



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

THIRTEENTH REPORT OF THE MONITOR
ALVAREZ & MARSAL CANADA INC.

May 26, 2022

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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.
- 1.3 On October 21, 2020, this Honourable Court pronounced an assignment order to assign all of the rights and obligations of the Petitioners under certain contracts to the Original Purchaser’s assignee, 1266524 B.C. Ltd. (subsequently renamed MEC Mountain Equipment Company Ltd. on January 7, 2021 and referred hereinafter as the “**Purchaser**”). The Sale Transaction closed on October 30, 2020.
- 1.4 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**”).
- 1.5 On December 7, 2021, this Honourable Court pronounced an order further extending the Stay Period to June 10, 2022 (the “**Stay Extension Order**”).
- 1.6 On March 29, 2022, this Honourable Court pronounced the following orders:
 - a) an order (the “**Distribution Order**”) granting, *inter alia*, the following relief:
 - i. 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) all Claims against the Petitioners, except for the Disputed Claims, that were: (i) not asserted or preserved as required by the Claims Process Order, or (ii) were otherwise disallowed by the Monitor pursuant to the Claims Process Order (and which are not Disputed Claims), shall be forever barred and extinguished (each such claim, a “**Barred and Extinguished Claim**”), and any such person asserting a Barred and Extinguished Claim shall not be entitled to participate in the Distributions;
 - (D) approval of a “top-up” payment to certain Employee Claimants, in lieu of the payments under the Wage Earners Protection Program (the “**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;
 - (E) authorizing the Petitioners to make one or more cash Distributions to each Claimant and Employee Claimant holding an Accepted Claim;
 - (F) 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, and
- b) an order sealing the confidential appendix appended to the twelfth report of the Monitor dated March 23, 2022 (the “**Twelfth Report**”), consisting of a dividend sheet (the “**Dividend Sheet**”) with the proposed interim distribution amounts payable to each Employee Claimant, on the basis that the Dividend Sheet contained personal and sensitive details pertaining to the Employee Claimants.

1.7 Concurrent with this thirteenth report of the Monitor dated May 26, 2022 (the “**Thirteenth Report**”), the Monitor has filed a notice of application with this Honourable Court, returnable on June 3, 2022 (the “**June 3 Application**”), seeking approval of a further extension of the Stay Period through to December 9, 2022.

- 1.8 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 Thirteenth Report has been prepared by the Monitor in support of its application for an extension of the Stay Period to December 9, 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 Twelfth Report;
- b) an update on the Monitor's administration of the Claims Process, including the Monitor's preparation to complete an interim distribution by June 3, 2022;
- c) a comparison of the actual cash receipts and disbursements compared to the cash flow forecast (the "**Seventh Cash Flow Forecast**"), as appended to the eleventh report of the Monitor dated December 1, 2021; and
- d) an updated cash flow forecast for the period May 23, 2022 to December 9, 2022 (the "**Eighth Cash Flow Forecast**"), and the Monitor's comments in respect of same.

3.0 TERMS OF REFERENCE

- 3.1 The Monitor has prepared this Thirteenth Report in connection with the June 3 Application and this report should not be relied on for any other purpose.
- 3.2 Certain of the information referred to in this Thirteenth 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 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 Twelfth 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 Distribution

- b) administering the Claims Process in accordance with the Claims Process Order (including resolving Disputed Claims and dealing with numerous enquiries with Claimants and Employee Claimants);
- c) preparing for an interim distribution to Claimants and Employee Claimants holding Accepted Claims, in accordance with the Distribution Methodology set out in and approved by the Distribution Order;
- d) engaging and coordinating with a third-party payroll service provider to assist the Monitor in completing an interim distribution to Employee Claimants with Accepted Claims;
- e) corresponding with Service Canada regarding the handling of potential overpayments of employment insurance benefits ("EI") in relation to the contemplated distribution to 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;

Statutory and Other Responsibilities

- g) preparing this Thirteenth Report;
- h) reconciling and filing of post-filing GST returns and corresponding with the Canada Revenue Agency ("CRA") regarding post-filing refunds;
- i) corresponding with the Ministry of Finance regarding the assessment and payment of the British Columbia employer health tax;
- j) corresponding with the British Columbia Workers' Compensation Board regarding calculation and reconciliation of post-filing benefits premiums;
- k) attending to numerous telephone calls with and correspondence received from the CRA regarding reconciliation of pre-filing payroll withholdings remittances and other related matters;
- l) 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;

- m) coordinating and advancing the recovery of certain customs levies applied by the CBSA for importation of certain goods with the assistance of KPMG LLP;
- n) preparing for the storage and destruction of physical and electronic financial, human resources, and other records, in accordance with statutory requirements and certain agreements with the Purchaser;

Creditor and Other Stakeholder Matters

- o) receiving and responding to telephone and email enquiries from trade creditors, members, former employees and other interested parties; and

Other Matters

- p) preparing for and 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**").

5.0 CLAIMS PROCESS – STATUS UPDATE

Update of Claims Process

- 5.1 Tabled below is a summary of the Claims, which remain unchanged from the Twelfth Report, 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, Accepted Claims, and Disputed Claims that remain unresolved:

1077 Holdings Co-operative and 1314625 Ontario Limited Summary of Claims as at May 20, 2022 (in CAD 000's)								
	Proofs of Claim		Notice of Revision or Disallowance		Accepted Claims		Disputed Claims	
	No.	Claim Amount (\$)	No.	Disallowed Amount (\$)	No.	Accepted Amount (\$)	No.	Disputed Amount (\$)
Landlord	8	\$ 68,829	8	\$ 72,855	5	\$ 19,901	2	\$ 983
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	248	\$ 31,031	2	\$ 983

- 5.2 As at the date of this Thirteenth Report, there are 248 Accepted Claims totaling \$31.0 million that the Monitor has or is deemed to have accepted.

Disputed Claims

- 5.3 As detailed in the Twelfth Report, the Disputed Claims consist of two 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 Despite efforts by the Monitor and its legal counsel, the dispute between 169 and Argo remains unresolved. Accordingly, and as directed by the Distribution Order, the Monitor has established a reserve fund of \$733,000 (the “**St. Denis Reserve**”), which is the amount equivalent to the larger of the two St. Denis Claims. The St. Denis Reserve will be held in trust by the Monitor pending a resolution of the entitlement and quantum of the St. Denis Claim and, as further directed by the Distribution Order, no distributions will be made in connection with the St. Denis Claim until such time as the dispute between 169 and Argo has been resolved.

6.0 INTERIM DISTRIBUTION

- 6.1 As detailed further in the Twelfth Report, the Monitor is in the process of arranging for an interim distribution (the “**Interim Distribution**”) to be made to all Claimants and Employee Claimants holding Accepted Claims before June 3, 2022. An announcement will be posted on the Monitor’s Website once the Interim Distribution has been completed.
- 6.2 As presented in the table below, the total amount of the Interim Distribution will be \$23.3 million, representing 75% of the total Accepted Claims:

1077 Holdings Co-operative and 1314625 Ontario Limited Interim Distribution to Claimants as at May 20, 2022 (in CAD 000's)			
	Accepted Claims		Interim Distribution
	No.	Accepted Amount (\$)	
Landlord	5	\$ 19,901	\$ 14,925
Employees	228	8,980	6,735
Trade and other	15	2,151	1,613
	248	\$ 31,031	\$ 23,273
Recovery to Claimants			75%

- 6.3 The Interim Distribution will be made as follows, in accordance with the Distribution Methodology:
- a) each Claimant holding an Accepted Claim will receive a *pro rata* distribution of their Accepted Claim amount;
 - b) each Employee Claimant holding an Accepted Claim will receive a *pro rata* distribution of their Accepted Claim amount, net of applicable withholding taxes, EI overpayments, and other statutory deductions, if any;
 - c) the distribution will be made in Canadian dollars;
 - d) no distribution will be made to the holders of the disputed St. Denis Claim until such time as the dispute between 169 and Argo has been resolved; and
 - e) the distributions made to Employee Claimants shall be in lieu of any and all amounts they might have otherwise received from Service Canada, through its administration of WEPP, had a determination been made under subsection 5(5) of *Wage Earners Protection Program Act*.
- 6.4 The “top-up” payment payable to those Employee Claimants entitled to such a payment under the Distribution Order (and in accordance with the Distribution Methodology) will be calculated at the time a final distribution is made.
- 6.5 The quantum of the Interim Distribution will allow the Monitor to retain a sufficient holdback of funds in respect of the St. Denis Reserve, make meaningful further distributions to Claimants and Employee Claimants in connection with their Accepted Claims, as well as to fund administration and other costs for the pendency of the CCAA Proceedings.
- 6.6 It is anticipated that a final distribution will be made following the resolution of all residual matters pertaining to the CCAA Proceedings, including the resolution of the Disputed Claims and collection of all anticipated receipts, which is projected to occur in late Fall of 2022. The total anticipated recovery to Claimants continues to be in the range of 90% of their Accepted Claim. This is consistent with the analysis presented by the Monitor at paragraph 7.8 of the Twelfth Report, and such analysis is therefore not repeated herein.
- 7.0 ACTUAL CASH FLOW RESULTS COMPARED TO SEVENTH 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 Seventh Cash Flow Forecast.

- 7.2 The Petitioners' actual cash receipts and disbursements compared to the Seventh Cash Flow Forecast during the period from September 15, 2020 to May 22, 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 May 22, 2022			
(in CAD 000's)			
	For the 88 Weeks Ended May 22, 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	3,994	3,802	192
GST refunds	164	174	(10)
Return of deposits	(601)	(561)	(40)
Total receipts	53,361	53,218	142
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	3,308	3,332	24
Insurance	145	145	-
Property taxes and other property liabilities	4,498	4,525	27
Statutory obligations	3,592	3,760	168
Consultants	63	63	-
Total disbursements	59,631	59,850	219
	(6,271)	(6,632)	361
Other disbursements			
KERP payments	778	778	-
Professional fees	5,681	5,762	80
Debt service	987	987	-
Contingency	574	624	50
Total other disbursements	(8,021)	(8,151)	130
Net proceeds from Sale Transaction	30,411	30,411	-
Net Cash Flow	\$ 16,120	\$ 15,629	\$ 491
Opening Cash Balance	\$ 14,188	\$ 14,188	\$ -
Net Cash Flow	16,120	15,629	491
Ending Cash Balance	\$ 30,308	\$ 29,817	\$ 491
* 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 May 22, 2022, the closing cash balance held in trust by the Monitor totaled \$30.3 million. Certain variances in respect of the reported cash receipts and disbursements are as follows:

- a) total operating receipts were approximately \$142,000 higher than forecast, primarily due to interest earned on guaranteed investment certificates upon their maturity; and
- b) total operating disbursements were approximately \$349,000 lower than forecast, primarily due to timing differences in respect of statutory obligations and professional fees.

7.4 Since the Twelfth 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 Eighth Cash Flow Forecast has been prepared by the Monitor for the period from May 23, 2022 to December 9, 2022 (the “**Forecast Period**”). The Eighth Cash Flow Forecast is attached herewith as Appendix “A” along with accompanying notes and assumptions. A summary of the Eighth Cash Flow Forecast is tabled below:

1077 Holdings Co-operative and 1314625 Ontario Limited Eighth Cash Flow Forecast For the 29 week period ending on December 9, 2022 (in CAD 000's)	
	Forecast Period
Receipts	
GST and other refunds	\$ 39
Total receipts	39
Disbursements	
General and administrative	26
Property taxes and other property liabilities	62
Statutory obligations	164
Total disbursements	252
	(212)
Other disbursements	
Professional fees	375
Contingency	35
Total other disbursements	(410)
Interim distribution	(23,273)
Net cash flow	\$ (23,896)
Opening cash balance	\$ 30,308
Net cash flow	(23,896)
Ending cash balance	\$ 6,412

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

- a) forecast of receipts consist of GST and other refunds of \$39,000 relate to GST refunds anticipated for post-filing expenses incurred during the pendency of the CCAA Proceedings, return of deposits held as retainers by restructuring professionals, and other refunds with quantum that are not yet known at this time;
- b) forecast disbursements totaling \$23.9 million consist of the following:
 - i. general and administrative costs of approximately \$26,000 relate to estimated fees for engaging Tradewin to review and amend pre-filing import declarations in response to an audit by the CBSA and fees for engaging a third-party payroll provider to administer distributions to Employee Claimants;
 - ii. property liabilities approximating \$62,000 in connection with outstanding property taxes for the former head office property and rent for post-filing occupancy period related to a disclaimed St. Denis realty lease, the payment of which is expected to correspond with the resolution of the disputed St. Denis Claim;
 - iii. statutory obligations of approximately \$164,000 relate primarily to British Columbia employer health taxes and British Columbia Workers' Compensation Benefits premiums estimated for the period September 15, 2020 to December 31, 2020. The Monitor is in correspondence with the respective agencies and is reviewing assessments and preparing calculations and documents as necessary;
 - iv. professional fees of approximately \$375,000 for services provided by the Monitor and its legal counsel; and
 - v. Interim Distribution of \$23.3 million to Claimants and Employee Claimants holding Accepted Claims, as discussed in section 6.0 of this report.

8.3 At present, the Monitor anticipates it will be holding approximately \$6.4 million at the end of the Forecast Period, inclusive of the St. Denis Reserve, that will ultimately be made available to Claimants once the outstanding Disputed Claims have been resolved. 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 It is possible that this amount could increase due to additional recoveries from miscellaneous customs levy refunds and the monetization of the Petitioners' interest in the Park Towns Project. However, estimates of those potential recoveries have not been reflected in the Eighth Cash Flow Forecast because these recoveries remain uncertain and the quantum, if any, cannot be reasonably approximated at this time.

8.5 The Eighth Cash Flow Forecast has been prepared solely for the purpose described in Note 1 on the face of the Eighth 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 June 10, 2022. The Monitor is seeking an extension of the Stay Period to December 9, 2022.

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

- a) during the proposed extension of the Stay Period, the Monitor will have an opportunity to:
 - i. complete the Interim Distribution as contemplated in section 6.0 of this report;
 - ii. resolve the last remaining Disputed Claim, with the aim to complete a final distribution to affected creditors prior to the end of the Forecast Period;
 - iii. 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;
 - iv. attend to any remaining activities relating to the wind-down of the Petitioners' operations and business; and
 - v. a longer extension of the Stay Period will obviate the need for the Monitor to schedule, and incur professional fees and other costs relating to, further applications before this Honourable Court while it focuses on resolving and completing the outstanding issues and making future distribution(s) to the Petitioners' unsecured creditors;
- b) the Eighth 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 December 9, 2022.

All of which is respectfully submitted to this Honourable Court this 26th day of May, 2022.

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

per: TM

Todd M. Martin
Senior Vice President

Vicki Chan

Vicki Chan
Vice President

Appendix A
Eighth Cash Flow Forecast

1077 Holdings Co-operative and 131465 Ontario Limited
Eighth Cash Flow Forecast (Note 1)
For the 29 week period ending on December 9, 2022
(Unaudited, in \$'000 CAD)

Week	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Week 14	Week 15
Notes	May 29	Jun 5	Jun 12	Jun 19	Jun 26	Jul 3	Jul 10	Jul 17	Jul 24	Jul 31	Aug 7	Aug 14	Aug 21	Aug 28	Sept 4
Week Ending															
Receipts															
GST and other refunds	19	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total receipts	19				10			4				3			
Disbursements															
General and administrative			8							5					
Property taxes and other property liabilities															
Statutory obligations							164								
Total disbursements			8				164			5					
Other disbursements	19		(8)		10		(164)	4		(5)		3			
Professional fees			5	100				31					15		
Contingency				5											
Total other disbursements			(5)	(105)				36				(5)	(15)		
Interim distribution		(23,273)													
Net cash flow	19	\$ (23,273)	\$ (13)	\$ (105)	\$ 10	\$ -	\$ (164)	\$ 32	\$ -	\$ (5)	\$ -	\$ (2)	\$ (15)	\$ -	\$ -
Opening cash balance		\$ 30,308	\$ 30,327	\$ 7,054	\$ 7,041	\$ 6,936	\$ 6,946	\$ 6,781	\$ 6,749	\$ 6,749	\$ 6,744	\$ 6,744	\$ 6,742	\$ 6,727	\$ 6,727
Net cash flow	19	(23,273)	(13)	(105)	10	-	(164)	32	-	(5)	-	(2)	(15)	-	-
Ending cash balance		\$ 30,327	\$ 7,054	\$ 6,936	\$ 6,946	\$ 6,946	\$ 6,781	\$ 6,749	\$ 6,749	\$ 6,744	\$ 6,744	\$ 6,742	\$ 6,727	\$ 6,727	\$ 6,727

1077 Holdings Co-operative and 131465 Ontario Limited
Eighth Cash Flow Forecast (Note 1)
For the 29 week period ending on December 9, 2022
(Unaudited, in \$'000 CAD)

Week Week Ending	Week 16 Sep 11	Week 17 Sep 18	Week 18 Sep 25	Week 19 Oct 2	Week 20 Oct 9	Week 21 Oct 16	Week 22 Oct 23	Week 23 Oct 30	Week 24 Nov 6	Week 25 Nov 13	Week 26 Nov 20	Week 27 Nov 27	Week 28 Dec 4	Week 29 Dec 9	29 Week Total
Notes															
Receipts															
GST and other refunds	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 2	\$ 39
Total receipts															
Disbursements															
General and administrative	-	-	-	5	-	8	-	-	-	-	-	27	-	-	26
Property taxes and other property liabilities	6	6	35	-	-	-	-	-	-	-	-	-	-	-	62
Statutory obligations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	164
Total disbursements	-	-	35	5	-	8	-	-	-	-	-	27	-	-	252
Other disbursements	-	-	(34)	(5)	-	(8)	-	-	-	-	1	(27)	-	2	(312)
Professional fees	-	15	-	-	-	85	-	-	-	20	-	-	-	105	375
Contingency	5	-	-	-	5	-	-	-	-	5	-	-	-	-	35
Total other disbursements	(5)	(15)	-	-	(5)	(85)	-	-	-	(25)	-	-	-	(110)	(410)
Interim distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(23,273)
Net cash flow	\$ (5)	\$ (15)	\$ (34)	\$ (5)	\$ (5)	\$ (43)	\$ -	\$ -	\$ -	\$ (25)	\$ 1	\$ (27)	\$ -	\$ (108)	\$ (23,896)
Operating cash balance	\$ 6,727	\$ 6,722	\$ 6,707	\$ 6,673	\$ 6,668	\$ 6,663	\$ 6,571	\$ 6,571	\$ 6,571	\$ 6,571	\$ 6,546	\$ 6,547	\$ 6,520	\$ 6,520	\$ 30,308
Net cash flow	(5)	(15)	(34)	(5)	(5)	(43)	-	-	-	(25)	1	(27)	-	(108)	(23,896)
Ending cash balance	\$ 6,722	\$ 6,707	\$ 6,673	\$ 6,668	\$ 6,663	\$ 6,571	\$ 6,571	\$ 6,571	\$ 6,571	\$ 6,546	\$ 6,547	\$ 6,520	\$ 6,520	\$ 6,412	\$ 6,412

1077 Holdings Co-operative and 131465 Ontario Limited

Eighth 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 May 23, 2022 to December 9, 2022 has been prepared by the Monitor to set out the cash flow of 1077 (the "Eighth Cash Flow Forecast").

The Eighth 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 Eighth 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 Eighth Cash Flow Forecast may be updated from time to time.

- 2 GST and other refunds relate to GST refunds anticipated for post-filing expenses incurred during the pendency of the CCAA Proceedings, return of deposits held as retainers by certain restructuring professionals, and other refunds with quantum that are not yet known at this time.
- 3 General and administrative costs include broker consultation fees for reviewing and amending pre-filing import declarations in response to an audit by the Canada Border and Services Agency and fees for engaging a third party payroll provider to administer distributions to Employee Claimants.
- 4 Property taxes and other property liabilities include outstanding property taxes for the former head office property and rent for post-filing occupancy period related to a disclaimed realty lease of a retail store location, which the Monitor is awaiting reconciliation of the post-filing liability from the landlord.
- 5 Statutory obligations include amounts payable for the British Columbia Employer Health Tax and estimates for the British Columbia Workers' Compensation Benefits premiums for the post-filing period from September 15, 2020 to December 31, 2020. The Monitor is in correspondence with the respective agencies and is reviewing assessments and preparing calculations and documents as necessary.
- 6 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.
- 7 Contingency costs are included to account for any unexpected expenses and represent approximately 5% of operating and other disbursements.
- 8 An interim distribution is anticipated to be paid to Claimants and Employee Claimants holding Accepted Claims pursuant to the court-approved distribution methodology.