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May 16, 2022

To the creditors of:

Freshlocal Solutions Inc., Sustainable Produce Urban Delivery Inc., 569672 BC Limited, Organics Express Inc., Mainland Fresh Distribution Inc., Food-X Urban Delivery Inc., Food-X Technologies Inc., Food-X Technologies GP Inc., Food-X Technologies (eGMS) Inc., Be Fresh (AB) Inc., Blush Lane Organic Produce Ltd., FoodX Technologies SA, and Food-X Technologies Limited Partnership

(Collectively, the “**Companies**” or “**Freshlocal**”)

**RE: Proceedings under the *Companies’ Creditors Arrangement Act***

**Court File No. S-223941**

Please be advised that the Companies filed for and obtained protection from their creditors under the *Companies’ Creditors Arrangement Act (Canada)* R.S.C. 1985, C-36, as amended, (“**CCAA**”) pursuant to an order of the Supreme Court of British Columbia (the “**Court**”) dated May 16, 2022 (the “**Initial Order**”).

The Initial Order granted the Companies various relief, including, *inter alia*, imposing a stay of proceedings against the creditors in respect to the Companies and its assets to May 26, 2022 (the “**Stay Period**”), appointing Ernst & Young Inc. as monitor (the “**Monitor**”), and providing the Companies an opportunity to prepare and file a plan of arrangement or compromise for the consideration of its creditors and other stakeholders, or otherwise restructure its business. The Stay Period may be extended by the Court from time-to-time.

The Initial Order prohibits the Companies from making payments of amounts relating to the supply of goods or services prior to May 16, 2022, except as provided in the Initial Order or further order of the Court.

Pursuant to the Initial Order, the Companies are to carry on business in a manner consistent with the commercially reasonable preservation of its respective business and assets.

You are being given notice of the Initial Order as you are a creditor of the Companies or the Initial Order may affect your rights.

We enclose herewith the following a Frequently Asked Questions document.

Further information with respect to this matter, including a copy of the Initial Order and a list of creditors and the amounts owing per the Companies’ records can be found available on the Monitor’s website [www.ey.com/ca/freshlocal](http://www.ey.com/ca/freshlocal).

No claims procedure has yet been submitted to, or approved by, the Court and creditors are therefore not required to file proofs of claim at this time.

Should you have any questions in this matter, please feel free Mr. Marko Gordic at: [marko.gordic@parthenon.ey.com](mailto:marko.gordic@parthenon.ey.com) or by telephone at 604.891.8280.

Yours very truly,

**ERNST & YOUNG INC.**

Acting in its capacity as Court-Appointed Monitor of  
Freshlocal and not in its personal or corporate capacity

Per:



Philippe Mendelson, CPA, CMA, CIRP, LIT  
Vice President

## Appendix: FAQ

### Introduction:

**Q: What is CCAA?**

**A:** The *Companies' Creditors Arrangement Act* (“**CCAA**”) is federal legislation which allows Canadian Courts to grant a company protection from its creditors for a period of time.

The process involves the Court appointment of a Monitor. The Monitor serves as an Officer of the Court and reports to the Court and other stakeholders on a regular basis and as directed by the Court. The Monitor's website will contain up-to-date information regarding the status of the CCAA proceedings: [www.ey.com/ca/freshlocal](http://www.ey.com/ca/freshlocal)

While this creates uncertainty regarding the future of a company that has filed a CCAA, it does not mean that a company such as Freshlocal is bankrupt or that it will cease to exist as a going concern in the future.

It is intended that the commencement of proceedings under the CCAA will provide Freshlocal with the stability and breathing space needed to restructure.

**Q: Who is EYI?**

**A:** EYI has been appointed as Monitor in these CCAA proceedings. EYI is licensed by the Office of the Superintendent of Bankruptcy as Licensed Insolvency Trustees. EYI is an international professional services firm and a leading restructuring firm in Canada.

**Q: Who is Freshlocal?**

**A:** Freshlocal Solutions Inc is the parent company to SPUD.ca, Blush Lane Organic Markets and FoodX Technologies.

**Q: What happened to Freshlocal?**

**A:** Freshlocal is an ambitious developer of new business to business technology; and organizations of this nature require continuous access to investor financing to be successful. Historically, Freshlocal been able to access capital through the capital markets, convertible debenture private placement offerings, borrowing and various grants. Of late, Freshlocal was unable to raise any further funding outside of a court-supervised restructuring process.

Operationally, Freshlocal was negatively affected by the impacts of Covid-19, the global supply chain shortages and the flooding and mudslides that closed several major ground transportation routes in and out of Metro Vancouver, all of which have significantly added to the company's financial pressures.

**Q: Is Freshlocal in bankruptcy?**

A: No, Freshlocal is in a restructuring phase. This is a legal process that provides the Company with creditor protection while it considers its alternatives to address its financial challenges, with a view to emerging from creditor protection.

**Q: What does “restructuring” mean?**

A: It could mean many things including, but not limited to:

- Selling all or parts of Freshlocal’s assets to new a buyer;
- Assigning all or some of the company's liabilities to a third party;
- Obtaining new long-term investment and addressing the claims of the company's current creditors through a plan of compromise or arrangement
- Winding down certain operations;
- Such other undertaking to create value for the company's creditors and potentially other stakeholders.

**Q: How long will Freshlocal be in CCAA?**

A: CCAA timing is different for every company and is based on individual circumstances. Timelines are not known at this stage. However, the company is aiming to exit the CCAA process in approximately 60-120 days.

**FAQ - Suppliers**

**Q: Will Freshlocal stop operations?**

A: No. It is Freshlocal’s intent to continue its core operations but we do expect parts of the company will be marketed for sale to third parties. Freshlocal reserves the right to suspend services if determined to be necessary for the restructuring or if unforeseen circumstances arise, and this decision would be made in consultation with the company's legal and financial advisors, as well as the Monitor.

Freshlocal or EYI will inform you in the future if circumstances change.

**Q: How does this affect me (vendors)?**

A: Any amounts owed to you for services or goods that you supplied to Freshlocal before May 16, 2022 are subject to a court-ordered stay of proceedings (i.e. frozen pending further determination). The Monitor will provide additional information on any process for creditors to assert their claims at an appropriate time.

All collection proceedings, claims and court actions of creditors are stayed and no actions may be commenced against Freshlocal during this process without leave of the Court.

Pursuant to the terms of the Initial Order, creditors are prevented from terminating, amending or accelerating contracts or otherwise interrupting the supply of goods or services to Freshlocal. Freshlocal has achieved court-approved financing that will allow

the company to fulfill its obligations throughout the CCAA and restructuring process to assist in fulfilling its obligations.

**Q: Will I be paid for services or goods supplied on or after May 16, 2022?**

A: Yes, Freshlocal will continue to make payments in accordance with normal credit terms.

**Q: If the date of my invoice is on or after May 16, 2022 will I get paid?**

A: The cut-off for purposes of the determination of post-May 16, 2022 purchases is the date of receipt of the goods and services provided to Freshlocal, not the date of the invoice or receipt of the invoice.

**Q: How much of the money owed to me from before May 16, 2022 will I receive?**

A: It is too early to say what the payout may be on your claim, if any. The actual quantum available to a specific creditor will be determined following the completion of a claims process (which has not been initiated) and any recovery for creditors will be determined by the ultimate outcome of these CCAA proceedings.

**Q: I am a creditor of Freshlocal, how do I file a proof of claim?**

A: At the current time there is no need to file claims with Freshlocal. The Monitor will provide information regarding any claims process, including the details for creditors to submit proofs of claim, at the appropriate time.

**Q: How do I know that if I supply goods or services to Freshlocal during the restructuring that I will be paid?**

A: The Companies have a duty to pay all post-filing obligations as they come due in the normal course, and have obtained court-approved financing in order to be able to do so throughout the CCAA proceedings.

### **Employee Questions**

**Q: Are we going to lose our jobs?**

A: Freshlocal intends to operate on a status quo basis throughout the initial phases of the restructuring. At this time terminations are not being considered.

**Q: What does this mean to the security of getting regular pay checks?**

A: Freshlocal has secured the financial resources to continue funding payroll as it continues to operate.

**Q: What does this mean to the payment of accrued vacation time and pay?**

A: It is premature to determine; however, Freshlocal is sensitive to this issue and will be taking it into account in any decision that is made within the CCAA process.

**Q: Who can I contact for updates on these proceedings?**

A: For questions or additional information, you can contact:

Inquiries of Freshlocal	<ul style="list-style-type: none"><li>• <b>Simon Cairns</b> <a href="mailto:Simon@foodxtech.com">Simon@foodxtech.com</a></li></ul>
Inquiries of the Monitor (EYI)	<p><b>Philippe Mendelson</b>, Vice President, 604-891-8491 <a href="mailto:philippe.mendelson@parthenon.ey.com">philippe.mendelson@parthenon.ey.com</a></p> <p><b>Marko Gordic</b>, Director, 604-891-8280 <a href="mailto:Marko.gordic@parthenon.ey.com">Marko.gordic@parthenon.ey.com</a></p>

Further information, including copies of current and future public notices and Court Orders, are available on the Monitor's website at [www.ey.com/ca/FreshLocal](http://www.ey.com/ca/FreshLocal).