred to as "read-only"¹³ mode to facilitate access for document retention / access purposes and, if that was all that is required it is a possible solution and Digiflex is amenable to maintaining the licence or allowing that access. It is not clear to me if this is contemplated by the Licence Agreements or would require a limited new commercial arrangement. It is also unclear whether the perpetual nature of the Licence Agreements is actually needed or appropriate for this limited purpose. These nuances were not addressed by the parties in evidence or argument.

[136] Further, it was also not addressed in evidence whether W&C/Loudon or SEC/SEDCC may be able to export the historical records data to avoid the need to keep access to the software in read-only mode post February 15, 2026. I had understood from the Monitor's 17th supplemental report, the Monitor's 18th Report, 7-Eleven's September 8, 2025 affidavit, and SEC/SEDCC's November 21, 2025 brief, that part of the transition work included SEC/SEDCC developing its own "integration software" to move data from the Debtor's systems. In the circumstances, notwithstanding counsel's letters and submissions, it is unclear, factually, whether an assignment of the Licence Agreements is actually necessary for records retention, audit or tax purposes once the underlying data is moved to SEC/SEDCC's systems.

[137] Rather than engaging in a detailed analysis under section 11.3 of the *CCAA* at this time, I find that it is appropriate to adjourn this aspect of the Monitor Application to allow the interested parties, with the benefit of these reasons, to see if they can work out an appropriate compromise or commercial arrangement to facilitate ongoing access to the Digiflex Software for SEC/SEDCC's records retention and audit purposes (if that is in fact even necessary).

[138] The Court is hopeful that, with the guidance of these reasons, a reasonable and appropriate commercial arrangement can be reached with respect to any post-February 15, 2026, access to the Digiflex Software for records retention and audit purposes. If not, I seize myself of the Proposed Assignments application and the parties may contact the commercial coordinator to seek my directions on an appropriate procedure for further evidence (if required) and submissions. I am hopeful that will not be necessary.

V. Conclusion

[139] The Digiflex Application is not granted as requested but the stay is lifted *vis a vis* Digiflex effective February 15, 2026, at 11:59 p.m. to allow it to pursue whatever rights it might have (if any) in respect of its agreements with the Companies. The relief sought in paragraph 1(a)(i) of the Monitor Application is granted. The relief sought in paragraph 1(a)(ii) of the Monitor Application

¹³ This was also referenced at the hearing as "archive mode".

is dismissed based on my decision in the Digiflex Application. The relief sought in paragraph 1(a)(iii) of the Monitor Application is adjourned on the terms above.

[140] The parties have had mixed success with respect to the Digiflex Application and paragraph (1)(a)(ii) of the Monitor Application. Based on that, and my findings herein, I find it appropriate and order that the parties shall bear their own costs of those applications. Costs related to the Proposed Assignments aspect of the Monitor Application is deferred pending agreement of the parties or my later decision, if required.

Heard on the 27th day of November, 2025. Supplemental submissions provided on December 1 and 2, 2025.

Dated at the City of Calgary, Alberta this 15th day of December, 2025.



M.A. Marion
J.C.K.B.A.

Appearances:

Jeffrey Oliver, Cassels Brock & Blackwell LLP
for the Monitor

Chelsea Nimmo and Bruna Kalinsoki, Burnet, Duckworth & Palmer LLP
for Digiflex Information Systems Inc.

Carole J. Hunter and Edmond F.B. Lamek, DLA Piper LLP
for 7-Eleven Canada, Inc. and 7-Eleven Distribution Canada Corporation

APPENDIX G
[ATTACHED]



COURT FILE NUMBER **2301 – 08305**

COURT **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**
2301 08305
Aug 21, 2025
4:08 PM
LOU DONOFRIO
CLERK OF THE COURT

DOCUMENT **SUPPLEMENT TO THE SEVENTEENTH REPORT OF THE MONITOR AUGUST 21, 2025**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **MONITOR**
KSV Restructuring Inc.
Suite 1165, 324 – 8th 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

MONITOR’S COUNSEL
Cassels Brock & Blackwell LLP
Bankers Hall West
Suite 3810, 888 – 3rd 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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1.0 Introduction

1. This report (the “**Supplemental Report**”) supplements the Seventeenth Report of the Monitor dated August 13, 2025 (the “**Seventeenth Report**”).
2. Defined terms in this Supplemental Report have the meanings provided to them in the Seventeenth Report, unless otherwise defined herein. This Supplemental Report is subject to the “scope and terms of reference” in the Seventeenth Report.
3. In preparation for the application to be heard on August 18, 2025, the Monitor understood that there was alignment between SEC and Mr. Carey regarding the relief to be sought at the application, including an extension of the Stay to February 15, 2026 and expansion of the Monitor’s authority over all of the Applicants pursuant to the Enhanced Powers Order, including over CMI. However, on the eve of filing the application, the Applicants raised concerns about the Monitor’s authority over CMI, and on August 14, 2025, after the Seventeenth Report was filed, the Applicants filed an application, supported by the affidavit of Mr. Carey filed on August 15, 2025 (the “**Eighth Affidavit**”), seeking an order, among other things:
 - a) extending the Stay to and including September 30, 2025; and
 - b) approving an extension of the term of the TSA to September 30, 2025, and the corresponding execution of a Second TSA Amendment. On August 18, 2025, the Applicants amended their application to seek approval of the TSA to February 15, 2026 (i.e., as reflected in the Second TSA Amendment attached to the Seventeenth Report).
4. In the Eighth Affidavit, Mr. Carey opposed the Enhanced Powers Order and the extension of the Stay to February 15, 2026, based on his view that CMI should be removed from the CCAA Proceedings, including because CMI “*has been a family company for generations*” and “*has significant emotional value*” to Mr. Carey.

5. As previously reported to this Court, each Court-ordered charge created pursuant to the ARIO and the Ancillary Order has been fully satisfied and released, except for the Tobacco Tax Charge in the amount of \$26 million in favour of the Provinces and Territories, which was granted against all of the Applicants' Property (as defined in the ARIO), including over CMI. The total amount owing under the Tobacco Tax Charge at the Effective Closing Time was approximately \$24.46 million. The Monitor has made distributions totaling \$12.41 million to the Provinces and Territories in respect of amounts owing under the Tobacco Tax Charge, resulting in \$12.05 million (before interest and costs) owing under the Tobacco Tax Charge. As CMI has not (and is not projected to) satisfy all its obligations to its creditors, the Monitor's position was that Mr. Carey cannot simply remove CMI from the CCAA Proceedings without either a sale process and/or the filing of a plan of compromise and arrangement.
6. As detailed in the Sixth Report, the Monitor initially forecasted that distributions to the Provinces and Territories would range from \$3.7 million to \$14.4 million. As a result of the realization process overseen by the Monitor and the Receiver, recoveries are now estimated to range from \$14.8 million to \$15.4 million¹. As described below, the timing of certain future distributions are outside the control of the Monitor and the Receiver, as some are contingent on receiving "Clearance Certificates" from the Canada Revenue Agency (the "CRA").
7. At the August 18, 2025 application, DigiFlex objected to the extension of the Stay and TSA Term to February 15, 2026, and British Columbia and Alberta expressed concerns about the same. Further, British Columbia objected to Mr. Carey's request that CMI be removed from the CCAA Proceedings. The Court agreed 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 hearing, the Court issued an order:
 - a) extending the Stay to and including September 30, 2025; and
 - b) approving an extension of the term of the TSA Term to September 30, 2025, and the corresponding execution of a Second TSA Amendment.

¹ The ranges included in this paragraph exclude the distribution of \$3,313,081 to certain of the Provinces and Territories under the D&O Charge (as defined in the ARIO) pursuant to the Order dated August 22, 2025. This amount represented the extent to which the Applicants indebtedness for Tobacco Taxes increased for certain Provinces and Territories between the date of the Initial Order and the Effective Closing Time.

8. On August 20, 2025, after discussions among the Monitor, Cassels, Dentons Canada LLP, counsel to Mr. Carey in his capacity as director of the Applicants, Miller Thomson LLP, and DLA Piper (Canada) LLP, the Monitor was advised that:
 - a) neither Mr. Carey nor the Applicants would take a position on the Enhanced Powers Order or a further extension of the Stay and TSA Term; and
 - b) in the event the Enhanced Powers Order is granted at the application scheduled for August 26, 2025, Mr. Carey would resign as director of the Applicants.
9. Also on August 20, 2025, the Monitor received a letter from Alberta asking various questions about the relief to be sought at the August 26, 2025 application, including the reasons for enhancing the Monitor's powers, and requesting that the August 26, 2025 application be adjourned to late-September 2025. A copy of the letter is attached as **Appendix "A"**.

1.1 Purposes of this Supplemental Report

1. The purposes of this Supplemental Report are to:
 - a) update the Court on the events that have occurred since the Seventeenth Report;
 - b) discuss the proposed next steps in these CCAA Proceedings; and
 - c) provide the Monitor's recommendations in respect of the relief to be sought on the return of the application on August 26, 2025, being SEC and SEDCC's application for the Enhanced Powers Order on the basis set out in the Seventeenth Report.

2.0 Next Steps in the CCAA Proceedings

1. As at the date of this Supplemental Report, applications have been scheduled on August 26 and September 19, 2025, as follows:
 - a) August 26, 2025 – SEC and SEDCC's application seeking approval of the Enhanced Powers Order; and
 - b) September 19, 2025 – applications to be brought by the Monitor and SEC, respectively, seeking an extension of the Stay and the term of the TSA to and including February 15, 2026. SEC intends to have a representative file an affidavit in support of the relief to be sought at the September 19, 2025 application. Subsequent to SEC filing its affidavit, the Monitor will file a further supplemental report commenting on the relief being sought.

2. As noted in the Seventeenth Report, SEC requires an extension of the term of the TSA and the Stay to complete the winddown and transition of the Applicants' business to SEC and SEDCC pursuant to the TSA. In addition to the transition of the Applicants' business to SEDCC pursuant to the TSA and certain other administrative matters, the following items (the "**Remaining Items**") need to be completed before the CCAA Proceedings can be completed:
 - a) the realization of the remaining Excluded Assets, including, but not limited to: (i) the INS News litigation; and (ii) collecting on two promissory notes issued by SIU GC to CMI, which are due and payable on October 29, 2025 and April 29, 2026 (the "**Promissory Notes**")²; and
 - b) distributing the net recoveries from the Receivership Companies to their creditors, the majority of which will be distributed to Wallace & Carey and CMI³, which will then be distributed to the Provinces and Territories pursuant to the Tobacco Tax Charge. As noted, before any distributions can be made to the Receivership Companies' creditors, the Receiver must obtain Clearance Certificates from the CRA. The Receiver has requested the Clearance Certificates; however, it does not expect to receive them until late 2025, at the earliest. The Receiver has no control over when (or if) CRA will issue the Clearance Certificates.

3.0 Enhanced Powers Order

1. As outlined in the Seventeenth Report, the Monitor is of the view that providing the Monitor with the authority, powers, and protections set out in the draft Enhanced Powers Order will facilitate the efficient and successful conclusion of these CCAA Proceedings for the benefit of stakeholders, including the Provinces and Territories. This is now even more relevant given Mr. Carey's intention to resign as director of the Applicants, in light of submissions made by British Columbia at hearing on August 18, 2025. At the hearing, British Columbia advised that its view was that CMI should be placed in bankruptcy if it cannot pay its obligations in full.

² Although the Promissory Notes are issued to CMI, the amounts payable under same are to be paid to Cassels, the Monitor's legal counsel.

³ As noted in the Thirteenth Report of the Monitor dated November 18, 2025, on application by KSV, as Receiver of the Receivership Companies, on August 22, 2024 the Court issued an order that, among other things, approved a claims procedure (the "**Claims Procedure**") in respect of the Receivership Companies. After completing the Claims Procedure, aside from certain immaterial claims filed by certain third-party creditors, the main creditors of the Receivership Companies are Wallace & Carey and CMI.

2. Without an expansion of its authority, the Monitor will not be able to complete the administration of these CCAA Proceedings. Expanding the Monitor's powers is also necessary in the context of facilitating the TSA, which is an aspect of the SEC Transaction which contributed to the realizations in these CCAA Proceedings for the benefit of creditors, including the Provinces and Territories. The Applicants under the TSA are required to, among other things, provide SEC with the Ongoing Services and Transition Services (both as defined in the TSA) to facilitate the completion of the SEC Transaction and the transition of the Applicants' Eastern Business and Western Business to SEC. To the extent that the Monitor is required to provide Ongoing Services and/or Transition Services to SEC, all of its costs are for the account of SEC, so there is no financial burden on the fulcrum creditors of the Applicants, being the Provinces and Territories.
3. When initially discussing the Enhanced Powers Order, Mr. Carey's counsel requested that the Monitor not be granted the authority to assign CMI into bankruptcy without further order of the Court. Accordingly, the Monitor and SEC included language in the Enhanced Powers Order that Court approval would be required before CMI is assigned by the Monitor into bankruptcy. The Monitor continues to believe this language is appropriate, as once all assets are realized upon and distributed, the Monitor intends to file a report with the Court summarizing its views on the best way to conclude these CCAA Proceedings. In the Monitor's view, stakeholders should have the opportunity to consider the Monitor's recommendations.

4.0 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 orders granting the relief requested by SEC and SEDCC.

* * *

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 H
[ATTACHED]



COURT FILE NUMBER **2301 – 08305**

COURT **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
2301 08305
Sep 11, 2025
9:47 AM
CLERK OF THE COURT



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

DOCUMENT

SECOND SUPPLEMENT TO THE SEVENTEENTH REPORT
OF THE MONITOR
SEPTEMBER 11, 2025

ADDRESS FOR
 SERVICE AND
 CONTACT
 INFORMATION OF
 PARTY FILING THIS
 DOCUMENT

MONITOR
 KSV Restructuring Inc.
 Suite 1165, 324 – 8th 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

MONITOR’S COUNSEL
 Cassels Brock & Blackwell LLP
 Bankers Hall West
 Suite 3810, 888 – 3rd 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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1.0 Introduction

1. This report (the “**Second Supplemental Report**”) supplements the Seventeenth Report of the Monitor dated August 13, 2025 (the “**Seventeenth Report**”) and the supplemental report to the Seventeenth Report dated August 21, 2025 (the “**First Supplemental Report**”).
2. Defined terms in this Second Supplemental Report have the meanings provided to them in the Seventeenth Report, unless otherwise defined herein. This Second Supplemental Report is subject to the “scope and terms of reference” in the Seventeenth Report.
3. As outlined in the First Supplemental Report, on the eve of filing the materials for the August 18, 2025 application, the Applicants raised concerns about expanding the Monitor’s authority over CMI, and on August 14, 2025, after the Seventeenth Report was filed, the Applicants filed an application, supported by the affidavit of Mr. Carey filed on August 15, 2025 (the “**Eighth Affidavit**”), seeking an order, among other things: (i) extending the Stay to and including September 30, 2025; and (ii) approving an extension of the TSA Term to September 30, 2025, and the corresponding execution of a Second TSA Amendment. The Eighth Affidavit also provided the reasons that Mr. Carey opposed expanding the Monitor’s authority over CMI. On August 18, 2025, the Applicants amended their application to seek approval of the extension of the term of the TSA to February 15, 2026.
4. At the August 18, 2025 application, DigiFlex objected to the extension of the Stay and TSA Term to February 15, 2026, and British Columbia and Alberta expressed concerns about the same. The Court agreed that it required additional evidence before it could consider granting an extension of the TSA Term past September 30, 2025. As a result, at the conclusion of the hearing, the Court granted an order (the “**Second TSA Amendment Order**”), among other things: (i) extending the Stay to and including September 30, 2025; and (ii) approving the execution of the TSA and its extension to September 30, 2025.
5. Prior to the application on August 26, 2025, Mr. Carey dropped his opposition to expanding the Monitor’s authority over CMI and accordingly, the Court granted an order expanding the Monitor’s power and authority over that entity (the “**Enhanced Powers Order**”) at that hearing.

1.1 Purposes of this Second Supplemental Report

1. The purposes of this Second Supplemental Report are to:
 - a) update the Court on events that have occurred since the First Supplemental Report;
 - b) discuss the rationale for extending the Stay and the TSA Term from September 30, 2025 to February 15, 2026; and
 - c) provide the Monitor's recommendation in respect of its application for an order (the "**Third TSA Amendment Order**"), among other things:
 - i. approving the extension of the TSA Term to February 15, 2026, and the corresponding execution of a third amendment to the TSA attached as **Appendix "A"** (the "**Third TSA Amendment**") by the Monitor, on behalf of CMI and Wallace & Carey (collectively referred to as the "**Debtors**"); and
 - ii. extending the Stay up to and including February 15, 2026.

2.0 Third TSA Amendment

1. SEC and SEDCC¹ 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. The Monitor has previously advised the Court in several reports filed in these CCAA Proceedings that SEC was reliant on the Applicants' logistics business (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 of over 5,000 products from approximately 240 suppliers on a daily basis 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 large number of 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.

¹ As noted in previous reports to Court, SEDCC was incorporated by SEC to operate the new Canadian logistics business transitioned from the Applicants pursuant to the TSA.

2. Pursuant to the terms of the SEC Transaction Approval and Vesting Order, the SEC Transaction was premised on the Debtors providing uninterrupted services to SEC under CCAA protection while the Logistics Business was transferred to SEC. This includes continuing to employ certain warehouse, logistics, administrative, and managerial staff and providing the services described in the TSA. Also pursuant to the TSA, SEC is responsible for funding substantially all post-Effective Closing Time costs of the Debtors' operations and is entitled to any revenue resulting therefrom.

2.1 ERP Software

1. DigiFlex designed and maintains the ERP Software. The ERP Software is integral to the Logistics Business, including distribution management, financial reporting, and operational reporting. Without use of the ERP Software, the Monitor understands that it would be impossible for SEC/SEDCC to continue operating the Logistics Business.
2. The Monitor further understands that the ERP Software runs on servers located at the Debtors' offices. If the DigiFlex Agreements (as defined below) are terminated, the Debtors will lose access to critical support and maintenance provided through those servers.
3. 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 the requested TSA Term and Stay extension (i.e., February 15, 2026).
4. As noted in the Fourteenth Report of the Monitor dated December 13, 2024 (the "**Fourteenth Report**"), the ERP Software is governed by the following agreements between DigiFlex and Wallace & Carey:
 - a) a Software License Agreement dated August 19, 2013 (the "**Software Agreement**") wherein Wallace & Carey agreed to pay \$300,000 for an unlimited-use license-to-use agreement for the ERP Software;

- b) a Maintenance Agreement² (attached to the Software Agreement as Schedule “A”) (the “**Maintenance Agreement**”), wherein Wallace & Carey agreed to pay, in advance, an annual fee for maintenance services related to the ERP Software for both Wallace & Carey and Loudon Bros (the “**Maintenance Services**”); and
 - c) a Help Desk Support Agreement, a copy of which the Monitor has not been provided (the “**Help Desk Agreement**”, together with the Software Agreement and Maintenance Agreement, the “**DigiFlex Agreements**”). The Monitor understands that the Help Desk Agreement is for various help desk support services related to the ERP Software (the “**Help Desk Services**”), which are paid on an annual basis.
5. As further detailed in Sections 3.0(8) and 3.0(10) of the Fourteenth Report, all rates specified in the Software Agreement (including the Maintenance Services fee 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 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 continues to use and pay for the Maintenance Services and Help Desk Services in accordance with the DigiFlex Agreements.
6. On December 17, 2024, following a dispute with DigiFlex over its continued provision of the ERP Software, a consent order was issued that (the “**DigiFlex Order**”), among other things, required DigiFlex to continue to provide such services until the later of:
- a) the expiration of the stay under the ARIO, as may be extended by the Court; and
 - b) the expiration of the term of the TSA for the Western Business.
7. A copy of the DigiFlex Order is attached as **Appendix “B”**. Further background information on the ERP Software, the DigiFlex Agreements, and the dispute with DigiFlex is provided in the Fourteenth Report, a copy of which is attached as **Appendix “C”**.

² As of the date of this Second Supplemental Report, the Monitor, SEC/SEDCC, and the Applicants have not been able to locate an executed or dated copy of the Maintenance Agreement or the Support Agreement.

8. Pursuant to the DigiFlex Order, the Maintenance Services and Help Desk Services provided by DigiFlex pursuant to the DigiFlex Agreements have been renewed as follows³:

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%

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%

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%

9. On August 11, 2025, DigiFlex advised Wallace & Carey that if the TSA was extended by six months, the renewal rate for the Maintenance Services for Wallace & Carey and Loudon Bros would be \$94,362 (\$515.54 per day) and \$12,552 (\$68.59 per day), respectively (the “**Renewal Rate**”), which is greater than what is prescribed under the Maintenance Agreement⁴. A copy of the email correspondence between Wallace & Carey and DigiFlex is attached as **Appendix “D”**.
10. As a result of the Second TSA Amendment Order, on August 25, 2025, DigiFlex issued invoices to Wallace & Carey to continue providing the Maintenance Services up to September 30, 2025, at rates higher than the Renewal Rate (as outlined in the table above). Wallace & Carey paid these invoices on August 27, 2025.

³ Amounts included in the table below exclude GST. In addition to the fees paid for the Help Desk Services and Maintenance Services, Wallace & Carey has paid DigiFlex for certain miscellaneous support services at an hourly rate of \$190.00.

⁴ The Monitor understands that, as at the date of this Second Supplemental Report, a renewal rate for the Help Desk Services past January 31, 2026 has not been provided by DigiFlex.

2.2 Third TSA Amendment Recommendation

1. As a result of the Second TSA Amendment Order, the TSA Term expires on September 30, 2025. The Third TSA Amendment proposes extending the TSA Term to February 15, 2026. Accordingly, the Monitor requests that the Court approve the Third TSA Amendment and the corresponding execution of same by the Monitor for the following reasons:
 - a) pursuant to paragraph 3(e) of the Enhanced Powers Order, the Monitor can cause the Applicants to execute such agreement or amendments to agreements, and to carry out the Applicants' obligations thereunder;
 - b) the ERP Software is critical to the continued operation of the Logistics Business;
 - c) the 7-Eleven Business requires use of the ERP Software until the Integration Software and the transfer of data from the Debtors' systems to the SEC/SEDCC systems is completed, failing which the business will be disrupted resulting in potential widespread job losses for employees across Canada. Simply, the Monitor understands that SEC and SEDCC cannot operate in Canada without the ERP Software;
 - d) DigiFlex has been, and will continue to be, paid for the continued use, maintenance, and support of the ERP Software by Wallace & Carey at rates which are greater than what is prescribed under the DigiFlex Agreements, and are agreeable to the Monitor and SEC;
 - e) the ERP Software is not otherwise saleable to any third-party as it was specifically designed for the Logistics Business and is only usable by Wallace & Carey for such operations;
 - f) SEC and the Monitor have been acting in good faith and with due diligence in completing the transition of the Logistics Business pursuant to the TSA;
 - g) there is no prejudice to DigiFlex given that: (i) it is being paid for the Maintenance Services and Help Desk Services at rates that are greater than what is prescribed under the DigiFlex Agreements; and (ii) the ERP Software is not otherwise saleable to any third-party as it was specifically designed for the Logistics Business. Further, the harm done to the Logistics Business and its stakeholders (SEC/SEDCC, employees, and vendors) outweighs any prejudice, if any, to DigiFlex; and

- h) no other stakeholders will be significantly prejudiced by the extension of the TSA Term.

3.0 Stay Extension

1. The Stay currently expires on September 30, 2025. Accordingly, the Monitor is requesting an extension of the Stay to February 15, 2026 to match the proposed extension of the TSA Term pursuant to the Third TSA Amendment. In addition to the transition of the Logistics Business to SEDCC and certain other administrative matters, the Monitor needs to complete the Remaining Items before the CCAA Proceedings can conclude. Accordingly, for the reasons noted in Section 7 of the Seventeenth Report and Section 2.0(2) of the First Supplemental Report, the Monitor continues to be of the view that an extension of the Stay is required.

4.0 Conclusion

1. Based on the foregoing, the Monitor respectfully requests that the Court grant the Third TSA Amendment 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 I
[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**

2301 08305

Nov 25, 2025

**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
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

MONITOR
KSV Restructuring Inc.
Suite 1165, 324 – 8th 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

MONITOR’S COUNSEL
Cassels Brock & Blackwell LLP
Bankers Hall West
Suite 3700, 888 – 3rd 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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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 J

[ATTACHED]



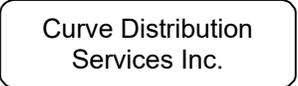
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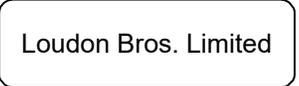
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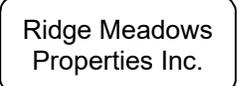
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APPENDIX K
[ATTACHED]

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]

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:

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

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 Service Agreement	Complete Distribution Services Ltd.	Distribution	31-Aug-21	31-Aug-24	
Strategic Alliance Distributorship Agreement	JTI-Macdonald Corp.	Distribution	1-Oct-22	Until terminated	
Distribution Agreement	OH Armstrong Ltd.	Distribution	22-Jun-22	22-Jun-25	Terminated 15-Sep-23
Product Supply Agreement	Rothmans, Benson & Hedges Inc.	Distribution	25-Apr-22	31-Dec-23	
Delivery Services Agreement	Itwal Limited	Supply	1-Jan-86	Until terminated	
Repair and Maintenance Agreement	Imperial Tobacco Company Limited	Distribution	Jan-22	31-Dec-25	
	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 & Carey.

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	Pacllease	260-1873	
CGY	2018	FREIGHTLINER	MM106042S	682906	3ALACXFD0DJK7648	AB	LEASED	Pacllease		
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	3AKJHHR3MSMP4966	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	3AKJHHR3PSNX9737	AB	LEASED	PENSKE	236342	
EDM	2021	FREIGHTLINER	Cascadia	236334	3AKJHHR7MSP4968	AB	LEASED	PENSKE	292137	
EDM	2020	CIMCR	Continuous	48RG08	5275R4822LL017262	AB	LEASED	PENSKE	292138	
EDM	2021	FREIGHTLINER	Cascadia	236335	3AKJHHR9MSMP4969	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	3AKJHHR5MSMP4970	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	3ALHCYFEXKDKR3531	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	3AKJHHDR7MSP4968	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	3ALHCYFE4JDJK7634	BC	LEASED	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner	682611	3ALHCYFE6JDJK7635	BC	LEASED	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner	682909	3ALHC5DV2JDJK7651	BC	LEASED	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner	682910	3ALHC5DV4JDJK7652	BC	LONG TERM Rental	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner	682911	3ALACXFD4JDJK7653	BC	LEASED	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner	682912	3ALACXFD6JDJK7654	BC	LONG TERM Rental	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner	682945	3ALHCYFE8JDJK7667	BC	LEASED	T Wizard - IT	
DELTA	2018	FREIGHTLINER	Freightliner	682946	3ALHCYFEXJDJK7668	BC	LEASED	T Wizard - IT	
DELTA	2018	FREIGHTLINER	Freightliner	682947	3ALHCYFE1JDJK7669	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) CR10044	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 FRE80L 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		

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) 2-15-0819-22148	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

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-Jun-2026 ACTIVE	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 L
[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 to 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.

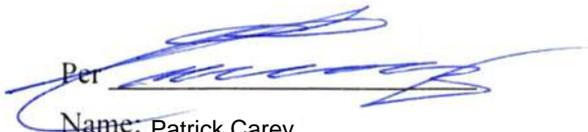
(c) Counterparts. This Amendment may be executed in counterparts, each of which is deemed an original, but all of which together constitutes one and the same agreement. Delivery of an executed counterpart of this Amendment by electronic means (including by DocuSign) shall be effective as delivery of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

Name: 87E48B2D2D52481...
Jason Knight

Title: Managing Director

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  _____
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:

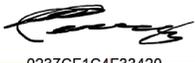
Per [87F48B2D2D52481](#) _____

Name: Jason Knight

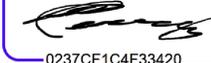
Title: Managing Director

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

WALLACE & CAREY INC.

Signed by:

Per _____
0237CF1C4F33420...
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:

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

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

Per _____

Name:

Title:

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

Per _____

Name:

Title:

7-ELEVEN CANADA, INC.

Per  _____
Raghu Mahadevan (Nov 20, 2025 22:14:55 CST)

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

Per _____

Name:

Title:

APPENDIX M
[ATTACHED]

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

Clerk's Stamp

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

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

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

DOCUMENT **ORDER**

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

Attention: Jeffrey Oliver

File no. 54670-3

DATE ON WHICH ORDER WAS PRONOUNCED: December 15, 2025

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

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

UPON the Application (the "**Monitor's Application**") of KSV Restructuring Inc., in its capacity as the court-appointed Monitor with enhanced powers (in such capacity, the "**Monitor**") of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited ("**Loudon**"), and Carey Management Inc. (collectively, the "**Companies**") for an order, among other things, assigning the DigiFlex License Agreements (as herein defined at Schedule "A") from W&C and/or Loudon to 7-Eleven Distribution Canada Corporation ("**SEDCC**") or its nominee (the "**Assignee**") (the "**Proposed Assignments**"); **AND UPON** the Application (the "**DigiFlex Application**") of DigiFlex Information Systems Inc. ("**DigiFlex**") for, among other things, an order lifting the stay of proceedings (the "**Stay**") *vis a vis* DigiFlex; **AND UPON** having reviewed the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the "**ARIO**"); the Consent Order with DigiFlex granted by this Court on December 17, 2024 (the "**DigiFlex Consent Order**"); the Monitor's Sixth Report to Court dated November 8, 2023; the Monitor's Fourteenth Report to Court dated December 13, 2024; the Monitor's Seventeenth Report to Court dated August 13, 2025 (the "**Seventeenth Report**"); the Monitor's Supplement

to the Seventeenth Report to Court dated August 21, 2025 (the "**Supplement to Seventeenth Report**"); the Monitor's Second Supplement to the Seventeenth Report to Court dated September 11, 2025 (the "**Second Supplement to Seventeenth Report**"); the Monitor's Eighteenth Report to Court dated November 20, 2025 (the "**Eighteenth Report**"); the Affidavit of Mohamad Z. Mardukhi, affirmed November 14, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 25, 2025; and the Affidavit of Service of Angeline Gagnon, sworn November 26, 2025; **AND UPON** hearing counsel for the Monitor, counsel for 7-Eleven Canada Inc. ("**SEC**") and SEDCC, counsel for DigiFlex, and any other interested parties appearing at the within applications; **AND UPON** judgement of the applications being reserved until December 15, 2025; **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 Eighteenth 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

3. The Stay imposed under the ARIO, as extended by this Court from time to time, and specifically, the restrictions set out in paragraphs 15, 16, 17, 18, and 19 of the ARIO, is hereby lifted as against W&C and Loudon *vis a vis* DigiFlex to allow DigiFlex to pursue any rights or remedies it may have pursuant to its agreements with W&C and Loudon, including those under the DigiFlex License Agreements, effective as at 11:59 PM (Calgary time) on February 15, 2026 (the "**Stay Lift Date**").
4. For greater certainty, and without limiting the generality of paragraph 3 above:
 - (a) DigiFlex may, as of the Stay Lift Date, pursue such rights and remedies as it may have against W&C and Loudon for any breach or infringement of the DigiFlex License Agreements or Maintenance Agreements (as defined in the Eighteenth Report) occurring after the DigiFlex Consent Order; and
 - (b) nothing in this Order authorizes any claim, action, demand, or proceeding against the Monitor, or against its counsel, agents, employees or representatives.
5. The ARIO, DigiFlex Consent Order, and any other orders in these proceedings are varied to the extent necessary to lift the Stay pursuant to paragraph 3 above.

6. For greater certainty, paragraph 3 of the DigiFlex Consent Order shall be amended as follows:

3. DigiFlex shall continue to provide maintenance services to W&C and/or Loudon 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 11:59 PM (Calgary time) on February 15, 2026, or as otherwise agreed upon in writing between the Monitor and DigiFlex.

DISMISSALS

7. The remainder of DigiFlex's Application is hereby dismissed, including, DigiFlex's request for:

- (a) any declaration that DigiFlex has no obligation to provide to SEC or SEDCC access to the ERP Software (as defined within the Eighteenth Report), whether directly or indirectly through W&C or Loudon; and
- (b) any declaration relating to DigiFlex's obligations to provide associated software-related services to SEC, SEDCC, W&C or Loudon.

8. The portion of the Monitor's Application seeking dismissal of DigiFlex's Application in its entirety is hereby dismissed.

ADJOURNMENTS

9. The portion of the Monitor's Application seeking approval of the Proposed Assignments, is hereby adjourned *sine die*, in order to allow the Monitor, SEC and DigiFlex the opportunity to attempt to reach a commercial resolution concerning any required limited-purpose access to the ERP Software after the Stay Lift Date.

10. In the event the parties are unable to reach such an agreement, the Monitor's Application regarding the Proposed Assignments shall be scheduled before the Honourable Justice Marion for further consideration.

COSTS

11. Each party shall bear its own costs pursuant to the DigiFlex Application and the portion of the Monitor's Application for dismissal of the DigiFlex Application.

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

SERVICE OF ORDER

13. 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.
14. 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

Schedule "A"

DigiFlex License Agreements

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

APPENDIX N
[ATTACHED]

COURT FILE NUMBER 2301 - 08305

Clerk's Stamp

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

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

DOCUMENT **ORDER**

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

Attention: Jeffrey Oliver

File no. 54670-3

DATE ON WHICH ORDER WAS PRONOUNCED: December 15, 2025

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

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

UPON the Application (the "**Monitor's Application**") of KSV Restructuring Inc., in its capacity as the court-appointed Monitor with enhanced powers (in such capacity, the "**Monitor**") of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited ("**Loudon**"), and Carey Management Inc. (collectively, the "**Companies**") for an order, among other things, assigning the DigiFlex License Agreements (as herein defined at Schedule "A") from W&C and/or Loudon to 7-Eleven Distribution Canada Corporation ("**SEDCC**") or its nominee (the "**Assignee**") (the "**Proposed Assignments**"); **AND UPON** the Application (the "**DigiFlex Application**") of DigiFlex Information Systems Inc. ("**DigiFlex**") for, among other things, an order lifting the stay of proceedings (the "**Stay**") *vis a vis* DigiFlex; **AND UPON** having reviewed the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the "**ARIO**"); the Consent Order with DigiFlex granted by this Court on December 17, 2024 (the "**DigiFlex Consent Order**"); the Monitor's Sixth Report to Court dated November 8, 2023; the Monitor's Fourteenth Report to Court dated December 13, 2024; the Monitor's Seventeenth Report to Court dated August 13, 2025 (the "**Seventeenth Report**"); the Monitor's Supplement

to the Seventeenth Report to Court dated August 21, 2025 (the "**Supplement to Seventeenth Report**"); the Monitor's Second Supplement to the Seventeenth Report to Court dated September 11, 2025 (the "**Second Supplement to Seventeenth Report**"); the Monitor's Eighteenth Report to Court dated November 20, 2025 (the "**Eighteenth Report**"); the Affidavit of Joshua Buchanan sworn September 8, 2025; the Affidavit of Jennifer Allen affirmed November 12, 2025; the Affidavit of Jennifer Allen affirmed November 25, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 14, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 25, 2025; the Affidavit of Service of Jennifer Allen affirmed November 26, 2025; and the Affidavit of Service of Angeline Gagnon, sworn November 26, 2025; **AND UPON** hearing counsel for the Monitor, counsel for 7-Eleven Canada Inc. ("**SEC**") and SEDCC, and counsel for DigiFlex at the within applications on November 27, 2025; **AND UPON** judgement of the applications being reserved until December 15, 2025; **AND UPON** being satisfied that it is appropriate to do so;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. This Order accompanies the Reasons for Decision of the Honourable Justice M.A. Marion dated December 15, 2025, under the citation *Wallace & Carey Inc. (Re)*, 2025 ABKB 750 (the "**Reasons**"). This Order is to be interpreted with reference to the Reasons.
2. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the ARIO or the Eighteenth Report.

SERVICE

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

STAY

4. The Stay imposed under the ARIO, as extended by this Court from time to time, and specifically, the restrictions set out in paragraphs 15, 16, 17, 18, and 19 of the ARIO, are hereby lifted as against W&C and Loudon *vis a vis* DigiFlex to allow DigiFlex to pursue any rights or remedies it may have pursuant to its agreements with W&C and Loudon, including those under the DigiFlex License Agreements, effective as at 11:59 PM (Calgary time) on February 15, 2026 (the "**Stay Lift Date**").
5. The ARIO, DigiFlex Consent Order, and any other orders in these proceedings are varied, to the extent necessary, to lift the Stay pursuant to paragraph 4 above.
6. For greater certainty, with respect to the Digiflex Consent Order:

- (a) paragraph 3 of the DigiFlex Consent Order shall be amended as follows:¹

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 11:59 PM (Calgary time) on February 15, 2026, or as otherwise agreed upon in writing between the Monitor and DigiFlex.

~~until the later of:~~

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

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

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

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

DISMISSAL OF THE REMAINDER OF THE MONITOR'S APPLICATION

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

ADJOURNMENT OF THE MONITOR'S APPLICATION

8. The portion of the Monitor's Application seeking approval of the Proposed Assignments, is hereby adjourned *sine die*, in order to allow the interested parties the opportunity to work out an appropriate compromise or commercial arrangement to facilitate ongoing access to the Digiflex Software post February 15, 2026 for SEC / SEDCC's records retention and audit purposes.
9. In the event the parties are unable to reach such an agreement, the Monitor's Application regarding the Proposed Assignments for the purposes of records retention and audit purposes shall be scheduled before the Honourable Justice Marion for further consideration. The parties may contact the commercial coordinator to seek directions from Justice Marion on an appropriate procedure for further evidence (if required) and submissions.

¹ **Note from BD&P to Cassels:** We amended this provision to reflect a traditional blackline showing the actual changes made to paragraph 3.

COSTS

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

SERVICE OF ORDER

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

GENERAL

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

Schedule "A"

DigiFlex License Agreements

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

COURT FILE NUMBER 2301 - 08305

Clerk's Stamp

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

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

DOCUMENT **ORDER**

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

Attention: Jeffrey Oliver

File no. 54670-3

DATE ON WHICH ORDER WAS PRONOUNCED: December 15, 2025

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

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

UPON the Application (the "**Monitor's Application**") of KSV Restructuring Inc., in its capacity as the court-appointed Monitor with enhanced powers (in such capacity, the "**Monitor**") of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited ("**Loudon**"), and Carey Management Inc. (collectively, the "**Companies**") for an order, among other things, assigning the DigiFlex License Agreements (as herein defined at Schedule "A") from W&C and/or Loudon to 7-Eleven Distribution Canada Corporation ("**SEDCC**") or its nominee (the "**Assignee**") (the "**Proposed Assignments**"); **AND UPON** the Application (the "**DigiFlex Application**") of DigiFlex Information Systems Inc. ("**DigiFlex**") for, among other things, an order lifting the stay of proceedings (the "**Stay**") *vis a vis* DigiFlex; **AND UPON** having reviewed the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the "**ARIO**"); the Consent Order with DigiFlex granted by this Court on December 17, 2024 (the "**DigiFlex Consent Order**"); the Monitor's Sixth Report to Court dated November 8, 2023; the Monitor's Fourteenth Report to Court dated December 13,

2024; the Monitor's Seventeenth Report to Court dated August 13, 2025 (the "**Seventeenth Report**"); the Monitor's Supplement to the Seventeenth Report to Court dated August 21, 2025 (the "**Supplement to Seventeenth Report**"); the Monitor's Second Supplement to the Seventeenth Report to Court dated September 11, 2025 (the "**Second Supplement to Seventeenth Report**"); the Monitor's Eighteenth Report to Court dated November 20, 2025 (the "**Eighteenth Report**"); the Affidavit of [Joshua Buchanan sworn September 8, 2025](#); the Affidavit of Jennifer Allen affirmed November 12, 2025; the Affidavit of [Jennifer Allen affirmed November 25, 2025](#); the Affidavit of Mohamad Z. Mardukhi, affirmed November 14, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 25, 2025; [the Affidavit of Service of Jennifer Allen affirmed November 26, 2025](#); and the Affidavit of Service of Angeline Gagnon, sworn November 26, 2025; **AND UPON** hearing counsel for the Monitor, counsel for 7-Eleven Canada Inc. ("**SEC**") and SEDCC, [and](#) counsel for DigiFlex, ~~and any other interested parties appearing~~ at the within applications [on November 27, 2025](#); **AND UPON** judgement of the applications being reserved until December 15, 2025; **AND UPON** being satisfied that it is appropriate to do so;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. [This Order accompanies the Reasons for Decision of the Honourable Justice M.A. Marion dated December 15, 2025, under the citation *Wallace & Carey Inc. \(Re\)*, 2025 ABKB 750 \(the "**Reasons**"\). This Order is to be interpreted with reference to the Reasons.](#)
2. ~~1.~~ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the ARIO or the Eighteenth Report.

SERVICE

3. ~~2.~~ Service of notice of ~~this application~~ [the Monitor's Application and Digiflex's Application](#) and supporting materials ~~is~~ [are](#) hereby declared to be good and sufficient, and time for service of ~~this application is~~ [the Monitor's Application and Digiflex's Application are](#) abridged to that actually given.

STAY

4. ~~3.~~ The Stay imposed under the ARIO, as extended by this Court from time to time, and specifically, the restrictions set out in paragraphs 15, 16, 17, 18, and 19 of the ARIO, ~~is~~ [are](#) hereby lifted as against W&C and Loudon *vis a vis* DigiFlex to allow DigiFlex to pursue any rights or remedies it may have pursuant to its agreements with W&C and Loudon, including those under the DigiFlex License Agreements, effective as at 11:59 PM (Calgary time) on February 15, 2026 (the "**Stay Lift Date**").

~~4. For greater certainty, and without limiting the generality of paragraph 3 above:~~

~~(a) DigiFlex may, as of the Stay Lift Date, pursue such rights and remedies as it may have against W&C and Loudon for any breach or infringement of the DigiFlex License Agreements or Maintenance Agreements (as defined in the Eighteenth Report) occurring after the DigiFlex Consent Order; and~~

~~(b) nothing in this Order authorizes any claim, action, demand, or proceeding against the Monitor, or against its counsel, agents, employees or representatives.~~

5. The ARIO, DigiFlex Consent Order, and any other orders in these proceedings are varied₂ to the extent necessary₂ to lift the Stay pursuant to paragraph ~~3~~4 above.

6. For greater certainty, with respect to the DigiFlex Consent Order:

(a) ~~6. For greater certainty,~~ paragraph 3 of the DigiFlex Consent Order shall be amended as follows:¹

3. DigiFlex shall continue to provide maintenance services ~~to W&C and/or Loudon~~ ("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 11:59 PM (Calgary time) on February 15, 2026, or as otherwise agreed upon in writing between the Monitor and DigiFlex.

until the later of:

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

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

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

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

¹ Note from BD&P to Cassels: We amended this provision to reflect a traditional blackline showing the actual changes made to paragraph 3.

DISMISSALS

DISMISSAL OF THE REMAINDER OF THE MONITOR'S APPLICATION

~~7. The remainder of DigiFlex's Application is hereby dismissed, including, DigiFlex's request for:~~

~~(a) any declaration that DigiFlex has no obligation to provide to SEC or SEDCC access to the ERP Software (as defined within the Eighteenth Report), whether directly or indirectly through W&C or Loudon; and~~

~~(b) any declaration relating to DigiFlex's obligations to provide associated software-related services to SEC, SEDCC, W&C or Loudon.~~

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

ADJOURNMENTS

ADJOURNMENT OF THE MOITOR'S APPLICATION

8. ~~9.~~ The portion of the Monitor's Application seeking approval of the Proposed Assignments, is hereby adjourned *sine die*, in order to allow the ~~Monitor, SEC and DigiFlex~~interested parties the opportunity to ~~attempt to reach a~~work out an appropriate compromise or commercial ~~resolution concerning any required limited purpose~~arrangement to facilitate ongoing access to the ~~ERP~~Digiflex Software ~~after the Stay Lift Date~~post February 15, 2026 for SEC / SEDCC's records retention and audit purposes.

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

COSTS

10. ~~11.~~ Each party shall bear its own costs pursuant to the DigiFlex Application and the portion of the Monitor's Application for dismissal of the DigiFlex Application.

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

SERVICE OF ORDER

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

GENERAL

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

Justice of the Court of King's Bench of Alberta

Schedule "A"

DigiFlex License Agreements

1. ProCLASS/LAZER/NEXUS Software License Agreement between DigiFlex and W&C executed on March 9, 2000;

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

Summary report:	
Litera Compare for Word 11.11.0.158 Document comparison done on 1/7/2026 12:59:15 PM	
Style name: TEMP	
Intelligent Table Comparison: Active	
Original DMS: iw://dms-bdp-mobility-ca.imatech.com/active/14847726/1 - 2025 12 29 - DRAFT Order re Adjournment Stay - Cassels (Original).docx	
Modified DMS: iw://dms-bdp-mobility-ca.imatech.com/active/14846218/3 - Digiflex (2301-08305) - DRAFT Order re Adjournment Stay - BDP Comments - Jan 5, 2026.docx	
Changes:	
<u>Add</u>	56
Delete	43
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	99

APPENDIX O
[ATTACHED]

COURT FILE NUMBER 2301 - 08305

Clerk's Stamp

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

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

DOCUMENT **ORDER**

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

Attention: Jeffrey Oliver

File no. 54670-3

DATE ON WHICH ORDER WAS PRONOUNCED: December 15, 2025

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

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

UPON the Application (the "**Monitor's Application**") of KSV Restructuring Inc., in its capacity as the court-appointed Monitor with enhanced powers (in such capacity, the "**Monitor**") of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited ("**Loudon**"), and Carey Management Inc. (collectively, the "**Companies**") for an order, among other things, assigning the DigiFlex License Agreements (as herein defined at Schedule "A") from W&C and/or Loudon to 7-Eleven Distribution Canada Corporation ("**SEDCC**") or its nominee (the "**Assignee**") (the "**Proposed Assignments**"); **AND UPON** the Application (the "**DigiFlex Application**") of DigiFlex Information Systems Inc. ("**DigiFlex**") for, among other things, an order lifting the stay of proceedings (the "**Stay**") *vis a vis* DigiFlex; **AND UPON** having reviewed the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the "**ARIO**"); the Consent Order with DigiFlex granted by this Court on December 17, 2024 (the "**DigiFlex Consent Order**"); the Monitor's Sixth Report to Court dated November 8, 2023; the Monitor's Fourteenth Report to Court dated December 13, 2024; the Monitor's Seventeenth Report to Court dated August 13, 2025 (the "**Seventeenth Report**"); the Monitor's Supplement

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to the Seventeenth Report to Court dated August 21, 2025 (the "**Supplement to Seventeenth Report**"); the Monitor's Second Supplement to the Seventeenth Report to Court dated September 11, 2025 (the "**Second Supplement to Seventeenth Report**"); the Monitor's Eighteenth Report to Court dated November 20, 2025 (the "**Eighteenth Report**"); the Affidavit of Joshua Buchanan sworn September 8, 2025; the Affidavit of Jennifer Allen affirmed November 12, 2025; the Affidavit of Jennifer Allen affirmed November 25, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 14, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 25, 2025; the Affidavit of Service of Jennifer Allen affirmed November 26, 2025; and the Affidavit of Service of Angeline Gagnon, sworn November 26, 2025; **AND UPON** hearing counsel for the Monitor, counsel for 7-Eleven Canada Inc. ("**SEC**") and SEDCC, and counsel for DigiFlex at the within applications on November 27, 2025; **AND UPON** judgement of the applications being reserved until December 15, 2025; **AND UPON** being satisfied that it is appropriate to do so;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. This Order accompanies the Reasons for Decision of the Honourable Justice M.A. Marion dated December 15, 2025, under the citation *Wallace & Carey Inc. (Re)*, 2025 ABKB 750 (the "**Reasons**"). This Order is to be interpreted with reference to the Reasons.
2. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the ARIO or the Eighteenth Report.

SERVICE

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

STAY

4. The Stay imposed under the ARIO, as extended by this Court from time to time, and specifically, the restrictions set out in paragraphs 15, 16, 17, 18, and 19 of the ARIO, are hereby lifted as against W&C and Loudon *vis a vis* DigiFlex to allow DigiFlex to pursue any rights or remedies it may have pursuant to its agreements with W&C and Loudon, including those under the DigiFlex License Agreements, effective as at 11:59 PM (Calgary time) on February 15, 2026 (the "**Stay Lift Date**").
5. For greater certainty, nothing in this Order or Reasons authorized any claim, action, demand or proceedings against the Monitor, or against its counsel, agents, employees, or representatives.
6. The ARIO, DigiFlex Consent Order, and any other orders in these proceedings are varied, to the

extent necessary, to lift the Stay pursuant to paragraph 4 above.

7. For greater certainty, with respect to the DigiFlex Consent Order:

(a) paragraph 3 of the DigiFlex Consent Order shall be amended as follows:

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

~~until the later of:~~

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

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

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

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

DISMISSAL OF THE REMAINDER OF THE MONITOR'S APPLICATION

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

ADJOURNMENT OF THE MONITOR'S APPLICATION

9. The portion of the Monitor's Application seeking approval of the Proposed Assignments, is hereby adjourned *sine die*, in order to allow the interested parties the opportunity to work out an appropriate compromise or commercial arrangement to facilitate ongoing access to the DigiFlex Software post February 15, 2026 for SEC / SEDCC's records retention and audit purposes.

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

COSTS

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

ADVICE & DIRECTION

13. Nothing in this Order shall be interpreted as limiting the Monitor's ability to bring an application for advice, direction, or declarations regarding the Reasons or the contents of this Order, including, without limitation, the Court's advice and direction regarding the scope and application of the lifting of the Stay as contemplated by paragraph 4 of this Order.

GENERAL

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

SERVICE OF ORDER

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

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

Justice of the Court of King's Bench of Alberta

Schedule "A"

DigiFlex License Agreements

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

COURT FILE NUMBER 2301 - 08305

Clerk's Stamp

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

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

DOCUMENT **ORDER**

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

Attention: Jeffrey Oliver

File no. 54670-3

DATE ON WHICH ORDER WAS PRONOUNCED: December 15, 2025

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

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

UPON the Application (the "**Monitor's Application**") of KSV Restructuring Inc., in its capacity as the court-appointed Monitor with enhanced powers (in such capacity, the "**Monitor**") of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited ("**Loudon**"), and Carey Management Inc. (collectively, the "**Companies**") for an order, among other things, assigning the DigiFlex License Agreements (as herein defined at Schedule "A") from W&C and/or Loudon to 7-Eleven Distribution Canada Corporation ("**SEDCC**") or its nominee (the "**Assignee**") (the "**Proposed Assignments**"); **AND UPON** the Application (the "**DigiFlex Application**") of DigiFlex Information Systems Inc. ("**DigiFlex**") for, among other things, an order lifting the stay of proceedings (the "**Stay**") *vis a vis* DigiFlex; **AND UPON** having reviewed the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the "**ARIO**"); the Consent Order with DigiFlex granted by this Court on December 17, 2024 (the "**DigiFlex Consent Order**"); the Monitor's Sixth Report to Court dated November 8, 2023; the Monitor's Fourteenth Report to Court dated December 13,

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2024; the Monitor's Seventeenth Report to Court dated August 13, 2025 (the "**Seventeenth Report**"); the Monitor's Supplement to the Seventeenth Report to Court dated August 21, 2025 (the "**Supplement to Seventeenth Report**"); the Monitor's Second Supplement to the Seventeenth Report to Court dated September 11, 2025 (the "**Second Supplement to Seventeenth Report**"); the Monitor's Eighteenth Report to Court dated November 20, 2025 (the "**Eighteenth Report**"); the Affidavit of Joshua Buchanan sworn September 8, 2025; the Affidavit of Jennifer Allen affirmed November 12, 2025; the Affidavit of Jennifer Allen affirmed November 25, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 14, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 25, 2025; the Affidavit of Service of Jennifer Allen affirmed November 26, 2025; and the Affidavit of Service of Angeline Gagnon, sworn November 26, 2025; **AND UPON** hearing counsel for the Monitor, counsel for 7-Eleven Canada Inc. ("**SEC**") and SEDCC, and counsel for DigiFlex at the within applications on November 27, 2025; **AND UPON** judgement of the applications being reserved until December 15, 2025; **AND UPON** being satisfied that it is appropriate to do so;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. This Order accompanies the Reasons for Decision of the Honourable Justice M.A. Marion dated December 15, 2025, under the citation *Wallace & Carey Inc. (Re)*, 2025 ABKB 750 (the "**Reasons**"). This Order is to be interpreted with reference to the Reasons.
2. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the ARIO or the Eighteenth Report.

SERVICE

3. Service of notice of the Monitor's Application and ~~Digiflex's~~[DigiFlex's](#) Application and supporting materials are hereby declared to be good and sufficient, and time for service of the Monitor's Application and ~~Digiflex's~~[DigiFlex's](#) Application are abridged to that actually given.

STAY

4. The Stay imposed under the ARIO, as extended by this Court from time to time, and specifically, the restrictions set out in paragraphs 15, 16, 17, 18, and 19 of the ARIO, are hereby lifted as against W&C and Loudon *vis a vis* DigiFlex to allow DigiFlex to pursue any rights or remedies it may have pursuant to its agreements with W&C and Loudon, including those under the DigiFlex License Agreements, effective as at 11:59 PM (Calgary time) on February 15, 2026 (the "**Stay Lift Date**").
5. [For greater certainty, nothing in this Order or Reasons authorized any claim, action, demand or](#)

[proceedings against the Monitor, or against its counsel, agents, employees, or representatives.](#)

6. ~~5.~~The ARIO, DigiFlex Consent Order, and any other orders in these proceedings are varied, to the extent necessary, to lift the Stay pursuant to paragraph 4 above.

7. ~~6.~~For greater certainty, with respect to the ~~Digiflex~~DigiFlex Consent Order:

(a) paragraph 3 of the DigiFlex Consent Order shall be amended as follows:[†]

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

~~until the later of:-~~

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

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

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

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

DISMISSAL OF THE REMAINDER OF THE MONITOR'S APPLICATION

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

ADJOURNMENT OF THE ~~MONITOR'S~~MONITOR'S APPLICATION

9. ~~8.~~The portion of the Monitor's Application seeking approval of the Proposed Assignments, is hereby adjourned *sine die*, in order to allow the interested parties the opportunity to work out an appropriate compromise or commercial arrangement to facilitate ongoing access to the ~~Digiflex~~DigiFlex Software post February 15, 2026 for SEC / SEDCC's records retention and audit

~~[†] Note from BD&P to Cassels: We amended this provision to reflect a traditional blackline showing the actual changes made to paragraph 3.~~

purposes.

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

COSTS

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

ADVICE & DIRECTION

13. Nothing in this Order shall be interpreted as limiting the Monitor's ability to bring an application for advice, direction, or declarations regarding the Reasons or the contents of this Order, including, without limitation, the Court's advice and direction regarding the scope and application of the lifting of the Stay as contemplated by paragraph 4 of this Order.

GENERAL

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

SERVICE OF ORDER

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

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

~~GENERAL~~

- ~~14. For greater certainty, any findings of fact stated in the Reasons are interim findings only and do not create a binding decision with respect to any disputed fact in any other proceeding.~~

Justice of the Court of King's Bench of Alberta

Schedule "A"

DigiFlex License Agreements

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

~~14846218.3~~[14846218.3](#)

[LEGAL*70395273.6](#)

Summary report:	
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Intelligent Table Comparison: Active	
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Modified filename: 2026 01 09 - DRAFT Order re Adjournment & Stay.docx	
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Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	57

COURT FILE NUMBER 2301 - 08305

Clerk's Stamp

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

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

DOCUMENT **ORDER**

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

Attention: Jeffrey Oliver

File no. 54670-3

DATE ON WHICH ORDER WAS PRONOUNCED: December 15, 2025

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

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

UPON the Application (the "**Monitor's Application**") of KSV Restructuring Inc., in its capacity as the court-appointed Monitor with enhanced powers (in such capacity, the "**Monitor**") of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited ("**Loudon**"), and Carey Management Inc. (collectively, the "**Companies**") for an order, among other things, assigning the DigiFlex License Agreements (as herein defined at Schedule "A") from W&C and/or Loudon to 7-Eleven Distribution Canada Corporation ("**SEDCC**") or its nominee (the "**Assignee**") (the "**Proposed Assignments**"); **AND UPON** the Application (the "**DigiFlex Application**") of DigiFlex Information Systems Inc. ("**DigiFlex**") for, among other things, an order lifting the stay of proceedings (the "**Stay**") *vis a vis* DigiFlex; **AND UPON** having reviewed the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the "**ARIO**"); the Consent Order with DigiFlex granted by this Court on December 17, 2024 (the "**DigiFlex Consent Order**"); the Monitor's Sixth Report to Court dated November 8, 2023; the Monitor's Fourteenth Report to Court dated December 13,

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[LEGAL*70395273.6](#)

2024; the Monitor's Seventeenth Report to Court dated August 13, 2025 (the "**Seventeenth Report**"); the Monitor's Supplement to the Seventeenth Report to Court dated August 21, 2025 (the "**Supplement to Seventeenth Report**"); the Monitor's Second Supplement to the Seventeenth Report to Court dated September 11, 2025 (the "**Second Supplement to Seventeenth Report**"); the Monitor's Eighteenth Report to Court dated November 20, 2025 (the "**Eighteenth Report**"); the Affidavit of Joshua Buchanan sworn September 8, 2025; the Affidavit of Jennifer Allen affirmed November 12, 2025; the Affidavit of Jennifer Allen affirmed November 25, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 14, 2025; the Affidavit of Mohamad Z. Mardukhi, affirmed November 25, 2025; the Affidavit of Service of Jennifer Allen affirmed November 26, 2025; and the Affidavit of Service of Angeline Gagnon, sworn November 26, 2025; **AND UPON** hearing counsel for the Monitor, counsel for 7-Eleven Canada Inc. ("**SEC**") and SEDCC, and counsel for DigiFlex at the within applications on November 27, 2025; **AND UPON** judgement of the applications being reserved until December 15, 2025; **AND UPON** being satisfied that it is appropriate to do so;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. This Order accompanies the Reasons for Decision of the Honourable Justice M.A. Marion dated December 15, 2025, under the citation *Wallace & Carey Inc. (Re)*, 2025 ABKB 750 (the "**Reasons**"). This Order is to be interpreted with reference to the Reasons.
2. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the ARIO or the Eighteenth Report.

SERVICE

3. Service of notice of the Monitor's Application and ~~Digiflex's~~[DigiFlex's](#) Application and supporting materials are hereby declared to be good and sufficient, and time for service of the Monitor's Application and ~~Digiflex's~~[DigiFlex's](#) Application are abridged to that actually given.

STAY

4. The Stay imposed under the ARIO, as extended by this Court from time to time, and specifically, the restrictions set out in paragraphs 15, 16, 17, 18, and 19 of the ARIO, are hereby lifted as against W&C and Loudon *vis a vis* DigiFlex to allow DigiFlex to pursue any rights or remedies it may have pursuant to its agreements with W&C and Loudon, including those under the DigiFlex License Agreements, effective as at 11:59 PM (Calgary time) on February 15, 2026 (the "**Stay Lift Date**").
5. [For greater certainty, nothing in this Order or Reasons authorized any claim, action, demand or](#)

proceedings against the Monitor, or against its counsel, agents, employees, or representatives.

6. ~~5.~~The ARIO, DigiFlex Consent Order, and any other orders in these proceedings are varied, to the extent necessary, to lift the Stay pursuant to paragraph 4 above.

7. ~~6.~~For greater certainty, with respect to the ~~Digiflex~~DigiFlex Consent Order:

(a) paragraph 3 of the DigiFlex Consent Order shall be amended as follows:[†]

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

~~until the later of:-~~

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

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

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

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

DISMISSAL OF THE REMAINDER OF THE MONITOR'S APPLICATION

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

ADJOURNMENT OF THE ~~MONITOR'S~~MONITOR'S APPLICATION

9. ~~8.~~The portion of the Monitor's Application seeking approval of the Proposed Assignments, is hereby adjourned *sine die*, in order to allow the interested parties the opportunity to work out an appropriate compromise or commercial arrangement to facilitate ongoing access to the ~~Digiflex~~DigiFlex Software post February 15, 2026 for SEC / SEDCC's records retention and audit

[†] ~~Note from BD&P to Cassels: We amended this provision to reflect a traditional blackline showing the actual changes made to paragraph 3.~~

purposes.

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

COSTS

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

ADVICE & DIRECTION

13. Nothing in this Order shall be interpreted as limiting the Monitor's ability to bring an application for advice, direction, or declarations regarding the Reasons or the contents of this Order, including, without limitation, the Court's advice and direction regarding the scope and application of the lifting of the Stay as contemplated by paragraph 4 of this Order.

GENERAL

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

SERVICE OF ORDER

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

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

~~GENERAL~~

- ~~14. For greater certainty, any findings of fact stated in the Reasons are interim findings only and do not create a binding decision with respect to any disputed fact in any other proceeding.~~

Justice of the Court of King's Bench of Alberta

Schedule "A"

DigiFlex License Agreements

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

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[LEGAL*70395273.6](#)

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Embedded Excel	0
Format changes	0
Total Changes:	57

APPENDIX P
[ATTACHED]

Reply to: Chelsea Nimmo
Direct Phone: (403) 260-0102
Direct Fax: (403) 260-0332
cnimmo@bdplaw.com

Assistant: Jenny Allen
Direct Phone: (403) 260-0395
Our File: 79894-1

Via E-Mail (joliver@cassels.com)

January 16, 2026

Wallace & Carey, Inc. c/o
Cassels, Brock & Blackwell LLP
3700, 888 - 3rd Street SW
Calgary, AB T2P 5C5

Attention: Jeffrey Oliver

Dear Mr. Oliver:

**Re: In the matter of the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc.
Court of King's Bench of Alberta Action No. 2301-08305**

We write to you in your capacity as counsel to KSV Restructuring Inc. (**KSV**), the Monitor in the above proceeding, who has enhanced powers over Wallace & Carey Inc. (**Wallace & Carey**) pursuant to the Court Order dated August 28, 2025, which gives KSV the power to execute or amend Wallace & Carey's agreements.

As you know, we are counsel to Digiflex Information Systems Inc. (**Digiflex**). We write regarding the software licenses that Digiflex has with Wallace & Carey in relation to Digiflex's ERP copyrighted software. A list of the licenses that Digiflex has with Wallace & Carey is attached as **Schedule "A"**, referred to herein as the **W&C Software Licenses**.

(1) Termination of the Maintenance Agreements

As you know, each of the W&C Software Licenses is affiliated with a Maintenance Agreement, which relates to, among other things, software upgrades and enhancements, operating system compatibility, as well as a 24/7 support line for the software. The Maintenance Agreements are not perpetual, but rather review each year on terms to be signed upon between Digiflex and the client, unless either party gives 30 days written notice of termination pursuant to clause 2 of the Maintenance Agreements.

Please consider this letter Digiflex's notice of termination of the Maintenance Agreements affiliated with the W&C Software Licenses. The Maintenance Agreements will thus expire on February 15, 2026 at 11:59 PM. As you know, this is also the time that the Stay in the above action will be lifted against Digiflex pursuant to Justice Marion's decision dated December 15, 2025 (2025 ABKB 750).

We note that on January 8, 2026, we asked you whether Wallace & Carey had any need to continue the Maintenance Agreements on a read-only basis for historical audit purposes and reporting and requested a response by January 12, 2026. To date, we have still not received a response. To the extent Wallace & Carey

decides it needs access on a read-only basis,¹ we would be happy to discuss a Maintenance Agreement at that time, but for now, consider the Maintenance Agreements terminated as of February 15, 2026 at 11:59 PM.

(2) Wallace & Carey's Infringement, Breach of the W&C Software Licenses and Activities with 7-Eleven

As you know, Digiflex believes that Wallace & Carey has been assisting 7-Eleven Inc., 7-Eleven Canada Inc., and 7-Eleven Distribution Centre (collectively, **7-Eleven**) with the improper and unauthorized use of the Digiflex ERP software, which is a breach of the W&C Software Licenses and amounts to copyright infringement of the Digiflex ERP software. While Justice Marion permitted the Stay to continue to February 15, 2026, he acknowledged that the record before him demonstrated that Digiflex's allegations are not frivolous, and that they ought to be tried in an action, not in a summary application. Further, a stay of proceedings, in a CCAA proceeding, is not a defence to copyright infringement or breach of contract. Therefore, in no way does Justice Marion's decision excuse Wallace & Carey's (nor 7-Eleven's) past, current, or future unauthorized conduct.

However, we understand that KSV's position is that 7-Eleven has never used the Digiflex ERP software, that only Wallace & Carey has, and that Wallace & Carey needs continued active use of the Digiflex ERP software until February 15, 2026. As you know, we disagree and Digiflex's position is that this behaviour is unauthorized. However, we understand from your lack of response to my January 8, 2026 email that, after February 15, 2026, Wallace & Carey will no longer need access to the Digiflex ERP software in read-only option or otherwise.

Therefore, we expect that as of February 16, 2026 at 12:00 AM, Wallace & Carey's unauthorized use of the Digiflex Software will stop, and in turn, Wallace & Carey will no longer be facilitating 7-Eleven's illegal access, in any form – directly or indirectly – to the Digiflex ERP software.

For clarity, Digiflex's position is that:

- **To the extent Wallace & Carey is currently using the Digiflex software (which is not admitted but expressly denied), such use is in breach of the W&C Software Licenses and amounts to copyright infringement;**
- **To the extent 7-Eleven is currently using the Digiflex software, 7-Eleven is infringing Digiflex's copyrights, and W&C is facilitating and/or contributing to this infringement; and**
- **Neither the TSA, the Stay, the Consent Order, nor the Marion Decision can excuse Wallace & Carey and/or 7-Eleven's actions. Justice Marion explicitly preserved Digiflex's rights to prove this in a separate proceeding on a more fulsome record.² Stay's place proceedings against illegal behaviour on hold. They do not excuse illegal behaviour.**

This letter is in no way an acknowledgement that any past or current use of the Digiflex software, by either Wallace & Carey and/or 7-Eleven, is permitted. Digiflex reserves all rights.

¹ We acknowledge receipt of Kamryn Wiest's email dated January 15, 2026 at 3:11 PM.

² Marion's Decision at paras 101 and 126.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP

A handwritten signature in black ink, appearing to read 'Chelsea Nimmo'. The signature is fluid and cursive, with a large initial 'C' and a long horizontal stroke.

Chelsea Nimmo
Counsel

CMN/lm

cc: Bruna Kalinoski, Burnet, Duckworth & Palmer LLP, bkalinowski@bdplaw.com, Florence Hogg, Burnet, Duckworth & Palmer LLP, fhogg@bdplaw.com, Kamryn Wiest, Cassels, Brock & Blackwell LLP, kwiest@cassels.com

Schedule "A"

Item	License	Maintenance Agreement Expiry
1	ProCLASS/LAZER/NEXUS Software License Agreement between DigiFlex and W&C executed on March 9, 2000	February 15, 2026
2	CLASS Software License Agreement between DigiFlex and W&C executed by DigiFlex on June 27, 2003 and W&C on August 12, 2003	February 15, 2026
3	ProCLASSB1 Business Intelligence Suite Software License Agreement between DigiFlex and W&C entered into on or about April 23, 2012	Expired

APPENDIX Q
[ATTACHED]

From: [Wiest, Kamryn](#)
To: [Chelsea Nimmo](#)
Cc: [Oliver, Jeffrey](#); [Bobby Kofman](#); [Jason Knight](#); [Lamek, Edmond](#); carole.hunter@dlapiper.com; [Florence Hogg](#)
Subject: RE: [EXT] W&C/Digiflex - Order - In the matter of the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. // Court File Number 2301-08305 [IMAN-LEGAL.FID4364182]
Date: Friday, January 23, 2026 4:44:10 PM
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)

Hi Chelsea,

The Monitor intends to seek Justice Marion's advice and direction on three matters that were either (i) unclear in the Reasons; or (ii) otherwise arose after the Reasons were released. In particular, the Monitor wants Justice Marion's guidance on the scope and effect of the lifting of the stay with respect to the following:

1. confirmation that the lifting of the stay is solely against W&C and Loudon, not CMI, the Monitor, or its counsel and representatives;
2. the consequence of a judgement against W&C and Loudon, if one is obtained, including clarification that a judgment does not disturb the priorities established by the ARIO and the [Ancillary Order granted by the Honourable Justice Hollins dated August 23, 2023](#) , and that the Provinces and Territories retain priority payment of their Tobacco Tax Charge; and
3. whether W&C and Loudon can still use their perpetual license after the stay has been lifted, including to access and maintain a historical database for the Monitor's purposes of meeting its statutory and other obligations, noting that no further maintenance, support, or help desk services from DigiFlex would be required.

We currently have time booked for half-day on February 5th at 10AM before Justice Marion for the purposes of extending the stay relating to other matters in these CCAA proceedings and seeking his advice and direction on the above. If agreement can be reached on these points, a contested court application will not be necessary. In our view, however, these issues must be clarified before the February 15 lifting date, unless we can otherwise agree that DigiFlex will effectively continue to operate under the stay until these matters are addressed by Justice Marion.

We look forward to hearing from you.

Thank you,
Kamryn

KAMRYN WIEST (SHE/HER/HERS)
Associate

From: Chelsea Nimmo <cnimmo@bdplaw.com>
Sent: Friday, January 23, 2026 11:50 AM
To: Wiest, Kamryn <kwiest@cassels.com>
Cc: Oliver, Jeffrey <joliver@cassels.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Jason Knight <jknight@ksvadvisory.com>; Lamek, Edmond <edmond.lamек@ca.dlapiper.com>; carole.hunter@dlapiper.com; Florence Hogg <fhogg@bdplaw.com>
Subject: Re: [EXT] W&C/Digiflex - Order - In the matter of the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. // Court File Number 2301-08305 [IMAN-LEGAL.FID4364182]

CAUTION: External Email

Hi Kamryn,

Sorry I missed your call. I'm in Mexico now and back February 2.

What is the issue that will need to be addressed? It would be helpful if I could understand to see if the parties could avoid another contested court application. I believe in all the correspondence that I have sent you I have indicated that Digiflex is open to have discussions, which Justice Marion has encouraged the parties to do.

Regarding the February 15th date, the parties will still be able to appear before Justice Marion after that date. If there are any issues of urgency please let me know, but from what the Monitor and 7-11 have advised Justice Marion there does not appear to be anything urgent outstanding at this time.

If you'd like to chat on the phone I can make myself available (preferably early next week when the weather looks a bit more cloudy!)

Many thanks,
Chelsea

Get [Outlook for iOS](#)

From: Wiest, Kamryn <kwiest@cassels.com>

Sent: Friday, January 23, 2026 12:46:57 PM

To: Chelsea Nimmo <cnimmo@bdplaw.com>

Cc: Bruna Kalinoski <bkalinoski@bdplaw.com>; Oliver, Jeffrey <joliver@cassels.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Jason Knight <jknight@ksvadvisory.com>; Lamek, Edmond <edmond.lamek@ca.dlapiper.com>; carole.hunter@dlapiper.com <carole.hunter@dlapiper.com>

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

Good morning Chelsea,

I gave you a call this morning and left a voicemail. I wanted to let you know that a few matters have been identified by the Monitor that we are currently considering in connection with the lifting of the Stay.

We understand that you have upcoming vacation plans and wanted to confirm your availability to determine whether arrangements can be made with Justice Marion that are workable for all parties. If appearing before Justice Marion is not feasible based on your availability, we will nonetheless need to proceed, as he has seized himself and these matters must be addressed in advance of February 15.

Given the time-sensitive nature of this matter, we would appreciate your response as soon as possible. Please feel free to contact me at any time today should you wish to discuss on the phone.

Thank you,
Kamryn

Cassels

KAMRYN WIEST (SHE/HER/HERS)

Associate

t: +1 587 441 3066

e: kwiest@cassels.com

Cassels Brock & Blackwell LLP | cassels.com

Suite 3700, Bankers Hall West, 888 3rd Street SW

Calgary, AB T2P 5C5 Canada

From: Chelsea Nimmo <cnimmo@bdplaw.com>

Sent: Monday, January 19, 2026 7:51 PM

To: Wiest, Kamryn <kwiest@cassels.com>

Cc: Bruna Kalinoski <bkalinoski@bdplaw.com>; Oliver, Jeffrey <joliver@cassels.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Jason Knight <jknight@ksvadvisory.com>; Lamek, Edmond <edmond.lamek@ca.dlapiper.com>; carole.hunter@dlapiper.com

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

08305

CAUTION: External Email

Thanks for you, Kamryn. Unfortunately, I am struggling to understand the necessity of your new additions. For example, if your rationale is to be consistent with the ARIO, I would prefer to let the ARIO speak for itself and keep our Order reflective of the words that Justice Marion actually used.

Your additions raise other questions, such as your motivation for paragraph 5. The ARIO stay is limited to the "Monitor" only, not its "counsel, agents, employees or representatives" (as you propose in your draft). I really hope I don't have to sue Cassels Brock! Plus, at this stage, the Monitor is effectively the Applicants so you can appreciate why I am skeptical. Given the history between the parties, you can also appreciate the hesitancy.

I am not trying to be difficult; I am just struggling with the rationale. If you'd like we can have a call tomorrow to discuss further.

Thanks,
Chelsea

Chelsea Nimmo

Counsel

P: 403.260.0102

C: 403.620.1565

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

bdplaw.com



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From: Wiest, Kamryn <kwiest@cassels.com>

Sent: Thursday, January 15, 2026 3:11 PM

To: Chelsea Nimmo <cnimmo@bdplaw.com>

Cc: Bruna Kalinoski <bkalinowski@bdplaw.com>; Oliver, Jeffrey <joliver@cassels.com>; Bobby Kofman <bkofman@ksvadvisory.com>; Jason Knight <jknight@ksvadvisory.com>; Lamek, Edmond <edmond.lamek@ca.dlapiper.com>; Hunter, Carole <carole.hunter@ca.dlapiper.com>

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

Hi Chelsea,

Thank you for your comments on the order. I have attached:

1. a clean proposed draft order, in word form;
2. a blackline showing the changes from the last form of order circulated to you; and
3. a blackline showing our changes from the version you provided to us.

You will see we have accepted most of your comments, but please see below notes regarding our substantive changes and reasons for the same:

- We have included language at paragraph 5 confirming that nothing in the Order or Reasons authorizes any claim against the Monitor or its counsel. The Reasons do not explicitly lift the Stay as it applies to the Monitor; rather, the decision expressly lifts the Stay only with respect to DigiFlex's rights and remedies as against W&C and Loudon (at para 3 of the Reasons). Accordingly, the Stay remains in effect against the Monitor. This clarification in the Order is necessary to avoid any future ambiguity.
- We have added Loudon to the amendment of the DigiFlex Consent Order. We understand that Loudon was not originally included in the DigiFlex Consent Order. However, Justice Marion indicates at paragraph 128 of the Reasons that the orders in these proceedings should be amended as required. Given that the Loudon Maintenance Agreements are subject to the current Stay, which includes the continued provision of services under paragraph 19 of the ARIO, we believe adding Loudon provides clarity, consistency and does not add any obligation to them that does not already exist.
- We have added at paragraph 13 a provision stating that nothing in this Order shall be interpreted as limiting the Monitor's ability to seek advice, direction, or a declaration regarding the scope and application of the lifting of the Stay. This ensures the Monitor can obtain timely guidance on any disputes that may arise prior to or as a result of the lifting of the Stay, which would reduce uncertainty and promote consistency for all stakeholders. We believe this addition is reasonable and aligns with the Monitor's duties and powers pursuant to the ARIO, and in particular, paragraph 51 therein.

Regarding your email dated January 8, 2026, in which you inquired whether the Monitor will require access to the historical ERP database after February 15, 2026, we are currently reviewing some technical considerations and will provide an update as soon as possible.

Please let us know if you have any questions, concerns, or further comments.

We look forward to hearing from you.

Thank you,
Kamryn

Cassels

KAMRYN WIEST (SHE/HER/HERS)

Associate

t: +1 587 441 3066

e: kwiest@cassels.com

Cassels Brock & Blackwell LLP | cassels.com
Suite 3700, Bankers Hall West, 888 3rd Street SW

From: Chelsea Nimmo <cnimmo@bdplaw.com>
Sent: Wednesday, January 07, 2026 1:09 PM
To: Oliver, Jeffrey <joliver@cassels.com>; Wiest, Kamryn <kwiest@cassels.com>
Cc: Bruna Kalinoski <bkalinoski@bdplaw.com>
Subject: RE: [EXT] RE: W&C/Digiflex - Order - In the matter of the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. // Court File Number 2301-08305

CAUTION: External Email

Hi Jeffrey and Kamryn,

Please find attached: (1) a clean proposed draft order, in word form; and (2) a red-line showing the changes that I made, in PDF form.

Briefly, the changes I made are to:

- Reflect what evidence and who was before Justice Marion;
- Reference the Reasons
- Removed items that were not addressed in the Reasons [e.g., your proposed items 4(b) and 7]
 - With regards to your proposed item 7, Digiflex's application on the declarations it sought regarding 7-11 were not dismissed. Justice Marion decided that he could not decide them on the facts.
- Amended item 6 to more accurately reflect the language of the Digiflex Consent Order.
- Amended the wording to reflect the Reasons to avoid discrepancies and interpretation issues down the road.
- Added item 14 considering paragraphs 100 and 101 of the Reasons.

Happy to hear any concerns that you may have. Thank you for preparing the first draft.

Chelsea

Chelsea Nimmo

Counsel

P: 403.260.0102

C: 403.620.1565

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

bdplaw.com



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From: Oliver, Jeffrey <joliver@cassels.com>
Sent: Tuesday, January 06, 2026 1:32 PM
To: Chelsea Nimmo <cnimmo@bdplaw.com>; Wiest, Kamryn <kwiest@cassels.com>
Cc: Bruna Kalinoski <bkalinowski@bdplaw.com>
Subject: RE: [EXT] RE: W&C/Digiflex - Order - In the matter of the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. // Court File Number 2301-08305

Thank you. At this time, we don't believe the February 12th appearance will address Digiflex, although we may need to appear before Justice Marion to address Digiflex issues in any event prior to that. We will write once we know more.

Cassels | **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, January 06, 2026 1:25 PM
To: Oliver, Jeffrey <joliver@cassels.com>; Wiest, Kamryn <kwiest@cassels.com>
Cc: Bruna Kalinoski <bkalinowski@bdplaw.com>
Subject: RE: [EXT] RE: W&C/Digiflex - Order - In the matter of the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. // Court File Number 2301-08305

CAUTION: External Email

Happy New Year, Jeffrey,

Thank you for your helpful explanation. I am fine to submit a draft Order if that is standard practice. I will provide my comments shortly, but you can expect my amendments to mirror the language of the Reasons.

Before I do, I understand that there is time booked on February 12th with Justice Feasby at 2 PM for a Stay Extension. Can you advise if the relief sought for that booking will be related to Digiflex? I will be away on vacation at the end of January and would like to ensure that I am not jammed on a response. I also would like to consider proposed overlap

with the draft Order.

Many thanks,
Chelsea

Chelsea Nimmo

Counsel

P: 403.260.0102

C: 403.620.1565

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

bdplaw.com



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

Sent: Tuesday, January 06, 2026 1:05 PM

To: Chelsea Nimmo <cnimmo@bdplaw.com>; Wiest, Kamryn <kwiest@cassels.com>

Cc: Bruna Kalinoski <bkalinoski@bdplaw.com>

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

Chelsea,

The Order is necessary. I have never been involved in a CCAA where an order was not prepared at the outcome of a hearing, and I don't think it is correct to say the reasons are the order under AB Rules.

Further, the language from the reasons stating "The Monitor's counsel is directed to prepare the form of order with the proposed amendments to the orders in these proceedings **as required.**" means that if any prior orders in this proceeding need to be amended (or not) as a result of this current order, we are to deal with it in this order. As such, please provide your comments on the form of order we provided.

Thank you for your attention to this matter, and we look forward to your feedback.

Cassels

JEFFREY OLIVER (HE/HIM/HIS)

Partner

t: +1 403 351 2921

| e: joliver@cassels.com

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

From: Chelsea Nimmo <cnimmo@bdplaw.com>
Sent: Monday, January 05, 2026 5:03 PM
To: Wiest, Kamryn <kwiest@cassels.com>
Cc: Oliver, Jeffrey <joliver@cassels.com>; Bruna Kalinoski <bkalinoski@bdplaw.com>
Subject: RE: [EXT] RE: W&C/Digiflex - Order - In the matter of the Compromise or Arrangement of Wallase & Carey Inc., Loudon Bros Limited and Carey Management Inc. // Court File Number 2301-08305

CAUTION: External Email

Hi Kamryn,

Thanks again for this. I have made a few edits and am seeking instructions. However, I question whether this Order is even necessary? It largely reiterates what was stated in the December 15th Reasons, which represents an Order in and of itself. At paragraph 128 of the Reasons, Justice Marion writes: "The Monitor's counsel is directed to prepare the form of order with the proposed amendments to the orders in these proceedings **as required.**" Based on this, I would think the Order should be limited to: (i) what orders should be amended in light of the Reasons, and; (ii) what are the proposed amendments to those orders. Even then, I don't even know if that is necessary, or if we can simply interpret the any order in light of the Reasons.

I do not think we need to reiterate any other orders made with respect to costs, service, etc. My concern is that we will create more work for ourselves down the line by arguing about any discrepancies between an Order and the Reasons. I would suggest we keep it simple. However, open of course, to hear yours and Jeffrey's perspective. Let me know if a call tomorrow would be best.

Thanks
Chelsea

Chelsea Nimmo

Counsel

P: 403.260.0102

C: 403.620.1565

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

bdplaw.com

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From: Chelsea Nimmo

Sent: Monday, January 05, 2026 11:27 AM

To: Wiest, Kamryn <kwiest@cassels.com>

Cc: Oliver, Jeffrey <joliver@cassels.com>; Bruna Kalinoski <bkalinoski@bdplaw.com>

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

Hi Kamryn,

Thank you for the follow up. I will review now.

Many thanks,
Chelsea

Chelsea Nimmo

Counsel

P: 403.260.0102

C: 403.620.1565

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

bdplaw.com

The logo for BD&P, featuring the letters 'BD&P' in a bold, serif font. The ampersand is stylized and colored blue, while the letters 'B', 'D', and 'P' are black.

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From: Wiest, Kamryn <kwiest@cassels.com>

Sent: Monday, January 05, 2026 11:14 AM

To: Chelsea Nimmo <cnimmo@bdplaw.com>

Cc: Oliver, Jeffrey <joliver@cassels.com>; Bruna Kalinoski <bkalinoski@bdplaw.com>

Subject: [EXT] RE: W&C/Digiflex - Order - In the matter of the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. // Court File Number 2301-08305 [IMAN-LEGAL.FID4715768]

Good morning Chelsea,

I am just following up on the below. Please let us know if you have any comments on the attached order.

Thank you,
Kamryn

Cassels

KAMRYN WIEST (SHE/HER/HERS)

Associate

t: +1 587 441 3066

e: kwiest@cassels.com

Cassels Brock & Blackwell LLP | cassels.com

Suite 3700, Bankers Hall West, 888 3rd Street SW
Calgary, AB T2P 5C5 Canada

From: Wiest, Kamryn

Sent: Monday, December 29, 2025 1:29 PM

To: Chelsea Nimmo <cnimmo@bdplaw.com>

Subject: FW: W&C/Digiflex - Order - In the matter of the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. // Court File Number 2301-08305 [IMAN-LEGAL.FID4715768]

Hi Chelsea,

Please find attached draft Order pursuant to Justice Marion's December 15 decision for your review and comment.

Let us know if you have any questions and we'd be happy to discuss.

Thank you,
Kamryn

Cassels

KAMRYN WIEST (SHE/HER/HERS)

Associate

t: +1 587 441 3066

e: kwiest@cassels.com

Cassels Brock & Blackwell LLP | cassels.com

Suite 3700, Bankers Hall West, 888 3rd Street SW
Calgary, AB T2P 5C5 Canada

From: Christina Norman <Christina.Norman@albertacourts.ca>

Sent: Monday, December 15, 2025 3:35 PM

To: Jorgenson, Danica <djorgenson@cassels.com>; cnimmo@bdplaw.com; Oliver, Jeffrey <joliver@cassels.com>; Wiest, Kamryn <kwiest@cassels.com>; carole.hunter@dlapiper.com; Lamek, Edmond <edmond.lamek@ca.dlapiper.com>; bkalinowski@bdplaw.com

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

Subject: In the matter of the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. // Court File Number 2301-08305 [IMAN-LEGAL.FID4715768]

Importance: High

CAUTION: External Email

Dear counsel,

On behalf of Justice Marion please find attached his Reasons for Decision on the application heard November 27, 2025. Please confirm receipt by reply email at your earliest. Thank you.

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

**Cour du Banc du
Roi de l'Alberta**

Christina Norman

Judicial Assistant to:

Justice Johanna C. Price

Justice Ola P. Malik

Justice Nancy M. Carruthers

Justice Michael A. Marion

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APPENDIX R
[ATTACHED]

Carey Management Inc., Wallace & Carey Inc., and Loudon Bros Limited

Weekly Cash Flow Projection

January 26, 2026 to August 16, 2026

(Unaudited; \$000's)

Week Ending	Note	1/Feb	8/Feb	15/Feb	22/Feb	1/Mar	8/Mar	15/Mar	22/Mar	29/Mar	5/Apr	12/Apr	19/Apr	26/Apr	3/May	10/May	17/May	24/May	31/May	7/Jun	14/Jun	21/Jun	28/Jun	5/Jul	12/Jul	19/Jul	26/Jul	2/Aug	9/Aug	16/Aug	Total
Receipts																															
Excluded Assets	2	-	-	-	-	-	-	-	-	-	-	-	-	-	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50
		-	-	-	-	-	-	-	-	-	-	-	-	-	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50
Disbursements																															
Professional fees	3	-	-	(35)	-	-	-	(20)	-	-	-	-	(20)	-	-	-	(20)	-	-	-	(20)	-	-	-	-	(20)	-	-	-	(20)	(155)
Contingency	4	(5)	-	-	-	(5)	-	-	-	-	(5)	-	-	-	(5)	-	-	-	-	(5)	(20)	-	-	(5)	-	-	-	(5)	-	-	(35)
		(5)	-	(35)	-	(5)	-	(20)	-	-	(5)	-	(20)	-	(5)	-	(20)	-	-	(5)	(20)	-	-	(5)	-	(20)	-	(5)	-	(20)	(190)
Net cash flow		(5)	-	(35)	-	(5)	-	(20)	-	-	(5)	-	(20)	-	45	-	(20)	-	-	(5)	(20)	-	-	(5)	-	(20)	-	(5)	-	(20)	
Opening cash balance		1,517	1,512	1,512	1,477	1,477	1,472	1,472	1,452	1,452	1,452	1,447	1,447	1,427	1,427	1,472	1,472	1,452	1,452	1,452	1,447	1,427	1,427	1,427	1,422	1,422	1,402	1,402	1,397	1,397	1,517
Net cash flow		(5)	-	(35)	-	(5)	-	(20)	-	-	(5)	-	(20)	-	45	-	(20)	-	-	(5)	(20)	-	-	(5)	-	(20)	-	(5)	-	(20)	(140)
Ending cash balance	5	1,512	1,512	1,477	1,477	1,472	1,472	1,452	1,452	1,452	1,447	1,447	1,427	1,427	1,472	1,472	1,452	1,452	1,452	1,447	1,427	1,427	1,427	1,422	1,422	1,402	1,402	1,397	1,397	1,377	

Notes to the Weekly Cash Flow Projection

January 26, 2026 to August 16, 2026

(Unaudited; \$000's)

Purpose and General Assumptions

1. The purpose of the projection is to present the cash flow forecast (the "Cash Flow Forecast") of Carey Management Inc., Wallace & Carey Inc., and Loudon Bros Limited (collectively, the "Companies") from January 26, 2026 to August 16, 2026 (the "Period") in connection with their CCAA proceedings. The Cash Flow Forecast has been prepared based on hypothetical and most probable assumptions.

Since the closing of the transaction with 7-Eleven Distribution Canada Corp. ("SEDCC") on March 17, 2025, substantially all operations of the Companies have been transitioned to SEDCC.

Capitalized terms not defined herein have the meanings ascribed to them in the Monitor's Nineteenth Report to Court dated January 26, 2026.

Hypothetical

3. Professional fees include the fees and disbursements of the Monitor and its legal counsel, excluding fees and disbursements incurred in connection with the TSA. Pursuant to paragraph 10(c) of the TSA, 7-Eleven Canada, Inc. is responsible for the fees of the Monitor and its legal counsel with respect to work performed in connection with the TSA.
4. Represents a contingency for unforeseen administrative or other costs

Most Probable

2. Represents the projected receipt of the promissory note issued by Spruce It Up Garden Centre Inc. to CMI, which is due and payable on April 29, 2026. Given the timing and uncertainty of the Dakin News Systems Inc. litigation, the Monitor has not included any receipts from this litigation.
5. Represents the estimated amount available for distribution to creditors, excluding any amounts expected to be received from the Receivership Companies.

APPENDIX S
[ATTACHED]

COURT OF KING'S BENCH OF ALBERTA

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c.C-36, AS AMENDED**

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

MONITOR'S REPORT ON CASH FLOW STATEMENT

(paragraph 23(1)(b) of the CCAA)

Pursuant to an order issued by the Court of King's Bench of Alberta (the "**Court**") on June 22, 2023, Carey Management Inc., Wallace & Carey Inc., and Loudon Bros Limited (collectively, 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. was appointed monitor in the CCAA proceedings (in such capacity, the "**Monitor**").

Pursuant to an order issued by the Court on August 26, 2025, the Monitor is empowered and authorized to cause the Companies to perform such other functions or duties as the Monitor considers necessary or desirable to facilitate or assist the administration of the CCAA proceedings and the operations of the Companies' businesses. In this regard, the attached statement of projected cash flow of the Companies, as of the 26th day of January, 2026, consisting of a weekly projected cash flow statement for the period January 26 to August 16, 2026 (the "**Cash Flow**") has been prepared by the Monitor, on behalf of the Companies, for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of analytical procedures and discussions with certain parties in these proceedings. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed available historical information to support the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the most probable assumptions developed by the Monitor are not suitably supported and consistent with the plans of the Monitor, on behalf of and in the name of the Companies, or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 of the Cash Flow and readers are cautioned that it may not be appropriate for other purposes.

Dated at Calgary, Alberta this 26th day of January, 2026.

KSV Restructuring Inc.

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

APPENDIX T
[ATTACHED]

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT PROCEEDINGS OF
WALLACE & CAREY INC., LOUDON BROS LIMITED and CAREY MANAGEMENT INC.**

**SUMMARY OF PROFESSIONAL FEES
FOR THE PERIOD OF AUGUST 1, 2025 TO DECEMBER 31, 2025**

	Invoice	Fees	Costs	Subtotal	GST	Total
Monitor's Fees						
August 1, 2025 to August 31, 2025	4653	\$ 14,278.25	\$ -	\$ 14,278.25	\$ 713.91	\$ 14,992.16
September 1, 2025 to September 30, 2025	4733	5,790.00	-	5,790.00	289.50	6,079.50
October 1, 2025 to October 31, 2025	4788	6,372.00	-	6,372.00	318.60	6,690.60
November 1, 2025 to November 30, 2025	4877	6,050.75	-	6,050.75	302.54	6,353.29
December 1, 2025 to December 31, 2025	4952	4,012.50	-	4,012.50	200.63	4,213.13
Total Monitor's Fees		36,503.50	-	36,503.50	1,825.18	38,328.68
Monitor's Legal Counsel Fees						
August 1, 2025 to August 31, 2025	2295255	13,584.00	-	13,584.00	679.20	14,263.20
September 1, 2025 to September 30, 2025	2298131	360.00	150.00	510.00	25.50	535.50
October 1, 2025 to October 31, 2025	2302076	1,097.00	-	1,097.00	54.85	1,151.85
November 1, 2025 to November 30, 2025	2306347	4,477.00	63.65	4,540.65	225.88	4,766.53
December 1, 2025 to December 31, 2025	2310287	13,643.50	610.03	14,253.53	703.68	14,957.21
Total Monitor's Legal Counsel Fees		33,161.50	823.68	33,985.18	1,689.11	35,674.29
Total Professional Fees		\$ 69,665.00	\$ 823.68	\$ 70,488.68	\$ 3,514.29	\$ 74,002.97