



No. S209201
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF 1077 HOLDINGS CO-OPERATIVE (FORMERLY, MOUNTAIN EQUIPMENT
CO-OPERATIVE) AND 1314625 ONTARIO LIMITED

PETITIONERS

FOURTEENTH REPORT OF THE MONITOR

ALVAREZ & MARSAL CANADA INC.

November 29, 2022



ALVAREZ & MARSAL

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1.0 INTRODUCTION

- 1.1 On September 14, 2020, Mountain Equipment Co-operative (subsequently renamed 1077 Holdings Co-operative) and 1314625 Ontario Limited (together, “1077” or the “**Petitioners**”) were granted an initial order (the “**Initial Order**”) by the Supreme Court of British Columbia commencing proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Among other things, the Initial Order afforded 1077 an initial stay of proceedings up to and including September 24, 2020 (the “**Stay Period**”) and appointed Alvarez & Marsal Canada Inc. as monitor of 1077 (the “**Monitor**”) during the CCAA Proceedings.
- 1.2 On October 2, 2020, this Honourable Court pronounced the amended and restated initial order (the “**ARIO**”) and sale approval and vesting order to approve the sale transaction (the “**Sale Transaction**”) contemplated by the asset purchase and sale agreement between the Petitioners and 1264686 B.C. Ltd. (the “**Original Purchaser**”) dated September 11, 2020 (the “**APA**”) for the sale of the Purchased Assets and to vest all of the Purchased Assets in the Original Purchaser’s permitted assignee free and clear of any Encumbrances other than Permitted Encumbrances, as such capitalized terms are defined in the APA. The Sale Transaction closed on October 30, 2020.
- 1.3 On November 27, 2020, this Honourable Court pronounced an order enhancing the powers of the Monitor and an order (the “**Claims Process Order**”) setting a claims process by which creditors may confirm or prove their claims against the Petitioners (the “**Claims Process**”).
- 1.4 On March 29, 2022, this Honourable Court granted an order (the “**Distribution Order**”) granting, *inter alia*, the approval of the following distribution methodology (the “**Distribution Methodology**”), to be applied by the Monitor in administering any distributions in these CCAA Proceedings (the “**Distributions**”):
- a) all Claims against the Petitioners, including Pre-filing Claims, Restructuring Period Claims, D&O Claims, and Employee Claims, which have been allowed by the Monitor in accordance with the Claims Process Order, shall be accepted and valid Claims (the “**Accepted Claims**”) for purposes of participating in any Distributions;
 - b) directing the Monitor to establish and maintain a reserve fund for Claims that are subject to a Notice of Revision or Disallowance and/or a Notice of Dispute, and are therefore not Accepted Claims (the “**Disputed Claims**”);

- c) approval of a “top-up” payment to certain Employee Claimants, in lieu of the payments under the Wage Earners Protection Program (“WEPP”) to which they would otherwise have been entitled, and allocating the total “top-up” amounts to the other Employee Claimants and Claimants on a pro rata basis;
- d) confirming that the Distributions made to the Employee Claimants shall be in lieu of any and all amounts that might have otherwise received from Service Canada, through its administration of the WEPP;
- e) authorizing the Petitioners to make one or more cash Distributions to each Claimant and Employee Claimant holding an Accepted Claim; and
- f) directing the Monitor to make final distributions only to those Claimants who would be entitled to distributions of \$10.00 or more.

1.5 On June 3, 2022, this Honourable Court pronounced an order further extending the Stay Period to December 9, 2022 (the “**Stay Extension Order**”).

1.6 The Monitor has filed a notice of application with this Honourable Court, returnable on December 6, 2022 (the “**December 6 Application**”), seeking approval of a further extension of the Stay Period through to March 31, 2023.

1.7 Further information regarding these CCAA Proceedings, including the Initial Order, affidavits, reports of the Monitor and all other Court-filed documents and notices are available on the Monitor’s website at www.alvarezandmarsal.com/mec (the “**Monitor’s Website**”).

2.0 PURPOSE

2.1 This Fourteenth Report dated November 29, 2022 (the “**Fourteenth Report**”) Report has been prepared by the Monitor in support of its application for an extension of the Stay Period to March 31, 2022, and to provide this Honourable Court and the Petitioners’ stakeholders information with respect to the following:

- a) the activities of the Monitor since the Monitor’s Thirteenth Report dated May 26, 2022 (the “**Thirteenth Report**”);
- b) an update on the Monitor’s administration of the Claims Process, including the Monitor’s interim distributions made to date;
- c) a comparison of the actual cash receipts and disbursements compared to the cash flow forecast (the “**Eighth Cash Flow Forecast**”), as appended to the Thirteenth Report; and
- d) an updated cash flow forecast for the period November 21, 2022 to March 31, 2023 (the “**Ninth Cash Flow Forecast**”), and the Monitor’s comments in respect of same.

3.0 TERMS OF REFERENCE

- 3.1 The Monitor has prepared this Fourteenth Report in connection with the December 6 Application and this report should not be relied on for any other purpose.
- 3.2 Certain of the information referred to in this Fourteenth Report consists of financial forecasts and/or projections prepared by the Monitor. An examination or review of financial forecasts and projections and procedures as outlined by the *Chartered Professional Accountants of Canada Handbook* has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from those forecasts and/or projected and the variations could be significant.
- 3.3 Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
- 3.4 Background information, including capitalized terms not otherwise defined herein, are contained in the Initial Order, ARIO, Claims Process Order, and Distribution Order, and the Monitor's previous reports, and have not been repeated herein.

4.0 ACTIVITIES OF THE MONITOR

- 4.1 The activities of the Monitor since the Thirteenth Report have included the following:

Review of CCAA Court Materials

- a) reviewing draft Court application materials in consultation with the Monitor's legal counsel;

Administering the Claims Process and Interim Distributions

- b) administering the Claims Process in accordance with the Claims Process Order (including resolving a final Disputed Claim, the St. Denis Claim as further detailed in section 5.0 of this report, and dealing with numerous enquiries from Claimants and Employee Claimants);
- c) making two interim distributions totaling approximately \$28.2 million to Claimants and Employee Claimants holding Accepted Claims (the "**Interim Distributions**"), in accordance with the Distribution Methodology as set out in and approved by the Distribution Order;
- d) corresponding and following up with numerous Claimants and Employee Claimants and/or their legal counsel regarding their Interim Distributions, as well as outstanding cheques and updating addresses and contact information as required;
- e) coordinating with a third-party payroll service provider to assist the Monitor in completing the distributions and Records of Employment for Employee Claimants with Accepted Claims;

Monitoring of Cash Receipts & Disbursements

- f) preparing and reviewing weekly payments, as well as reconciling cash receipts and disbursements of the trust accounts of the Monitor;

Asset Realization and Recovery Matters

- g) advancing the wind-down of 1077's interest in Park Towns Developments Limited Partnership, a residential townhouse project located in Toronto, Ontario (the "**Park Towns Project**");
- h) corresponding with the Canada Border Services Agency ("**CBSA**") and customs consultants, Tradewin, to address CBSA's request for amendments and other enquiries from CBSA and the Canadian Food Inspection Agency;
- i) coordinating and advancing the recovery of certain customs levies applied by the CBSA for importation of certain goods with the assistance of KPMG LLP;

Statutory and Other Responsibilities

- j) preparing this Fourteenth Report and Ninth Cash Flow Forecast;
- k) reconciling and filing of post-filing GST returns and corresponding with the Canada Revenue Agency ("**CRA**") regarding post-filing refunds;
- l) corresponding with the Ministry of Finance regarding the assessment and payment of the British Columbia employer health tax and making payment of same;
- m) corresponding with the British Columbia Workers' Compensation Board regarding calculation and reconciliation of post-filing benefits premiums and making payment of same;
- n) attending to numerous telephone calls with and correspondence received from the CRA regarding trust audit requests, reconciliation of pre-filing payroll withholdings remittances, and other related matters; and
- o) receiving and responding to telephone and email enquiries from trade creditors, members, former employees and other interested parties.

5.0 CLAIMS PROCESS – STATUS UPDATE

Update of Claims Process

- 5.1 Tabled below is a summary of the Claims, including the number and quantum of the Proofs of Claims submitted by Claimants and Employee Claimants, Notices of Revision or Disallowance issued by the Monitor, and Accepted Claims:

1077 Holdings Co-operative and 1314625 Ontario Limited
Summary of Claims
as at November 29, 2022
(in CAD 000's)

	Proofs of Claim		Notice of Revision or Disallowance		Accepted Claims		Disputed Claims	
	Claim		Disallowed		Accepted		Disputed	
	No.	Amount (\$)	No.	Amount (\$)	No.	Amount (\$)	No.	Amount (\$)
Landlord	8	\$ 68,829	8	\$ 72,855	6	\$ 20,591	-	\$ -
Employee	48	4,030	46	2,385	228	8,980	-	-
Trade and other	39	9,672	31	7,599	15	2,151	-	-
Equity	2	1	2	1	-	-	-	-
Total	97	\$ 82,532	87	\$ 82,839	249	\$ 31,722	-	\$ -

5.2 As at the date of this Fourteenth Report, there are 249 Accepted Claims totaling \$31.7 million that the Monitor has, or is deemed to have, accepted and there are no unresolved Disputed Claims remaining.

St. Denis Claims

5.3 The Thirteenth Report detailed two remaining Disputed Claims consisting of duplicative Proofs of Claims totaling \$983,000 (collectively, the “**St. Denis Claims**”) submitted for the retail store previously located in St. Denis, Quebec. One Proof of Claim was submitted by the former landlord, 169159 Canada Inc. (“**169**”), and a second submitted by Argo Partners (“**Argo**”), a party claiming to have been assigned the St. Denis Claim.

5.4 As a result of numerous discussions and significant correspondence, on June 21, 2022, the Monitor and its legal counsel reached an agreement with 169 and Argo regarding the quantification of the St. Denis Claim. Pursuant to the terms of the agreement, any payments made pertaining to the St. Denis Claim were to be paid in trust to Gowlings WLG (Canada) LLP, pending a determination of entitlement between 169 and Argo outside of this Claims Process.

5.5 Following the resolution of the St. Denis Claim, the Monitor dissolved the reserve fund established pursuant to the Distribution Order, and interim distributions were made in respect of the St. Denis Claim pursuant to the approved Distribution Methodology.

6.0 INTERIM DISTRIBUTIONS

6.1 As at the date of this Fourteenth Report, the Monitor has made two Interim Distributions to all Claimants and Employee Claimants holding Accepted Claims: the first on or about May 31, 2022 and the second on November 28, 2022. Announcements have been posted on the Monitor’s Website to notify parties that the Interim Distributions have been completed.

6.2 As presented in the table below, the total amount of the Interim Distributions made to date is \$28.2 million, representing 89% of the total Accepted Claims:

1077 Holdings Co-operative and 1314625 Ontario Limited					
Interim Distribution to Claimants					
as at November 29, 2022					
(in CAD 000's)					
	Accepted Claims		Interim Distributions		
	No.	Accepted Amount (\$)	May 31, 2022	November 28, 2022	Total
Landlord	6	\$ 20,591	\$ 15,443	\$ 2,883	\$ 18,326
Employees	228	8,980	6,735	1,257	7,992
Trade and other	15	2,151	1,613	301	1,914
	249	\$ 31,722	\$ 23,791	\$ 4,441	\$ 28,233
Recovery to Claimants			75%	14%	89%

6.3 The Interim Distribution were made in accordance with the approved Distribution Methodology as detailed in the Distribution Order and the Thirteenth Report.

6.4 The quantum of the Second Interim Distributions made on or around November 28, 2022 was in the amount of \$4.4 million or approximately \$0.14 per dollar of Accepted Claims. The Monitor funded this amount so as to leave a cash reserve in the estate for the estimated on-going costs of the CCAA Proceedings and to ensure that a final distribution to Claimants and Employee Claimants in early 2023 would be in excess of \$10.00 per Claim.

6.5 It is anticipated that a final distribution will be made following the resolution of all residual matters pertaining to the CCAA Proceedings which primarily consist of collecting the following receipts:

- a) net trade and customs levy refunds relating to the importation of certain goods. The CBSA has completed its review and assessment of the customs levies and the Monitor has been following up as to the timing of the issuance of the refunds which may be in the range of \$350,000; and
- b) distributions resulting from the wind-up of the Park Towns Project.

6.6 Once the remaining assets referenced in 6.5 above have been monetized, the total anticipated recovery to Claimants is expected to be in the range of 94% of their Accepted Claim, which remains consistent with the estimated recoveries presented by the Monitor in previous reports.

7.0 ACTUAL CASH FLOW RESULTS COMPARED TO EIGHTH CASH FLOW FORECAST

7.1 Consistent with the ongoing oversight and monitoring of the business and financial affairs of the Petitioners, the Monitor has established a weekly cash flow review protocol to compare actual cash flows against the Eighth Cash Flow Forecast.

7.2 The Petitioners' actual cash receipts and disbursements compared to the Eighth Cash Flow Forecast during the period from September 15, 2020 to November 20, 2022 is summarized in the table below:

1077 Holdings Co-operative and 1314625 Ontario Limited			
Cash Flow Variance Analysis			
For the period September 15, 2020 to November 20, 2022			
(in CAD 000's)			
	For the 113 Weeks Ended November 20, 2022		
	Actual	Forecast	Variance
Receipts			
Sales	\$ 41,176	\$ 41,176	\$ -
Canada Emergency Wage and Rent Subsidy	8,628	8,628	-
Other receipts and letters of credit	4,155	3,994	161
GST refunds	168	191	(24)
Return of deposits	(601)	(601)	-
Total receipts	53,526	53,388	138
Disbursements			
Merchandise and/or vendor prepayments	33,507	33,507	-
Freight and other non-merchandise	3,142	3,142	-
Wages and salary	11,377	11,377	-
SG&A	3,315	3,334	19
Insurance	145	145	-
Property taxes and other property liabilities	4,512	4,533	22
Statutory obligations	3,757	3,756	(1)
Consultants	63	63	-
Total disbursements	59,816	59,856	40
	(6,291)	(6,468)	177
Other disbursements			
KERP payments	778	778	-
Professional fees	5,930	5,951	22
Debt service	987	987	-
Contingency	574	604	30
Total other disbursements	(8,269)	(8,321)	52
Interim Distribution	(23,791)	(23,273)	518
Net proceeds from Sale Transaction	30,411	30,411	-
Net Cash Flow	\$ (7,940)	\$ (7,651)	\$ (289)
Opening Cash Balance	\$ 14,188	\$ 14,188	\$ -
Net Cash Flow	(7,940)	(7,651)	(289)
Ending Cash Balance	\$ 6,248	\$ 6,538	\$ (289)

** Net proceeds from the Sale Transaction are presented net of secured debt due to the Royal Bank of Canada which was repaid on the Closing Date.*

7.3 As at November 20, 2022, the closing cash balance held in trust by the Monitor totaled \$6.2 million. Certain variances in respect of the reported cash receipts and disbursements are as follows:

- a) total operating receipts were approximately \$138,000 higher than forecast, primarily due to interest earned on guaranteed investment certificates upon their maturity;
- b) total operating disbursements were approximately \$92,000 lower than forecast, primarily due to timing differences in respect of statutory obligations and professional fees; and
- c) an interim distribution of \$518,000 was made to the St. Denis Claim following its resolution.

7.4 Since the Thirteenth Report, the Monitor has continued to review the cash receipts and disbursements of the Petitioners and perform weekly variance reporting and approval of disbursements. Nothing has come to the attention of the Monitor that causes the Monitor to believe that there have been material adverse changes in the cash flow of the Petitioners or that would financially prejudice the stakeholders of the Petitioners.

8.0 UPDATED CASH FLOW FORECAST

8.1 The Ninth Cash Flow Forecast has been prepared by the Monitor for the period from November 21, 2022 to March 31, 2023 (the “**Forecast Period**”). The Ninth Cash Flow Forecast is attached herewith as Appendix “A” along with accompanying notes and assumptions. A summary of the Ninth Cash Flow Forecast is tabled below:

1077 Holdings Co-operative and 1314625 Ontario Limited	
Ninth Cash Flow Forecast	
For the 19 week period ending on March 31, 2023	
(in CAD 000's)	
	<u>Forecast Period</u>
Receipts	
GST and other refunds	\$ 30
Other receipts	400
Total receipts	<u>430</u>
Disbursements	
General and administrative	110
Property taxes	35
Statutory obligations	10
Total disbursements	<u>155</u>
	275
Other disbursements	
Professional fees	380
Contingency	50
Total other disbursements	<u>(430)</u>
Interim distribution	(4,441)
Net cash flow	<u>\$ (4,597)</u>
Opening cash balance	<u>\$ 6,248</u>
Net cash flow	(4,597)
Ending cash balance	<u>\$ 1,652</u>

8.2 The Monitor's comments with respect to the Ninth Cash Flow Forecast are as follows:

- a) forecast of receipts consist of GST and other refunds of \$430,000 relate to GST refunds anticipated for post-filing expenses incurred during the pendency of the CCAA Proceedings and anticipated recovery of customs levies and distribution from the Park Town Projects;
- b) forecast disbursements totaling \$585,000 consist of the following:
 - i. general and administrative costs of approximately \$110,000 relate to estimated fees for engaging KPMG LLP to assist with the recovery of customs levies, Tradewin to review and amend pre-filing import declarations in response to an audit by the CBSA and enquiries received from other trade inspection agencies, and a third-party payroll provider to administer distributions to Employee Claimants;
 - ii. property liabilities approximating \$35,000 in connection with outstanding property taxes for the former head office property;
 - iii. statutory obligations of approximately \$10,000 relate primarily to assessments completed by the CRA pertaining to pensionable and insurable earnings reviews, subject to the Monitor's review and reconciliation;
 - iv. professional fees of approximately \$380,000 for services provided by the Monitor and its legal counsel; and

- v. a second Interim Distribution of \$4.4 million to Claimants and Employee Claimants holding Accepted Claims, as discussed in section 6.0 of this report, which was distributed on November 28, 2022.

8.3 At present, the Monitor anticipates it will be holding approximately \$1.6 million at the end of the Forecast Period, that will ultimately be made available to Claimants once the remaining receipts, as detailed in paragraph 6.5, have been collected. It is the Monitor's intention to make best efforts to complete a final distribution prior to the end of the Forecast Period.

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

9.0 STAY EXTENSION

9.1 Pursuant to the Stay Extension Order, the Stay Period will expire on December 9, 2022. The Monitor is seeking an extension of the Stay Period to March 31, 2023.

9.2 The Monitor believes the extended Stay Period of approximately four months is reasonable for the following reasons:

- a) during the proposed extension of the Stay Period, the Monitor will have an opportunity to:
 - i. realize on residual assets and/or receivables of the Petitioners, including any trade and customs levy refunds and distributions resulting from the wind-up of the Park Towns Project, which may present material recoveries for the estate;
 - ii. complete a final distribution to affected creditors prior to the end of the Forecast Period; and
 - iii. attend to any remaining activities relating to the wind-down of the Petitioners' operations and business.
- b) the Ninth Cash Flow Forecast indicates that there is sufficient liquidity to continue operating during the requested extension of the Stay Period; and
- c) no creditor or any stakeholders of the Petitioners would be materially prejudiced by the extension of the Stay Period.

10.0 MONITOR'S CONCLUSIONS AND RECOMMENDATIONS

10.1 The Monitor respectfully recommends that this Honourable Court grant an order approving an extension of the Stay Period through to March 31, 2023.

All of which is respectfully submitted to this Honourable Court this 29th day of November, 2022.

**Alvarez & Marsal Canada Inc.,
in its capacity as Monitor of
1077 and not in its personal or corporate capacity**



Todd M. Martin
Senior Vice President



Vicki Chan
Vice President

Appendix A
Ninth Cash Flow Forecast

1077 Holdings Co-operative and 131465 Ontario Limited
Ninth Cash Flow Forecast (Note 1)
For the 19 week period ending on March 31, 2022
(Unaudited, in 000s CAD)

Week		<i>Week 1</i>	<i>Week 2</i>	<i>Week 3</i>	<i>Week 4</i>	<i>Week 5</i>	<i>Week 6</i>	<i>Week 7</i>	<i>Week 8</i>	<i>Week 9</i>	<i>Week 10</i>	<i>Week 11</i>	<i>Week 12</i>
Week Ending	Notes	Nov 27	Dec 4	Dec 11	Dec 18	Dec 25	Jan 1	Jan 8	Jan 15	Jan 22	Jan 29	Feb 5	Feb 12
Receipts													
GST and other refunds	2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20	\$ -	\$ -	\$ -	\$ 2
Other receipts	3	-	-	-	-	-	-	-	-	-	-	-	350
Total receipts		-	-	-	-	-	-	-	20	-	-	-	352
Disbursements													
General and administrative	4	-	-	7	-	-	-	5	-	-	5	-	80
Property taxes	5	-	-	-	-	-	-	-	-	-	-	-	-
Statutory obligations	6	-	-	-	-	-	-	10	-	-	-	-	-
Total disbursements		-	-	7	-	-	-	15	-	-	5	-	80
		-	-	(7)	-	-	-	(15)	20	-	(5)	-	272
Other disbursements													
Professional fees	7	18	-	-	67	-	-	-	55	-	-	-	-
Contingency	8	10	-	-	-	10	-	-	-	-	10	-	-
Total other disbursements		(28)	-	-	(67)	(10)	-	-	(55)	-	(10)	-	-
Interim distribution	9	-	(4,441)	-	-	-	-	-	-	-	-	-	-
Net cash flow		\$ (28)	\$ (4,441)	\$ (7)	\$ (67)	\$ (10)	\$ -	\$ (15)	\$ (35)	\$ -	\$ (15)	\$ -	\$ 272
Opening cash balance		\$ 6,248	\$ 6,220	\$ 1,779	\$ 1,772	\$ 1,705	\$ 1,695	\$ 1,695	\$ 1,680	\$ 1,645	\$ 1,645	\$ 1,630	\$ 1,630
Net cash flow		(28)	(4,441)	(7)	(67)	(10)	-	(15)	(35)	-	(15)	-	272
Ending cash balance	10	\$ 6,220	\$ 1,779	\$ 1,772	\$ 1,705	\$ 1,695	\$ 1,695	\$ 1,680	\$ 1,645	\$ 1,645	\$ 1,630	\$ 1,630	\$ 1,902

1077 Holdings Co-operative and 131465 O
Ninth Cash Flow Forecast (Note 1)
For the 19 week period ending on March 3
(Unaudited, in 000s CAD)

Week		<i>Week 13</i>	<i>Week 14</i>	<i>Week 15</i>	<i>Week 16</i>	<i>Week 17</i>	<i>Week 18</i>	<i>Week 19</i>	19 Week
Week Ending	Notes	Feb 19	Feb 26	Mar 5	Mar 12	Mar 19	Mar 26	Mar 31	Total
Receipts									
GST and other refunds	2	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 30
Other receipts	3	-	-	-	50	-	-	-	400
Total receipts		-	5	-	50	-	-	3	430
Disbursements									
General and administrative	4	-	-	-	8	-	5	-	110
Property taxes	5	-	-	-	-	-	35	-	35
Statutory obligations	6	-	-	-	-	-	-	-	10
Total disbursements		-	-	-	8	-	40	-	155
		-	5	-	42	-	(40)	3	275
Other disbursements									
Professional fees	7	55	-	-	-	55	-	130	380
Contingency	8	-	10	-	-	-	-	10	50
Total other disbursements		(55)	(10)	-	-	(55)	-	(140)	(430)
Interim distribution	9	-	-	-	-	-	-	-	(4,441)
Net cash flow		\$ (55)	\$ (5)	\$ -	\$ 42	\$ (55)	\$ (40)	\$ (137)	\$ (4,597)
Opening cash balance		\$ 1,902	\$ 1,847	\$ 1,841	\$ 1,841	\$ 1,883	\$ 1,828	\$ 1,788	\$ 6,248
Net cash flow		(55)	(5)	-	42	(55)	(40)	(137)	(4,597)
Ending cash balance	10	\$ 1,847	\$ 1,841	\$ 1,841	\$ 1,883	\$ 1,828	\$ 1,788	\$ 1,652	\$ 1,652

1077 Holdings Co-operative and 131465 Ontario Limited

Ninth Cash Flow Forecast

Notes and Assumptions

- 1 The weekly cash flow forecast of 1077 Holdings Co-operative and 1314625 Ontario Limited (collectively, "1077") for the period November 21, 2022 to March 31, 2023 has been prepared by the Monitor to set out the cash flow of 1077 (the "Ninth Cash Flow Forecast").

The Ninth Cash Flow Forecast has been prepared based on unaudited financial information and estimates of 1077's projected receipts and disbursements. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary and such variations may be material. Neither 1077 nor the Monitor makes any representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized.

The Ninth Cash Flow Forecast reflects estimates and assumptions summarized below with respect to operations most notably, that 1077 continues to operate within the protections afforded under the CCAA and the Amended and Restated Initial Order granted on October 2, 2020 during the CCAA Proceedings. The Ninth Cash Flow Forecast may be updated from time to time.

- 2 GST and other refunds related to post-filing expenses incurred during the pendency of the CCAA Proceedings.
- 3 Other receipts consist of estimated settlement of the Parktown interest held by 1077 and potential recovery of trade and customs levies applied to certain goods by the the Canada Border and Services Agency.
- 4 General and administrative costs include estimated professional fees to 1077's consultants to assist with the recovery of customs levies, former customs broker to assist with audits initiated by the Canada Border and Services Agency, and a third-party payroll provider for services related to the interim distributions, as well as banking fees and mailing costs.
- 5 Property taxes include property taxes related to the former head office.
- 6 Statutory obligations include payroll withholdings adjustments that may be payable, subject to the Monitor's review and reconciliation.
- 7 Professional fees are estimates of the professional services expected to be provided during the CCAA Proceedings and include fees of the Monitor and its legal counsel.
- 8 Contingency costs are included to account for any unexpected expenses and represent approximately 13% of operating and other disbursements.
- 9 An interim distribution is anticipated to be made during the week ending December 4, 2022 to all Claimants and Employee Claimants holding Accepted Claims, as defined in the Distribution Order granted March 29, 2022, inclusive of any applicable withholding taxes, EI overpayments, and other statutory deductions, where applicable, to be withheld and remitted to the Canada Revenue Agency and other tax authorities.
- 10 For purposes of this cash flow, the estimated closing cash balance of \$1.6 million will be made available to Claimants as a final distribution once the remaining receipts have been collected.