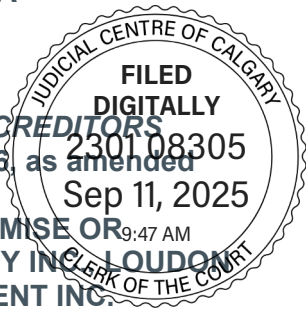




COURT FILE NUMBER	2301 – 08305
COURT	COURT OF KING’S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	IN THE MATTER OF THE COMPANIES’ CREDITORS ARRANGEMENT ACT, RSC 1985, c. C-36, as amended AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF WALLACE & CAREY INC. LOUDON BROS LIMITED and CAREY MANAGEMENT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

[ATTACHED]

THIRD AMENDMENT TO TRANSITION SERVICES AGREEMENT

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

RECITALS:

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

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

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

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

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

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

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

4. Miscellaneous.

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

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

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

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

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

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

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 _____

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 B

[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.

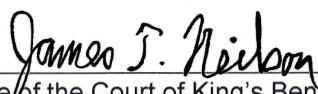
5. Without limitation to paragraphs 18 and 19 of the ARIO, which remain in full force and effect, during the Stay Period:
- (a) DigiFlex, Mardukhi and any other parties upon their direction are restrained from discontinuing, altering, interfering with, suspending or terminating the supply of such goods 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

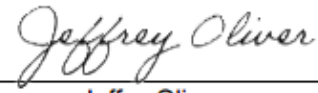
MILLER THOMSON LLP, counsel to WALLACE & CAREY INC.

Per: 

Name: James W. Reid

Title: Partner

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

Per: 

Name: Jeffrey Oliver

Title: Partner

APPENDIX C

[ATTACHED]



COURT FILE NUMBER **2301 – 08305**

COURT **COURT OF KING’S BENCH OF ALBERTA**

JUDICIAL CENTRE **CALGARY**

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

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

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

RESPONDENT DIGIFLEX INFORMATION SYSTEMS INC. and MOHAMAD
ZÄHED MARDUKHI

DOCUMENT **FOURTEENTH REPORT OF THE MONITOR
DECEMBER 13, 2024**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

MONITOR

KSV Restructuring Inc.
Suite 1165, 324 – 8th Avenue SW
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Facsimile: 416.932.6266
Email: bkofman@ksvadvisory.com /
 jknight@ksvadvisory.com

MONITOR’S COUNSEL

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Bankers Hall West
Suite 3810, 888 – 3rd Street SW
Calgary, Alberta
T2P 5C5

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

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

1.1 Purposes of this Report

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

1.2 Scope and Terms of Reference

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

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

1.3 Currency

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

2.0 Companies' Background

1. CMI is an Alberta corporation and the sole shareholder of Wallace & Carey, which is the sole shareholder of Loudon Bros. In addition to the Logistics Companies, CMI has ownership interests in nine subsidiaries, none of which are subject to the CCAA Proceedings.
2. Wallace & Carey is an Alberta corporation that is extra-provincially registered to conduct business in most provinces and territories in Canada. Wallace & Carey operates as a distribution and logistics business that supplies and distributes products to customer locations from Ontario to British Columbia. Wallace & Carey's most significant customer, by far, is 7-Eleven.
3. Loudon Bros, located in Thunder Bay, Ontario, is an Ontario corporation that is wholly owned by Wallace & Carey, which, until late 2023, operated as Wallace & Carey's Northwestern Ontario branch. As part of the downsizing of their businesses during these proceedings, the Companies discontinued the Loudon Bros business and realized on all of its assets.
4. Pursuant to the terms of the Transaction Approval and Vesting Order and the TSA, Wallace & Carey continues to carry on active business operations. As provided in the TSA, and subject to the terms and conditions of the TSA, from and after 12:01 a.m. on November 19, 2023 (the "**Effective Closing Time**"), 7-Eleven is responsible for funding substantially all post-Effective Closing Time costs of Wallace & Carey's operations and is entitled to any profits or is responsible for any losses resulting therefrom.

3.0 The DigiFlex Agreements

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

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

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

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

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

4.0 Communications with DigiFlex

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

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

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

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

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

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

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

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

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

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

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

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

Good day,

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

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

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

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

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

Regards,

Mohamad Zähed Mardukhi

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

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

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

5.0 Monitor's Recommendations

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

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

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

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

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

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

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

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

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

6.0 Conclusion

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

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

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

Appendix “A”

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]

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

WALLACE & CAREY INC.

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

CAREY MANAGEMENT INC.

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

7-ELEVEN CANADA, INC.

By: _____
Name: David Seltzer
Title: Treasurer

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

By: _____
Name:
Title:

- 14 -

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

WALLACE & CAREY INC.

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

CAREY MANAGEMENT INC.

By: _____
Name: Patrick Carey
Title: President

7-ELEVEN CANADA, INC.

By: _____
Name: David Seltzer
Title: Treasurer

DocuSigned by:

EA758A1409164FD...

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

By: _____
Name:
Title:

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

WALLACE & CAREY INC.

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

CAREY MANAGEMENT INC.

By: _____
Name: Patrick Carey
Title: President

7-ELEVEN CANADA, INC.

By: _____
Name: David Seltzer
Title: Treasurer

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

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

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>	- 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>	- 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>	- 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>	- 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
		• 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>	• 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>	• 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>	• 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>	• 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>	• 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>	• 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>	• 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>	• 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>	• 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>	• 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>	• 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>	• 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>	• 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>	• Abide by all legal obligations of the Debtors pursuant to the CCAA. • Work co-operatively with the Monitor in the exercise of its duties.

SCHEDULE C
TRANSITION CONTRACTS

Contract	External Parties	Category	Effective Date	End Date	Notes
Strategic Alliance Distributorship Agreement	Complete Distribution Services Ltd.	Distribution	31-Aug-21	31-Aug-24	
Service Agreement	JTI-Macdonald Corp.	Distribution	1-Oct-22	Until terminated	
Strategic Alliance Distributorship Agreement	OH Armstrong Ltd.	Distribution	22-Jun-22	22-Jun-25	Terminated 15-Sep-23
Distribution Agreement	Rothmans, Benson & Hedges Inc.	Distribution	25-Apr-22	31-Dec-23	
Product Supply Agreement	Itwal Limited	Supply	1-Jan-86	Until terminated	
Delivery Services Agreement	Imperial Tobacco Company Limited	Distribution	Jan-22	31-Dec-25	
Repair and Maintenance Agreement	Ryder Truck Rental, Ltd.	Operational Services Agreement	5-Apr-18		
Insurance Contracts					
Policy Number and Type of Insurance	Insurer	Additional Insureds	Effective Date	End Date	Notes
Policy Number SOV79847464 related to Unit #120 & 130, 7350 Wilson Avenue, Delta, BC	Sovereign General Insurance Company	Tariff Developments Inc. (solely to the Commercial General Liability arising out 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.

Policy Number 5U0395553	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.)		
Policy Number 2026914	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.)		
	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	31-Dec-23 SOV79847464 Umbrella liability coverage for business of Wallace & Carey over and above General Liability Policy #:
Policy Number 2026914	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.)		
	Northbridge General Insurance Company	31-Oct-23	Coverage on all vehicles leased and owned by Wallace & Carey.
<u>General Additional Insured:</u>			
Canadian Imperial Bank of Commerce (as its interest may appear)			
Liftex Equipment Rentals Inc. (as its interest may appear)			
Costco Wholesale Canada Ltd. (with respect to Liability Coverage as per Form # S70195)			
Costco Wholesale Corporation and/or any subsidiary, proprietary company or corporation, partnership or joint venture (with respect to Liability Coverage as per Form # S70195)			

SCHEDULE D
OPTION EQUIPMENT LEASES

Lease and Indentifier	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		3ALHC5DV9JDUJK7646	AB	LEASED	Paclease	260-1873	
CGY	2018	FREIGHTLINER	MM106042S	682906		3ALACXFD0JDUJK7648	AB	LEASED	Paclease		
CGY	2019	FREIGHTLINER	M2	840788		3ALHCYFE7KDKS29660	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	282905		3ALACXFD9JDUJK7647	AB	LEASED	PENSKE	236334	
CGY	2020	CIMCR	Continuous	48R307		5275R4822LL017261	AB	LEASED	PENSKE	236335	
CGY	2021	FREIGHTLINER	Cascadia	236332		3AKJHHR3MMP4966	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		3ALHHTDV9PDUUD2221	AB	LEASED	PENSKE	236340	
CGY	2023	FREIGHTLINER	M2	197780		3ALACXFD9PDUUD2545	AB	LEASED	PENSKE	236341	
CGY	2023	FREIGHTLINER	Cascadia	155284		3AKJHHR3PSN9737	AB	LEASED	PENSKE	236342	
EDM	2021	FREIGHTLINER	Cascadia	236334		3AKJHHR7MSP4968	AB	LEASED	PENSKE	292137	
EDM	2020	CIMCR	Continuous	48R308		5275R4822LL017262	AB	LEASED	PENSKE	292138	
EDM	2021	FREIGHTLINER	Cascadia	236335		3AKJHHR3MMP4969	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		3ALHHTDV7PDUUD2220	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' Dual 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' Dual 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' Dual 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		527SR5337LL7228	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		3ALHCYFEXDKR3531	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		

DELTA	2021	FREIGHTLINER	M2	236344	3ALACXFD7MDMP4978	BC	LEASED	RYDER	
DELTA	2017	UTILITY	TRAILER	351	1UYVS3532H2033801	BC	LEASED	RYDER	
DELTA	2019	FREIGHTLINER	Freightliner	41774	3ALHCYFE7KDKL7632	BC	LEASED	RYDER	
DELTA	2021	FREIGHTLINER	Cascadia	236334	3AKJHHR7MSP4968	BC	LEASED	RYDER	
DELTA	2015	FREIGHTLINER	Freightliner	323527	1FUJGEBG6FLGL7937	BC	LEASED	RYDER	
DELTA	2022	FREIGHTLINER	Freightliner	406909	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	1UYVS2404J225101	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
19238	CALGARY	1-Apr-19	1-Apr-24	ACTIVE	2) DEKA BATTERY MODEL 18D12511694-14.12REA	2) 1811IH	LEASE	WALLACE & CAREY INC
					1) 4 x RAYMOND MODEL 7300 R35TT 95 21616.1	1) 730-19-AC04176, 730-19-AC04180, 730-19-AC04181, 730-19-AC04186		
19652	OAKVILLE	1-Aug-19	1-Aug-24	ACTIVE	2) 4 x DEKA BATTERY MODEL 18-D125.2) 2990LH, 2991LH, 2992LH, 2993LH		LEASE	WALLACE & CAREY INC
					1) 2 x RAYMOND MODEL 7200 R35TT 91 20414	1) 720-19-AC04695, 720-19-AC04696		
19653	CALGARY	1-Aug-19	1-Aug-24	ACTIVE	2) 2 x DEKA BATTERY MODEL 12-D125.2) 6883FI, 6884FI 15-3613		LEASE	WALLACE & CAREY INC
					3) 2 x DEKA CHARGERS MODEL Q4- 24/36-150-B	3) 2-10-0419-00027, 2-10-0419-00030		
19654	OAKVILLE	1-Aug-19	1-Aug-24	ACTIVE	1) RAYMOND MODEL 7300 R35TT 91 20416.1	1) 730-19-BC04679	LEASE	WALLACE & CAREY INC
					1) 2 x RAYMOND MODEL 8410 FRE80L 48 27	1) 841-19-49548, 841-19-4959		
20105	DELTA	1-Nov-19	1-Nov-23	ACTIVE	2) 2 x DEKA BATTERY MODEL 12-D85- 13	2) 7556EI, 7557EI	LEASE	WALLACE & CAREY INC
					3) 2 x DEKA CHARGERS MODEL Q4- 24/36-100-B	3) 2-10-0419-20887, 2-10-0419-20889		
20111	CALGARY	1-Nov-19	1-Nov-24	ACTIVE	1) CARNEY BATTERY CHANGE 24V - 30 INCH	1) CR10044	LEASE	WALLACE & CAREY INC
					1) RAYMOND MODEL 8410 - FRE60L 46 27	1) 841-19-51117		
20155	DELTA	1-Dec-19	1-Dec-23	ACTIVE	2) DEKA BATTERIES MODEL 12-D85- 13	2) 5094HI	LEASE	WALLACE & CAREY INC
					1) ADVANCE SCRUBBER 36C ECOFLEX SC6000	1) 351018700231		
20160	CALGARY	1-Dec-19	1-Dec-23	ACTIVE	1) 4 x RAYMOND MODEL 8210 F45L48 22	1) 821-19-40032, 821-19-40033, 821-19-40034, 821-19-40035	LEASE	WALLACE & CAREY INC
					2) 6 x ENERSYS BATTERIES MODEL 510164T-SGRY	2) RTJ00071247, RTJ00071248, RTJ00071249, RTJ00071250, RTJ00071283, RTJ00071285		
20261	DELTA	1-Dec-19	1-Dec-24	ACTIVE	1) 2 x RAYMOND MODEL 8410 FRE60L 48 27	1) 841-19-51607, 841-19-51634	LEASE	WALLACE & CAREY INC
					2) 4 x DEKA BATTERIES MODEL 12- D85-13-3019	2) 4890HI, 4890HI, 5101HI, 5101HI		
					3) 2 x DEKA CHARGER MODEL Q4- 24/36-150-B	3) 2-15-0819-22125, 2-15-0819-22126		

20303 DELTA	1-Jan-20	1-Jan-25 ACTIVE	1) 5 x RAYMOND MODEL 7500 R35TT 11025016.2 2) 10 x DEKA BATTERIES MODEL 18-D125-13-6C79	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	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	WALLACE & CAREY INC
20337 DELTA	1-Jan-20	1-Jan-25 ACTIVE	3) 2 x DEKA CHARGER MODEL Q4-2436-150-B 1) RAYMOND MODEL 415 C35TT 88 20316.5	3) 7-15-0919-22608, 2-15-0819-22138, 2-15-0819-22142, 2-15-0819-22146, 2-15-0819-22281 1) 415-19-65043	3) 7-15-0919-22608, 2-15-0819-22138, 2-15-0819-22142, 2-15-0819-22146, 2-15-0819-22281 1) 415-19-65043	WALLACE & CAREY INC
21368 DELTA	1-Aug-2020	1-Aug-2025 ACTIVE	2) DEKA BATTERIES MODEL 18-D125-13-6C79 3) DEKA CHARGER MODEL Q4-2436-150-B 1) RAYMOND MODEL 530 OPC30TT 107240	2) 4130HI 3) 2-15-0819-22148 1) 530-20-01933	2) 4130HI 3) 2-15-0819-22148 1) 530-20-01933	WALLACE & CAREY INC
22559 THUNDER BAY	1-Feb-2021	1-Feb-2026 ACTIVE	2) DEKA BATTERIES MODEL 12D125153008-13 3) DEKA CHARGER MODEL Q4-2436-150-B 1) RAYMOND MODEL 7300 R36TT 10725216.1	2) 1476JI 3) 7-15-0919-22678 1) 730-20-AC06946	2) 1476JI 3) 7-15-0919-22678 1) 730-20-AC06946	WALLACE & CAREY INC
23844 CALGARY	1-Jan-2022	1-Jan-2025 ACTIVE	2) GNB BATTERY MODEL M2701812513B 3) GNB CHARGER MODEL XPS-18-750 3) 20509.1-1-01	2) GKZ2018 3) 20509.1-1-01	2) GKZ2018 3) 20509.1-1-01	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) 2 x RAYMOND MODEL 8210 F45L 48 1) 821-21-53766, 821-21-53765	1) 821-21-53950, 821-21-53951 2) CVK80034016, CVK80034017 1) 821-21-53766, 821-21-53765	1) 821-21-53950, 821-21-53951 2) CVK80034016, CVK80034017 1) 821-21-53766, 821-21-53765	WALLACE & CAREY INC
24734 EDMONTON	1-Oct-2022	1-Oct-2025 ACTIVE	2) 2 x ENERSYS BATTERY MODEL 510164T-SGRY 1) 3 x DEKA BATTERIES MODEL 16-D125-13-6D44	2) CVK80034011, CVK80034012 1) 2638HL, 1644HL, 3587HL	2) CVK80034011, CVK80034012 1) 2638HL, 1644HL, 3587HL	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) RAYMOND MODEL 6410 FRE60L 48 27	1) 2143LI, 2142LI, 2141LI, 2140LI, 2139LI, 2138LI 2) 1397HL, 1394HL, 1393HL, 1398HL 1) 841-12-11307	1) 2143LI, 2142LI, 2141LI, 2140LI, 2139LI, 2138LI 2) 1397HL, 1394HL, 1393HL, 1398HL 1) 841-12-11307	WALLACE & CAREY INC
24887 CALGARY	1-Dec-2022	1-Dec-2024 ACTIVE	2) NEW BATTERY 1) RAYMOND MODEL EZACT R40TT 95 211 2) RENEWED BATTERY	2) 82924005 1) EZ-15-DF-53175	2) 82924005 1) EZ-15-DF-53175	WALLACE & CAREY INC
25042 CALGARY	1-Jan-2023	1-Jan-2028 ACTIVE	2) RENEWED BATTERY	2) RSK129638	2) RSK129638	WALLACE & CAREY INC

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 “B”

Government of Alberta ■ Corporation/Non-Profit Search

Corporate Registration System

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

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

Name History:

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

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

Registered Office:

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

Records Address:

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

Email Address: CORP@COLINQWINTERLAW.COM

Primary Agent for Service:

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

Directors:

Last Name: MARDUKHI

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

Voting Shareholders:

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

Other Information:

Last Annual Return Filed:

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

Outstanding Returns:

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

Filing History:

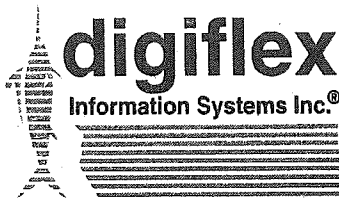
List Date (YYYY/MM/DD)	Type of Filing
2019/11/18	Change Address
2020/02/17	Update BN
2021/10/22	Change Agent for Service
2023/05/23	Enter Annual Returns for Alberta and Extra-Provincial Corp.

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





Appendix “C”



SOFTWARE LICENSE AGREEMENT

made and entered into by

Digiflex Information Systems Inc.
(hereinafter "Digiflex")

and

Wallace & Carey Inc.
(hereinafter "Customer")

THIS AGREEMENT WITNESSES the mutual terms and conditions upon and subject to which Digiflex is prepared to grant to Customer a non-transferable, non-exclusive, perpetual License of certain computer application software owned by Digiflex.

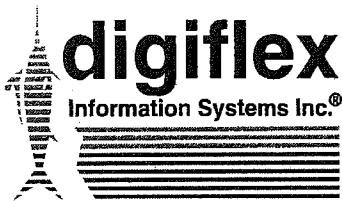
1. **PACKAGE.** For the purposes of this Agreement, the expression "Software" shall mean and include the application computer program(s) described below (Table 1); and other supporting materials and documentation furnished by Digiflex to Customer with such programs, and "Package" shall mean the Software and the Supporting Documentation and any enhancements thereof.

Table 1

QTY	APPLICATION AND DESCRIPTION	DESIGNATED EQUIPMENT (TYPE/ SER.NO./LOCATION)	OPERATING SYSTEM VERSION
1	ProCLASSBI Business Intelligence Suite	X64 processors	Windows Server 2012

2. GRANT OF LICENSE TO USE.

- A. Digiflex hereby grants to Customer a non-transferable, non-exclusive, perpetual License, one (1) copy of a machine executable version of the Software together with the Supporting Documentation under the terms expressed herein, effective on the date this Agreement has been executed by



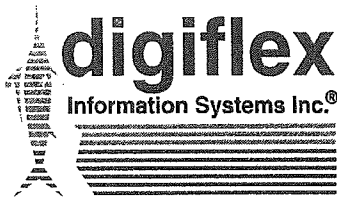
both parties. The Software may, if the Designated Equipment is inoperable, be temporarily transferred to a suitable and compatible backup computer having the same operating system(s) specified in Table 1 provided that Customer shall first give written notice to Digiflex setting out the particulars of the backup computer and indicating the date by which Customer expects the Designated Equipment to be operable.

- B. Customer may substitute a different computer system owned or leased by the Customer as the designated computer system hereunder provided prior written notice, specifying the model and serial number of the proposed substitute system, is given to Digiflex. Provided any new substitute system is a compatible system for the Software, Digiflex will provide one (1) machine executable version of the Package to Customer at the Designated Location within ten (10) days of written notice to Digiflex by the Customer setting out the particulars of the substitute computer and indicating the date by which Customer expects the designated equipment to be operable.

- 3. **TERMS OF LICENSE AGREEMENT.** This License Agreement shall commence upon its execution by the last of the parties to sign.
- 4. **LICENSE TO USE FEE.** The Customer shall pay to Digiflex a total of \$300,000.00 (*three hundred thousand dollars*) for an unlimited-use License to Use Agreement. An initial payment of \$150,000.00 (*one hundred & fifty thousand dollars*) was made to Digiflex on April 23, 2012, and the remaining balance is \$150,000.00 (*one hundred & fifty thousand dollars*).

This unlimited License shall apply to the current Customer's business. New business acquisitions or startups are not covered under this unlimited use License.

- 5. **LICENSE 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 License 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

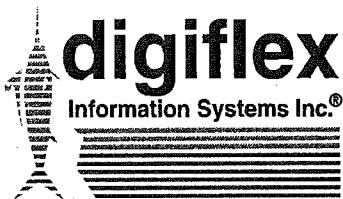


obligations hereunder, Digiflex shall be entitled to seek equitable relief, including by way of injunction, to protect its interests herein, it being acknowledged by the Customer that Digiflex would suffer irreparable harm by any such breach and that damages would not be an adequate remedy.

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

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

6. **TAXES.** All prices mentioned in this Agreement are EXCLUSIVE of Provincial, Federal, and other taxes.
7. **TRAINING.** Instruction and training in the use of the Software on the Designated Equipment will be available on a time and materials basis, based on Digiflex's standard per diem rates then in effect in accordance with those outlined in Schedule B - Rate Schedule.
8. **SOFTWARE MODIFICATIONS.** In the event the Customer wishes to pursue modifications, enhancements or improvements to the Software other than those included under the terms of this Agreement, Digiflex would provide a cost estimate to the Customer. Work would commence upon acceptance of the Scope of Work and Price by Customer. All such modifications, enhancements and improvements shall be the property of Digiflex.
9. **PRICING CHANGES.** All rates specified in this agreement and any attachments, schedules, or enhancements are guaranteed for the initial 12 months of the term of this Agreement. Thereafter, Digiflex may increase such fees or charges by notifying Customer in writing at least thirty (30) days prior to the effective date of increase. Customer agrees that said notifications, or copy thereof, will be considered an amendment to this Agreement. The percentage increase shall not exceed the percentage increase in the Consumer Price Index for the same period as published by



Statistics Canada for the City of Calgary, or, failing which, for the Province of Alberta or, failing which, for Canada.

- 10. LIMITATION OF LIABILITY.** The Customer agrees that Digiflex's liability to Customer or any third party arising out of or in any way relating to this Agreement shall be limited to the License To Use Fee and that under no circumstances shall Digiflex be liable for any special, direct or indirect, incidental or consequential damages of any nature whatsoever, including loss of use, loss of profits, revenue or business.

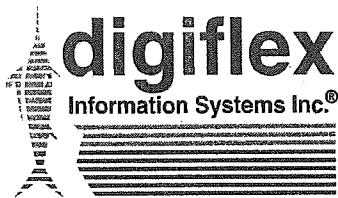
Customer acknowledges that its only remedy in the event of a program error shall be to require Digiflex to use best efforts to correct same and that Digiflex shall not be liable for any damages resulting from the occurrence of a program error however caused.

Except as expressly stated herein, Digiflex makes no warranties, express or implied, concerning the Package, and expressly disclaims and excludes any warranties of merchantability or fitness for a particular purpose.

- 11. CONFIDENTIALITY.** Each party acknowledges that all material and information which has or will come into its possession or knowledge in connection with this Agreement or in the performance hereof, and in particular the terms and conditions of this agreement, consists of confidential and proprietary data, whose disclosure to or use by third parties will be damaging. Both parties, therefore, agree to hold such material and information in strictest confidence, not to make use thereof other than for the performance of this Agreement, to release it only to employees who need to know such information in the course of their employment, and not to release or disclose it to any other party. The obligation of both parties under this paragraph shall continue during and after the term of this License To Use agreement.

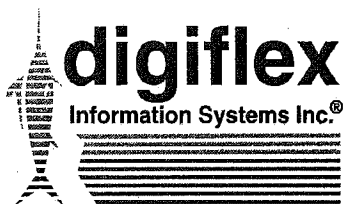
Neither Digiflex, nor Customer shall approach any employee of the other to provide employment services or consulting services to the other. This restriction shall continue for a period of one year after completion of the project. The company, which presently employs these individuals, may forego this restrictive covenant in writing by the approval of an officer of the company.

- 12. PROPRIETARY RIGHTS, TRADE SECRETS AND TITLE.** Customer hereby acknowledges that the Package, any copies thereof and any updates, enhancements or modifications thereof, in whole or in part, and all copyright, patent, trade secret and other intellectual property and proprietary rights (collectively, "Proprietary Rights") therein, are and remain the valuable property of Digiflex. Customer agrees to



communicate to any user of the Package Digiflex's Proprietary Rights by instruction, agreement or notice including but not limited to incorporating and maintaining Digiflex's copyright notice and proprietary warning on each copy of the Package. Customer acknowledges that the existence of any such copyright notice or proprietary warning shall not be construed as an admission or presumption of the publication of the Package. Notwithstanding anything else contained in this Agreement, Customer shall not be entitled to copy all or any part of the Supporting Documentation without Digiflex's prior consent, which consent may be arbitrarily withheld.

13. **GOVERNING LAW.** This Agreement will be governed by and construed in accordance with the laws of the Province of Alberta, Canada.
14. **ENTIRE AGREEMENT.** This Agreement and attached Schedules including: Schedule A - Maintenance; Schedule B - Rate Schedule form part of this agreement and contain the entire Agreement between Customer and Digiflex herein of this date and supersedes all prior agreements, negotiations, representations and proposals, written and oral. Customer acknowledges and agrees that no agent, employee or other representative of Digiflex has authority to bind Digiflex to any obligation relating hereto not specifically set forth herein.
15. **ASSIGNABILITY.** This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party shall assign its rights under this Agreement without first obtaining the written consent of the other, such consent not to be unreasonably withheld.
16. **AUTHORITY.** Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each has been properly authorized and empowered to enter into this Agreement. Each party further acknowledges that it has read the Agreement, understands it, and agrees that the Agreement is binding upon the parties hereof, their successors and assigns.



17. **NOTICE.** Any notice, request, demand, consent or other communication provided or permitted hereunder shall be in writing and given by personal delivery or sent by double registered mail or transmitted by telex, telegram, or facsimile, addressed to the party for which it is intended, addressed as follows:

If to Customer:

Wallace & Carey Inc.

5445 – 8th Street N.E.

Calgary, Alberta, Canada T2K 5R9

If to Digiflex:

Digiflex Information Systems Inc.

2611 Venables Street

Vancouver, BC, Canada V5K 2R4

provided, however, that any party may change its address for purposes of receipt of any such communication by giving ten (10) days prior written notice of such change to the other party in the manner proscribed above. Any notice so given shall be deemed to have been received on the date on which it was delivered or transmitted by telex, telegram or facsimile or if double registered mail, on the date of authorized receipt.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed

on this 19th day of August in the year of 2013.
in the presence of:

Wallace & Carey Inc.
5445 – 8th Street N.E.
Calgary, Alberta, Canada
T2K 5R9

Name

Title

Date

Authorized Signatory

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

M. Z. Mardukhi
Name

President
Title

August 19, 2013
Date

M. Z. Mardukhi
Authorized Signatory

SOFTWARE LICENSE AGREEMENT

made and entered into by

Digiflex Information Systems Inc.
(hereinafter "Digiflex")

and

Wallace & Carey Inc.
(hereinafter "Customer")

THIS AGREEMENT WITNESSES the mutual terms and conditions upon and subject to which Digiflex is prepared to grant to Customer a non-transferable, non-exclusive, perpetual License of certain computer application software owned by Digiflex.

- 1. PACKAGE.** For the purposes of this Agreement, the expression "Software" shall mean and include the application computer program(s) described below (Table 1); and other supporting materials and documentation furnished by Digiflex to Customer with such programs, and "Package" shall mean the Software and the Supporting Documentation and any enhancements thereof.

Table 1

QTY	APPLICATION AND DESCRIPTION	DESIGNATED EQUIPMENT (TYPE/ SER.NO./LOCATION)	OPERATING SYSTEM VERSION
1	CLASS Accounts Receivable	AlphaServer 4500	OpenVMS V6.2 or higher
1	CLASS Accounts Payable	AlphaServer 4500	OpenVMS V6.2 or higher
1	CLASS General Ledger	AlphaServer 4500	OpenVMS V6.2 or higher

2. GRANT OF LICENSE TO USE.

- A. Digiflex hereby grants to Customer a non-transferable, non-exclusive, perpetual License, one (1) copy of a machine executable version of the Software together with the Supporting Documentation under the terms expressed herein, effective on the date this Agreement has been executed by both parties. The Software may, if the Designated Equipment is inoperable, be temporarily transferred to a suitable and compatible backup computer having the same operating system(s) specified in Table 1 provided that Customer shall first give written notice to Digiflex setting out the particulars of the backup computer and indicating the date by which Customer expects the Designated Equipment to be operable.
 - B. Customer may substitute a different computer system owned or leased by the Customer as the designated computer system hereunder provided prior written notice, specifying the model and serial number of the proposed substitute system, is given to Digiflex. Provided any new substitute system is a compatible system for the Software, Digiflex will provide one (1) machine executable version of the Package to Customer at the Designated Location within ten (10) days of written notice to Digiflex by the Customer setting out the particulars of the substitute computer and indicating the date by which Customer expects the designated equipment to be operable.
3. **TERMS OF LICENSE AGREEMENT.** This License Agreement shall commence upon its execution by the last of the parties to sign.
4. **LICENSE FEE.** The Customer shall pay to Digiflex a total of \$52,500 (*fifty two thousand and five hundred dollars*) for an unlimited-use License Agreement for each Package. Total license fee for the three Packages will be \$157,500 and each Package license fee will be paid at the start of the Package implementation project.

This unlimited License shall apply to the current Customer's business. New business acquisitions or startups are not covered under this unlimited use License.

5. **LICENSE 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 License 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 being acknowledged by the Customer that Digiflex would suffer irreparable harm by any such breach and that damages would not be an adequate remedy.

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

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

6. **TAXES.** All prices mentioned in this Agreement are EXCLUSIVE of Provincial, Federal, and other taxes.
7. **TRAINING.** Instruction and training in the use of the Software on the Designated Equipment will be available on a time and materials basis, based on Digiflex's standard per diem rates then in effect in accordance with those outlined in Schedule B - Rate Schedule.
8. **SOFTWARE MODIFICATIONS.** In the event the Customer wishes to pursue modifications, enhancements or improvements to the Software other than those included under the terms of this Agreement, Digiflex would provide a cost estimate to the Customer. Work would commence upon acceptance of the Scope of Work and Price by Customer. All such modifications, enhancements and improvements shall be the property of Digiflex.
9. **PRICING CHANGES.** All rates specified in this agreement and any attachments, schedules, or enhancements are guaranteed for the initial 12 months of the term of this Agreement. Thereafter, Digiflex may increase such fees or charges by notifying

Customer in writing at least thirty (30) days prior to the effective date of increase. Customer agrees that said notifications, or copy thereof, will be considered an amendment to this Agreement. The percentage increase shall not exceed the percentage increase in the Consumer Price Index for the same period as published by Statistics Canada for the City of Calgary, or, failing which, for the Province of Alberta or, failing which, for Canada.

- 10. LIMITATION OF LIABILITY.** The Customer agrees that Digiflex's liability to Customer or any third party arising out of or in any way relating to this Agreement shall be limited to the License To Use Fee and that under no circumstances shall Digiflex be liable for any special, direct or indirect, incidental or consequential damages of any nature whatsoever, including loss of use, loss of profits, revenue or business.

Customer acknowledges that its only remedy in the event of a program error shall be to require Digiflex to use best efforts to correct same and that Digiflex shall not be liable for any damages resulting from the occurrence of a program error however caused.

Except as expressly stated herein, Digiflex makes no warranties, express or implied, concerning the Package, and expressly disclaims and excludes any warranties of merchantability or fitness for a particular purpose.

- 11. CONFIDENTIALITY.** Each party acknowledges that all material and information, which has or will come into its possession or knowledge in connection with this Agreement or in the performance hereof, and in particular the terms and conditions of this agreement, consists of confidential and proprietary data, whose disclosure to or use by third parties will be damaging. Both parties, therefore, agree to hold such material and information in strictest confidence, not to make use thereof other than for the performance of this Agreement, to release it only to employees who need to know such information in the course of their employment, and not to release or disclose it to any other party. The obligation of both parties under this paragraph shall continue during and after the term of this License To Use agreement.

Neither Digiflex, nor Customer shall approach any employee of the other to provide employment services or consulting services to the other. This restriction shall continue for a period of one year after completion of the project. The company, which presently employs these individuals, may forego this restrictive covenant in writing by the approval of an officer of the company.

- 12. PROPRIETARY RIGHTS, TRADE SECRETS AND TITLE.** Customer hereby acknowledges that the Package, any copies thereof and any updates, enhancements

or modifications thereof, in whole or in part, and all copyright, patent, trade secret and other intellectual property and proprietary rights (collectively, "Proprietary Rights") therein, are and remain the valuable property of Digiflex. Customer agrees to communicate to any user of the Package Digiflex's Proprietary Rights by instruction, agreement or notice including but not limited to incorporating and maintaining Digiflex's copyright notice and proprietary warning on each copy of the Package. Customer acknowledges that the existence of any such copyright notice or proprietary warning shall not be construed as an admission or presumption of the publication of the Package. Notwithstanding anything else contained in this Agreement, Customer shall not be entitled to copy all or any part of the Supporting Documentation without Digiflex's prior consent, which consent may be arbitrarily withheld.

- 13. GOVERNING LAW.** This Agreement will be governed by and construed in accordance with the laws of the Province of Alberta, Canada.
- 14. ENTIRE AGREEMENT.** This Agreement and attached Schedules including: Schedule A - Maintenance; Schedule B - Rate Schedule form part of this agreement and contain the entire Agreement between Customer and Digiflex herein of this date and supersedes all prior agreements, negotiations, representations and proposals, written and oral. Customer acknowledges and agrees that no agent, employee or other representative of Digiflex has authority to bind Digiflex to any obligation relating hereto not specifically set forth herein.
- 15. ASSIGNABILITY.** This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party shall assign its rights under this Agreement without first obtaining the written consent of the other, such consent not to be unreasonably withheld.
- 16. AUTHORITY.** Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each has been properly authorized and empowered to enter into this Agreement. Each party further acknowledges that it has read the Agreement, understands it, and agrees that the Agreement is binding upon the parties hereof, their successors and assigns.

17. NOTICE. Any notice, request, demand, consent or other communication provided or permitted hereunder shall be in writing and given by personal delivery or sent by double registered mail or transmitted by telex, telegram, or facsimile, addressed to the party for which it is intended, addressed as follows:

If to Customer:

Wallace & Carey Inc.

5445 – 8th Street N.E.

P.O. Bag 3959 STN. “B”

Calgary, Alberta, Canada T2M 4M5

If to Digiflex:

Digiflex Information Systems Inc.

2611 Venables Street

Vancouver, BC, Canada V5K 2R4

provided, however, that any party may change its address for purposes of receipt of any such communication by giving ten (10) days prior written notice of such change to the other party in the manner proscribed above. Any notice so given shall be deemed to have been received on the date on which it was delivered or transmitted by telex, telegram or facsimile or if double registered mail, on the date of authorized receipt.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed

on this _____ day of _____ in the year of _____.
in the presence of:

Wallace & Carey Inc.
5445 – 8th Street N.E.
P.O. Bag 3959 STN. “B”
Calgary, Alberta, Canada T2M 4M5

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

Name

Name

Title

Title

Date

Date

Authorized Signatory

Authorized Signatory

MAINTENANCE AGREEMENT

1. **DEFINITIONS.** In this Maintenance Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms, words and expressions shall have the meanings ascribed to them as follows:
 - A. “New Module” means a module, program, modification or enhancement, other than an Update, development by Digiflex and which, in Digiflex’s opinion, is substantially different from the Software or any module or application thereof and which Digiflex sells or proposes to sell to third parties;
 - B. “Update” means an update, error correction, modification or enhancement of or in respect of the Software and includes a complete rewritten version or release of the Software.
2. **AGREEMENT.** Upon the terms and subject to the conditions herein set forth, Digiflex agrees to provide to Customer and Customer agrees to accept the Maintenance Services. The term of this Maintenance Agreement shall begin upon installation of each Package into a production environment. However that this Maintenance Agreement will be automatically renewed for successive one year terms upon terms to be agreed upon by the parties at the time of renewal unless notice of termination in writing is given by either party to the other at least thirty (30) days prior to the expiration of the term hereof or any renewal in which case this Maintenance Agreement shall terminate at the end of such term or renewal.
3. **CHARGES.** The customer shall pay an annual maintenance fee for services commencing upon installation of each Package into a production environment. The maintenance fee per Package shall be \$9,450 for one year, paid in advance. Total annual maintenance fees for the three Packages shall be \$28,350. Additional Maintenance fees will apply in the event that a Package is installed in multiple branches on additional Server Systems.
4. **MAINTENANCE SERVICES**
 - A. Digiflex shall provide the following services during the term hereof:
 - i) Operating System Compatibility. Customer agrees to accept, implement and install all Updates provided to Customer under subparagraph (ii), as well as the same release or version of the operating system software issued by the manufacturer of the

Designated Equipment (meaning the computer hardware designated in the Software License To Use Agreement) in connection therewith as may be installed by Digiflex on its corresponding computer equipment. Digiflex's obligation to provide Maintenance Services shall terminate without notice to Customer if Customer shall fail to install the same release, or two previous updates, of the operating system as Digiflex shall have installed on its system, or if Customer shall install a more recent release of the operating system than Digiflex shall have installed.

- ii) Updates. Digiflex shall provide to Customer any Updates for the Software when such Updates are developed or published by Digiflex and made generally available to other licensees of the Software at no additional cost. Any New Modules developed or published by Digiflex will be offered to Customer at Digiflex's then current rates. All Updates shall become part of the Software, and Digiflex shall be free to offer these Updates to other persons. The determination of whether a New Module will be made generally available to licensees at no additional cost or will be made available only for an additional cost is the sole and exclusive right of Digiflex.

Any changes to program logic made under this Maintenance Agreement and which are to be provided to Customer shall be provided on a machine-readable medium specified by Customer. Customer shall pay the cost of any such media (including shipping charges) provided by Digiflex, in addition to any other charges required to be paid under this Maintenance Agreement.

Digiflex shall not remove any functionality from the Software if the said functionality is being used by the Customer.

Subject to paragraph (e) below, Digiflex shall be responsible for its out-of-pocket costs in correcting a Software error at Customer's premises.

- iii) Hotline Service. Digiflex shall provide Customer remote telephone access to Digiflex personnel on a 7 x 24 basis with respect to use of the Software. In providing such service, Digiflex will respond to a request from Customer, but not necessarily correct any error, within four (4) business hours of Customer's request.

- B. Digiflex representatives will have full access to the Software in order to effect the necessary Maintenance Services, and for these purposes Customer shall be responsible for providing all necessary ports, dial-in lines and compatible media at Customer's site and cost, and allow physical access to the Customer's site when required to perform maintenance On-Site.
 - C. Digiflex makes no express or implied warranties, including any with respect to merchantability and fitness for a particular purpose, with respect to the Maintenance Services. Digiflex does not represent or warrant that the Maintenance Services will be capable of achieving any particular result or results in the business or operations of Customer, or that the operation of the Software will be uninterrupted, or that all programming errors can be found in order to be corrected; however, Digiflex will use its best efforts to attempt to identify and correct such errors including, if appropriate in the circumstances, sending qualified personnel to Customer's business premises. In no event shall Digiflex be liable to Customer in damages, nor shall Digiflex be liable for damages in respect of special, incidental, indirect or consequential loss or lost profits, even if Digiflex has been advised of the possibility of such damages.
 - D. Customer agrees to read and be familiar with all Supporting Documentation provided by Digiflex with or in connection with the Software, and agrees to ensure that its users have sufficient operating knowledge of the Software. Customer acknowledges that there is no obligation on the part of Digiflex, except to the extent specifically set out herein, in the Software License To Use Agreement, or otherwise agreed in writing by Digiflex, to provide any training or instruction to Customer or its employees with respect to the Software.
 - E. Notwithstanding anything herein contained, if Digiflex determines in good faith in the course of performing any Maintenance Services that an error, problem or question raised by Customer in connection with the Software is a direct result of input of incorrect data or command by Customer, Customer shall reimburse Digiflex for its expenses in responding to Customer's inquiry and shall pay Digiflex a fee calculated at Digiflex's then current rates for such services.
5. **MAINTENANCE CHARGES.** The annual rate for Maintenance Charges shall be firm for the period of this Agreement. Subsequent annual Maintenance Charge renewals, as provided under paragraph 3, may be increased or decreased by Digiflex providing that Digiflex has given Customer written notice of such increase or

decrease not less than thirty (30) days prior to the end of the then current term of the Maintenance Agreement. The percentage increase, if any, in annual Maintenance Charges over those for the preceding year shall not exceed the percentage increase in the Consumer Price Index for the same period as published by Statistics Canada for the City of Calgary, or failing which, for the Province of Alberta, or failing which, for Canada.

In the event that Digiflex should breach the terms of this Maintenance Agreement, such breach not to be correct following thirty (30) days notice of such by Customer, Digiflex shall return to Customer fees paid annually in advance for Maintenance Services, calculated on a pro-rated basis.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed

on this _____ day of _____ in the year of _____.
In the presence of:

Wallace & Carey Inc.
5445 – 8th Street N.E.
P.O. Bag 3959 STN. “B”
Calgary, Alberta, Canada T2M 4M5

Name

Title

Date

Authorized Signatory

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

Name

Title

Date

Authorized Signatory

RATE SCHEDULE**1. RATES**

The rates will be based upon the following table of Digiflex employee position. Digiflex rates are subject to an annual review.

Table B-1

	Hourly	Daily
Analysis & Design	\$145.00	\$1087.50
Project Management	\$145.00	\$1087.50
Programming	\$115.00	\$862.50
Technical Support	\$115.00	\$862.50
Training and Installation	\$115.00	\$862.00

2. MINIMUM ON-SITE RATE

Minimum On-Site Rate within the City of Calgary shall be 4 hours based on the hourly rate schedule as specified in Table B-1. The Minimum On-Site Rate outside the City of Calgary shall be 1 day based on the daily rate schedule as specified in Table B-1.

In the event of traveling being required by Digiflex employees to Customer locations outside of Calgary, Alberta, the Customer shall pay all reasonable expenses incurred by Digiflex employees. This is separate from Rates specified in Table B-1.

3. MINIMUM OFF-SITE RATE.

Minimum Off-Site Rate shall be 2 hours based on the hourly rate schedule as specified in Table B-1.

Appendix “D”

Thompson, Natalie

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

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

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

Thank you
Regards,

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

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

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

Good afternoon Anvaya,

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

Regards,

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

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

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

Hello Mohamad,

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

Let us know if you have any questions or concerns

Thank you
Regards,

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

This e-mail and any files transmitted with it are the property of 7-Eleven, Inc., are private, confidential, and are intended solely for the use of the individual or entity to whom this e-mail is addressed. If you are not the named recipient(s) or otherwise have reason to believe that you have received this e-mail in error, please notify the sender by return e-mail and immediately delete this e-mail and all attachments from your computer. Any other use, retention, dissemination, forwarding, printing or copying of this e-mail and any attachments is unauthorized and strictly prohibited. Nothing in this email is intended to constitute a waiver of any confidentiality.

Appendix “E”

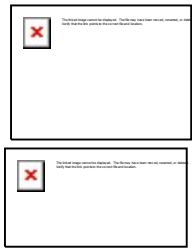
From: Naik, Anvaya Pradeep
Sent: Tuesday, October 15, 2024 3:52 PM
To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>; Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>
Cc: Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>
Subject: RE: DigiFlex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

Hi Mohammad,

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

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

Thank you
Regards,



Anvaya Naik

Sr. Manager | Strategic Sourcing | Enterprise Tech and Digital

7-Eleven, Inc. | Store Support Center

500 Speedway Dr., Enon, OH 45323

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

Email: Anvaya.Naik@7-11.com

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

Click here to [Join 7APIN](#)

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

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

Good day Anvaya,

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

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

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

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

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

Regards,

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

Digiflex Information Systems Inc.

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

Email: mardukhi@digiflex.ca

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

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

Sent: October 8, 2024 06:57

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

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

Subject: RE: DigiFlex Maintenance Renewal

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

Thank you

Regards,



Anvaya Naik

Sr. Manager | Strategic Sourcing | Enterprise Tech and Digital

7-Eleven, Inc. | Store Support Center

500 Speedway Dr., Enon, OH 45323

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

Email: Anvaya.Naik@7-11.com

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

Click here to [Join 7APIN](#)

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

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

Good afternoon Anvaya,

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

Regards,

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

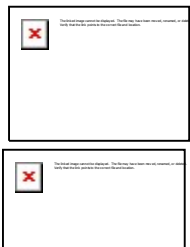
From: Naik, Anvaya Pradeep <Anvaya.Naik@7-11.com>
Sent: October 7, 2024 10:12
To: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Cc: Buchanan, Joshua Graham (Josh) <Joshua.Buchanan@7-11.com>; Hernandez, Christopher M <Christopher.Hernandez@7-11.com>; Raya, Kendra Monique <Kendra.Raya@7-11.com>
Subject: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

Hello Mohamad,

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

Let us know if you have any questions or concerns

Thank you
Regards,



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

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

Good morning Joshua,

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

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

Regards,

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

Appendix “G”

**SOFTWARE LICENSE AGREEMENT**

made and entered into by

Digiflex Information Systems Inc.
(hereinafter "Digiflex")

and

Seven Eleven Distribution Canada Corporation
(hereinafter "Customer")

THIS AGREEMENT WITNESSES the mutual terms and conditions upon and subject to which Digiflex is prepared to grant to Customer a non-transferable, non-exclusive, perpetual License of certain computer application software owned by Digiflex.

1. **PACKAGE.** For the purposes of this Agreement, the expression "Software" shall mean and include the application computer program(s) described below (Table 1); and other supporting materials and documentation furnished by Digiflex to Customer with such programs, and "Package" shall mean the Software and the Supporting Documentation and any enhancements thereof.

Table 1

QTY	APPLICATION AND DESCRIPTION	DESIGNATED EQUIPMENT (TYPE/ SER.NO./LOCATION)	OPERATING SYSTEM VERSION
1	ProCLASS Distribution Management System	HP rx2620 Serial#	OpenVMS V8.2 or higher
1	Runtime Version of LAZER DBMS	HP rx2620 Serial#	OpenVMS V8.2 or higher
1	CLASS Accounts Receivable	HP rx2620	OpenVMS V8.2 or higher
1	CLASS Accounts Payable	HP rx2620	OpenVMS V8.2 or higher



1	CLASS General Ledger	HP rx2620	OpenVMS V8.2 or higher
1	CLASS Bank Reconciliation	HP rx2620	OpenVMS V8.2 or higher

2. GRANT OF LICENSE TO USE.

- A. Digiflex hereby grants to Customer a non-transferable, non-exclusive, perpetual License, one (1) copy of a machine executable version of the Software together with the Supporting Documentation under the terms expressed herein, effective on the date this Agreement has been executed by both parties. The Software may, if the Designated Equipment is inoperable, be temporarily transferred to a suitable and compatible backup computer having the same operating system(s) specified in Table 1 provided that Customer shall first give written notice to Digiflex setting out the particulars of the backup computer and indicating the date by which Customer expects the Designated Equipment to be operable.
- B. Customer may substitute a different computer system owned or leased by the Customer as the designated computer system hereunder provided prior written notice, specifying the model and serial number of the proposed substitute system, is given to Digiflex. Provided any new substitute system is a compatible system for the Software, Digiflex will provide one (1) machine executable version of the Package to Customer at the Designated Location within ten (10) days of written notice to Digiflex by the Customer setting out the particulars of the substitute computer and indicating the date by which Customer expects the designated equipment to be operable.

3. **TERMS OF LICENSE AGREEMENT.** This License Agreement shall commence upon its execution by the last of the parties to sign.
4. **LICENSE TO USE FEE.** The Customer shall pay to Digiflex a total of \$3,230,000.00 (*three million and two hundred and thirty thousand dollars*) for an unlimited-use License to Use Agreement.

This unlimited License shall apply to the current Customer's business. New business acquisitions or startups are not covered under this unlimited use License.

5. **LICENSE 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 License 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 being acknowledged by the Customer that Digiflex would suffer irreparable harm by any such breach and that damages would not be an adequate remedy.

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

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

6. **TAXES.** All prices mentioned in this Agreement are EXCLUSIVE of Provincial, Federal, and other taxes.
7. **TRAINING.** Instruction and training in the use of the Software on the Designated Equipment will be available on a time and materials basis, based on Digiflex's standard per diem rates then in effect in accordance with those outlined in Schedule B - Rate Schedule.
8. **SOFTWARE MODIFICATIONS.** In the event the Customer wishes to pursue modifications, enhancements or improvements to the Software other than those

included under the terms of this Agreement, Digiflex would provide a cost estimate to the Customer. Work would commence upon acceptance of the Scope of Work and Price by Customer. All such modifications, enhancements and improvements shall be the property of Digiflex.

9. **PRICING CHANGES.** All rates specified in this agreement and any attachments, schedules, or enhancements are guaranteed for the initial 12 months of the term of this Agreement. Thereafter, Digiflex may increase such fees or charges by notifying Customer in writing at least thirty (30) days prior to the effective date of increase. Customer agrees that said notifications, or copy thereof, will be considered an amendment to this Agreement. The percentage increase shall not exceed the percentage increase in the Consumer Price Index for the same period as published by Statistics Canada for the City of Calgary, or, failing which, for the Province of Alberta or, failing which, for Canada.

10. **LIMITATION OF LIABILITY.** The Customer agrees that Digiflex's liability to Customer or any third party arising out of or in any way relating to this Agreement shall be limited to the License To Use Fee and that under no circumstances shall Digiflex be liable for any special, direct or indirect, incidental or consequential damages of any nature whatsoever, including loss of use, loss of profits, revenue or business.

Customer acknowledges that its only remedy in the event of a program error shall be to require Digiflex to use best efforts to correct same and that Digiflex shall not be liable for any damages resulting from the occurrence of a program error however caused.

Except as expressly stated herein, Digiflex makes no warranties, express or implied, concerning the Package, and expressly disclaims and excludes any warranties of merchantability or fitness for a particular purpose.

11. **CONFIDENTIALITY.** Each party acknowledges that all material and information which has or will come into its possession or knowledge in connection with this Agreement or in the performance hereof, and in particular the terms and conditions of this agreement, consists of confidential and proprietary data, whose disclosure to or use by third parties will be damaging. Both parties, therefore, agree to hold such material and information in strictest confidence, not to make use thereof other than for the performance of this Agreement, to release it only to employees who need to know such information in the course of their employment, and not to release or disclose it to any other party. The obligation of both parties under this paragraph shall continue during and after the term of this License To Use agreement.

Neither Digiflex, nor Customer shall approach any employee of the other to provide employment services or consulting services to the other. This restriction shall continue for a period of one year after completion of the project. The company, which presently employs these individuals, may forego this restrictive covenant in writing by the approval of an officer of the company.

- 12. PROPRIETARY RIGHTS, TRADE SECRETS AND TITLE.** Customer hereby acknowledges that the Package, any copies thereof and any updates, enhancements or modifications thereof, in whole or in part, and all copyright, patent, trade secret and other intellectual property and proprietary rights (collectively, "Proprietary Rights") therein, are and remain the valuable property of Digiflex. Customer agrees to communicate to any user of the Package Digiflex's Proprietary Rights by instruction, agreement or notice including but not limited to incorporating and maintaining Digiflex's copyright notice and proprietary warning on each copy of the Package. Customer acknowledges that the existence of any such copyright notice or proprietary warning shall not be construed as an admission or presumption of the publication of the Package. Notwithstanding anything else contained in this Agreement, Customer shall not be entitled to copy all or any part of the Supporting Documentation without Digiflex's prior consent, which consent may be arbitrarily withheld.
- 13. GOVERNING LAW.** This Agreement will be governed by and construed in accordance with the laws of the Province of Alberta, Canada.
- 14. ENTIRE AGREEMENT.** This Agreement and attached Schedules including: Schedule A - Maintenance; Schedule B - Rate Schedule form part of this agreement and contain the entire Agreement between Customer and Digiflex herein of this date and supersedes all prior agreements, negotiations, representations and proposals, written and oral. Customer acknowledges and agrees that no agent, employee or other representative of Digiflex has authority to bind Digiflex to any obligation relating hereto not specifically set forth herein.
- 15. AUTHORITY.** Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each has been properly authorized and empowered to enter into this Agreement. Each party further acknowledges that it has read the Agreement, understands it, and agrees that the Agreement is binding upon the parties hereof, their successors and assigns.



16. NOTICE. Any notice, request, demand, consent or other communication provided or permitted hereunder shall be in writing and given by personal delivery or sent by double registered mail or transmitted by telex, telegram, or facsimile, addressed to the party for which it is intended, addressed as follows:

If to Customer:

Seven Eleven Distribution Canada Corp.
5445 – 8th Street N.E.
Calgary, Alberta, Canada T2K 5R9

If to Digiflex:

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

provided, however, that any party may change its address for purposes of receipt of any such communication by giving ten (10) days prior written notice of such change to the other party in the manner proscribed above. Any notice so given shall be deemed to have been received on the date on which it was delivered or transmitted by telex, telegram or facsimile or if double registered mail, on the date of authorized receipt.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed

on this _____ day of _____ in the year of _____.
in the presence of:

**Seven Eleven Distribution Canada
Corp.
5445 – 8th Street N.E.
Calgary, Alberta, Canada T2K 5R9**

**Digiflex Information Systems Inc.
2611 Venables Street
Vancouver, BC, Canada V5K 2R4**

Name

M. Z. MARDUKHI
Name

Title

President
Title

Date

12-Nov-2024
Date

Authorized Signatory

M. Gamm
Authorized Signatory

MAINTENANCE AGREEMENT

1. **DEFINITIONS.** In this Maintenance Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms, words and expressions shall have the meanings ascribed to them as follows:
 - A. "New Module" means a module, program, modification or enhancement, other than an Update, development by Digiflex and which, in Digiflex's opinion, is substantially different from the Software or any module or application thereof and which Digiflex sells or proposes to sell to third parties;
 - B. "Update" means an update, error correction, modification or enhancement of or in respect of the Software and includes a complete rewritten version or release of the Software.
2. **AGREEMENT.** Upon the terms and subject to the conditions herein set forth, Digiflex agrees to provide to Customer and Customer agrees to accept the Maintenance Services. The term of this Maintenance Agreement shall begin upon installation of Software into a production environment. However that this Maintenance Agreement will be automatically renewed for successive one year terms upon terms to be agreed upon by the parties at the time of renewal unless notice of termination in writing is given by either party to the other at least thirty (30) days prior to the expiration of the term hereof or any renewal in which case this Maintenance Agreement shall terminate at the end of such term or renewal.
3. **CHARGES.** The customer shall pay an annual maintenance fee for services commencing upon installation of Software into a production environment. The maintenance fee shall be \$807,000.00 (eight hundred and seven thousand dollars) for 1 year, paid in advance. Additional Maintenance fees will apply in the event that Software is installed in multiple branches on additional Server Systems as specified in Table 2.
4. **MAINTENANCE SERVICES**
 - A. Digiflex shall provide the following services during the term hereof:
 - i) Operating System Compatibility. Customer agrees to accept, implement and install all Updates provided to Customer under subparagraph (ii), as well as the same release or version of the

Designated Equipment (meaning the computer hardware designated in the Software License To Use Agreement) in connection therewith as may be installed by Digiflex on its corresponding computer equipment. Digiflex's obligation to provide Maintenance Services shall terminate without notice to Customer if Customer shall fail to install the same release, or two previous updates, of the operating system as Digiflex shall have installed on its system, or if Customer shall install a more recent release of the operating system than Digiflex shall have installed.

- ii) Updates. Digiflex shall provide to Customer any Updates for the Software when such Updates are developed or published by Digiflex and made generally available to other licensees of the Software at no additional cost. Any New Modules developed or published by Digiflex will be offered to Customer at Digiflex's then current rates. All Updates shall become part of the Software, and Digiflex shall be free to offer these Updates to other persons. The determination of whether a New Module will be made generally available to licensees at no additional cost or will be made available only for an additional cost is the sole and exclusive right of Digiflex.

Any changes to program logic made under this Maintenance Agreement and which are to be provided to Customer shall be provided on a machine-readable medium specified by Customer. Customer shall pay the cost of any such media (including shipping charges) provided by Digiflex, in addition to any other charges required to be paid under this Maintenance Agreement.

Digiflex shall not remove any functionality from the Software if the said functionality is being used by the Customer.

Subject to paragraph (E) below, Digiflex shall be responsible for its out-of-pocket costs in correcting a Software error at Customer's premises.

- iii) Hotline Service. Digiflex shall provide Customer remote telephone access to Digiflex personnel on a 7 x 24 basis with respect to use of the Software. In providing such service, Digiflex will respond to a request from Customer, but not necessarily correct any error, within four (4) business hours of Customer's request.

- B. Digiflex representatives will have full access to the Software in order to effect the necessary Maintenance Services, and for these purposes Customer shall be responsible for providing all necessary ports, dial-in lines and compatible media at Customer's site and cost, and allow physical access to the Customer's site when required to perform maintenance On-Site.
- C. Digiflex makes no express or implied warranties, including any with respect to merchantability and fitness for a particular purpose, with respect to the Maintenance Services. Digiflex does not represent or warrant that the Maintenance Services will be capable of achieving any particular result or results in the business or operations of Customer, or that the operation of the Software will be uninterrupted, or that all programming errors can be found in order to be corrected; however, Digiflex will use its best efforts to attempt to identify and correct such errors including, if appropriate in the circumstances, sending qualified personnel to Customer's business premises. In no event shall Digiflex be liable to Customer in damages, nor shall Digiflex be liable for damages in respect of special, incidental, indirect or consequential loss or lost profits, even if Digiflex has been advised of the possibility of such damages.
- D. Customer agrees to read and be familiar with all Supporting Documentation provided by Digiflex with or in connection with the Software, and agrees to ensure that its users have sufficient operating knowledge of the Software. Customer acknowledges that there is no obligation on the part of Digiflex, except to the extent specifically set out herein, in the Software License To Use Agreement, or otherwise agreed in writing by Digiflex, to provide any training or instruction to Customer or its employees with respect to the Software.
- E. Notwithstanding anything herein contained, if Digiflex determines in good faith in the course of performing any Maintenance Services that an error, problem or question raised by Customer in connection with the Software is a direct result of input of incorrect data or command by Customer, Customer shall reimburse Digiflex for its expenses in responding to Customer's inquiry and shall pay Digiflex a fee calculated at Digiflex's then current rates for such services.

5. **MAINTENANCE CHARGES.** The annual rate for Maintenance Charges shall be firm for the period of this Agreement. Subsequent annual Maintenance Charge renewals, as provided under paragraph 3, may be increased or decreased by Digiflex providing that Digiflex has given Customer written notice of such increase or decrease not less than thirty (30) days prior to the end of the then current term of the Maintenance Agreement. The percentage increase, if any, in annual Maintenance Charges over those for the preceding year shall not exceed the percentage increase in the Consumer Price Index for the same period as published by Statistics Canada for the City of Calgary, or failing which, for the Province of Alberta, or failing which, for Canada.

In the event that Digiflex should breach the terms of this Maintenance Agreement, such breach not to be correct following thirty (30) days notice of such by Customer, Digiflex shall return to Customer fees paid annually in advance for Maintenance Services, calculated on a pro-rated basis.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed

on this _____ day of in the year of _____.

In the presence of:

Seven Eleven Distribution Canada Corp.
5445 – 8th Street N.E.
Calgary, Alberta, Canada T2K 5R9

Name

Title

Date

Authorized Signatory

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

M. Z. MARDUKHI

Name

President

Title

12. Nov. 2024

Date

M. Z. MARDUKHI

Authorized Signatory



RATE SCHEDULE

1. RATES

The rates will be based upon the following table of Digiflex employee position. Digiflex rates are subject to an annual review.

Table B-1

	Hourly	Daily
Analysis & Design	\$295.00	\$2300.00
Project Management	\$295.00	\$2300.00
Programming	\$250.00	\$1900.00
Technical Support	\$250.00	\$1900.00
Training and Installation	\$250.00	\$1900.00

2. MINIMUM ON-SITE RATE

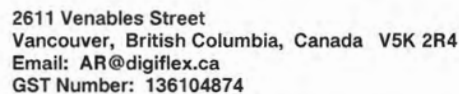
Minimum On-Site Rate within the City of Calgary shall be 4 hours based on the hourly rate schedule as specified in Table B-1. The Minimum On-Site Rate outside the City of Calgary shall be 1 day based on the daily rate schedule as specified in Table B-1.

In the event of traveling being required by Digiflex employees to Customer locations outside of Calgary, Alberta, the Customer shall pay all reasonable expenses incurred by Digiflex employees. This is separate from Rates specified in Table B-1.

3. MINIMUM OFF-SITE RATE.

Minimum Off-Site Rate shall be 2 hours based on the hourly rate schedule as specified in Table B-1.

Appendix “H”



INVOICE DATE
24-OCT-24

CUSTOMER NO.
512

INVOICE NO.
2817

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

PAGE
1

S
O
L
D

T
O

7-Eleven Distribution Company
5445 8th Street NE

Calgary, Alberta
Canada T2K 5R9

S
H
I
P

7-Eleven Distribution Company
5445 8th Street NE

T
O

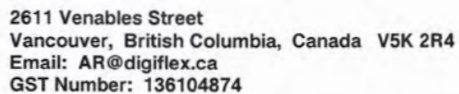
Calgary, Alberta
Canada T2K 5R9

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

WAREHOUSE: 1 REFERENCE:

[illegible]

[illegible]



SOLD TO

Calgary, Alberta
Canada T2K 5R9

SHIP
TO

Calgary, Alberta
Canada T2K 5R9

01-NOV-24

512

2822

1

WAREHOUSE: 1 REFERENCE:

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

Appendix “I”

Thompson, Natalie

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

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

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

Hi Cliff,

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

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

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

Mohamad

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

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

P/C WACI 18.1

Enquire Retail

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

2 ITEM : 225500
GROUP :

NAME: 5 HOUR ENERGY BERRY 12PK

3 CURR RETL: 3.790

START: 210720

PACK/MSR: 1

4 NEXT RETL: 0.000

START:

PACK/MSR:

5 CLASS : 80

6 LABEL TYP: 0

7 GRADE :

8 FLAG : .



**WALLACE
& CAREY**

Cliff Harrison | I.T. Enterprise Systems Team Lead

Office Phone: 403-730-2247

E-Mail: harrisonc@wac.com

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

Follow **wallaceandcarey** on social media

#CareyKindness #WallaceAndCarey100 #MovingCanadiansForwardSince1921

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

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

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

Subject: RE: Suggested Retails

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

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

From: Cliff Harrison <harrisonc@wac.com>

Sent: November 22, 2024 12:20

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

Subject: RE: Suggested Retails

Hi Mohamad,

All 4 types need to be zeroed out.



WALLACE & CAREY

Cliff Harrison | I.T. Enterprise Systems Team Lead

Office Phone: 403-730-2247

E-Mail: harrisonc@wac.com

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

Follow **wallaceandcarey** on social media

#CareyKindness #WallaceAndCarey100 #MovingCanadiansForwardSince1921

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

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

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

Subject: RE: Suggested Retails

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

Hi Cliff,

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

Mohamad

From: Cliff Harrison <harrisonc@wac.com>

Sent: November 22, 2024 11:43

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

Subject: RE: Suggested Retails

Hi Mohamad,

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

P/C WACI 15.7

Display Customer

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

BRKDN/HSBRD:
 4 ITEM : 225500 PACK/SIZE: 12 57.00ML TAX 1/ : 1.72*
 NAME: 5 HOUR ENERGY BERRY 12PK / :
 FLAG:E.....M.....T..... / :
 WAREHSE: 1 MARKUP/WFEE: 2.54
 ON-HAND: 30.00 WGT: 26.40KG OFF INV A/B:
 ON-ORDER: 0 DUE: / / () 31.800 C/D:
 POINTS: E/TOTAL:
 CASE UPC: 10719410571815 CN: 00719410500122 NET PRICE : 34.34 + 1.72
 UNIT UPC: 719410500016 OT: 120702 **SUG RETAIL: 1 / 3.790**
RTL MARGIN: 24.49% CL: 80
 5 QUANTITY: 1 FREE ITEM: LIM:

They are trying to change the margin



WALLACE & CAREY

Cliff Harrison | I.T. Enterprise Systems Team Lead

Office Phone: 403-730-2247

E-Mail: harrisonc@wac.com

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

Follow **wallaceandcarey** on social media

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

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

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

Subject: RE: Suggested Retail

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

Hi Cliff,

There are 4 types of retail price records/tables:

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

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

Mohamad

From: Cliff Harrison <harrisonc@wac1.com>

Sent: November 21, 2024 13:54

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

Subject: RE: Suggested Retails

Hi Mohamad,

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

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

Does that make sense?

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



WALLACE & CAREY

Cliff Harrison | I.T. Enterprise Systems Team Lead

Office Phone: 403-730-2247

E-Mail: harrisonc@wac.com

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

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

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

Subject: RE: Suggested Retails

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

Hi Cliff,

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

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

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

Mohamad

From: Cliff Harrison <harrisonc@wac.com>

Sent: November 21, 2024 08:32

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

Subject: RE: Suggested Retails

H Mohamad,

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

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



WALLACE & CAREY

Cliff Harrison | I.T. Enterprise Systems Team Lead

Office Phone: 403-730-2247

E-Mail: harrisonc@wac.com

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

Follow **wallaceandcarey** on social media

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

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

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

Subject: RE: Suggested Retails

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

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

Mohamad

From: Cliff Harrison <harrisonc@wac.com>

Sent: November 14, 2024 07:50

To: Help <Help@digiflex.ca>

Subject: Suggested Retails

Hello,

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



WALLACE & CAREY

Cliff Harrison | I.T. Enterprise Systems Team Lead

Office Phone: 403-730-2247

E-Mail: harrisonc@wac.com

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

Follow **wallaceandcarey** on social media

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Appendix “J”

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

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

Good day Joshua,

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

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

Regards,

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

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

Good morning Joshua,

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

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

Regards,

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

Appendix “K”

Donnelly, Rachel

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

Good afternoon Jason,

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

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

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

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

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

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

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

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

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

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

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

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

Regards,

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

Appendix “L”



December 3, 2024

Via Email (mardukhi@digiflex.ca)

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

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

Attention: Mohamad Zähed Mardukhi

Dear Sir:

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

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

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

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

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

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

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

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

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

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

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

A copy of the ARIO is enclosed for your reference.

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

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

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

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

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

Yours truly,

Cassels Brock & Blackwell LLP

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

Jeffrey Oliver
Partner

JO/ag
Enclosure
LEGAL*66795391.1



COURT FILE NUMBER 2301 - 08305

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

DOCUMENT **AMENDED AND RESTATED INITIAL ORDER**

ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS
DOCUMENT

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

Attention: James W. Reid / Larry Ellis

Telephone: 403.298.2418 / 416-595-8639

Fax: 403.262.0007

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

File No.: 0221652.0006

DATE ON WHICH ORDER WAS PRONOUNCED: June 30, 2023

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

LOCATION OF HEARING: Edmonton Law Courts

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

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

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

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

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

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

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

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

APPLICATION

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

PLAN OF ARRANGEMENT

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

POSSESSION OF PROPERTY AND OPERATIONS

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

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

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

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

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

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

RESTRUCTURING

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

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

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

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

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

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

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

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

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

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

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

NON-DEROGATION OF RIGHTS

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

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

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

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

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

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

APPOINTMENT OF MONITOR

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

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

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

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

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

ADMINISTRATION CHARGE

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

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

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

CASH MANAGEMENT SYSTEM AND LENDER PRIORITY CHARGE

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

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

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

TOBACCO TAX CHARGE

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

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

VALIDITY AND PRIORITY OF CHARGES

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

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

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

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

ALLOCATION

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

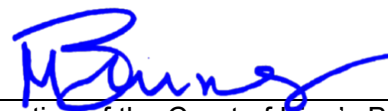
SERVICE AND NOTICE

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

GENERAL

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

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

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

Justice of the Court of King's Bench of Alberta

Appendix “M”

Donnelly, Rachel

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

Hi Mohamad,

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

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

Regards,

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

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

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

CAUTION: External Email

Hi Jason,

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

Regards,

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

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

Hi Mohamad,

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

Best,
- Jason

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

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

Good afternoon Jason,

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

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

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

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

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

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

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

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

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

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

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

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

Regards,

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

Digiflex Information Systems Inc.

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

Email: mardukhi@digiflex.ca

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

Appendix “N”

Donnelly, Rachel

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

Importance: High

CAUTION: External Email

Good day,

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

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

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

Going forward, we see only 2 options:

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

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

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

Regards,

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

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

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

Thank you,

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

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

This message, including any attachments, is privileged and may contain confidential information intended only for the person(s) named above. Any other distribution, copying or disclosure is strictly prohibited. Communication by email is not a secure medium and, as part of the transmission process, this message may be copied to servers operated by third parties while in transit. Unless you advise us to the contrary, by accepting communications that may contain your personal information from us via email, you are deemed to provide your consent to our transmission of the contents of this message in this manner. If you are not the intended recipient or have received this message in error, please notify us immediately by reply email and permanently delete the original transmission from us, including any attachments, without making a copy.

Appendix “O”

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

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

To: Jason Knight <jknight@ksvadvisory.com>

Subject: Your phone call

Good afternoon Jason,

I just listened to your voice message.

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

Regards,

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

Digiflex Information Systems Inc.

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

Email: mardukhi@digiflex.ca

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

Appendix “P”

Gagnon, Angeline

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

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

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

Good morning Heather,

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

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

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

Regards,

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

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

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

Importance: High

Hi there,

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

Kind regards,

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

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

From: Gagnon, Angeline <agagnon@cassels.com>
Sent: Monday, December 09, 2024 11:56 AM
To: CommercialCoordinator KBJCalgary <CommercialCoordinator.KBJCalgary@albertacourts.ca>
Cc: Oliver, Jeffrey <joliver@cassels.com>; Thompson, Natalie <nthompson@cassels.com>
Subject: URGENT Request for Emergency Time on Commercial List - ITMO the Compromise or Arrangement of Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc. | Court File Number 2301-08305 [IWOV-LEGAL.FID4364182]
Importance: High

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

Thank you,

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

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

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Appendix “Q”

Donnelly, Rachel

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

CAUTION: External Email

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

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

Good day,

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

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

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

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

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

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

Regards,

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

Digiflex Information Systems Inc.

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

Email: mardukhi@digiflex.ca

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

From: Thompson, Natalie <nthompson@cassels.com>

Sent: December 10, 2024 14:09

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

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

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

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

Kindly,

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

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

From: Thompson, Natalie

Sent: Tuesday, December 10, 2024 11:12 AM

To: mardukhi@digiflex.ca

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

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

Hello Mohamad,

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

Regards,

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

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

CAUTION: External Email

Good afternoon,

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

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

Please send a confirming letter with the below information:

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

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

Thank you,



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

commercialcoordinator.kbjcalgary@albertacourts.ca

Court of King's Bench of Alberta

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

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

Sent: December 9, 2024 11:56 AM

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

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

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

Importance: High

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

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

Thank you,

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

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

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Appendix “R”



December 12, 2024

Via Email (mardukhi@digiflex.ca)

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

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

Attention: Mohamad Zähed Mardukhi

Dear Sir:

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

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

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

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

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

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

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

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

Yours truly,

Cassels Brock & Blackwell LLP



Jeffrey Oliver
Partner

JO

Enclosure

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

LEGAL*66882733.3

Gagnon, Angeline

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

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

Importance: High

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

Sent: Wednesday, December 11, 2024 12:40 PM

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

Cc: Heather Miller <millerh@wac.com>

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

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

Good day,

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

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

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

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

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

Regards,

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

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

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

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

Kindly,

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

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

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

Hello Mohamad,

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

Regards,

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

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

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

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

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

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

CAUTION: External Email

Good afternoon,

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

Please send a confirming letter with the below information:

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

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

Thank you,



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

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

commercialcoordinator.kbjcalgary@albertacourts.ca

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

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

Sent: December 9, 2024 11:56 AM

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

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

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

Importance: High

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

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

Thank you,

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

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

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Appendix “S”

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

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

Good day,

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

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

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

Digiflex Information Systems Inc.

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

Email: mardukhi@digiflex.ca

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

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

Sent: December 12, 2024 09:05

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

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

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

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

Thank you,

Cassels | ANGELINE GAGNON
Legal Administrative Assistant
t: +1 587 441 7624
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APPENDIX D

[ATTACHED]

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

Sent: August 11, 2025 3:11 PM

To: Heather Miller <millerh@wac.com>

Subject: RE: Digiflex software

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

Hi Heather,

Only if the TSA extended, our maintenance fees per month will be as follows:

- Wallace & Carey: \$15,727 per month
- Loudon Brothers: \$ 2,092 per month

So if the TSA is extended by 6 months, renewal rates will be as follows:

- Wallace & Carey: \$94,362
- Loudon Brothers: \$12,552

Please note that if TSA is not extended beyond the current end date of August 20, 2025, then new software licenses will be required and then the maintenance fees will be 25% of license fees per year.

Thank you,

Mohamad

From: Heather Miller <millerh@wac.com>

Sent: August 11, 2025 12:27

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

Subject: Re: Digiflex software

Good Afternoon Mohamad,

We are in the process of pursuing an extension for the TSA, so can you please provide a quote for another 6 month extension on our maintenance agreements?

Thank you,

Heather

From: Mohamad Zähed Mardukhi <mardukhi@digiflex.ca>
Sent: August 8, 2025 11:41 AM
To: Heather Miller <millerh@wac.com>
Subject: Digiflex software

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

Good morning Heather,

Our Loudon Brother's maintenance agreement expires on August 31, 2025, and Wallace & Carey's expires on September 12, 2025. It seems the TSA protection arrangement also ends on August 20, 2025.

Is SEDCC planning to stop using our software in the next 3 or 4 weeks?

If not, are they planning to extend the TSA again? If so, by how much longer? If TSA is extended, we will need a new maintenance agreement until the new end date for TSA.

Once TSA ends then our licensing agreement with Wallace & Carey will no longer be in effect, and using our software beyond that point will require a new licensing agreement with SEDCC, as we tried to set up back in November 2024.

Thank you,

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

Digiflex Information Systems Inc.

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

Email: mardukhi@digiflex.ca

WWW: <https://link.edgepilot.com/s/ba71946b/OXWdVAE6V0ebugstGaoKkA?u=https://www.digiflex.ca/>

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