

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF **PRIDE GROUP HOLDINGS INC.** and  
those Applicants listed on Schedule "A" hereto (each, an  
"Applicant", and collectively, the "Applicants")

**APPLICATION RECORD  
(Returnable March 27, 2024)**

March 26, 2024

**THORNTON GROUT FINNIGAN LLP**  
TD West Tower, Toronto-Dominion Centre  
100 Wellington Street West, Suite 3200  
Toronto, ON M5K 1K7

**Leanne Williams (LSO #41877E)**  
Tel: (416) 304-0060  
Email: [lwilliams@tgf.ca](mailto:lwilliams@tgf.ca)

**Rachel Nicholson (LSO #68348V)**  
Tel: (416) 304-1153  
Email: [rnicholson@tgf.ca](mailto:rnicholson@tgf.ca)

**Puya Fesharaki (LSO #70588L)**  
Tel: (416) 304-7979  
Email: [pfesharaki@tgf.ca](mailto:pfesharaki@tgf.ca)

Lawyers for the Applicants

## **Schedule “A”**

### **A. APPLICANTS**

#### **Operating Entities**

##### *Canadian Operating Entities*

- PRIDE TRUCK SALES LTD.
- TPINE TRUCK RENTAL INC.
- PRIDE GROUP LOGISTICS LTD.
- PRIDE GROUP LOGISTICS INTERNATIONAL LTD.
- TPINE LEASING CAPITAL CORPORATION
- DIXIE TRUCK PARTS INC.
- PRIDE FLEET SOLUTIONS INC.
- TPINE FINANCIAL SERVICES INC.
- PRIDE GROUP EV SALES LTD.

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- ARNOLD TRANSPORTATION SERVICES, INC.
- DIXIE TRUCK PARTS INC.
- TPINE FINANCIAL SERVICES CORP.
- PARKER TRANSPORT CO.
- PRIDE FLEET SOLUTIONS USA INC.

#### **Real Estate Holding Companies**

##### *Canadian Real Estate Holding Companies*

- 2029909 ONTARIO INC.
- 2076401 ONTARIO INC.
- 1450 MEYERSIDE HOLDING INC.
- 933 HELENA HOLDINGS INC.
- 30530 MATSQUI ABBOTSFORD HOLDING INC.
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- SWEET HOME HOSPITALITY L.P.

**C. ADDITIONAL STAY PARTIES**

*Canadian Additional Stay Parties*

- BLOCK 6 HOLDING INC.
- 2500819 ONTARIO INC.

*U.S. and Other Additional Stay Parties*

- PRIDE GLOBAL INSURANCE COMPANY LTD.
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# TAB 1



Court File No.: CV-24 \_\_\_\_\_ -00CL

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**NOTICE OF APPLICATION**

**TO THE RESPONDENTS:**

**A LEGAL PROCEEDING HAS BEEN COMMENCED** by the Applicants. The claim made by the Applicants appears on the following pages.

**THIS APPLICATION** will come on for a hearing (*choose one of the following*)

- ☐ In person
- ☐ By telephone conference
- ☒ By video conference, the details of which will be made available in CaseLines,

before the Honourable Chief Justice Morawetz presiding over the Ontario Superior Court of Justice (Commercial List) on March 27, 2024 at 10:30 a.m. EST, or as soon after that time as the application may be heard via video conference, at 330 University Avenue, Toronto, Ontario.

**IF YOU WISH TO OPPOSE THIS APPLICATION**, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicants' lawyer or, where the Applicants does not have a lawyer, serve it on the Applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

**IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION**, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants' lawyer or, where the Applicants does not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

**IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.**

Date: March \_\_\_\_, 2024

Issued by:

\_\_\_\_\_  
Local Registrar

Address of court  
office:

330 University Avenue, 9th Floor  
Toronto, ON M5G 1R7

**TO:**

**THIS HONOURABLE COURT**

**AND TO:**

**THE SERVICE LIST**



## APPLICATION

THE APPLICANTS MAKE THIS APPLICATION FOR:

1. An initial order pursuant to the *Companies Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), substantially in the form included in the Application Record (the “**Initial Order**”), that, among other things:
  - (a) abridges the time for service of this notice of application and dispenses with service on any person other than those served;
  - (b) orders that the Applicants are parties to which the CCAA applies, and that the LPs and the Additional Stay Parties (each as defined in the Affidavit of Sulakhan Johal sworn March 26, 2024 (the “**Initial Affidavit**”) and together with the Applicants, the “**Pride Group**”) shall enjoy the benefits of the protections provided to the Applicants under the Initial Order;
  - (c) appoints Ernst & Young Inc. (“**EY**”) as an officer of this Court to monitor the business and financial affairs of the Pride Group (in such capacity, the “**Proposed Monitor**”);
  - (d) appoints RC Benson Consulting Inc. (“**RCB**”) as chief restructuring officer (in such capacity, the “**CRO**”) of the Pride Group;
  - (e) stays all proceedings taken or that might be taken in respect of the Pride Group, its directors or officers, the Monitor, the CRO, their respective employees and representatives acting in such capacities, and those personal guarantors set out in the Initial Order to and including April 6, 2024 (the “**Initial Stay Period**”), except

with the prior written consent of the Pride Group, the Monitor and the CRO, or with leave of this Court;

- (f) authorizes the Pride Group to make certain pre-filing payments necessary to continue the Pride Group's business operations, including to certain independent contractors providing office support, to fuel suppliers and, subject to the CRO and Monitor's approval, to third-party contractors to the extent necessary to prevent the registration of any possessory liens by such parties and/or to continue the Pride Group's business uninterrupted;
- (g) authorizes the Pride Group to continue truck sales in the ordinary course;
- (h) grants the following charges (the "**Charges**") over the present and future assets, property and undertakings of the Applicants and LPs (the "**Property**"), listed in order of priority:
  - (i) *First*, an "**Administration Charge**" in favour of the Monitor, its counsel, Canadian and U.S. counsel to the Applicants, the CRO and Canadian counsel to the Pride Group's boards of directors up to the maximum amount of \$2 million during the Initial Stay Period;
  - (ii) *Second*, a "**Directors' Charge**" in favour of the directors and officers of the Pride Group up to the maximum amount of \$4.1 million during the Initial Stay Period;
- (i) authorizes the Applicants to serve *Repair and Storage Liens Act* claimants and any other party with a de-minimis (less than \$10,000) claim by delivering to them the Notice of Application in these proceedings together with a cover letter advising

them of the Monitor's case website where all developments related to these proceedings shall be posted;

- (j) authorizes the CRO and Sulakhan Johal of the Pride Group to act as foreign representatives in respect of the within proceedings for the purpose of having these CCAA proceedings recognized and approved in a jurisdiction outside of Canada, including the United States pursuant to chapter 15 of title 11 of the United States Code (the "**Bankruptcy Code**"); and
- (k) such further and other relief as this Honourable Court may deem just.

- 2. The Applicants are currently negotiating a debtor-in-possession facility and, if finalized, intend to seek relief approving same at the Applicants' comeback hearing, to be scheduled by the Court (the "**Comeback Hearing**").

**THE GROUNDS FOR THE APPLICATION ARE:**

***Background***

- 3. The Applicants and LPs are insolvent.
- 4. The Applicants are companies to which the CCAA applies, and the claims against the Applicants exceed \$5 million.
- 5. The business and operations of the Applicants are heavily intertwined with those of the LPs and the Additional Stay Parties.
- 6. The Pride Group is a privately held cross-border trucking and logistics conglomerate. The Pride Group operates from more than fifty leased and owned facilities across Canada and the U.S. The Pride Group is responsible in some manner for the management of, or logistics

in respect of, over 20,000 trucks on roads across Canada and the continental U.S., as well as on Pride Group dealership lots and service centers across more than a dozen provinces and states.

7. Members of the Pride Group are either borrowers and/or guarantors under numerous secured credit facilities. In the aggregate, the Pride Group has liabilities and performance obligations of approximately \$1.6 billion to its more than twenty lenders.
8. The Pride Group is managed and controlled from its head offices in Mississauga, Ontario. Its assets however, including those pledged as collateral to its secured lenders, are located in several provinces and states in Canada and the U.S.
9. The Pride Group focusses principally on the entrepreneurial owner-operator truck driver class of customers, offering a one-stop solution includes truck sales and leasing, repair, maintenance and rescue services, among other things.

***The Owner-Operator Truck Driver Demographic is in Peril***

10. The North American trucking and logistics industry is facing a prolonged downturn, the effects of which are exacerbated by the trucking and logistics boom that preceded the downturn, which can be traced to the COVID-19 pandemic and major geopolitical events.
11. Spot freight prices, diesel prices and interest rate trends were all initially favourable for the trucking industry following the onset of the COVID-19 pandemic. They have all deteriorated significantly since that time. The bottom-line result is made significantly worse by virtue of the increased trucking and logistics supply that was brought to market during the upturn, which is currently sitting as unused excess capacity in the market.

12. The effects of all of the foregoing have been disproportionately borne by smaller trucking and logistics companies and owner-operators in particular. Of the latter group, those persons that entered the market during the initial demand ramp-up following the COVID-19 pandemic's onset have been affected most of all as they bought or leased trucks when valuations were at or close to peak prices and financed their acquisitions operations when interest rates were low, both of which have since reversed dramatically.
13. As the smaller trucking and logistics companies and owner-operators comprise a significant proportion of the Pride Group's customers, delinquencies and non-payment by such customers have directly contributed to the Pride Group's current financial position.

***Urgent Need for Relief under the CCAA***

14. The Pride Group's financial position has materially deteriorated as a result of the industry-wide downturn. The Pride Group has made significant efforts to improve its bottom-line, including winding-down unprofitable business lines, re-financing available equity, and selling excess assets.
15. In addition, the Pride Group engaged EY as its financial advisor and RCB as its CRO to assist it in addressing its financial and operations challenges. Among other things, EY and RCB have assisted with implementing governance programs and controls (the "**Governance Protocols**") to address the Pride Group's complex financing and securitization businesses lines, and confirm the Pride Group's various creditors' security interests. The Governance Protocols will be appended to the Proposed Monitor's Pre-Filing Report, to be filed with the Court.

16. Notwithstanding these efforts, and in order to sustain operations and avoid a complete shut-down of the business operations, termination of hundreds of employees and contractors and cessation of all goods and services, the Pride Group has recently been forced to cease paying its obligations as they became due.
17. This has resulted in the issuance of default and demand letters and statutory notices of enforcement by more than 40 of the Pride Group's lenders, as well as the initiation of several legal proceedings and self-enforcement steps.
18. The Pride Group has attempted to negotiate a standstill with several of its key lenders to afford it the opportunity to develop a restructuring plan. Unfortunately, an agreement among its lenders on the terms of such a standstill could not be universally reached.
19. The Pride Group's most significant lender has advised that it intends to take enforcement steps against the Pride Group if formal insolvency proceedings have not been commenced by April 1, 2024, necessitating these formal CCAA proceedings.

***The Requested Stay of Proceedings***

20. The Applicants and LPs are insolvent and require a stay of proceedings and other protections provided by the CCAA in order to ensure they can continue as a going concern and in order to give them the breathing room they need to stabilize and continue the business under the supervision of the Court and a Court-appointed Monitor.
21. It is necessary and in the best interests of the Applicants and their stakeholders that the stay of proceedings be extended to the LPs, the Additional Stay Parties and the personal guarantors set out in the Initial Affidavit as all such parties are integral to the Pride Group's

operations.

22. In the circumstances, such protection represents the only means of ensuring that the Pride Group can preserve jobs, serve its customers, collect outstanding receivables, maximize realizations on its truck inventory, excess real estate and any other assets to be sold, and develop a plan to restructure its affairs and address its indebtedness for the benefit of its creditors, employees, customers, suppliers and other stakeholders and the communities affected by the Pride Group's business activities.

***Appointment of the Monitor and the CRO***

23. EY and RCB have already been working with the Pride Group to address its financial and operation challenges, and are intimately familiar with its operations.
24. The Pride Group intends to continue assisting the company as Proposed Monitor and CRO, respectively. EY and RCB have each consented to act in such roles.
25. EY is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, as amended, and is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA. EY has extensive experience in matters of this nature, including in cross-border insolvency proceedings and is therefore capable of supervising this matter.
26. Mr. Randall Benson of RCB has been involved in restructuring and turnaround situations for over 25 years and has provided independent CRO services in both domestic and cross-border situations across many industries. He is well suited and capable of carrying out the CRO mandate.

***Permitting Certain Pre-Filing Payments***

27. The proposed Initial Order contemplates that the Pride Group be permitted to pay certain payments, including pre-filing amounts as follows:

- (a) similarly to the standard relief in the Model Initial Order regarding payments to pre-filing employees, pre-filing payments to those independent contractors. The independent contractors provide vital services to the Pride Group's operations and such pre-filing payments are necessary to ensure sustained business operations;
- (b) payment for fuel supplied to any of the Pride Group prior to or following the date of the Initial Order. The Pride Group makes such payments on behalf of truck drivers. If such amounts were not paid, the fuel cards would invariably be cancelled causing massive disruption to such trucker drivers' operations; and
- (c) payment for goods and services supplied to the Pride Entities by third-party contractors or logistics providers if, in the opinion of the Pride Group and with the approval of the CRO and the Proposed Monitor, it is necessary to prevent the possibility of possessory liens being asserted against any of the Pride Group's property and/or to continue its business uninterrupted.

***Truck Sales and Lease Collections in the Ordinary Course***

28. The proposed Initial Order provides that the Pride Group be permitted to remit to its creditors, subject to the Governance Protocols, certain amounts collected in respect of trucks leased or sold to third party customers (including, with respect to securitized leases, as applicable) in the ordinary course of business. This relief is necessary to ensure that the truck sales and lease collections underpinning the Pride Group's business continue in the



ordinary course.

***Administration Charge***

29. The Applicants seek a first-ranking Administration Charge on the Property in favour of the Monitor, its counsel, Canadian and U.S. counsel to the Applicants, the CRO and Canadian counsel to the Pride Group's boards of directors up to the maximum amount of \$2 million during the Initial Stay Period, which the Applicants will seek to increase to \$3 million at the Comeback Hearing. The Administration Charge is necessary to ensure the active involvement of such critical parties to these CCAA proceedings.

***Directors and Officers' Protection***

30. A successful restructuring of the Pride Group will only be possible with the continued participation of its directors and officers.
31. In certain circumstances, directors and officers of Canadian and U.S. companies may be held liable for certain obligations of a company owing to its employees and governmental agencies, including unpaid accrued wages, unpaid accrued vacation pay, and unremitted sales, goods and services, and harmonized sales taxes.
32. The Pride Group estimate that these obligations may amount to, during the Initial Stay Period, \$2.3 million and \$1.8 million for Canada and the U.S., respectively. Accordingly, the Applicants are seeking a second-ranking Directors' Charge on the Property in favour of the Pride Group's directors and officers in the amount of \$4.1 million during the Initial Stay Period, which the Applicants will seek to increase to \$7.4 million at the Comeback Hearing.

33. While the Pride Group maintains directors' and officers' liability insurance, it is subject to various exceptions, exclusions and carve-outs. The proposed Directors' Charge is necessary to ensure the continued participation of the Pride Group's officers and directors, failing which they would resign, to the significant diriment of the Pride Group and their stakeholders.

### ***Future DIP Financing***

34. The Pride Group is in the process of actively negotiating a debtor-in-possession financing facility (the "**DIP Facility**") with certain of their existing lenders. The Pride Group or the Proposed Monitor will report to the Court on the terms of the DIP Facility, and charge(s) in respect thereof, after they are finalized.
35. The Pride Group, with the assistance of the Proposed Monitor, has sized the proposed DIP Facility to address the Pride Group's urgent liquidity needs. The DIP Facility is supported by the cash flow forecast prepared by the Proposed Monitor.

### ***Chapter 15 Proceedings***

36. Because the Pride Group has operations in the U.S. and has assets in and valuable business and trade relationships with a number of parties in the U.S., contemporaneously with the commencement of the CCAA proceeding, the Pride Group intends to initiate a case in the United States Bankruptcy Court for the Delaware under Chapter 15 of the Bankruptcy Code.
37. In the proposed Initial Order, the Pride Group is seeking to authorize Sulakhan Johal or the CRO to act as the foreign representative in respect of the within proceedings and apply for

foreign recognition of these proceedings in the Chapter 15 Case

***Rules and Statutes***

38. The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court.
39. Rules 2.03, 3.02, 14.05(2) and 16 of the Ontario *Rules of Civil Procedure*, RRO 1990, Reg. 194, as amended and sections 106 and 137 of the Ontario Courts of Justice Act, RSO 1990, c C-43 as amended.
40. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of this application:

1. the Affidavit of Sulakhan Johal sworn March 26, 2024, to be filed;
2. the Consent of EY to act as the Court-appointed Monitor;
3. the Pre-Filing Report of the proposed Monitor, to be filed; and
4. such further and other evidence as counsel may advise and this Honourable Court may permit.

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March 26, 2024

**THORNTON GROUT FINNIGAN LLP**

TD West Tower, Toronto-Dominion Centre  
100 Wellington Street West, Suite 3200  
Toronto, ON M5K 1K7

**Leanne Williams (LSO #41877E)**

Tel: (416) 304-0060 / Email: [lwilliams@tgf.ca](mailto:lwilliams@tgf.ca)

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Lawyers for the Applicants

## **SCHEDULE “A”**

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **PRIDE GROUP HOLDINGS INC.** et al  
(each, an “**Applicant**”, and collectively, the “**Applicants**”)

Court File No.: CV-24-\_\_\_\_\_-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

**NOTICE OF APPLICATION**

**THORNTON GROUT FINNIGAN LLP**  
TD West Tower, Toronto-Dominion Centre  
100 Wellington Street West, Suite 3200  
Toronto, ON M5K 1K7

**Leanne Williams (LSO #41877E)**  
Tel: (416) 304-0060 / Email: [lwilliams@tgf.ca](mailto:lwilliams@tgf.ca)

**Rachel Nicholson (LSO #68348V)**  
Tel: (416) 304-1153 / Email: [rnicholson@tgf.ca](mailto:rnicholson@tgf.ca)

**Puya Fesharaki (LSO #70588L)**  
Tel: (416) 304-7979 / Email: [pfesharaki@tgf.ca](mailto:pfesharaki@tgf.ca)

Lawyers for the Applicants



# TAB 2

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGEMENT OF **PRIDE GROUP HOLDINGS**  
**INC.** and those entities listed in **Schedule "A"** hereto

Applicants

**AFFIDAVIT OF SULAKHAN JOHAL**

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Court File No.: CV-24\_\_\_\_\_ -00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE  
OR ARRANGEMENT OF **PRIDE GROUP HOLDINGS**  
**INC.** and those entities listed in **Schedule "A"** hereto

Applicants

**AFFIDAVIT OF SULAKHAN JOHAL**  
(sworn March 26, 2024)

I, Sulakhan Johal, of the City of Brampton, in the Province of Ontario, **MAKE OATH**  
**AND SAY AS FOLLOWS:**

1. This affidavit is made in support of an application by Pride Group Holdings Inc. and the other applicant companies set out in **Schedule "A"** hereto under the heading Applicants (collectively, the "**Applicants**") and together with (i) those limited partnerships set out in Schedule "A" hereto under the heading Limited Partnerships (the "**LPs**"), and (ii) those other related entities set out in Schedule "A" hereto under the heading Additional Stay Parties (the "**Additional Stay Parties**") and together with the Applicants and the LPs, the "**Pride Group**") for an Initial Order and related relief under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**").
2. I founded the Pride Group with my brother in 2010 as a used truck dealership operating from the back of a sole tractor trailer in Mississauga, Ontario. Under my direction, the companies experienced rapid growth and success, becoming a cross-border trucking and logistics conglomerate, as well as an important source of employment opportunities,

trucks, trailers, related infrastructure and essential services for the entrepreneurial owner-operator trucking community across Canada and the U.S.

3. I remain actively involved in the Pride Group's management in my role as a director of most of the Applicants, and exercise day-to-day direction and oversight of the Pride Group. As such, I have personal knowledge of the matters deposed to herein, including the overall business and financial affairs of the Pride Group. Where I have relied on other sources for information, I have stated the source of my information and I believe such information to be true.
4. As noted below, the Pride Group has extensive operations across numerous business lines in Canada and the United States.
5. Members of the Pride Group are either borrowers and/or guarantors under numerous secured credit facilities, including without limitation: (i) floor plan facilities; (ii) lease line facilities; (iii) wholesale lease line facilities with certain original equipment manufacturers ("OEMs"); (iv) real property mortgages; (v) revolving operating credit facilities; and/or (vi) securitizations of lease assets, including selling lease assets to securitization entities or directly to third party funders and acting as the initial servicer of those assets on behalf of the securitization entities or third party funders.
6. Although the Pride Group is managed and controlled from its head offices in Mississauga, Ontario, the assets of Pride Group, including those pledged as collateral to its secured lenders, are located in several provinces and states in Canada and the U.S. In the aggregate, the Pride Group has liabilities and performance obligations of \$1.6 billion to its more than twenty lenders.

7. Notwithstanding its incredible success through the COVID-19 pandemic, the following events had a dramatic effect on the financial viability of the Pride Group and the trucking and logistics industry as a whole: (a) rising interest rates and diesel costs, (b) sharply dropping spot freight rates, (c) increasing customer delinquencies and defaults on truck leases and financing contracts, (d) a devaluation of trucks and tractor trailers (referred to collectively herein as, “trucks”) commencing toward the end of the COVID-19 pandemic, and (e) the escalation of geopolitical events including the Russia-Ukraine war and the related spike in oil prices. Despite the Pride Group’s significant efforts to decrease its cost base and increase sales and collection rates, it has not been able to mitigate the drastic industry downturn following the pandemic.
8. As a result, the Pride Group was forced to stop paying its lenders in the ordinary course causing it to default on its obligations under its numerous credit facilities. Despite its efforts to negotiate with its lenders, since the end of December 2023, the Pride Group has received over forty default notices from its various secured lenders in Canada and the U.S., including more than ten demands for accelerated payment and notices of intention to enforce security under the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“**BIA Notices**”).
9. In addition, the third party funders under the Pride Group’s securitizations have advised that they will no longer fund new securitizations of lease assets, they will seek to have collections from securitized lease assets removed from the administrative control of the applicable Pride Group entities and the on-going appointment of the Pride Group entities as servicers of securitized lease assets terminated and/or replacement servicers appointed by third party funders in accordance with the terms of the securitizations.

10. The Pride Group requires the protection of the CCAA in order to give it the breathing room it needs to stabilize the business and continue its operations under the supervision of the Court and a Court-appointed Monitor. The stabilization and continuation of the Pride Group's business will preserve jobs, and allow the Pride Group to serve its customers, collect outstanding receivables, maximize realizations on its inventory of trucks, excess real estate and any other assets to be sold, and to develop a plan to restructure its affairs and address its indebtedness for the benefit of its creditors, employees, customers, suppliers and other stakeholders and the communities affected by the Pride Group's business activities.
11. All references to monetary amounts in this affidavit are in Canadian dollars unless noted otherwise.

**I. OVERVIEW OF EVENTS LEADING TO INSOLVENCY**

12. The Pride Group is a privately held cross-border trucking and logistics conglomerate. The Pride Group operates from more than fifty leased and owned facilities across Canada and the U.S. The Pride Group is responsible in some manner for the management of, or logistics in respect of, over 20,000 trucks on roads across Canada and the continental U.S., as well as on Pride Group dealership lots and service centers across more than a dozen provinces and states.
13. The Pride Group's business lines span new and used truck sales, truck leasing and financing, logistics, equipment maintenance, 24/7 roadside rescue and fuel sales. The Pride Group is a dominant or important player in each such line of business.

14. The Pride Group's ability to offer a "one-stop shop" solution for truck drivers is a unique competitive advantage that sets it apart from many other industry players. It is particularly attractive to entrepreneurial "owner-operators" in the trucking community who get the advantage of access to North America wide service from the Pride Group's infrastructure (including en-route service, fueling, emergency roadside services, parking, truck rental, parts and repair) and competitive pricing achieved by the Pride Group's economies of scale. Such entrepreneurs rely on the Pride Group to operate their small trucking businesses and feed their families.
15. Some thirty thousand truck drivers interface with the Pride Group annually as employees, customers, lessors or contractors. The Pride Group has focused on entrepreneurial owner-operator drivers from its inception, tailoring its product and service offerings to the entrepreneurial ambitions of this rapidly-growing community in Canada and the U.S.
16. Until very recently, the Pride Group was highly profitable. For much of its history, the Pride Group's unique business offerings and targeted strategic approach provided a sustainable growth engine that buoyed each of its different business lines. The onset of the COVID-19 pandemic in 2020 disrupted the Pride Group's historical trajectory, initially causing unprecedented growth but then ultimately leading to the Pride Group's inability to meet its financial obligations. This situation is not unique to the Pride Group and has affected the trucking and logistics industry as a whole.



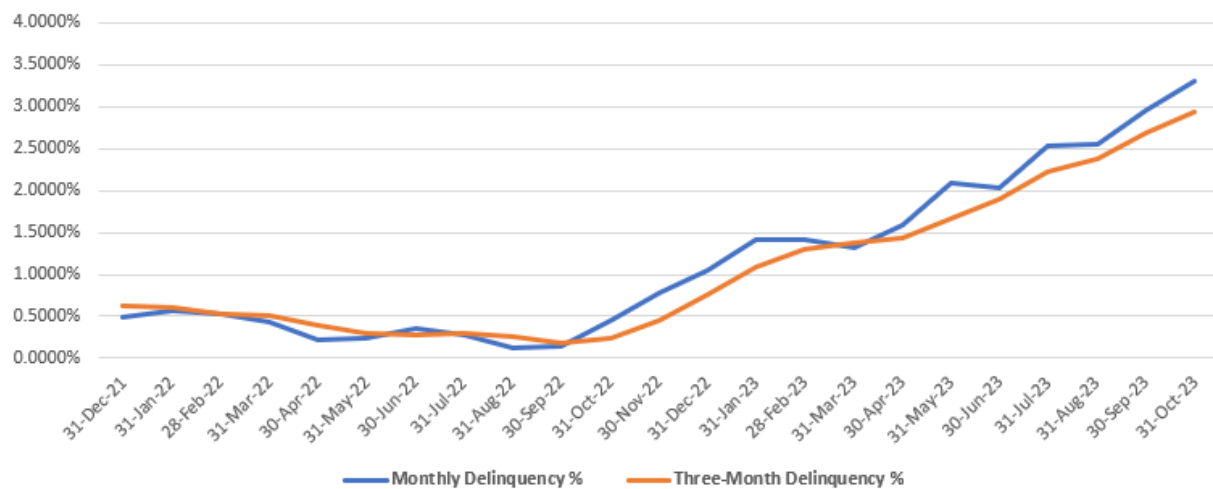
17. Initially, the COVID-19 pandemic was a boon to the North American trucking and logistics industries as freight rates soared in Canada and across the world.<sup>1</sup> Amid a labour shortage, lower diesel prices and negligible (or reverse) truck depreciation, the Pride Group's one-stop shop solutions became especially enticing to owner-operators who flocked to the industry and to the Pride Group in particular to buy, lease and service their trucks.
18. The Pride Group seized on the opportunity and experienced incredible growth, including by significantly expanding its North American fleet and footprint, and expanding into new business lines that helped its entrepreneurial client base, along with the acquisition of several real properties in Canada and the U.S.
19. The North American trucking industry's fate abruptly reversed as demand dissipated as a result of the pandemic subsiding, interest rates increasing, demand for trucking and logistics services plunging, and diesel prices dramatically increasing due to significant geopolitical effects such as the Russia-Ukraine war. Suddenly, there was an excess of trucks and truck drivers, negatively impacting every part of the trucking industry. The industry's downturn was particularly severe for smaller businesses and owner-operators, who principally operate at the margins of the industry and have less wherewithal to sustain them through leaner times.
20. The plight of the thousands of owner-operators and businesses in the trucking and logistics space that sustained a complete reversal in their business' performance has been well

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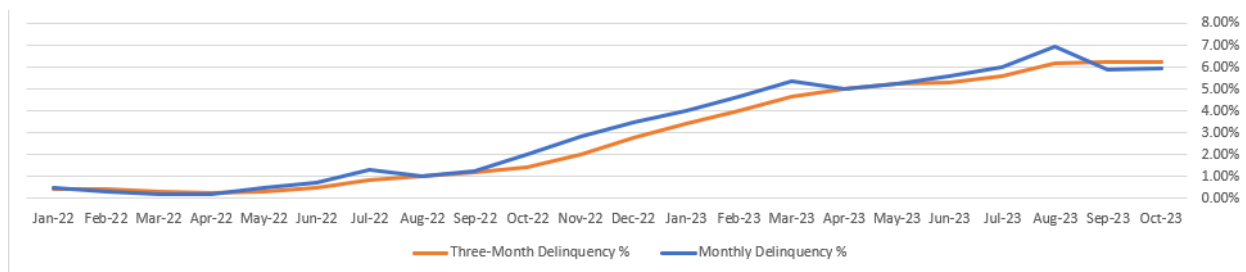
<sup>1</sup> <https://tc.canada.ca/en/corporate-services/transparency/briefing-documents-transport-canada/2021/current-topics/canada-s-freight-transportation-system-global-crisis-container-shipping-supply-chains>; <https://www.mcgill.ca/business-law/article/understanding-supply-chain-disruptions-during-covid-19-pandemic>.

chronicled by recognized sources. There have been an unprecedented number of insolvencies among trucking companies and owner-operators across North America. The Pride Group has been directly affected and is currently contending with an unprecedented number of delinquencies in payments owed to it as a result.

21. The below chart shows the sharp rise in the Pride Group's Canadian lease portfolio delinquencies as a percentage of the total Canadian portfolio:



22. The below chart shows the similarly sharp rise in the Pride Group's U.S. lease portfolio delinquencies as a percentage of the total U.S. portfolio:



23. The same factors that contributed to the Pride Group's exceptional growth have materially exacerbated its present financial situation. In essence, the Pride Group's fate has been uniquely tied to the fate of the currently struggling owner-operators and other businesses in the industry. Any delinquency by a single owner-operator has ripple effects across multiple business lines.
24. The trucking industry has historically faced many ebbs and flows. Expecting more of the same, the Pride Group made the decision in 2022 to shore up its finances and to wait out the downturn, including by refinancing a significant amount of its assets. As the downturn continued, the Pride Group took many other drastic steps, including making the difficult decision to reduce its workforce and wind-down less profitable business lines.
25. The Pride Group's multiple business lines are run through one or more corporations, in both Canada and the U.S., which have been financed through multiple lenders. In order to maintain its operations, the Pride Group had to suspend payments to its lenders. Absent the suspension of such payments, the Pride Group would have had to suspend its operations, which would have had a disastrous effect on its future operations at great peril to the Pride Group and its stakeholders, including creditors, employees, suppliers, customers and the owner-operator trucking community throughout Canada and the U.S.
26. The downturn has continued and the Pride Group can no longer sustain the status quo. As further discussed below, the Pride Group also recently became aware of instances in which certain trucks have been financed by more than one lender, resulting in multiple lenders having competing claims against the same collateral, unbeknownst to both the Pride Group and the affected lenders. While most of the affected lenders have been made aware of such

issues, the Pride Group, in consultation with its FA (as defined below), have taken measures to monitor and address these issues.

27. The Pride Group has received more than forty default notices and numerous demands for payment from its various lenders, its operating credit facilities are no longer available to it and the Syndicate Lenders (as defined below) informed the Pride Group that they intend to enforce their rights and remedies if formal insolvency proceedings are not initiated by March 31, 2024. As I noted above, the Pride Group requires immediate CCAA protection to ensure it can continue as a going concern and in order to give it the breathing room it needs to stabilize and continue the business under the supervision of the Court and a Court-appointed Monitor. In the circumstances, such protection represents the only means of ensuring that the Pride Group can preserve jobs, serve its customers, collect outstanding receivables, maximize realizations on its truck inventory, excess real estate and any other assets to be sold, and develop a plan to restructure its affairs and address its indebtedness for the benefit of its creditors, employees, customers, suppliers and other stakeholders and the communities affected by the Pride Group's business activities.

## **II. BACKGROUND OF THE PRIDE GROUP**

28. The Pride Group consists of numerous operating companies and related entities that can be separated into the following proposed groups:
- (a) the Applicants;
  - (b) the LPs; and
  - (c) the Additional Stay Parties.

29. I understand from the Pride Group's counsel that the LPs cannot be CCAA Applicants. However, their controlling general partners are Applicants subject to the protections afforded under the CCAA and the LPs are integral to the operations of the Pride Group. The Additional Stay Parties are not insolvent but, given their relationship to the Pride Group and their importance to the continued operations of the Pride Group, it is proposed that the proposed stay of proceedings be extended to the Additional Stay Parties.
30. The Pride Group's Canadian and U.S. entities share corporate organizational similarities with corresponding entities performing the same function in each jurisdiction. For example, Pride Truck Sales Ltd. ("**PTS**"), a Canadian entity, oversees used truck sales in Canada while Pride Truck Sales LP ("**PTS-US**"), a Delaware entity, oversees used truck sales in the U.S. As illustrated by the foregoing example, certain corresponding U.S. entities are limited partnerships and therefore are proposed to be non-Applicants to whom the stay of proceedings will extend and are listed in Schedule "A" as Additional Stay Parties.
31. Corporate organizational charts showing the structure of the Pride Group in Canada and the U.S. as of March 1, 2024 are attached as **Exhibit "A"**. There are parties listed on the organizational charts that are not proposed to be included in these proceedings as they no longer have assets or operations.
32. Certain corporate information about the Pride Group including their jurisdiction, registered head offices, dates of incorporation and directors and officers are set out in the tables attached as **Exhibit "B"**. The Pride Group's management and most of its administrative

staff operate from its Mississauga headquarters. The Pride Group companies listed in Exhibit “B” can be grouped as follows:

**A. The Operating Entities**

33. The Applicants include the following operating companies (collectively, the “**Operating Entities**”), which as I noted above are collectively responsible in some manner for the management of, or logistics in respect of, over 20,000 trucks, in addition to truck sales and leasing, service and parts, real estate development and management:

- (a) PTS, the first Pride Group entity that I founded in 2010 with my brother, principally sells used trucks. As noted earlier, the U.S. corporate functional equivalent of PTS, PTS-US, is a limited partnership and therefore cannot be an Applicant;
- (b) Tpine Truck Rental Inc. (“**TTR**”) principally sells and rents new trucks. The U.S. corporate functional equivalent of TTR is Tpine Rental USA, Inc. (“**TTR-US**”);
- (c) Pride Group Logistics Ltd. (“**PGL**”) provides logistics, brokering and delivery services. The U.S. corporate functional equivalents of PGL are Pride Group Logistics USA, Co. (“**PGL-US**”) and Arnold Transportation Services, Inc. (“**Arnold**”). Arnold was acquired by the Pride Group in 2022;
- (d) Pride Group Logistics International Ltd. (“**PGL International**”) is the freight broker for PGL, PGL-US and Arnold, and is financially supported by the other Applicants;
- (e) Tpine Leasing Capital Corporation (“**Tpine Leasing**”) is the Canadian leasing arm for the Pride Group. The U.S. corporate functional equivalent of Tpine Leasing is Tpine Leasing Capital LP (“**Tpine Leasing-US**”), a limited partnership;

- (f) Dixie Truck Parts Inc. (“**Dixie**”) is a retailer and supplier of truck parts. The U.S. corporate functional equivalent of Dixie is Dixie Truck Parts Inc. (“**Dixie-US**”) that has no operations of its own and is used to facilitate the payment of US-based vendors of Dixie;
- (g) Pride Fleet Solutions Inc. (“**Fleet Solutions**”) is a fuel wholesaler and repair and maintenance services provider to external customers and to the other members of the Pride Group. The U.S. corporate functional equivalent of Fleet Solutions is Pride Fleet Solutions USA Inc. (“**Fleet Solutions-US**”); however, it only provides repair and maintenance services for PTS-US’s fleet and collects the payments received from U.S. customers. Because Fleet Solutions-US only supports PTS-US’s fleet, it is funded by PTS-US as it does not generate sufficient funds to sustain its own operations;
- (h) Tpine Financial Services Inc. (“**Tpine Financial**”) provides factoring and other financial services to Pride Group customers and is financially supported by TPine Leasing. The U.S. corporate functional equivalent of Tpine Financial is Tpine Financial Services Corp. (“**Tpine Financial-US**”);
- (i) Parker Transport Co. (“**Parker Transport**”) is an equipment leasing company in the U.S. that was purchased as part of the Arnold acquisition. It is financially supported by the other Applicants; and
- (j) Pride Group EV Sales Ltd. (“**PGEV**”) sells electric vehicle chargers (“**EV Chargers**”) to customers of the Pride Group. PGEV does not purchase the EV Chargers directly but purchases them from TTR when it makes a sale. As a result, PGEV is not self-sustaining and is reliant on the Pride Group for financial support.

34. All of the Operating Entities are integral companies within the Pride Group's business lines and are either insolvent on their own right or have been rendered insolvent as a result of the Pride Group's inability to continue to provide financial support to them.

**B. The Holding Companies**

35. The Pride Group includes numerous holding companies serving different functions. Except as noted below, each of these holding companies are Applicants for the reasons noted below.

*R/E HoldCos*

36. A majority of the holding companies were specifically incorporated as special purpose entities whose sole asset is real property (the "**R/E HoldCos**"). All of the R/E HoldCos are Applicants.
37. The properties owned by the R/E HoldCos are used to store or service vehicles and are important to the overall business of the Pride Group. Each of the R/E HoldCos are either:
- (a) borrowers or guarantors under the Syndicate Facilities (as defined below) and have inadequate assets to satisfy their obligations thereunder; or
  - (b) have stopped paying their obligations and have no ability to independently pay their obligations.
38. Previously, the R/E HoldCos relied on intercompany transfers or lease payments from one or more of the Operating Entities to pay their obligations. As the R/E HoldCos are unable to repay such intercompany amounts and/or service the mortgages registered against title to their respective properties, the R/E HoldCos are insolvent.



39. In an effort to reduce costs and free up equity, the Pride Group recently began actively marketing most of the properties owned by the R/E HoldCos through reputable nationally-recognized real estate brokerage firms.
40. Attached as **Exhibit “C”** is a list of certain of the R/E HoldCos and Block 6 Holding Inc. (as described below), along with (i) the location of such R/E HoldCos’ property or properties, (ii) the role it plays in the operations of the Pride Group, (iii) where applicable, the mortgagors who have a charge on the real property along with the associated charge indebtedness as at December 31, 2023, and (iv) where applicable, an indication of those properties that are being actively marketed.

*Additional Holding Companies*

41. In addition to the R/E HoldCos, the following members of the Pride Group are unable to pay their obligations as they become due, and are therefore insolvent, and Applicants:
- (a) 2692293 Ontario Ltd. is the ultimate parent of the U.S. R/E HoldCos. It is the guarantor of certain of the Pride Group’s credit facilities that the applicable Pride Group borrowers are unable to repay;
  - (b) 2043002 Ontario Inc. (“**204**”) is the parent company holding the shares of the Canadian R/E HoldCos and is a guarantor of certain of the Pride Group’s credit facilities that the applicable Pride Group borrowers are unable to pay;
  - (c) Pride Group Holdings Inc. (“**PGH**”) is the parent company holding the shares of Tpine Leasing, PTS, PGL International, Dixie and PGEV and is a guarantor of certain of the Pride Group’s credit facilities that the applicable Pride Group borrowers are unable to pay;

- (d) Coastline Holdings, Corp. (“**Coastline**”) is the U.S. general partner holding 0.02% of the common shares of PTS-US and Tpine Leasing-US. Coastline is a guarantor of certain of the Pride Group’s credit facilities that the applicable Pride Group borrowers are unable to pay;
- (e) 2554194 Ontario Inc. and 2554193 Ontario Inc. hold the shares of certain other real estate holding companies, have intercompany receivables to several other of the Applicant entities and are the borrowers under certain of the Pride Group’s credit facilities that they are unable to pay;
- (f) Pride Group Real Estate Holdings Inc. (“**Pride RE**”) holds the shares of three other real estate holding companies and is the borrower under a credit facility with Bank of Montreal; and
- (g) 1000089137 Ontario Inc. (“**137 Holdco**”) holds the shares of DVP Holdings, Corp. (“**DVP**”). DVP holds the shares of Parker Global Enterprises, Inc. (“**Parker Global**”). 137 Holdco, DVP and Parker Global were acquired as part of the Arnold acquisition. All of the aforementioned companies rely on other Applicants for financial support and are no longer able to pay their obligations as they come due.

**C. The balance of the Additional Stay Parties**

- 42. The Pride Group includes several other entities across Canada and the U.S. that perform specific corporate, administrative, ancillary or discrete functions. These members of the Pride Group are proposed to be Additional Stay Parties. They provide important services to the Pride Group that must be preserved during these CCAA proceedings, and comprise the following:

- (a) Pergola Holdings, Corp (“**Pergola**”) holds the shares of all of the U.S. R/E HoldCos with the exception of those held by Pride RE. Pergola is also a guarantor of the debt to one of the OEM lenders but that may not render it insolvent. As a result, it is proposed to be an Additional Stay Party;
- (b) Pride Global Insurance Company Ltd. is a captive insurance company formed to provide risk mitigation services to PGL;
- (c) 2500819 Ontario Inc. (“**2500819**”) holds the insurance policies for all passenger vehicles driven by the employees of the Pride Group in Canada. The insurance premiums are paid by PTS and 2500819 has no ability to pay such obligations. As a result, 2500819 is proposed to be an Additional Stay Party; and
- (d) Block 6 Holding Inc., as further discussed below.

*Block 6 Holding Inc.*

- 43. Block 6 Holding Inc. is a single-purpose holding company that owns the real property municipally described as 7265 - 5 Side Road, Milton ON (the “**Block 6 Property**”). Block 6 entered into an agreement of purchase and sale in respect of the Block 6 Property which is set to close shortly (the “**Block 6 Sale**”). Daimler Truck Financial Services Canada Corporation (“**Daimler**”) holds a charge on the Block 6 Property (the “**Block 6 Charge**”). The purchaser of the Block 6 Property has agreed to take an assignment of the Block 6 Charge as partial payment of the purchase price. Daimler has consented to the sale and assignment.
- 44. The Pride Group, the Proposed Monitor and the CRO (each as defined below) believe that the Block 6 Sale is in the best interests of Block 6 and the Pride Group. Block 6 has no

ability to service the Block 6 Charge and is in substantial arrears. Given the timing of the Block 6 Sale, the Pride Group proposes that the transaction close in the ordinary course and that any net proceeds received by Block 6 be held by the Proposed Monitor subject to the rights and remedies of the creditors of Block 6, if any. As a result, Block 6 is proposed to be an Additional Stay Party.

**D. Securitization SPVs**

45. Each of Tpine USA Funding I LLC, Tpine USA Funding II LLC, Tpine USA Funding III LLC, and Tpine USA Funding IV LLC (which are U.S. entities) and Tpine Canada Securitization LP, along with its general partner, Tpine Canada GP Inc. are special purpose securitization vehicles (collectively the “**SPVs**”) and affiliates<sup>2</sup> of the Pride Group that do not engage in any business or activity other than acting as purchaser of securitized assets, and an issuer of asset-backed obligations, among other things, under such agreements. For this reason, no relief is being sought with respect to the SPVs.

**III. The Pride Group’s Business**

46. The Pride Group is engaged in various business lines, as detailed above and below, that focus on the Canadian and U.S. trucking and logistics industries. For its truck driver customers across Canada and the U.S., the Pride Group offers a unique “ecosystem” or “one-stop shop” solution, infrastructure and economies of scale that meet their many ongoing needs in a complete and comprehensive manner.

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<sup>2</sup> For greater certainty, the term “Pride Group” does not include the SPVs.

**(a) Business Lines**

**(i) Logistics**

47. As stated earlier, PGL is the logistics and brokering arm of the Pride Group. PGL services a large and growing roster of blue-chip customers including in the grocery and food and beverage space, which is a testament to the company's capabilities given the highly-competitive nature of the industry.

**(ii) Truck Sales**

48. The Pride Group started as a used truck vendor. Used truck sales continue today under the PTS and PTS-US companies in Canada and the U.S., respectively. Used trucks offer a competitive price point and allow the Pride Group to target a broader group of customers as well as provide a way in which to monetize trucks that have been traded-in.
49. Unlike many of its competitors, the Pride Group sells and services trucks from various manufacturers. Its sales and service teams are knowledgeable and familiar with the products of such manufacturers, which contributes to the one-stop nature of the Pride Group's sales offerings – customers are more likely to find what they are looking for by visiting a Pride Group sales location than a competitor's. Moreover, the Pride Group's mechanics and service teams can make the necessary inspections and repairs to sourced trucks in order to prepare them for resale.
50. New trucks are sourced by TTR and TTR-US in Canada and the U.S., and are then sold to and leased by Tpine Leasing and Tpine Leasing-US, respectively. Like with its used product offerings and unlike many of its competitors, the Pride Group sources new trucks from multiple manufacturers.

51. Since vehicle sales and leasing are a core part of the Pride Group's business, the proposed Initial Order permits the Pride Group to continue to sell and lease vehicles in the ordinary course. Any disbursements to be made in respect of the sale proceeds of such sold vehicles, will be reviewed by the Proposed Monitor and the CRO and distributed in accordance with the Governance Protocols (as defined below).
52. The Pride Group typically offers its customers a "service package" that draws on the linkages between the Pride Group's various business lines (described in further detail below). This means that truck purchases or leases often include servicing, repair and 24/7 "rescue services". The Pride Group's vast geographic footprint and business relationships with local suppliers in remote areas ensure its ability to offer such critical services to truck drivers across busy North American routes.

**(iii) Truck Leasing**

53. In the normal course of its business, the Pride Group does not typically sell new trucks for cash but rather offers lease and financing packages for new trucks to customers, including on a "lease to own" or operating lease basis. As such, leasing is a critical component of the Pride Group solution to its customers. By offering leasing in-house, the Pride Group is able to offer competitive rates to its customers as well as a seamless customer experience.
54. As at the date of this Affidavit, the Pride Group has over 18,500 trucks leased to customers throughout Canada and the U.S. and has over 4,500 trucks in inventory at its numerous facilities across Canada and the U.S.

**(iv) Servicing, 24/7 Rescue and Parts**

55. A critical component of most Truck service packages is a servicing and 24/7 rescue services package that provides peace-of-mind to customers, particularly smaller companies and owner-operators.
56. Commercial trucks have significant servicing needs due to their size, complexity and intensive use. They are prone to having issues that require professional servicing. Moreover, any roadside safety and compliance, inspections, repair and servicing “down-time” directly translates into lost earnings for truck owners and operators. Responsive, professional servicing that is available across the vast geographies truck drivers cover is therefore a commercial necessity to trucking companies.
57. The Pride Group offers directly, or through its extensive network, professional 24/7 rescue and repair services as well as replacement rental trucks to its customers to help maximize customers’ utilization “up-time” and on-time deliveries, which is a key component of the critical and essential services provided to the trucking and logistics industry. The rescue and repair services build on and enhance the Pride Group’s vast real estate footprint, its servicing knowledge and experience with various manufacturers and builds, and its access to available trucks to use as potential replacement vehicles.
58. The Pride Group also sells truck parts and components through its Dixie and Dixie-US truck parts businesses. Dixie and Dixie-US operate several big-box store parts businesses at Pride Group-owned properties across North America. The parts business finds synergies with the Pride Group’s overall need to have available parts and inventory on-hand to

service its repair and servicing businesses, while permitting bulk purchases from manufacturers.

(v) **Securitization and Securitization-Servicing**

59. Tpine Leasing and Tpine Leasing-US, along with the SPVs, are party to a number of securitization and servicing agreements with various securitization funders (collectively, the “**Securitization Agreements**”). The Securitization Agreements differ amongst themselves, but they share many high-level concepts. Fundamentally, packages of leases, along with the lease receivables, are sold by the Pride Group to either SPVs (with securitization funders financing the acquisition) or direct to securitization funders. Generally, the Securitization Agreements also include reserves, and the pricing is calculated to anticipate a certain amount of lease payment delinquencies and defaults, to account for the risk to the securitization funders of end-user lessees defaulting on lease payments.
60. The Securitization Agreements generally require that an applicable Pride Group entity will continue to administer or “service” the leases on behalf of the securitization funders. Servicing includes communications with the ultimate customer, the collection of payments and, in the event of lease defaults, demanding repayment and repossessing the subject truck. The Securitization Agreements generally also permit the securitization funders to replace the applicable Pride Group entity as servicer if specified events occur, including in some instances, an insolvency of the Pride Group servicer or certain of its affiliates.
61. The Pride Group has used securitization to generate funding (i.e., the upfront payment) that it can redeploy to grow its business. If the securitized assets perform as initially anticipated, related cash flows available to be remitted to the applicable securitization



funder will be sufficient to cover its upfront payment plus an anticipated yield and expense amounts. The SPV or funder initially appoints the applicable Pride Group entity to handle administrative and servicing matters related to the securitized lease assets for which it has developed an expertise. For certain of the securitization agreements, the applicable Pride Group entity does not earn a separate servicing fee for the services undertaken; rather its compensation for servicing is embedded in the upfront payment on the basis that the securitized assets are sold to the SPV or securitization funder on a “fully serviced basis”.

62. A more detailed analysis of the Securitization Agreements is required to understand all stakeholder interest and will be set out in a future Report to the Court by the Proposed Monitor. The Governance Protocols protect the various parties entitled to receive lease payments.

**(vi) Fuel Sales**

63. Among the many services that the Pride Group offers its customers and owner-operators is a wholesale fuel card that permits truck drivers to purchase fuel from major North American fuel retailers at a reduced cost. The fuel card business does not produce a profit for the Pride Group but permits other business lines that operate trucks (such as Logistics) to benefit from reduced fuel purchase rates.
64. The fuel card business is operated by Fleet Solutions and Fleet Solutions-US. The structure of the business is such that the truck drivers are liable to the Fleet Solutions and Fleet Solutions-US for their purchases, while Fleet Solutions and Fleet Solutions-US remain ultimately liable to the fuel suppliers for the aggregate purchase amounts. The arrangement worked successfully for the Pride Group and its customers previously, but recent delinquencies by truck drivers and owner-operators in paying off their fuel card balances

has contributed to the Pride Group's current exposure to fuel suppliers in the amount of the aggregate unpaid purchases. The Pride Group has taken a number of measures to try and make this business more financially viable.

**(vii) Factoring**

65. Until recently, through Tpine Financial and Tpine Financial-US, the Pride Group offered invoice factoring services for its truck driver customers. The Pride Group purchased certain customers' invoices at a discounted amount, then leveraged its administrative and billing teams to bill and collect the outstanding amounts. The factoring service was offered as another service to customers as part of the Pride Group's one-stop shop model.
66. The factoring service, which was launched in the post-pandemic era, has been materially and deleteriously affected by the overall state of the economy as the obligors under the factored invoices have been under increased strain to delay and/or refuse to pay their obligations.
67. Given sustained losses, the Pride Group is in the process of liquidating its factoring business.

**(viii) Real estate, Truck Stops and Parking Solutions**

68. Several of the Pride Group business lines benefit from having dispersed physical locations situated across the geographic areas traversed by the Pride Group's customer base, including: its servicing and repair businesses, its parts business, and its sale and leasing businesses. In recent years, the Pride Group made the strategic decision to acquire significant real estate parcels on which to offer its business services. The real properties are located along the Pride Group's main trucking thoroughfares across several provinces and states.

69. Most of the real properties are held by the special purpose R/E HoldCos, almost all of which are indebted as a result of property-specific acquisition mortgages. In order to combat the downturn the trucking and logistics industry has been facing, the Pride Group closed five locations and has begun actively marketing the majority of the R/E HoldCos for sale through nationally recognized real estate brokerage firms. Because the majority of the R/E HoldCos do not have independent revenue, they rely on income from related-party leases and intercompany loans to fund their mortgage payments and related costs. As a result of the Pride Group's liquidity constraints, the R/E HoldCos no longer received financial support from the Pride Group and stopped making their regularly scheduled mortgage payments earlier this year.

**(ix) Electric Vehicles and Green Energy Infrastructure**

70. In or around 2021, the Pride Group expanded into the business of providing infrastructure for commercial electric-vehicle charging stations and chargers and began acquiring a fleet of electric trucks. The business line was intended as a future-oriented growth vehicle for the long-term growth and profitability of the Pride Group. Among other things, the Pride Group worked with the OEMs and industry-leading companies to develop and install electric truck charging stations at several of its properties across North America.
71. Due to its current financial situation, the Pride Group has taken the decision not to expend further capital on this currently unprofitable business line. The Pride Group has streamlined this business line by reducing its employee headcount and selling and returning equipment where possible.

**(b) Customers**

72. The Pride Group's customers can be delineated into two general categories: (i) PGL's blue-chip logistics customers, and (ii) truck purchasers and operators, including the owner-operator class.
73. The latter group of customers is a much more diverse group. While TTR and TTR-US sell significant amounts of inventory to larger customers, the Pride Group has found success offering its one-stop shop product and services solution to smaller trucking businesses and owner-operators in particular.
74. The Pride Group offers this target customer, among other things, a unique and comprehensive package including:
  - (a) a wider assortment of new and used trucks than many of its competitors, at multiple price points;
  - (b) attractive leasing rates;
  - (c) a service, rescue and replacement truck package for peace-of-mind;
  - (d) discounted fuel purchase prices;
  - (e) until recently, factoring services; and
  - (f) over fifty dealerships and truck stop locations across the most-travelled trucking routes.
75. The Pride Group's package solution is especially attractive to entrepreneurial owner-operators, significant numbers of whom entered the industry during the post-pandemic era as customers of the Pride Group.

76. The recent peril of the North American trucking industry has hampered the entrepreneurial owner-operator demographic, by virtue of the fact that operating costs have increased rapidly and significantly while revenues from customer contracts have not kept pace with those operating cost increases. The owner-operators are mostly entrepreneurial small business owners who unfortunately do not have the financial wherewithal to weather this perfect storm.

**(c) Suppliers**

77. The various Pride Group business lines include many different suppliers, but the Pride Group's most significant suppliers include the OEMs that manufacture and sell the high-end trucks that underlie the Pride Group's new truck business and provide significant related financing solutions. The four most significant OEMs that supply the Pride Group are Daimler, which owns the Freightliner brand of trucks, Volvo, Navistar and Paccar trucks, which owns the Kenworth & Peterbilt brand of trucks.

**(d) Employees and Contractors**

78. The Pride Group employs 669 employees, the majority of which are based in Ontario, Canada, with the remainder in limited-service centres in the U.S. and India. Certain full-time employees are entitled to participate in the group registered retirement savings plan for Canadian resident employees maintained by the Pride Group. The Pride Group's employees are all non-unionized.
79. The Pride Group contracts with 405 independent contractors, the majority of which are based in Ontario, Canada. While these individuals are hired as independent contractors, they rely solely on the Pride Group for their income. Independent contractors consist of back-office support, salespersons, mechanics, and owner-operators that support the Pride

Group. These independent contractors are paid weekly, bi-weekly and bi-monthly, depending on their contracts and have scheduled work hours similar to an employee. The independent contractors are integral to the operations of the Pride Group and would cause critical disruptions to the operations of the Pride Group if they did not provide their continued services. The continuation of the independent contractors' relationship with the Pride Group is critical to its ongoing operations. Therefore, the Applicants propose that they be permitted to pay outstanding pre-filing amounts owing to such independent contractors, as they will do with Pride Group employees.

<b>Region</b>	<b>Number of Employees</b>	<b>Number of Independent Contractors</b>
Canada	369	384
United States	100	21
India	200	
<b>Total (overall)</b>	<b>669</b>	<b>405</b>

80. As a result of the Pride Group's financial difficulties, it reduced its staff count by 153 employees across its operations for a cost savings of \$5.2 million annually.

**(e) Banking and Cash Management System**

81. The Pride Group maintains a centralized cash management system to consolidate and track funds generated by the various operations of the Applicants. Canadian bank accounts are maintained with Royal Bank of Canada ("**RBC**"), Bank of Montreal and National Bank of Canada. The Applicants also have a CIBC account with no activity. The U.S. operations maintain U.S. bank accounts with BMO Harris Bank N.A. ("**BMO Harris**") and Bank of America.

82. Certain of the Applicants that use BMO Harris bank accounts have an arrangement where their deposit-only accounts are used to settle disbursement operating accounts on a nightly basis. The rest of the BMO Harris bank accounts are standalone.
83. There are certain accounts that are held with RBC and BMO Harris which were set up under Securitization Agreements to receive funds from the underlying customers in order for the Pride Entity servicer to perform its obligation as service provider under the respective Securitization Agreement to bill and collect lease payments. Even though Tpine Leasing opened these accounts, the funds received within these accounts are funds of the underlying securitization funder and as such Tpine Leasing remits these funds to the securitization lender via their other disbursement accounts as these accounts are only collection accounts. Similarly, Tpine Leasing-US has opened accounts to receive collections for leases purchased by securitization funders in the U.S. and Tpine Leasing remits the funds directly from these accounts to the applicable securitization funder.
84. In addition to the accounts used for the Applicants day-to-day operations, there are several accounts that were set up under Tpine Leasing to facilitate the cash reserve requirements under certain Securitization Agreements. The Securitization Agreements provide the applicable securitization funder the ability to access and utilize the funds from these accounts to manage loss provisions within the securitization portfolios and Tpine Leasing does not have control over the movement of these accounts. These accounts are not included as assets of the Pride Group.

### **III. THE FINANCIAL POSITION OF THE PRIDE GROUP**

85. There is no ultimate parent company of the Pride Group and therefore there has not been any consolidated financial statements, audited or unaudited for all of the Pride Group and in most cases, the individual Applicants. For the purpose of reporting to the Syndicate Lenders, the borrowers and guarantors were required to provide consolidated financial statements (the “**Consolidated Financial Statements**”). Copies of the audited Consolidated Financial Statements for the fiscal year ended December 31, 2022 are attached as **Exhibit “D”** together with the financial statements of other Pride Entities that were prepared, and copies of the unaudited Consolidated Financial Statements for the quarter ended September 30, 2023 are attached as **Exhibit “E”**.
86. Balance sheets for each of the properties owned by the R/E HoldCos are attached as **Exhibit “F”**. Collectively, the R/E HoldCos hold properties with a book value as at December 31, 2023 of approximately \$384 million with mortgage balances of approximately \$357 million and intercompany debt owing of approximately \$37 million. As noted above, the R/E HoldCos do not have the sufficient cash flow to manage their liabilities and debt without the support of the Pride Group.
- (a) Ownership and Personal Liability**
87. The Pride Group is a privately-owned conglomerate of companies. All of the equity in the companies is ultimately owned by me, my brother, our family members and certain family trusts. Me and my brother have provided personal guarantees in respect of certain of the Pride Group’s facilities in excess of \$200 million and I have personally invested many millions of dollars in the Pride Group. Most recently, to provide the Pride Group additional liquidity to meet its obligations, my brother Jasvir Johal and I injected approximately \$18.5



million into the business from funds that my brother and I had borrowed from the Bank of Nova Scotia on personal lines of credit. In my case, that personal line of credit was also guaranteed by my spouse and secured by a mortgage against a home we are building, on which the Bank of Nova Scotia has declared a default and has threatened to initiate proceedings.

**(b) Assets**

88. As at September 30, 2023 the total assets based on the unaudited consolidated financial statements was approximately \$2.5 billion and consisted of the following:

<b>ASSETS</b>	
<b>CURRENT</b>	
Cash and cash equivalents	\$ 73,875,240
Accounts receivable (net of allowances)	87,890,306
Sales tax recoverable	11,456,436
Inventory	451,992,936
Current portion of retained interest in securitized leases (net of allowances)	20,417,605
Current portion of lease receivable (net of allowances) <i>(Note 5)</i>	315,628,214
Loans receivable	5,778,153
Prepaid expenses and deposits	5,712,874
Deposit on inventory to be purchased	5,850,733
Deposit on real estate to be purchased	1,403,643
	<hr/>
	980,006,140
RETAINED INTEREST IN SECURITIZED LEASES (NET OF ALLOWANCES)	68,906,059
LEASE RECEIVABLE (NET OF ALLOWANCES) <i>(Note 5)</i>	1,103,648,060
PROPERTY AND EQUIPMENT (INCLUSIVE OF RENTAL ASSETS AND REVENUE-PRODUCING PROPERTIES) <i>(Note 4)</i>	211,563,035
DUE FROM RELATED PARTIES <i>(Note 8)</i>	151,720,959
INTANGIBLE ASSETS	865,478
LONG TERM INVESTMENTS <i>(Note 3)</i>	450,753
OTHER DEPOSITS	51,000
	<hr/>
	<b>\$2,517,211,484</b>

89. As set out in Exhibit “C”, the Pride Group has significant real estate holdings, certain of which are leased to either other entities in the Pride Group, or in some cases, a portion of such premises is leased to an unrelated third party. The Pride Group also leases approximately 25 real properties from non-related third parties.

**(c) Liabilities**

90. As at September 30, 2023, the total liability based on the unaudited consolidated financial statement of the Pride Group had a book value of approximately \$2.1 billion and consisted of the following:

<b>LIABILITIES</b>	
<b>CURRENT</b>	
Operating lines of credit	\$ 14,886,849
Floor plan facilities	333,306,055
Short term debt	5,740,457
Accounts payable and accrued liabilities	61,166,048
Income taxes payable	15,605,178
Current portion of long term debt <i>(Notes 5, 6)</i>	357,987,765
Current portion of obligations under capital lease <i>(Note 7)</i>	2,073,483
Current portion of future servicing liability	679,050
Current portion of redeemable shares	300,000
	<hr/>
	791,744,885
LONG TERM DEBT <i>(Notes 5, 6)</i>	1,227,985,347
OBLIGATIONS UNDER CAPITAL LEASE <i>(Note 7)</i>	5,343,622
FUTURE SERVICING LIABILITY	1,315,478
DUE TO SHAREHOLDERS	15,264,989
DUE TO RELATED PARTIES <i>(Note 8)</i>	33,445,618
DEFERRED INCOME - LONG TERM	5,274,690
DEPOSITS RECEIVED	11,997,348
REDEEMABLE PREFERRED SHARES - POSTPONED	12,638,323
	<hr/>
	<u>2,105,010,300</u>

**(d) Typical Financing Arrangements and Flow-of-Funds**

91. In selling and leasing trucks to customers, the Pride Group engaged several different business lines and sequentially drew on several of its credit and securitization facilities. There are two typical scenarios.
92. In the first typical scenario, the Pride Group:
  - (a) drew on a “**Floorplan Facility**” to finance its purchase of a truck while the truck sat on a Pride Group lot awaiting a sale to a customer. Typically, such financed trucks were used trucks under the PTS and PTS-US lines;
  - (b) drew on a “**Leaseline Facility**” to finance the buyout of the Floorplan Facility and lease the truck to the end customer; and/or
  - (c) securitized the lease of the truck referred to above, a portion of which proceeds may have been used to pay off the Leaseline Facility.
93. In the second typical scenario, Tpine Leasing:
  - (a) purchased and financed a truck from an OEM pursuant to the OEM’s Wholesale Leaseline Facility, which truck then sat on a Pride Group lot awaiting a transaction with an end customer;
  - (b) utilizing the same Wholesale Leaseline Facility, leased the truck to the end customer; and/or
  - (c) securitized the lease of the truck referred to above, a portion of which proceeds may have been used to pay off the Wholesale Leaseline Facility.

94. Both scenarios are common-place forms of sequential transactions in the trucking sale and leasing businesses that the Pride Group's lenders are familiar with.
95. Given the sheer number of vehicles that moved through the typical scenario transaction phases, it was common practice for lenders to avoid the administrative hurdle and costs of registering their personal property security interest against each truck's vehicle identification number ("VIN") and instead relied on their blanket general security agreement ("GSA") registration against the applicable borrower entity.
96. The Pride Group's lenders would typically carry out periodic audits to confirm if any security interest had been taken in respect of, or registered against, the subject VINs over which their blanket GSA security applied, where applicable.

**(e) Capital Structure**

97. The Pride Group has loan and credit facilities with more than twenty lenders and securitization programs with more than six securitization funders. The aggregate principal amount and performance obligations in respect of such loans exceeds \$1.6 billion. While various facilities are described in more detail below, attached as **Exhibit "G"** is a chart detailing, on an entity-by-entity basis, which members of the Pride Group are a borrower or guarantor, or neither, under each of the various credit facilities.

**(i) Syndicate Facilities**

98. Pursuant to a Third Amended and Restated Credit Agreement dated as of November 4, 2022 (the "**Syndicate Agreement**"), RBC, as administrative agent for and on behalf of itself and the other finance parties enumerated therein (collectively, the "**Syndicate Lenders**") provided the following credit facilities in favour of a borrower subset of the

Applicants,<sup>3</sup> as guaranteed by certain other Applicants<sup>4</sup> (collectively, the “**Syndicate Facilities**”):

- (a) a \$125 million Revolving Omnibus Floor Plan Facility,
- (b) a \$22 million Non-Revolving Term Loan Facility;
- (c) a US\$80 million Non-Revolving Term Loan Facility,
- (d) a \$265 million Revolving Wholesale Lease Line, and
- (e) a US\$250 million Revolving Wholesale.

99. As of the date of this affidavit, the amount outstanding under the Syndicate Facilities is in the approximate amount of \$403 million.

100. The Applicants’ obligations under the Syndicate Facilities are secured by, among other things, Canadian and U.S. GSAs and specific security agreements in respect of certain finance contracts and motor vehicles.

**(ii) Floorplan Facilities**

101. Several different members of the Pride Group are parties to various Floorplan Facilities that permit the acquisition of trucks that are subsequently made available for sale on Pride Group lots across North America, including as follows:

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<sup>3</sup> The Borrowers under the Syndicate Agreement consist of: TTR, Tpine Leasing, PTS, 2076401 Ontario Inc., Tpine Leasing-US, PGED Holding, Corp., High Prairie Texas Holding Corp, 131 Industrial Blvd Holding Corp, 59th Ave Phoenix Holding Corp., Di Miller Drive Bakersfield Holding Corp. and 1450 Meyerside Holding Inc.

<sup>4</sup> The Guarantors under the Syndicate Agreement consist of all of the Borrowers noted above, plus PTS-US, TTR-US, Coastline, PGH, PGL, 204, Fleet Solutions, Frontage Road Holding Corp., 77A Street Surrey Holding Inc. and each other grantor of Additional Security (as defined in the Syndicate Agreement).

- (a) the Syndicate Facilities include a Floorplan Facility component, as mentioned above;
- (b) Hitachi Capital Canada and Hitachi Capital America (the portfolio having since been acquired by Mitsubishi HC Capital Canada, Inc. (“**Mitsubishi**”)) has provided Floorplan Facilities in Canada and the U.S. in favour of PTS and PTS-US in the initial principal amount of US\$100 million, guaranteed by several Canadian and U.S. members of the Pride Group, including by me and my brother personally, and secured by GSAs provided by the borrowers and guarantors. As of February 2024, the amount outstanding under the Mitsubishi Floorplan Facilities is in the approximate amount of \$93 million, plus interest and costs; and
- (c) BMO Harris has provided Floorplan Facilities in favour of TTR-US in the initial principal amount of \$50 million, guaranteed by several Canadian and U.S. members of the Pride Group, and secured by GSAs granted by the borrowers. As of February 2024, the amount outstanding under the BMO Floorplan Facilities is in the amount of approximately \$33.8 million, plus interest and costs.

**(iii) OEM Wholesale Leaseline Facilities**

102. Several different members of the Pride Group are parties to various OEM Wholesale Leaseline Facilities that permit the leasing of trucks to end customers, including as follows. The Wholesale Leaseline Facilities contemplate first-ranking security in specific trucks leased thereunder.

**(A) Canadian Leaseline Facilities**

- (a) Daimler has provided Canadian Wholesale Leaseline Facilities in the initial principal amount of \$256 million in favour of PGL, Tpine Leasing and TTR

secured by GSAs granted by PGL, Tpine Leasing and TTR and guaranteed by certain other members of the Pride Group. As of March 2024, the amount outstanding under the Daimler Canadian Wholesale Leaseline Facilities is in the approximate amount of \$296 million. Daimler Truck Financial Service USA LLC (“**Daimler USA**”) also provided a Wholesale Leaseline Facility to Tpine Leasing-US. As of March 2024, the principal amount outstanding was approximately US\$75 million. At the request of Daimler and Daimler USA, the Pride Group recently began to return idle trucks to Daimler to reduce its inventory count and its indebtedness;

- (b) Paccar has provided Wholesale Leaseline Facilities in the initial principal amount of US\$50 million in favour of Tpine Leasing and Tpine Leasing-US secured by a GSA granted by the borrowers, and guaranteed by certain other members of the Pride Group. As of March 2024, the amount outstanding under the Paccar Canadian Wholesale Leaseline Facilities is in the approximate amount of \$46.9 million; and
- (c) Volvo Financial Services has provided Wholesale Leaseline Facilities in the initial principal amount of \$35 million in favour of Tpine Leasing secured by a GSA granted by Tpine Leasing, and guaranteed by certain other members of the Pride Group. As of March 2024, the amount outstanding under the Volvo Canadian Wholesale Leaseline Facilities is in the approximate amount of \$30.6 million. At Volvo’s request, certain trucks have been returned to Volvo.

**(B) U.S. Leaseline Facilities**

- (d) Daimler Truck Financial Services USA LLC has provided Tpine Leasing-US a Wholesale Leaseline Facility to finance Tpine Leasing-US’s purchase of

equipment from Daimler for leasing to end customers, in an initial principal amount of up to US\$165 million, secured by a security interest in the equipment purchased by Tpine Leasing-US thereunder and all lease receivables related thereto, and guaranteed by certain other members of the Pride Group;

- (e) Paccar Financial Corp. has provided Tpine Leasing-US a Wholesale Leaseline Facilities to finance Tpine Leasing-US's purchase of equipment from Paccar for leasing to end customers, in an initial principal amount of up to US\$50 million (which principal amount is shared with Tpine Leasing pursuant to the Paccar Canadian Wholesale Leaseline Facility described above), secured by a security interest in the equipment purchased by Tpine Leasing-US thereunder and all lease receivables related thereto, and guaranteed by certain other members of the Pride Group;
- (f) VFS US LLC has provided Tpine Leasing-US a Wholesale Leaseline Facility to finance Tpine Leasing US's purchase of equipment from VFS for leasing to end customers, in an initial principal amount of up to US\$35 million (which principal amount is shared with Tpine Leasing pursuant to the Volvo Canadian Wholesale Leaseline Facility described above), secured by a security interest in the equipment purchased by Tpine Leasing-US thereunder and all lease receivables related thereto, and guaranteed by certain other members of the Pride Group;
- (g) BMO Harris Bank N.A. has provided Tpine Leasing-US a Wholesale Leaseline Facility to finance Tpine Leasing-US's purchase of equipment from BMO for leasing to end customers, in an initial principal amount of up to US\$30 million, secured by a security interest in the equipment purchased by Tpine Leasing-US



thereunder and all lease receivables related thereto, and guaranteed by certain other members of the Pride Group;

- (h) TBK Bank, SSB has provided Tpine Leasing-US a Wholesale Leaseline Facility to finance Tpine Leasing-US's purchase of equipment from TBK for leasing to end customers, in an initial principal amount of up to US\$40 million, secured by a security interest in the equipment purchased by Tpine Leasing-US thereunder and all lease receivables related thereto, and guaranteed by certain other members of the Pride Group; and
- (i) First American Commercial Bancorp, Inc. has provided Tpine Leasing-US a Wholesale Leaseline Facility to finance Tpine Leasing-US's purchase of equipment from First American for leasing to end customers, in an initial principal amount of up to US\$10 million, secured by a security interest in the equipment purchased by Tpine Leasing-US thereunder and all lease receivables related thereto, and guaranteed by certain other members of the Pride Group.

**(iv) Lease Facilities**

103. Tpine Leasing and Tpine Leasing-US are borrowers under several leasing facilities with several different lenders<sup>5</sup> (collectively, the “**Lease Facilities**”). As of March 2024, the aggregate amount outstanding under the Lease Facilities is in the approximate amount of \$300 million. The Lease Facilities are guaranteed by several different members of the Pride Group and secured by GSAs by Tpine Leasing, Tpine Leasing-US and such other members

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<sup>5</sup> RBC, CWB, BMO Harris Bank, TBC Bank, SSB, First American Equipment Finance, Versa Bank, Regions Bank, ENGS Commercial Finance Co. and Mitsubishi.

of the Pride Group. The Lease Facilities contemplate a first-ranking security interest in specific trucks leased thereunder.

(v) **Securitization Facilities**

104. Tpine Leasing and Tpine Leasing-US are party to several Securitization Agreements with the following lenders securitization funders:

- (a) RBC;
  - (b) Bodkin, a division of Bennington Financial Corp;
  - (c) Mitsubishi (previously through CLE Leasing);
  - (d) ENGS Commercial Finance Co.;
  - (e) Coast Capital;
  - (f) National Bank of Canada and National Bank Financial Inc.;
  - (g) Regions Bank;
  - (h) VersaFinance US Corp. and Aviator Financial Inc.;
  - (i) CWB/Maxium; and
  - (j) BDC/BNY Trust Company of Canada in its capacity as trustee of Move Trust
- (collectively, the “**Securitization Funders**”).

105. As noted earlier herein, a more detailed analysis of the Securitization Agreements will be set out in a future Report to the Court by the Proposed Monitor.

106. Tpine Leasing or Tpine Leasing-US as applicable, have established separate deposit accounts in respect of each of the Securitization Funders, into which the pre-authorized

payments made by the customers under leases securitized with a Securitization Funder are directly deposited. The amounts collected are then disbursed by Tpine Leasing, Tpine Leasing-US, as applicable, to the respective Securitization Funder. For scenarios where pre-authorized payments are returned NSF, or in which a lessee is otherwise delinquent, the collections of such amounts (the “**Soft Collections**”) are made by Tpine Leasing or Tpine Leasing-US, as applicable, and such collections are temporarily deposited in the general account and, after reconciliation, are paid to the respective Securitization Funder.

107. With respect to the SPVs, in certain instances, they also have their own deposit-only account in which the lease collections are deposited through pre-authorized payments. With respect to any Soft Collections, those are collected by Tpine Leasing or Tpine Leasing-US, as applicable.

**(vi) Real Estate and Mortgage Facilities**

108. Several different lenders have provided financing to specific R/E HoldCos in respect of specific real estate properties. Information about the lenders, the amounts advanced and currently outstanding, is set out in Exhibit “C”. In each case, the principal security is a first-ranking mortgage or collateral charge in respect of the underlying property.

**(vii) Other Credit Facilities**

109. The Pride Group has several other credit facilities with other lenders, including as follows in respect of PGL:

- (a) a \$25 million revolving term equipment financing facility with Bank of Nova Scotia;
- (b) a \$30 million revolving term equipment financing facility with HSBC Bank Canada;

- (c) a \$20 million revolving term equipment financing facility with Canadian Western Bank;
- (d) a \$30 million revolving term equipment financing facility with TD Bank; and
- (e) a \$25 million RBC operating facility.

**(viii) Intercreditor Arrangements**

110. Various Pride Group lenders have entered into agreements amongst themselves in respect of the priority of their respective security interests as against the Pride Group's collateral, including the below subset of illustrative agreements with RBC (including in its capacity as Administrative Agent to the Syndicate Lenders):

- (a) pursuant to an intercreditor agreement dated March 22, 2016 between RBC, as Administrative Agent on behalf of the Syndicate Lenders and Roynat Inc. ("**Roynat**"), the parties agreed that Roynat's general security agreement would rank behind the Syndicate Lenders' general security agreement;
- (b) pursuant to an intercreditor agreement dated February 28, 2022 between RBC, as Administrative Agent, on behalf of the Syndicate Lenders and Mitsubishi, the parties agreed that Mitsubishi's security would rank ahead of the Syndicate Lenders' security in respect of any collateral financed by Mitsubishi, and that the Syndicate Lenders' security would rank ahead of Mitsubishi's security in respect of any collateral financed by the Syndicate Lenders;
- (c) pursuant to an intercreditor agreement dated May 4, 2022 between RBC, as Administrative Agent on behalf of the Syndicate Lenders and BMO Harris, the

parties agreed that BMO Harris's security would rank ahead of the Syndicate Lenders' security in respect of any collateral financed by BMO Harris; and

- (d) pursuant to separate intercreditor agreements dated March 9, 2017 and January 25, 2023 between Daimler and RBC, the parties agreed that RBC's security would be subordinated in favour of the Daimler security in respect of (i) EV Chargers financed by Daimler, and (ii) any other collateral financed by Daimler.

- 111. It is contemplated that the Proposed Monitor will conduct a comprehensive review of the security interests of the various lenders and report to the Court as to their respective interests.

**(a) Intercompany Transfers and Intercompany Indebtedness**

- 112. The Pride Group's accounts, management and operations are heavily integrated with one another. Financing, funds and assets are routinely transferred between the members of the Pride Group in the ordinary course of operations, and there is significant intercompany indebtedness among the members of the Pride Group resulting from same. As noted above, (i) the R/E HoldCos have relied on advances from the Operating Entities to pay the mortgages and other indebtedness relating to the specific properties held by such R/E HoldCo, and (ii) the transfer of assets as between the Floorplan Facilities and Lease Facilities as described earlier herein involves the purchase and transfer of such underlying assets among the subject member of the Pride Group. These are reflected through invoices and accounting for the intercompany indebtedness.

**(b) Security Registrations**

- 113. Available at the Sharefile link set out in **Exhibit "H"** are copies of the voluminous provincial (as applicable) personal property registry searches as against the Canadian

members of the Pride Group as at the dates noted therein, including an unofficial summary of same.

114. Attached as **Exhibit “I”** are true copies of Uniform Commercial Code registry searches as against certain of the U.S. members of the Pride Group as at the dates noted therein.
115. As stated earlier herein, it is not the industry practice for certain lenders to register their security interests against specific collateral under the requisite personal property registry regime. The personal property regime searches demonstrate that a number of repair and storage liens have been registered against various specific trucks, which is in accordance with industry standards.

## **VII. BACKGROUND TO CCAA PROCEEDINGS**

### **A. The “Perfect Storm” of Unfortunate Events**

116. The North American trucking and logistics industry is facing a prolonged downturn, the effects of which are exacerbated by the trucking and logistics boon that preceded the downturn, which can be traced to the COVID-19 pandemic and major geopolitical events.
117. Spot freight prices, diesel prices and interest rate trends were all initially favourable for the trucking industry following the onset of the COVID-19 pandemic. They have all deteriorated significantly since that time. The bottom-line result is made significantly worse by virtue of the increased trucking and logistics supply that was brought to market during the upturn, which is currently sitting as unused excess capacity in the market.
118. The effects of all of the foregoing have been disproportionately borne by smaller trucking and logistics companies and owner-operators in particular. Of the latter group, those

persons that entered the market during the initial demand ramp-up following the COVID-19 pandemic's onset have been affected most of all as they bought or leased trucks when valuations were at or close to peak prices and financed their acquisitions operations when interest rates were low, both of which have since reversed dramatically.

119. Smaller trucking and logistics companies and owner-operators comprise a significant proportion of the Pride Group's customers. Delinquencies and non-payment by such customers have directly contributed to the Pride Group's current financial position.
120. The ecosystem of solutions and services that the Pride Group has tailored to such smaller trucking customers and owner-operators across multiple business lines has meant that the effect of non-payments and delinquencies by any such customers on the Pride Group's bottom line are multiplied, including when compared to industry competitors that have a narrower focus.
121. These external factors coupled with the Pride Group's business position have created a "perfect storm" of events contributing to and causing the group's current predicament.

**B. The Pride Group's Efforts to Improve Financial Performance and Sustain its Business**

122. The Pride Group has instituted many significant programs and efforts to improve its financial position, including as follows:
  - (a) working closely with end customers to create payment and other workout plans that maximize recoveries in the event of non-payment and delinquencies. These efforts have been significantly complicated by the general economic malaise affecting the Canadian and U.S. markets. For instance, stagnating home prices have meant that

efforts to secure collateral mortgages against end customers' individual residences rather than take immediate enforcement steps, which was a traditional recourse successfully utilized by the Pride Group, have been increasingly stymied;

- (b) increasing efforts to initiate legal proceedings against delinquent lease customers. As of March 25, 2024, there are approximately 600 active claims pending in Canada and 750 active claims pending in the U.S. issued by a Pride Group entity against delinquent lease customers (collectively, the "**Lease Claims**"), which the Pride Group intends to continue pursuing despite the proposed stay of proceedings;
- (c) imposing stricter credit policies on end customers to limit losses borne by the Pride Group and lower the Pride Group's risk profile, including pursuant to the Pride Group fuel card and factoring services. This includes requiring more frequent payments, pre-paid plans and closer scrutiny of client risk profiles;
- (d) enacting staffing reforms to reduce payroll and obligations to independent contractors;
- (e) re-financing available equity and selling excess assets;
- (f) winding-down unprofitable business lines, including the factoring business;
- (g) engaging Ernst & Young Inc. as financial advisor (in such capacity, the "**FA**") to assist in addressing the Pride Group's financial and operations challenges; and
- (h) engaging Randall Benson of RC Benson Consulting Inc. as its Chief Restructuring Officer (the "**CRO**") to assist it and the FA in addressing the Pride Group's financial and operations challenges.



**C. Insolvency and Non-Payment of Obligations**

123. The Pride Group had historically maintained sufficient cash reserves to address “bumps in the road”, including maintaining a multi-million-dollar cashable GIC with one of the Syndicate Lenders, which would be used from time-to-time to as needed to ensure obligations to lenders and creditors could be met and defaults could be avoided.
124. Unfortunately, during the fall and winter of 2023, as delinquencies on amounts owed to the Pride Group from its own customers increased due to all of the factors noted above, the cashable GICs were insufficient to sustain the Pride Group’s liquidity requirements and the Pride Group became cashflow insolvent. In late November of 2023, the Pride Group informed RBC, as the Administrative Agent to the Syndicate Lenders, that the Pride Group would need flexibility going forward in respect of its covenants to avoid breach of the credit facilities.
125. Thereafter, the Administrative Agent reviewed the Pride Group’s financial situation and met with Pride Group representatives to discuss the situation. As part of its review following that discussion, the Administrative Agent informed the Pride Group that it had discovered some assets that appeared on its initial finding to have been financed more than once. Upon receiving default notices from the Administrative Agent in late December, 2023, based upon the Administrative Agent’s initial conclusions relating to this multiple financing issue (described in greater detail below), the Pride Group informed Mitsubishi of the receipt of those default notices. Mitsubishi issued its own notices of default to the Pride Group shortly thereafter.

126. As a director of most of the Pride Group entities, together with the other directors and senior management of the Pride Group entities, I and the other directors have taken what I believe to be extraordinary steps over the past many months to act at all times in the best interests of the Pride Group and try and save the Pride Group's business. As I noted above, this included my brother Jasvir Johal and I injecting approximately \$18.5 million into the business from funds that my brother and I had borrowed from the Bank of Nova Scotia on personal lines of credit.
127. In order to sustain operations and avoid a complete shut-down of the business operations, termination of its employees and cessation of all goods and services, the Pride Group has recently been forced to cease paying its obligations as they became due. As noted above, this resulted in the issuance of default and demand letters by many of the Pride Group's lenders. If the Pride Group had not taken such a drastic step, and because of the vast interlinkages among the Applicants, the Applicants would have been forced to immediately cease all operations.
128. The Pride Group attempted to negotiate a standstill with several of its key lenders to afford it the opportunity to develop a restructuring plan. Unfortunately, an agreement among its lenders on the terms of such a standstill could not be universally reached, necessitating these formal CCAA proceedings.

**D. Uncertainty over Priority of Security against Collateral**

129. As described above, (i) the Pride Group's business requires the frequent transfer of specific trucks as among different business lines and applicable credit facilities, and (ii) while lenders expect first-ranking specific security over specific assets financed by them, it is

not commonplace for lenders with GSA security to register financing statements against the specific VINs. Rather, such lenders may rely upon their GSA security and audit checks are performed by lenders to ensure that their specific collateral is not subject to other lenders' interests.

130. In the ordinary course of a truck's life, it will typically become subject to various liens and security interests. For example, when a truck is acquired by the Pride Group for sale or lease, I understand that this truck inventory is encumbered by the Lending Syndicate's GSA. When a truck is leased to or financed with a customer it may become subject to the lessor or financier's security registration. For example, in the case of trucks financed through a lenders floor plan and securitization facilities provided to the Pride Group, when a truck moves from the Pride Group's truck inventory to a customer, I understand that the lender's security would encumber that truck, but any received proceeds by the Pride Group would be subject to a different lender's GSA. If a truck is repaired or stored by a third party while in the hands of a customer, that truck could also become subject to mechanics liens or repair and storage liens during the course of its life.
131. In the course of the more than ten years in which the Pride Group has operated this way, such potential for multiple financing against a truck has always existed and to my knowledge has never caused a problem as the Syndicate Lenders and our own auditors would do audits from time to time to confirm the Pride Group's own inventory of trucks on its lots and trucks that had been sold or leased.
132. However, starting in late 2022 through 2023, the Pride Group experienced much higher than normal default rates on truck leases, resulting in the Pride Group having to repossess

an ever-increasing number of trucks. Such repossessed trucks could have liens and security attaching to them from lessors or financiers as well as become encumbered again by the Syndicate Lenders' GSA security upon returning to the Pride Group's inventory, for example.

133. Additionally, due in-part to the strains on the Pride Group's human resources and resultant and concordant delays in transferring assets and liabilities across business lines in recent months, the Pride Group was not able to timely track and correct security registrations or may have inadvertently pledged certain truck assets more than once such that more than one lender now claims an interest in the same specific truck.
134. As noted above, the Administrative Agent first identified this issue during the course of its review. The Pride Group immediately created an internal task force to identify the extent of the issue, identify any erroneous registrations and attempt to rectify the issue going forward. Since its engagement, the FA has been intimately involved in assessing the issue.
135. The Pride Group, in consultation with the FA, has identified numerous scenarios in which such errors have occurred. For example, a truck that was financed by a lender pursuant to a Floorplan Facility, was then transferred to the lease line of another Pride Group entity. Although new funding under a Lease line Facility with another lender was obtained in respect of such truck, the proceeds of such facility was not utilized to repay the applicable lender under the original Floorplan Facility. In such situation, the truck is currently leased to a lessee, who may or may not be current in their monthly lease payments. Accordingly, more than one lender has a claim to the proceeds of such vehicle if repossessed and sold, and potentially, to the monthly lease collections in respect of that specific vehicle. While

this is one example, numerous other similar scenarios have been identified and, in some instances, up to three lenders may claim security against the same truck.

136. Upon learning of the above-described issue, certain Pride Group lenders have, as a precautionary measure, refused to permit the collateral against which multiple lenders/financiers may claim security from being transferred or sold. As a result, the Pride Group has been unable to monetize those assets to satisfy the Pride Group's obligations and such trucks are sitting idle on various lots across North America
137. Certain other instances of assets or credit facilities having been recorded differently than they ought to have been have also been identified by the FA and the CRO with the Pride Group's assistance. In each such case, the Pride Group, the FA and the CRO have implemented practices to prevent these known situations from occurring in the future, as has been disclosed to and discussed with certain of the Pride Group's lenders. The majority and most significant of such known situations result from circumstances where either (i) funds were provided by a lender under a Floorplan Facility to purchase a vehicle, but the vehicle was not ultimately purchased and the funds were not repaid to the respective lender, or (ii) trucks were repossessed by the Pride Group from delinquent customers and ultimately sold, but the relevant leasing and/or other facilities in respect of such specific truck were not repaid. In such scenarios, there is no vehicle collateral securing the affected lender's financing.
138. With the assistance of the FA, new internal governance programs and controls (the "**Governance Protocols**") have been implemented, or are proposed to be implemented as soon as practicable, to ensure that the above errors do not occur going forward and that

any proceeds of vehicles subject to more than one secured claim are held in trust by the Proposed Monitor pending resolution of the potential competing interests. The Pride Group is seeking the ability to monetize these trucks and other assets in the ordinary course under the supervision of the Proposed Monitor in accordance with the Governance Protocols, which is in the best interest of all stakeholders. The Pride Group has alerted the majority of the lenders that may be impacted by this issue that same has transpired and of the proposed governance reforms to prevent this issue going forward.

139. I am advised that a copy of the Governance Protocols will be appended to the Pre-filing Report of the Proposed Monitor and discussed in more detail therein. As noted above, it is contemplated that the Proposed Monitor will conduct a comprehensive review of the security interest of the various claims and report to the Court as to their respective interests.
140. It is the intention of the Pride Group, with the assistance of the Proposed Monitor and the CRO, to develop a strategy to resolve assets subject to more than one secured claim. Following consultation with affected creditors, it is the intention to bring recommendations to the Court for approval.

**E. Negotiations with, and demands from, creditors**

141. Over the past several months, the Pride Group has extensively engaged with its principal lenders in respect of its financial constraints in an effort to develop a restructuring plan that would be acceptable to all of the Pride Group's stakeholders. Although several lenders initially provided their support for the Pride Group, it has become increasingly difficult to manage the volume of demands for information, return of assets, demands for payment or to see a path to a consensual resolution given the number of stakeholders, competing

interests and overlapping security issues. The Pride Group's diminished workforce as a result of staffing cuts only exacerbated these issues.

142. Since the end of December 2023, more than twenty of the Pride Group's lenders, including the Syndicate Lenders, have delivered default notices in respect of their various secured facilities, of which more than ten included demands for payment and BIA Notices. A summary of the default and demand notices is set out in **Exhibit "J"**.
143. The Pride Group has taken several other steps to assuage various lenders' and OEM's concerns in a manner that benefits all stakeholders. In the case of certain lenders, this has meant returning certain of their idle inventory to reduce overhead costs and reduce debt.
144. The Pride Group intends to keep working with the Proposed Monitor and the CRO to develop a restructuring plan to maximize the value for its many stakeholders.

**F. Litigation Proceedings Commenced against the Applicants**

145. The Applicants have recently been made aware of two U.S. proceedings initiated against certain of the Applicants as a result of alleged defaults under certain of their credit facilities:

- (a) *Regions Equipment Financing Corp. v. Tpine Leasing Capital L.P.*, Case No. 3:24-cv-00583, in federal court in the Northern District of Texas:

- (i) Two Regions lending entities filed a complaint for breach of contract and motion for the appointment of a receiver with respect to their collateral following certain defaults under the lending agreements. Regions is, among other things, seeking the return of its collateral, the proceeds from collateral

allegedly sold without authorization from Regions, and payments for any collateral that was destroyed.

(b) *Milestone Trailer Leasing LLC v. Arnold Transportation Services, Inc.*, Cause No. DC-24-02859, in state court in the District Court of Dallas County, Texas, 193<sup>rd</sup> Judicial District:

(i) There are five total defendants: Arnold, Parker, PGL-US, Parker Global, and PGL. Milestone is seeking to enforce a Settlement Agreement between Milestone and Arnold to resolve payment defaults on Arnold's lease of trailers from Milestone, which was guaranteed by Parker. Under the Settlement Agreement, Arnold was to pay to purchase the leased vehicles and make a payment to settle outstanding lease payments by December 2023, but that payment was not made and Milestone is seeking recovery.

146. The Applicants have engaged U.S. counsel to defend against the U.S. proceedings, but the proceedings would require significant legal and other related costs (which is to the detriment of all stakeholders) and serve as a distraction to the Applicants' management. The U.S. proceedings could be addressed more efficiently as part of a single consolidated formal insolvency proceeding. Given the non-payment of obligations detailed herein, the Pride Group expects further proceedings to be initiated against it in various jurisdictions.

**G. Other Enforcement Actions against the Applicants**

147. In addition to the litigation proceedings set out above, certain other of the Pride Group's lenders have exercised their rights and remedies against the Pride Group's entities, including as follows:



- (a) Volvo has, with the Pride Group's cooperation, taken possession of certain Volvo trucks that were being stored and/or listed for sale on Pride Group lots; and
- (b) several of the Securitization Funders under the Securitization Agreements, including Mitsubishi and RBC, have or have indicated that they intend to replace the Tpine Leasing as the "servicer" under the respective Securitization Agreements.

#### **H. Lenders' Patience has been Expended**

148. The Syndicate Lenders have been kept apprised of the Pride Group's intentions, including proceeding with a formal insolvency proceeding. The Syndicate Lenders have advised the Applicants' counsel that such formal proceedings must be initiated on or before March 31, 2024, failing which the Syndicate Lenders would consider exercising their rights and remedies. Such a result would have, for all of the reasons highlighted herein, a devastating impact on the Pride Group and its stakeholders.

#### **VII. URGENT NEED FOR RELIEF UNDER THE CCAA**

149. The Applicants are facing significant liquidity challenges which threaten their ability to continue as a going concern. Many of the Pride Group's lenders have demanded repayment of their loans and several are in a position to enforce their security or, in the case of Securitization Funders, replace the applicable Pride Group entity as servicer or otherwise enforce remedies under the Securitization Agreements.
150. The Applicants and LPs are insolvent and cannot meet their liabilities as they come due. In these circumstances, the Pride Group requires urgent relief under the CCAA and Chapter 15 of Title 11 of the United States Code (the "**Bankruptcy Code**") to ensure that

they can continue as a going concern, service their significant customer base of small business owners and operators, maintain employment for their employees and independent contractors, and preserve enterprise value.

151. No formal forbearance agreements are in place with any of the lenders. If any lender takes immediate action, it will likely precipitate the very sort of disorganized and disjointed action that formal insolvency proceedings are meant to prevent. A liquidation would invariably result, destroying significant enterprise value and putting the fate of thousands of small business owners that depend on the Pride Group's services at risk. Intercreditor issues would be resolved through litigation rather than a coordinated analysis by the Proposed Monitor and consultation with affected security holders.
152. A liquidation will mean significant losses of jobs.
153. A liquidation would also mean thousands of trucks being sold on the market at once, which would decimate the value of trucks across the North American market. This would have far-reaching effects including, without limitation:
  - (a) reducing the recoveries for any enforcing creditors; and
  - (b) likely coaxing many truck owners and operators, who will see the fair market value of their most significant asset plummet, into insolvency.
154. The fallout of an unorganized demise of the Pride Group on the Canadian and U.S. owner-operator trucking communities in particular will be catastrophic, as will be the spiral effects on all of the businesses that they support in their local communities. The livelihoods of many thousands of families are at stake.

## VII. INITIAL RELIEF SOUGHT

155. The Applicants propose that Ernst & Young Inc. be the Monitor (in such capacity, the “**Proposed Monitor**”) in these proposed CCAA proceedings. The Proposed Monitor has an intimate knowledge and understanding of the Pride Group’s business given its role as FA to the Applicants, and is well-qualified for the role given its demonstrated knowledge of and experience in formal insolvency proceedings.

### A. Stay of Proceedings

156. The Applicants are insolvent and urgently require a stay of proceedings and other protections provided by the CCAA in order to preserve the *status quo* and secure breathing space to prevent precipitous lender enforcement actions. The proposed Initial Order provides a stay of proceedings until April 6, 2024 (the “**Stay Period**”).

157. The Applicants seek to have a stay of proceedings and other provisions of the proposed Initial Order under the CCAA extended to the LPs and the Additional Stay Parties. As detailed above, the business and operations of the Applicants are heavily intertwined with that of the LPs and the Additional Stay Parties, such that the extended stay of proceedings is necessary to preserve the *status quo*.

158. The Applicants intend to continue pursuing the Lease Claims in the ordinary course, so do not purport to stay those proceedings, or any future claims initiated against a delinquent lease customer.

159. The Applicants also seek to extend the stay of proceedings to me, Sam Johal, my brother, Jasvir Johal, and Amrinder Johal, another immediate family member, in respect of any

personal guarantees they have provided in respect of any Pride Group entities. Permitting any such action or litigation to proceed would prove a distraction to the operation and continuation of the intended CCAA proceedings. One lender, Mitsubishi, has by letter dated March 25, 2024, already demanded payment from me and my brother as personal guarantors, and initiated litigation proceedings against the two of us personally.

160. As noted above, I have been and remain intimately involved in the direction, management and operations of the Pride Group entities and my family and I remain deeply committed to assisting the Pride Group in its restructuring and managing the operations for the best interests of the Pride Group and its directors. Moreover, the Pride Group has deep ties and a high degree of trust with the owner-operator trucking community, including in particular, the many thousands of truckers in the South-Asian immigrant communities in Canada and the U.S. for which the Pride Group is an essential source of employment, trucks and related infrastructure and services.
161. Those deep ties and trust have been built over decades of involvement in this community by me and my family (including by charitable giving and support that extend well beyond our business ties), and it is vital that those deep ties and trust be fostered by our ongoing involvement to minimize further defaults and delinquencies by truckers and maximize recoveries for the Pride Group and its creditors. My family and I are prepared to continue our efforts in this regard but we seek the protection of a Court-ordered stay against enforcement of our personal guarantees and obligations relating to the Pride Group's business in order to allow us to fully focus our efforts and resources in assisting the Pride Group and the Proposed Monitor.

**B. DIP Financing**

162. The Applicants are in the process of actively negotiating a debtor-in-possession financing facility (the “**DIP Facility**”) with certain of their existing lenders. The Applicants or the Proposed Monitor will report to the Court on the terms of the DIP Facility, and charge(s) in respect thereof, after they are finalized.
163. The Applicants, with the assistance of the Proposed Monitor, have sized the proposed DIP Facility to address the Pride Group’s urgent liquidity needs. The DIP Facility is supported by the cash flow forecast prepared by the Proposed Monitor.

**C. Appointment of Proposed Monitor**

164. Ernst & Young Inc. has consented to act as the Monitor of the Applicants under the CCAA. A copy of the Proposed Monitor’s consent is attached as **Exhibit “K”**.

**D. Appointment of CRO**

165. Randall Benson of RC Benson Consulting Inc. has been acting as CRO of the Pride Group since March 1, 2024 at the request of certain of the Pride Group’s lenders. The Applicants are seeking to have the CRO’s engagement approved so that he can continue to act as CRO in these proposed CCAA proceedings. The CRO’s continued engagement is a condition of the DIP Facility. The CRO has consented to act in these proceedings.
166. Mr. Benson has been involved in restructuring and turnaround situations for over 25 years and has provided independent CRO services in both domestic and cross-border situations across many industries. He has acted as chief restructuring officer in the restructuring proceedings of, among others: the Hollinger Group, Quebecor World, Co-op Atlantic, Call Net Enterprises, Beatrice Foods, Ivaco, Plasco Energy Group and Becker Co-generation.

He is the former Canadian National Practice Co-Leader of KPMG's Restructuring practice and as such, he has extensive knowledge of the corporate restructuring process and is qualified to take on the CRO mandate. The Pride Group is seeking to have the CRO's engagement recognized and approved by this Court and the fees detailed in the engagement letter attached as **Exhibit "L"** approved as a component of the Administration Charge (as defined below).

**E. Administration Charge**

167. The Applicants propose that the Proposed Monitor, its counsel, Canadian and U.S. counsel to the Applicants, the CRO and Canadian counsel to the Pride Group's boards of directors be granted a court-ordered charge on the Applicants and LP's property as security for their respective fees and disbursements relating to services rendered in respect of the Pride Group (the "**Administration Charge**"). The Administration Charge is proposed to have first priority over all other charges. With the concurrence of the Proposed Monitor, the Applicants are proposing that the Administration Charge for the first ten days be limited to \$2 million and will be seeking to increase the charge to \$3 million at the comeback hearing.

**F. Directors and Officers' Charge**

168. A successful restructuring of the Pride Group will only be possible with the continued participation of its directors, officers, management, and employees. These personnel are essential to the viability of the Applicants' continuing business and the preservation of enterprise value.

169. I am advised by Leanne Williams of Thornton Grout Finnigan LLP, the Applicants' Canadian counsel, that in certain circumstances, directors of Canadian companies can be held liable for certain obligations of a company owing to employees and government entities, which may include unpaid accrued wages, unpaid accrued vacation pay, and unremitted sales, goods and services, and harmonized sales taxes. The Applicants estimate, with the assistance of the Proposed Monitor, that these obligations may amount to as much as approximately \$2.3 million within the initial 10-day period, and \$4.8 million thereafter.
170. I am also advised by Linklaters LLP, the Applicants' U.S. counsel, and believe that in certain circumstances, directors of U.S. companies may be held liable for certain obligations of a company owing to employees and government entities, which may include sales and use taxes, employee withholding and certain payroll taxes, state income taxes in a few states, 401(k) and other obligations withheld from employees and unpaid wages (including paid vacation). The Applicants estimate, with the assistance of the Proposed Monitor that these obligations may amount to as much as approximately \$1.8 million in respect of the initial 10-day period, and \$2.6 million thereafter.
171. It is my understanding that the Pride Group's current and former directors and officers are among the potential beneficiaries under separate liability insurance policies (the "**D&O Insurance**") issued in favour of different Pride Group entities, including as follows:
- (a) a \$1,000,000 policy with Zurich that expires on May 28, 2024;
  - (b) a \$2,000,000 policy with Chubb that expires on November 8, 2024; and
  - (c) a \$5,000,000 policy with Liberty Mutual that expires on May 2, 2025.

172. I understand that the D&O Insurance has various exceptions, exclusions, and carve-outs where coverage may not be available and that claims on such policy have already been made. I therefore do not believe that this insurance policy provides sufficient coverage against the potential liability that the directors and officers could incur in relation to these proposed CCAA proceedings.
173. In light of the complexity and scope of the overall enterprise and potential liabilities and the uncertainty surrounding available indemnities and insurance, the directors and officers have indicated to the Applicants that their continued service to the Pride Group and involvement in this proceeding is conditional upon the granting of an order under the CCAA which grants a charge in favour of the directors and officers of the Pride Group in the amount of \$4.1 million during the initial 10-day period and \$7.4 million thereafter, on the property of the Pride Group (the “**Directors’ Charge**”). The Directors’ Charge is proposed to be subordinate to the Administration Charge but shall rank in priority to all the other charges. The Directors’ Charge is necessary so that the Pride Group may benefit from their directors’ and officers’ experience with the Pride Group’s business and industry, and so that its directors and officers can guide the Pride Group’s restructuring efforts.

**G. Truck Sales in the Ordinary Course and Segregated Funds**

174. The proposed Initial Order provides that the Pride Group be permitted to remit to its creditors, subject to the Governance Protocols, certain amounts collected in respect of trucks leased or sold to third party customers (including, with respect to securitized leases, as applicable) in the ordinary course of business. Any such proceeds that are with respect to a multiple-pledged truck asset, however, will be set aside in the Monitor’s trust account



pending the determination of competing entitlements to same, as further detailed in the Governance Protocols.

#### **H. Certain Permitted Payments**

175. The proposed Initial Order contemplates that the Pride Group be permitted to pay certain payments, including pre-filing amounts as follows:

- (a) similarly to the standard relief in the Model Initial Order regarding payments to pre-filing employees, pre-filing payments to those independent contractors support to the Pride Group for all outstanding and future amounts invoiced to the Pride Group by such contractors consistent with existing payment arrangements. The independent contractors provide vital services to the Pride Group's operations and such pre-filing payments are necessary to ensure sustained business operations;
- (b) payment for fuel supplied to any of the Pride Group prior to or following the date of the Initial Order. As described earlier herein, the Pride Group makes such payments on behalf of truck drivers. If such amounts were not paid, the fuel cards would invariably be cancelled causing massive disruption to such trucker drivers' operations; and
- (c) payment for goods and services supplied to the Pride Entities by third-party contractors or logistics providers if, in the opinion of the Pride Group and with the approval of the CRO and the Proposed Monitor, it is necessary to prevent the possibility of possessory liens being asserted against any of the Pride Group's property and/or to continue its business uninterrupted.

**I. Supporting Cash Flow Forecast**

176. The Applicants, in consultation with the Proposed Monitor, prepared a 13-week cash flow projection and the underlying assumptions as required by the CCAA, a copy of which will be attached to the report of the Proposed Monitor. The projection demonstrates that the Applicants have sufficient liquidity and cash on hand to continue going concern operations during the Stay Period, provided that the proposed Initial Order is granted and the DIP Facility is approved. I confirm that:

- (a) all material information relative to the 13-week cash flow projection and to the underlying assumptions has been disclosed to Ernst & Young Inc. in its capacity as Proposed Monitor; and
- (b) senior management has taken all actions that it considers necessary to ensure that:
  - (i) the individual assumptions underlying the 13-week cash flow projection are appropriate in the circumstances; and
  - (ii) the individual assumptions underlying the 13-week cash flow projection, taken as a whole, are appropriate in the circumstances.

177. The Applicants anticipate that the Proposed Monitor will provide oversight and assistance and will report to the Court in respect of the Applicants' actual results relative to the cash flow projection during these proceedings if the relief being requested by the Applicants is granted by the Court.

**J. Service Order**

178. Due to the size and complexity of their operations, the Applicants, as demonstrated by the voluminous personal property searches in Canada and the U.S., have hundreds of creditors,

including lien claimants that have filed liens under the *Repair and Storage Liens Act* (the **RSLA**). The Applicants request the authority, if the Initial Order is granted, for expedience and cost purposes, to serve the RSLA claimants and any other party with a de-minimis (less than \$10,000) claim by delivering to them the Notice of Application in these proceedings together with a cover letter advising them of the Monitor's case website where all developments related to these proceedings shall be posted.

**K. Chapter 15 Case**

179. Because the Pride Group has operations in the U.S., and thus has assets in and valuable business and trade relationships with a number of parties in the U.S., contemporaneously with commencement of the CCAA proceeding, the Pride Group intends to initiate a case under Chapter 15 of the Bankruptcy Code seeking an order to recognize and enforce these CCAA proceedings in the U.S. and protect against any potential adverse action taken by the Pride Group's U.S. creditors and stakeholders (the "**Chapter 15 Case**").
180. The Pride Group intends to file the Chapter 15 Case in the United States Bankruptcy Court for Delaware, where most of the Pride Group's U.S. entities are incorporated. The Applicants intend that both me and the CRO shall be authorized to act as foreign representatives in the Chapter 15 Case.
181. The Pride Group operates a consolidated business, with offices and primary operations in Canada. The Applicants' center of main interest is in Canada for the following reasons:
  - (a) the operations of the Pride Group are wholly managed and directed from, and most of its administrative staff is situated in, the Pride Group's head office in Mississauga, Ontario;

- (b) all U.S. members of the Pride Group report to the Canadian head office;
- (c) the Canadian entities provide operational and administrative functions for the Pride Group as a whole. These functions are performed by Canadian Pride Group employees and include, among other things:
  - (i) enterprise-wide IT services;
  - (ii) enterprise-wide support for finance functions, including working capital management, credit management (including credit checks for customers), payment processing, financial reconciliations, managing business expenses, insurance, and taxation;
  - (iii) oversight for the legal, regulatory, and compliance functions across the entire Pride Group;
  - (iv) certain enterprise-wide HR functions, such as designing in-house learning and development programs;
  - (v) financial planning and analysis services, including customer enrollment, billing, customer service, and load forecasting;
  - (vi) supply planning services, including creating demand models which predict the amount of energy that each entity needs to purchase from suppliers and determining the proper distributor and pipeline necessary to get the gas to the end-consumer; and
  - (vii) internal audit services.

## VII. CONCLUSION

182. I am confident that granting the draft Initial Order sought by the Applicants is in the best interests of the Applicants and their stakeholders. Without the relief requested, including the stay of proceedings, the Pride Group faces an immediate cessation of its going concern operations, the liquidation of its assets and far-reaching effects on the livelihoods of many people the Canadian and U.S. trucking and logistics communities, including many thousands of owner-operators and small trucking companies in addition to the Pride Group's own employees and contractors. The Pride Group requires the breathing space provided by CCAA protection to develop a restructuring plan with the goal of maximizing the ongoing value of the business and avoiding the devastating effects of a business cessation. The granting of the requested stay of proceedings will maintain the "status quo" and permit an orderly restructuring and analysis of the Pride Group's affairs.

**SWORN** before me, by **SULAKHAN JOHAL**, in the City of Mississauga, in the Province of Ontario this 26<sup>th</sup> day of March, 2024 in accordance with *O. Reg. 431/20, Administering Oath or Declaration Remotely*.



Marko Ivanisevic  
LSO # 79544M



SULAKHAN JOHAL

## **Schedule “A”**

### **A. APPLICANTS**

#### **Operating Entities**

##### *Canadian Operating Entities*

- PRIDE TRUCK SALES LTD.
- TPINE TRUCK RENTAL INC.
- PRIDE GROUP LOGISTICS LTD.
- PRIDE GROUP LOGISTICS INTERNATIONAL LTD.
- TPINE LEASING CAPITAL CORPORATION
- DIXIE TRUCK PARTS INC.
- PRIDE FLEET SOLUTIONS INC.
- TPINE FINANCIAL SERVICES INC.
- PRIDE GROUP EV SALES LTD.

##### *U.S. Operating Entities*

- TPINE RENTAL USA, INC.
- PRIDE GROUP LOGISTICS USA, CO.
- ARNOLD TRANSPORTATION SERVICES, INC.
- DIXIE TRUCK PARTS INC.
- TPINE FINANCIAL SERVICES CORP.
- PARKER TRANSPORT CO.
- PRIDE FLEET SOLUTIONS USA INC.

#### **Real Estate Holding Companies**

##### *Canadian Real Estate Holding Companies*

- 2029909 ONTARIO INC.
- 2076401 ONTARIO INC.
- 1450 MEYERSIDE HOLDING INC.
- 933 HELENA HOLDINGS INC.
- 30530 MATSQUI ABBOTSFORD HOLDING INC.
- 2863283 ONTARIO INC.
- 2837229 ONTARIO INC.
- 2108184 ALBERTA LTD.
- 12944154 CANADA INC.
- 13184633 CANADA INC.
- 13761983 CANADA INC.
- 102098416 SASKATCHEWAN LTD.
- 177A STREET SURREY HOLDING INC.
- 52 STREET EDMONTON HOLDING INC.

- 84 ST SE CALGARY HOLDINGS INC.
- 68TH STREET SASKATOON HOLDING INC.
- 3000 PITFIELD HOLDING INC.

*U.S. Real Estate Holding Companies*

- PGED HOLDING, CORP.
- HIGH PRAIRIE TEXAS HOLDING CORP.
- 131 INDUSTRIAL BLVD HOLDING CORP.
- 59TH AVE PHOENIX HOLDING CORP.
- DI MILLER DRIVE BAKERSFIELD HOLDING CORP.
- FRONTAGE ROAD HOLDING CORP.
- ALEXIS INVESTMENTS, LLC
- TERNES DRIVE HOLDING CORP.
- VALLEY BOULEVARD FONTANA HOLDING CORP.
- HIGHWAY 46 MCFARLAND HOLDING CORP.
- TERMINAL ROAD HOLDING, CORP.
- BISHOP ROAD HOLDING CORP.
- OLD NATIONAL HIGHWAY HOLDING CORP.
- 11670 INTERSTATE HOLDING, CORP.
- 401 SOUTH MERIDIAN OKC HOLDING CORP.
- 8201 HWY 66 TULSA HOLDING CORP.
- EASTGATE MISSOURI HOLDING CORP.
- FRENCH CAMP HOLDING CORP.
- 87TH AVENUE MEDLEY FL HOLDING CORP.
- LOOP 820 FORT WORTH HOLDING CORP.
- 162 ROUTE ROAD TROY HOLDING CORP.
- CRESCENTVILLE ROAD CINCINNATI HOLDING CORP.
- MANHEIM ROAD HOLDING CORP.
- 13TH STREET POMPAÑO BEACH FL HOLDING CORP.
- EAST BRUNDAGE LANE BAKERSFIELD HOLDING CORP.
- CORRINGTON MISSOURI HOLDING CORP.
- 963 SWEETWATER HOLDING CORP.
- OAKMONT DRIVE IN HOLDING CORP.

**Other Holding Companies**

*Other Canadian Holding Companies*

- 2692293 ONTARIO LTD.
- 2043002 ONTARIO INC.
- PRIDE GROUP HOLDINGS INC.
- 2554193 ONTARIO INC.
- 2554194 ONTARIO INC.
- PRIDE GROUP REAL ESTATE HOLDINGS INC.

- 1000089137 ONTARIO INC.

*Other U.S. Holding Companies*

- COASTLINE HOLDINGS, CORP.
- PARKER GLOBAL ENTERPRISES, INC.
- DVP HOLDINGS, CORP.

**B. LIMITED PARTNERSHIPS**

*U.S. Limited Partnerships*

- PRIDE TRUCK SALES L.P.
- TPINE LEASING CAPITAL L.P.
- SWEET HOME HOSPITALITY L.P.

**C. ADDITIONAL STAY PARTIES**

*Canadian Additional Stay Parties*

- BLOCK 6 HOLDING INC.
- 2500819 ONTARIO INC.

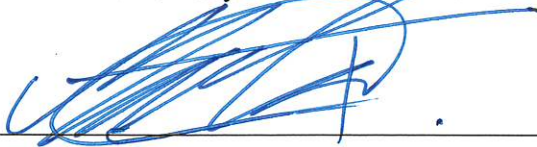
*U.S. and Other Additional Stay Parties*

- PRIDE GLOBAL INSURANCE COMPANY LTD.
- PERGOLA HOLDINGS, CORP.



## **EXHIBIT “A”**

This is Exhibit "A" referred to in the  
Affidavit of Sulakhan Johal sworn before me,  
this 26<sup>th</sup> day of March, 2024.



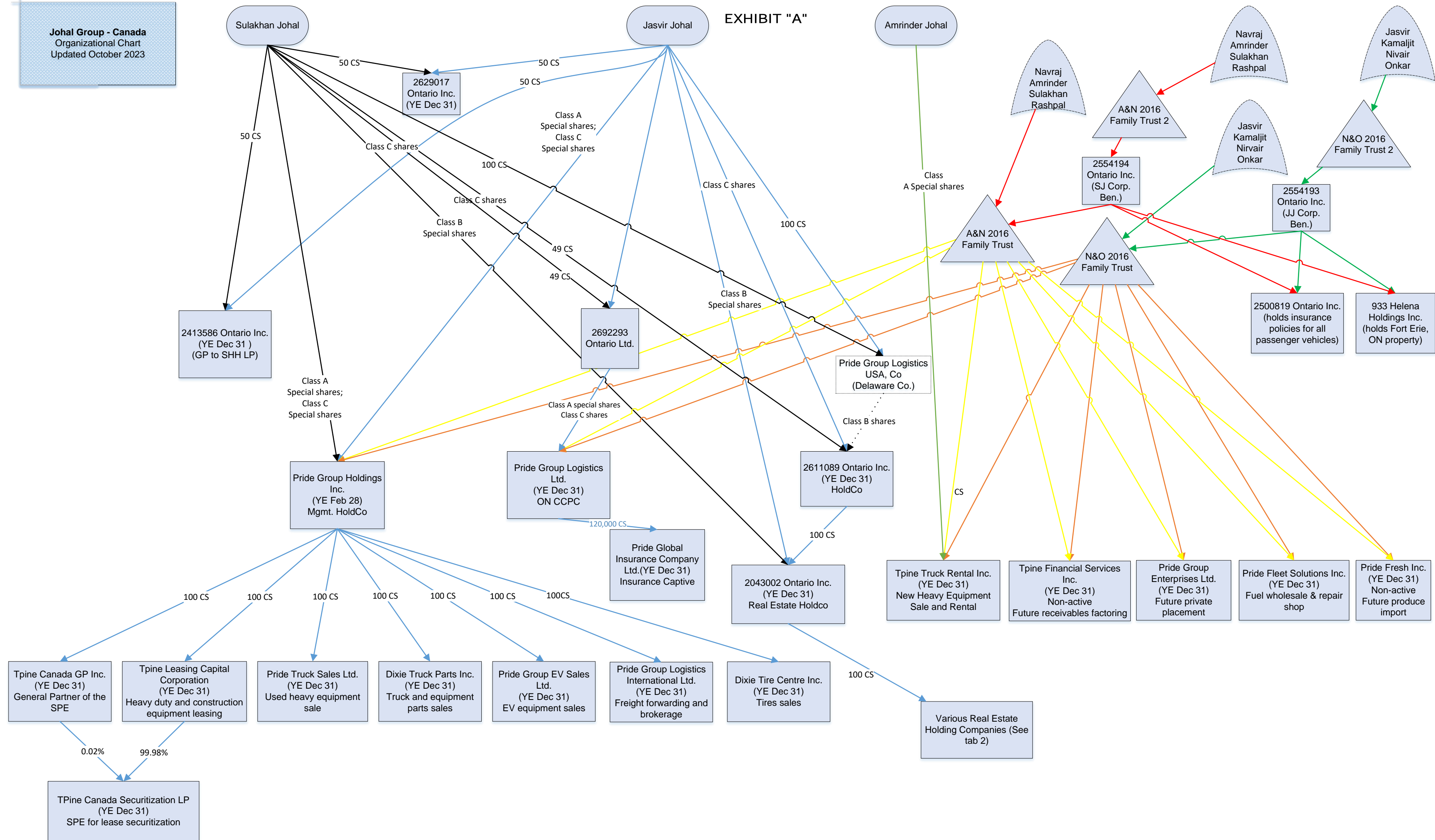
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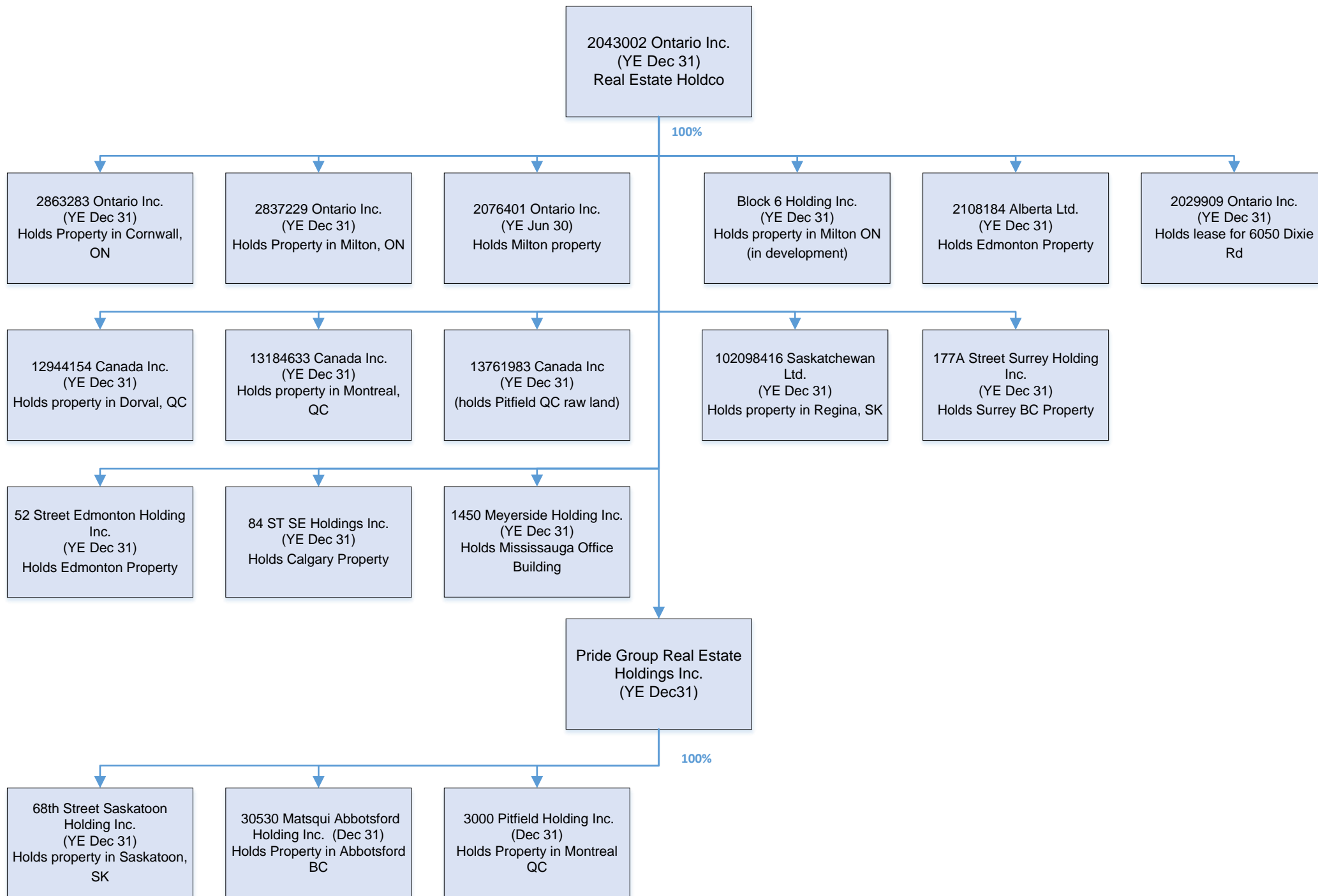
A Commissioner for taking affidavits

Marko Ivanisevic  
LSO#79544M

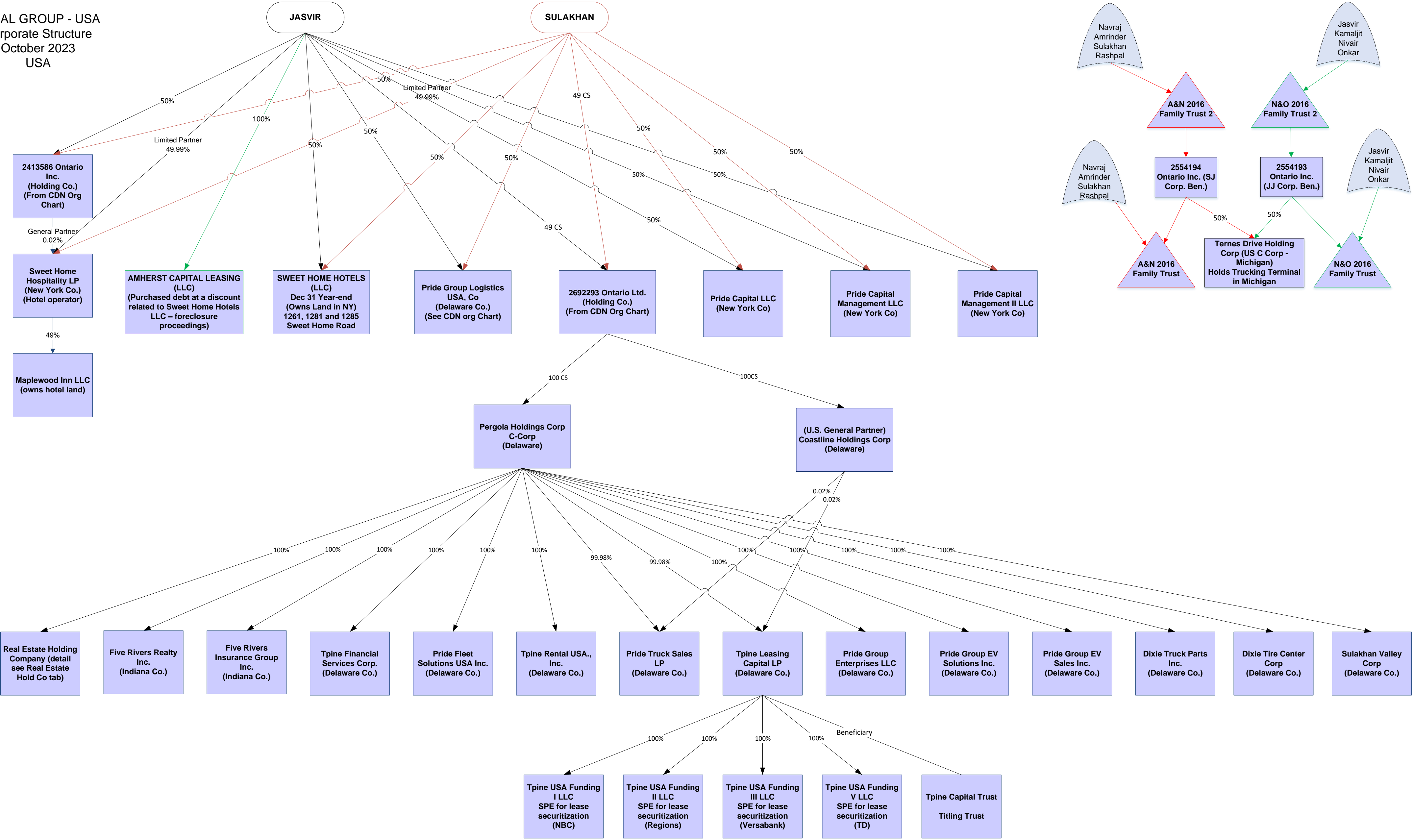
**Johal Group - Canada**  
Organizational Chart  
Updated October 2023

Jasvir Johal

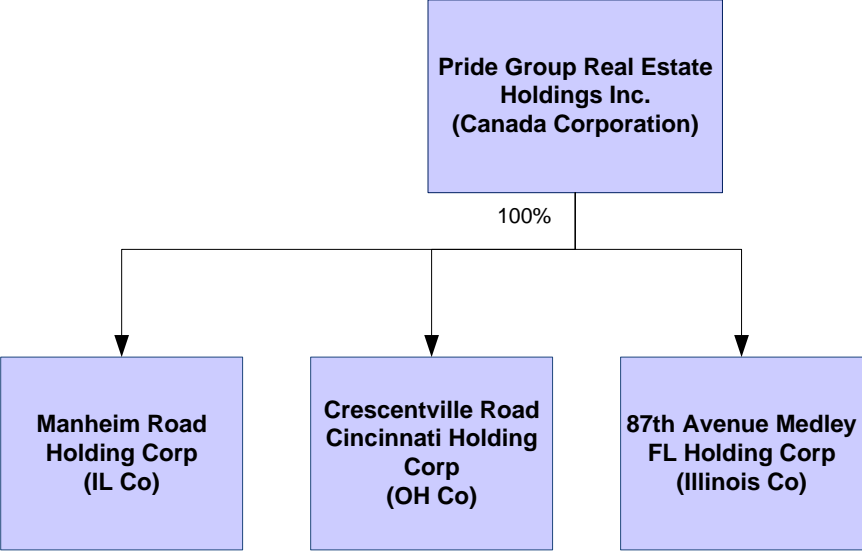
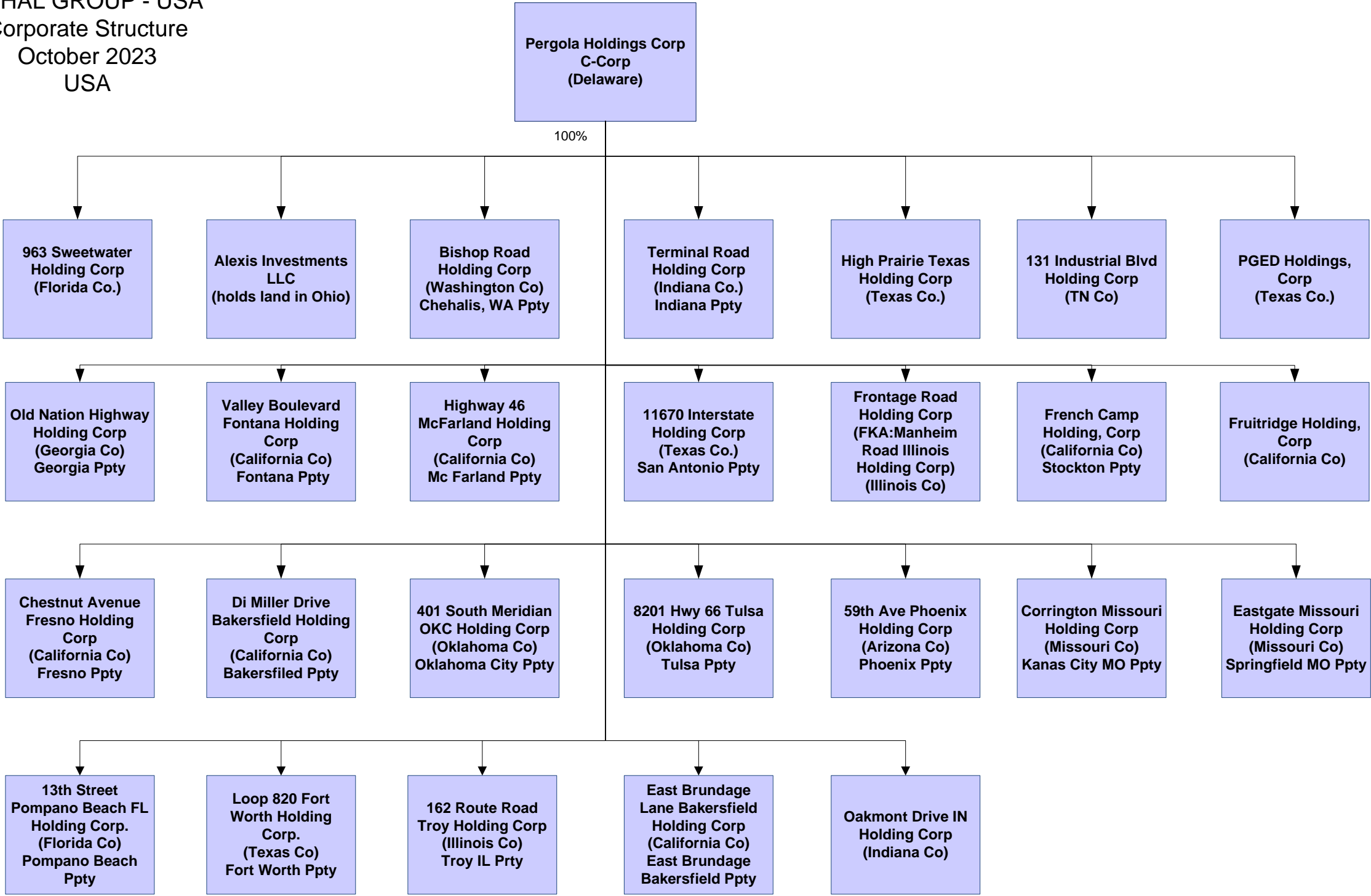




JOHAL GROUP - USA  
Corporate Structure  
October 2023  
USA



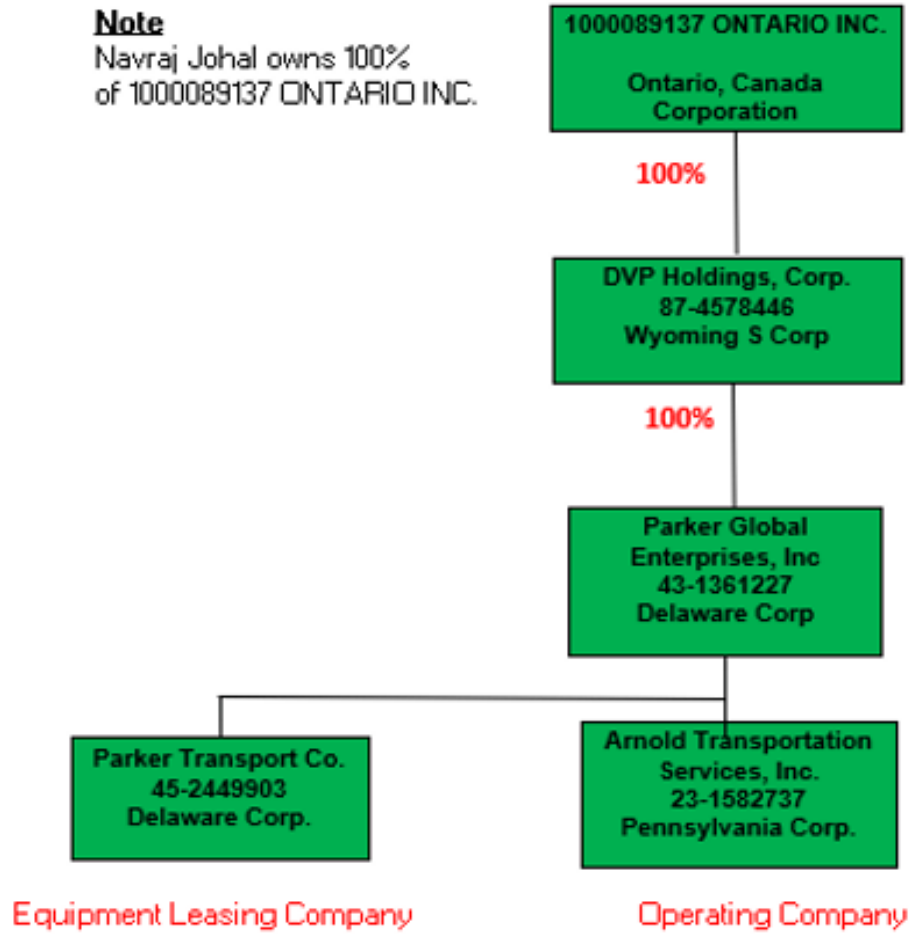
JOHAL GROUP - USA  
Corporate Structure  
October 2023  
USA



# Parker Global Organizational Chart

**Note**

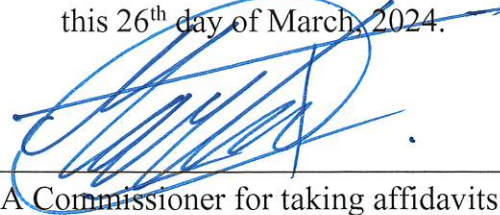
Navraj Johal owns 100%  
of 1000089137 ONTARIO INC.



## **EXHIBIT “B”**



This is Exhibit "B" referred to in the  
Affidavit of Sulakhan Johal sworn before me,  
this 26<sup>th</sup> day of March, 2024.



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A Commissioner for taking affidavits

Marko Ivanisevic  
LSO#79544M

## EXHIBIT "B"

### The Operating Entities

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>Pride Truck Sales Ltd.</b>	Ontario Corporation Number – 2234331  Business Number - 825712052	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Johal (Director)  Sulakhan Johal (Director)	Sales of Used Trucks.
<b>Tpine Truck Rental Inc.</b>	Corporate Number - 892997-1  Business Number - 806639571RC0001	Federal (Canada)	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Amrinder Johal (Director)	New Heavy Equipment Sale and Rental
<b>Tpine Rental USA, Inc.</b>	85-2803258	Delaware	8 The Green, Suite R, Dover, DE, USA 19901	Jasvir Johal  Sulakhan Johal	New Heavy Equipment Sale and Rental
<b>Pride Group Logistics Ltd.</b>	Ontario Corporation Number – 1462143  Business Number - 884567215	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Navraj Johal (Director)	Provides logistics, brokering and delivery services.

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>Pride Group Logistics USA, Co.</b>	37-1777128	Delaware	Corporation Trust Center, 1209 Orange St., Wilmington, DE, USA 19801	Jasvir Johal Sulakhan Johal	Provides logistics, brokering and delivery services.
<b>Arnold Transportation Services, Inc.</b>	23-1582737	Texas	3375 High Prairie Rd, Grand Prairie, TX, USA 75050	Navraj Johal	
<b>Pride Group Logistics International Ltd.</b>	1421727-6	Canada	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Navraj Johal	Freight Forwarding and Brokerage
<b>Tpine Leasing Capital Corporation</b>	Corporate Number - 836112-6  Business Number – 839309333RC0001	Federal (Canada)	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)	Heavy Duty and Construction and Equipment Leasing

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>Dixie Truck Parts Inc.</b>	Ontario Corporation Number – 1000196387  Business Number - 727685000	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Amrinder Johal (Director)  Amrinder Johal (President and Secretary)	Truck and Equipment Parts Sales
<b>Dixie Truck Parts Inc.</b>	88-2014647	Delaware	8 The Green, Suite R, Dover, DE, USA 19901	Jasvir Johal  Sulakhan Johal	
<b>Pride Fleet Solutions Inc.</b>	Ontario Corporation Number – 2480805  Business Number - 808170526	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)	Fuel Wholesale and Repair Shop
<b>Pride Fleet Solutions USA Inc.</b>	85-1658478	Delaware	Corporation Trust Center, 1209 Orange St., Wilmington,	Jasvir Johal  Sulakhan Johal	

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
			DE, USA 19801		
<b>Tpine Financial Services Inc.</b>	Corporate Number - 893645-5  Business Number – 805671575RC0001	Federal (Canada)	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)	Future Receivables Factoring
<b>Tpine Financial Services Corp.</b>	86-3620131	Delaware	Corporation Trust Center, 1209 Orange St., Wilmington, DE, USA, 19801		
<b>Parker Transport Co.</b>	45-2449903	Delaware	PHS Corporate Services Inc. 1313 N. Market Street Suite 5100, Wilmington Delaware, USA 19801	Navraj Johal	Equipment Leasing Company

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>Pride Group EV Sales Ltd.</b>	Corporate Number - 1298579-9  Business Number – 759772866RC0001	Federal (Canada)	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)	EV Equipment Sales

**Real Property Holding Companies**

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>30530 Matsqui Abbotsford Holding Inc.</b>	Incorporation Number – BC1377104  Business Number – 706041506BC0001	British Columbia	3200 – 650 West Georgia Street, Vancouver British Columbia, Canada V6B 4P7	Jasvir Johal (Director)  Sulakhan Johal (Director)	
<b>177A Street Surrey Holding Inc.</b>	Incorporation Number – BC1377105  Business Number – 706040300BC0001	British Columbia	3200 - 650 West Georgia Street Vancouver British Columbia, Canada V6B 4P7	Jasvir Johal (Director)  Sulakhan Johal (Director)	Holds property in Surrey, British Columbia
<b>68<sup>th</sup> Street Saskatoon Holding Inc.</b>	Entity Number - 102154146	Saskatchewan	#600, 2103-11 <sup>th</sup> Avenue, Regina Saskatchewan, Canada S4P 3Z8	Jasvir Johal (Director)  Sulakhan Johal (Director)  Kaveh Hamzavi (Secretary/Treasurer)  Amrinder Johal (President)	

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
				Navraj Johal (Vice President)	
<b>2863283 Ontario Inc.</b>	Ontario Corporation Number - 2863283	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)  Jasvir Singh Johal (Secretary)  Sulakhan Singh Johal (President)	Holds Property in Cornwall, Ontario
<b>2076401 Ontario Inc.</b>	Ontario Corporation Number - 2076401	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)  Jasvir Singh Johal (Secretary)  Sulakhan Singh Johal (President)	Holds Property in Milton, Ontario
<b>2837229 Ontario Inc.</b>	Ontario Corporation Number - 2837229	Ontario	6050 Dixie Road, Mississauga Ontario,	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)	Holds Property in Milton, Ontario



Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
			Canada L5T 1A6	Jasvir Singh Johal (Secretary)  Sulakhan Singh Johal (President)	
<b>2029909 Ontario Inc.</b>	Ontario Corporation Number - 2029909	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director)  Makhan Singh Johal (Director)  Parveen Kaur Johal (Director)  Sulakhan Singh Johal (Director)  Sulakhan Singh Johal (President)	Holds Lease for 6050 Dixie Road
<b>Loop 820 Fort Worth Holding Corp.</b>		Texas			Holds Fort Worth Property
<b>Valley Blvd Fontana Holding Corp.</b>		California			Holds Fontana Property
<b>162 Route Road Troy</b>		Illinois			Holds Troy Property

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>Holding Corp.</b>					
<b>Manheim Road Holding Corp.</b>		Illinois			
<b>13<sup>th</sup> Street Pompano Beach FL Holding Corp.</b>		Florida			Holds Pompano Beach Property
<b>East Brundage Land Bakersfield Holding Corp.</b>		California			Holds East Brundage Bakersfield Property
<b>High Prairie Texas Holding Corp.</b>		Texas			
<b>Frontage Road Holding Corp.</b>		Illinois			

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>11670 Interstate Holding, Corp.</b>		Texas			Holds San Antonio Property
<b>Bishop Road Holding Corp.</b>		Washington			
<b>401 South Meridian OKC Holding Corp.</b>		Oklahoma			Holds Oklahoma City Property
<b>DI Miller Drive Bakersfield Holding Corp.</b>		California			Holds Bakersfield Property
<b>Corrington Missouri Holding Corp.</b>		Missouri			Holds Kansas City Property
<b>French Camp Holding Corp.</b>		California			Holds Stockton Property

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>3000 Pitfield Holding Inc.</b>	Corporate Number – 1443304-1  Business Number – 797422011RC0001  Numéro d'entreprise du Québec - 1178076759	Federal (Canada)   Quebec	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Johal (Director)  Sulakhan Johal (Director)	
<b>13761983 Canada Inc.</b>	Corporate Number - 1376198-3  Business Number – 749308904RC0001	Federal (Canada)	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)	Holds Land in Pitfield, Quebec
<b>1450 Meyerside Holding Inc.</b>	Ontario Corporation Number - 1000417518	Ontario	1450 Meyerside Drive, Suite 600, Mississauga Ontario, Canada L5T 2N5	Jasvir Johal (Director)  Sulakhan Johal (Director)	Holds Mississauga Office Building

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>2108184 Alberta Ltd.</b>	Corporate Access Number – 2021081845  Business Number - 754206688	Alberta	520 – 999 8 St SW Calgary, Alberta, Canada T2R 1J5	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)	Holds Edmonton Property
<b>Terminal Road Holding, Corp.</b>		Indiana			
<b>Ternes Drive Holding Corp.</b>		Michigan			
<b>Crescentville Road Cincinnati Holding Corp.</b>		Ohio			
<b>13184633 Canada Inc.</b>	Corporate Number – 1318463-3  Business Number – 787756204RC0001	Federal (Canada)	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)	Holds Property in Montreal, Quebec
<b>12944154 Canada Inc.</b>	Corporate Number – 1294415-4	Federal (Canada)	6050 Dixie Road, Mississauga	Jasvir Singh Johal (Director)	Holds Property in

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
	Business Number – 764682340RC0001		Ontario, Canada L5T 1A6	Sulakhan Singh Johal (Director)	Dorval, Quebec
<b>933 Helena Holdings Inc.</b>	Ontario Corporation Number - 2525597	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)  Jasvir Singh Johal (Secretary)  Sulakhan Singh Johal (President)	Holds Fort Erie Property
<b>84 ST SE Calgary Holdings Inc.</b>	Corporate Access Number – 2024757532  Business Number - 787556018	Alberta	3 <sup>rd</sup> floor, 14505 Bannister Road SE, Calgary Alberta, Canada T2X 3J3	Jasvir Johal (Director)  Sulakhan Johal (Director)	Holds Calgary Property
<b>52 Street Edmonton Holding Inc.</b>	Corporate Access Number – 2024733418  Business Number - 751866740	Alberta	3 <sup>rd</sup> Floor, 14505 Bannister Road, SE Calgary, Alberta,	Jasvir Johal (Director)  Sulakhan Johal (Director)	Holds Property in Edmonton

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
			Canada T2X 3J3		
<b>102098416 Saskatchewan Ltd.</b>	Entity Number - 102098416	Saskatchewan	#600, 2103- 11 <sup>th</sup> Avenue, Regina Saskatchewan, Canada S4P 3Z8	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)  Jasvir Singh Johal (Secretary/Treasurer)  Sulakhan Singh Johal (President)	
<b>8201 Hwy 66 Tulsa Holding Corp.</b>		Oklahoma			Holds Tulsa Property
<b>Alexis Investments, LLC</b>		Ohio			Holds land in Ohio
<b>Highway 46 McFarland Holding Corp.</b>		California			Holds McFarland Property

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>Eastgate Missouri Holding Corp.</b>		Missouri			Holds Springfield Property
<b>PGED Holding, Corp.</b>		Texas			
<b>Old National Highway Holding Corp.</b>		Georgia			Holds Georgia Property
<b>59<sup>th</sup> Ave Phoenix Holding Corp.</b>		Arizona			Holds Phoenix Property
<b>131 Industrial Blvd Holding Corp.</b>		Tennessee			
<b>963 Sweetwater Holding Corp.</b>		Florida			
<b>Oakmont Drive IN</b>		Indiana			



Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>Holding Corp.</b>					
<b>87<sup>th</sup> Avenue Medley FL Holding Corp.</b>		Illinois			

**Other Holding Companies (Canadian and U.S.)**

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>2692293 Ontario Ltd.</b>	Ontario Corporation Number - 2692293	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir S. Johal (Director)  Sulakhan S. Johal (Director)  Jasvir S. Johal (Secretary / Treasurer)  Sulakhan S. Johal (President)	
<b>2043002 Ontario Inc.</b>	Ontario Corporation Number – 2043002  Business Number - 856511803	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)  Jasvir Johal (Secretary)  Sulakhan Singh Johal (President)	Real Estate Holding Company
<b>Pride Group Holdings Inc.</b>	Corporate Number - 673547-9  Business Number – 856846399RC0001	Federal (Canada)	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director)  Sulakhan Singh Johal (Director)	Management Holding Company

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>Coastline Holdings, Corp.</b>	84-1963748	Delaware	8 The Green, Suite R, Dover, DE, USA 19901	Jasvir Johal Sulakhan Johal	U.S. General Partner
<b>2554193 Ontario Inc.</b>	Ontario Corporation Number - 2554193	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director) Jasvir Singh Johal (President/ Secretary/Treasurer)	
<b>2554194 Ontario Inc.</b>	Ontario Corporation Number - 2554194	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Sulakhan Singh Johal (Director) Sulakhan Singh Johal (President/ Secretary/ Treasurer)	
<b>Pride Group Real Estate Holdings Inc.</b>	Corporate Number - 1427421-1 Business Number – 709995500RC0001	Federal (Canada)	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Singh Johal (Director) Sulakhan Singh Johal (Director)	
<b>1000089137 Ontario Inc.</b>	Ontario Corporation Number - 1000089137	Ontario	20 Templar Street, Brampton Ontario,	Navraj Johal (Director)	

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
			Canada L6Y 3A6		
<b>Parker Global Enterprises, Inc.</b>	43-1361227	Delaware	PHS Corporate Services Inc. 1313 N. Market Street Suite 5100, Wilmington Delaware, USA 19801	Navraj Johal	
<b>DVP Holdings, Corp.</b>	87-4578446	Wyoming	Registered Agents Inc., 30 N. Gould Street St Ste R, Sheridan, WY, USA, 82801	Navraj Johal	

**Limited Partnerships (U.S.)**

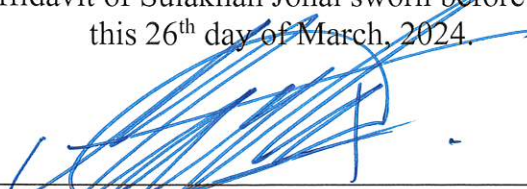
Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>Pride Truck Sales LP</b>		Delaware			Sales of Used Trucks.
<b>Tpine Leasing Capital LP</b>		Delaware			
<b>Sweet Home Hospitality LP</b>		New York			Hotel Operator

**Additional Stay Parties (Canada and U.S.)**

Entity Name	Corporate Number	Jurisdiction	Registered Office	Directors and Officers	Type of Company
<b>Pride Global Insurance Company Ltd.</b>		Bermuda			Insurance Captive
<b>Block 6 Holding Inc.</b>	Ontario Corporation Number - 2731823	Ontario	Suite 401, 1450 Meyerside Drive, Mississauga Ontario, Canada, L5T 2N5	Jasvir Singh Johal (Director) Sulakhan Singh Johal (Director) Kaveh Hamzavi (CFO) Amrinder Johal (President) Navraj Johal (Secretary)	Real Estate Holding Company
<b>2500819 Ontario Inc.</b>	Ontario Corporation Number - 2500819	Ontario	6050 Dixie Road, Mississauga Ontario, Canada L5T 1A6	Jasvir Johal (Director) Sulakhan Johal (Director)	Holds Insurance Policies for all Passenger Vehicles
<b>Pergola Holdings, Corp.</b>	84-1939255	Delaware	8 The Green, Suite R, Dover, DE, USA, 19901	Jasvir Johal Sulakhan Johal	

## **EXHIBIT “C”**

This is Exhibit "C" referred to in the  
Affidavit of Sulakhan Johal sworn before me,  
this 26<sup>th</sup> day of March, 2024.

A handwritten signature in blue ink, consisting of several overlapping loops and strokes, positioned above a horizontal line.

A Commissioner for taking affidavits

Marko Ivanisevic  
LSO#79544M

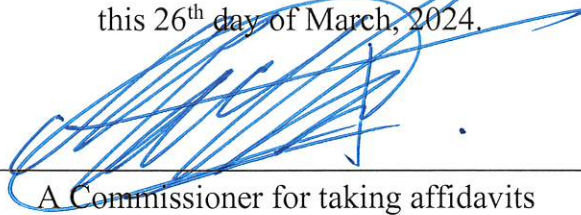


# EXHIBIT "C"

Entity	Location	Location Type	Lender	Mortgage balance (Dec 2023) (Source Currency)	Currency	Actively Being Marketed
30530 Matsqui Abbotsford Holding Inc.	30530 Matsqui Pl, Abbotsford, BC	Dealership, Storage	Roynat	\$12,673,800	CAD	Yes
177A Street Surrey Holding Inc.	10202 177A Street SURREY BC	Dealership, Storage	Roynat	\$12,874,150	CAD	Yes
68th Street Saskatoon Holding Inc.	335 68th Street, Saskatoon, SK	Dealership, Storage, Shop	BMO	\$2,774,000	CAD	Yes
68th Street Saskatoon Holding Inc.	343 68th Street, Saskatoon, SK	Dealership, Storage, Shop	BMO	\$830,538	CAD	Yes
2863283 Ontario Inc.	6253 Boundary Road, South Glengarry, ON	Office, Storage, Shop, Warehouse	Roynat	\$3,915,150	CAD	Yes
2076401 Ontario Inc.	10862 Steeles Avenue East, Milton, ON	Dealership, Storage, Shop	RBC	\$63,800,489	CAD	Yes
2837229 Ontario Inc.	10874 Steeles Ave, Halton Hills, ON	Storage, Excess Land	NBC	\$10,484,740	CAD	Yes
Block 6 Holding Inc.	Block 6 James Snow Parkway, Milton, ON	Dealership, Shop, Office	DTF	\$17,827,880	CAD	Yes
Loop 820 Fort Worth Holding Corp	1501 NE Loop 820, Fort Worth, TX	Vacant Land	Roynat	\$4,638,600	USD	Yes
Valley Boulevard Fontana Holding Corp	15762 Valley Blvd, Fontana, CA (construction hold back)	Dealership, Office, Storage, Shop	Roynat	\$0	USD	Yes
162 Route Road Troy Holding Corp Corp	162 Route Road, Troy, IL 62294	Vacant Land	Cash	\$0	USD	Yes
Manheim Road Holding Corp	3800 Mannheim Rd, Franklin Park, IL	Storage	BMO	\$5,700,000	USD	Yes
13th Street Pompano Beach FL Holding Corp	981 SW 13 Street, Pompano, FL	Dealership, storage	Cash	\$0	USD	Yes
East Brundage Lane Bakersfield Holding Corp.	E. Bundage Lane APN: '177-,I30-03-00, County of Kern, CA 93307	Vacant Land	Cash	\$0	USD	Yes
High Prairie Texas Holding Corp	3375 High Prairie Rd, TX	Office, Storage, Shop	RBC	\$6,130,660	USD	Yes
Frontage Road Holding Corp	225 West South Frontage Road, Bolingbrook, IL	Dealership, storage	Cash	\$0	USD	Yes
11670 Interstate Holding Corp	11670 Interstate 10 E, San Antonio, TX	Dealership, Storage, Shop	Roynat	\$1,782,300	USD	Yes
Bishop Road Holding Corp	1696 Bishop Road, Chehalis, WA	Office, Storage, Shop, Warehouse	Roynat	\$2,401,650	USD	Yes
401 South Meridian OKC Holding Corp	401 S Meridian Avenue, OKC, OK	Dealership, Storage	Roynat	\$4,717,250	USD	Yes
Di Miller Drive Bakersfield Holding Corp	7548 DiMiller Drive, Bakersfield, CA (active construction)	Office, Storage, Shop, Warehouse	RBC	\$19,199,913	USD	Yes
Corrington Missouri Holding Corp	NE 45th. & N. Corrington Ave., Kansas City, MO	Excess storage Land	Roynat	\$481,200	USD	Yes
French Camp Holding Corp	2546 French Camp Road, Stockton CA	Dealership, storage	Cash	\$0	USD	No
3000 Pitfield Holding Inc.	3000 Pitfield Blvd., St Laurent, QC	Dealership, Storage, Shop	BMO	\$18,432,000	CAD	Yes
13761983 Canada Inc.	lot 1163711, Cadastre, QC (adjunt to other two Pitfield properties)	Vacant Land	Roynat	\$5,065,500	CAD	Yes
1450 Meyerside Holding Inc.	1450 Meyerside Drive, Mississauga, ON	Office space	RBC	\$16,786,415	CAD	Yes
2108184 Alberta Ltd	20804 Stony Plain Rd, Edmonton, AB	Dealership, storage	BDC	\$2,541,640	CAD	Yes
Terminal Road Holding, Corp	6111 W Hanna Avenue, Indianapolis, Indiana	Dealership, Storage, Shop	Roynat	\$5,500,550	USD	Yes
Ternes Driving Holding Corp	500 Ternes Drive, Monroe, MI	Dealership, Storage, Shop	Roynat	\$1,533,050	USD	Yes
87th Avenue Medley FL Holding Corp	10015 NW 87th Avenue Medley, FL, 33178	Dealership, Storage, Shop	BMO	\$1,989,400	USD	Yes
Crescentville Road Cincinnati Holding Corp	1985 E. Crescentville Road, West Chester, OH	No Pride Operations	BMO	\$5,044,000	USD	No
13184633 Canada Inc.	3600-3650 Pitfield Blvd, Pierrefonds, QC	Warehouse, Storage	NBC	\$20,190,381	CAD	Yes
12944154 Canada Inc	1943 - 45, 55th Ave, Dorval, QC	Office, Shop, Storage	NBC	\$17,681,667	CAD	No
933 Helena Holdings Inc.	933 Helena St, Fort Erie, ON	Office, Storage, Shop	Roynat	\$9,514,500	CAD	No
84 ST SE Calgary Holdings Inc.	235132 84 Street SE, Rocky View County, AB	Dealership, Storage, Shop	BMO	\$7,448,000	CAD	No
12944154 Canada Inc.	3550-3590 Pitfield Blvd, Pierrefonds, QC	Gas Station	NBC	\$6,375,383	CAD	Yes
52 Street Edmonton Holding Inc.	7403 52 Street NW, Edmonton, AB	Dealership, Storage, Shop	Roynat	\$4,664,167	CAD	No
102098416 Saskatchewan Ltd.	4600 E Victoria Ave, Regina, SK	Dealership, Storage, Shop	Roynat	\$1,256,250	CAD	No
8201 Hwy 66 Tulsa Holding Corp	8201 State Highway 66, Tulsa, OK	Office, Storage, Shop	Roynat	\$2,353,650	USD	Yes
Alexis Investments, LLC	1125 E Alexis Rd. Toledo, OH	Dealership, Storage, Shop	Roynat	\$1,189,200	USD	No
Highway 46 McFarland Holding Corp	31992 Highway 46, McFarland, CA	Office, Storage, Shop, Warehouse	Roynat	\$1,115,750	USD	No
Highway 46 McFarland Holding Corp	Hwy 99 and Hwy 46 McFarland, CA	Excess storage Land	Roynat	\$915,900	USD	No
Eastgate Missouri Holding Corp (Combined with 2929)	2726 N. EASTGATE AVE. Springfield, MO/2929 N. Eastgate Ave., Springfield,	Excess storage Land	Cash	\$0	USD	Yes
Eastgate Missouri Holding Corp	2929 N. Eastgate Ave., Springfield, MO	Dealership, Office	Roynat	\$2,877,600	USD	Yes
PGED Holding Corp	34880 LBJ Freeway, Dallas, TX	Dealership, Storage, Shop	RBC	\$4,660,327	USD	Yes
Old National Highway Holding Corp	4895 Old National Highway, College Park, GA	Dealership, Storage, Shop, Warehouse	Roynat	\$2,866,350	USD	Yes
59th Ave Phoenix Holding Corp	1021 N 59th Ave, Phoenix, Arizona	Dealership, Storage, Shop	RBC	\$2,680,063	USD	Yes
131 Industrial Blvd Holding Corp	131 Industrial Blvd, La Vergne, TN	Office, Storage, Shop, Warehouse	RBC	\$10,940,117	USD	Yes
963 Sweetwater Holding Corp	Florida Sweetwater	Corporate House	RBC US	\$3,329,403	USD	No
Oakmont Drive IN	2400 Oakmont DR	Corporate House	Cash	\$0	USD	No

## **EXHIBIT “D”**

This is Exhibit "D" referred to in the  
Affidavit of Sulakhan Johal sworn before me,  
this 26<sup>th</sup> day of March, 2024.

A handwritten signature in blue ink, consisting of several overlapping loops and strokes, positioned above a horizontal line.

A Commissioner for taking affidavits

Marko Ivanisevic  
LSO#79544M

EXHIBIT "D"



**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN CANADIAN FUNDS)**  
**YEAR ENDED DECEMBER 31, 2022**



## Independent auditor's report

To the Shareholders of Pride Group Enterprises (North America)

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### Our opinion

In our opinion, the accompanying combined consolidated financial statements present fairly, in all material respects, the financial position of the entities set out in note 1 to the combined consolidated financial statements (together, the Combined Consolidated Business) as at December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting described in note 2 to the combined consolidated financial statements.

#### What we have audited

The Combined Consolidated Business's combined consolidated financial statements comprise:

- the combined consolidated balance sheet as at December 31, 2022;
- the combined consolidated statement of income and comprehensive income for the year then ended;
- the combined consolidated statement of retained earnings for the year then ended;
- the combined consolidated statement of cash flows for the year then ended; and
- the notes to the combined consolidated financial statements, which include significant accounting policies and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the combined consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Combined Consolidated Business in accordance with the ethical requirements that are relevant to our audit of the combined consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

---

### Emphasis of matter – basis of accounting and restriction on distribution and use

We draw attention to note 2 to the combined consolidated financial statements, which describes the basis of accounting.

PricewaterhouseCoopers LLP  
PwC Centre, 354 Davis Road, Suite 600, Oakville, Ontario, Canada L6J 0C5  
T: +1 905 815 6300, F: +1 905 815 6499

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



We draw attention to the fact that, as described in note 1 to the combined consolidated financial statements, the entities included in the combined consolidated financial statements have not operated as a single entity. These combined consolidated financial statements are therefore not necessarily indicative of results that would have occurred if the businesses had operated as a single business during the year presented or of future results of the Combined Consolidated Business.

The combined consolidated financial statements are prepared to assist Pride Group Enterprises (North America) with presenting the financial position and results of the entities set out in note 1 to the combined consolidated financial statements. As a result, the combined consolidated financial statements may not be suitable for another purpose. Our report is intended solely for Pride Group Enterprises (North America).

We acknowledge the disclosure of our report, in full only, by Pride Group Enterprises (North America) at its discretion, to Royal Bank of Canada without assuming or accepting any responsibility or liability to Royal Bank of Canada or any other third party in respect of this report.

Our report should not be distributed to parties other than Pride Group Enterprises (North America) or Royal Bank of Canada. Our opinion is not modified in respect of this matter.

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### **Responsibilities of management and those charged with governance for the combined consolidated financial statements**

Management is responsible for the preparation and fair presentation of the combined consolidated financial statements in accordance with the basis of accounting described in note 2 to the combined consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of combined consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined consolidated financial statements, management is responsible for assessing the Combined Consolidated Business's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Combined Consolidated Business or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Combined Consolidated Business's financial reporting process.

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### **Auditor's responsibilities for the audit of the combined consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the combined consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards



will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Combined Consolidated Business's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Combined Consolidated Business's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Combined Consolidated Business to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined consolidated financial statements, including the disclosures, and whether the combined consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Combined Consolidated Business to express an opinion on the combined consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario  
April 27, 2023



**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**

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**(IN CANADIAN FUNDS)**

**AS AT DECEMBER 31, 2022**

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**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED BALANCE SHEET**  
**(IN CANADIAN FUNDS)**  
**AS AT DECEMBER 31, 2022**

	2022	2021
<b>ASSETS</b>		
CURRENT		
Cash <i>(Note 4)</i>	\$ 114,323,868	\$ 46,470,427
Accounts receivable <i>(Note 4)</i>	72,484,750	24,662,050
Sales tax recoverable	7,687,070	3,517,780
Inventory	330,562,420	203,452,854
Current portion of retained interest in securitized leases <i>(Notes 4, 6)</i>	18,404,602	15,191,012
Current portion of lease receivable <i>(Notes 4, 5, 6)</i>	274,096,283	82,180,747
Prepaid expenses	2,064,588	2,822,794
Deposit on inventory to be purchased	5,545,325	5,416,542
Deposit on real estate property to be purchased	3,113,552	1,415,752
	<b>828,282,458</b>	385,129,958
RETAINED INTEREST IN SECURITIZED LEASES <i>(Notes 4, 6)</i>	<b>63,416,107</b>	51,536,666
LEASE RECEIVABLE - LONG TERM <i>(Notes 4, 5, 6)</i>	<b>821,657,795</b>	229,588,929
PROPERTY AND EQUIPMENT (INCLUSIVE OF RENTAL ASSETS AND REVENUE-PRODUCING PROPERTIES) <i>(Note 7)</i>	<b>210,474,936</b>	124,419,064
INTANGIBLE ASSETS <i>(Net of accumulated amortization)</i>	<b>600,635</b>	487,845
DUE FROM RELATED PARTIES <i>(Note 17)</i>	<b>135,153,573</b>	37,957,580
DEFERRED CHARGES	<b>51,000</b>	51,000
LONG TERM INVESTMENTS <i>(Note 8)</i>	<b>400,751</b>	293,950
	<b>\$2,060,037,255</b>	\$ 829,464,992

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED BALANCE SHEET**  
**(IN CANADIAN FUNDS)**  
**AS AT DECEMBER 31, 2022**

	2022	2021
<b>LIABILITIES</b>		
CURRENT		
Operating lines of credit <i>(Note 9)</i>	\$ -	\$ 6,105,000
Floor plan facilities <i>(Note 10)</i>	277,206,734	129,212,258
Short term debt <i>(Note 11)</i>	5,740,457	3,493,296
Accounts payable and accrued liabilities <i>(Notes 4, 12)</i>	55,523,220	23,495,566
Income taxes payable	22,032,090	9,921,995
Current portion of future servicing liability	679,050	606,165
Current portion of long term debt <i>(Notes 4, 13)</i>	284,852,889	84,930,431
Current portion of obligations under capital lease <i>(Note 14)</i>	5,648,858	4,955,817
Current portion of redeemable preferred shares <i>(Notes 20, 21)</i>	350,000	300,000
	<b>652,033,298</b>	263,020,528
FUTURE SERVICING LIABILITY	1,315,478	1,095,748
LONG TERM DEBT <i>(Notes 4, 13)</i>	1,001,718,654	325,171,156
OBLIGATIONS UNDER CAPITAL LEASE <i>(Note 14)</i>	8,498,817	12,388,706
DUE TO SHAREHOLDERS	5,959	1,502,017
DEFERRED INCOME - LONG TERM	3,550,626	2,067,586
DUE TO RELATED PARTIES <i>(Note 17)</i>	2,855,143	3,807,052
DEPOSITS RECEIVED	12,044,486	12,505,117
REDEEMABLE PREFERRED SHARES <i>(Notes 20, 21)</i>	12,588,322	12,929,746
	<b>1,694,610,783</b>	634,487,656
<b>SHAREHOLDERS' EQUITY</b>		
SHARE CAPITAL <i>(Note 21)</i>	569	578
ACCUMULATED COMPREHENSIVE INCOME	11,051,434	95,812
RETAINED EARNINGS	354,374,469	194,880,946
	<b>365,426,472</b>	194,977,336
	<b>\$2,060,037,255</b>	<b>\$ 829,464,992</b>
CONTINGENT LIABILITY <i>(Note 22)</i>		
LEASE COMMITMENTS <i>(Note 16)</i>		
SUBSEQUENT EVENTS <i>(Note 23)</i>		

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME**  
**(IN CANADIAN FUNDS)**  
**YEAR ENDED DECEMBER 31, 2022**

	2022	2021
<b>REVENUES</b>		
Sale of equipment and parts	\$1,205,571,714	\$ 673,979,410
Gain on sale of lease receivables <i>(Note 6)</i>	21,841,996	39,169,393
Freight and transportation income	130,593,533	99,405,923
Fuel and garage revenues	5,842,717	3,052,504
Interest, admin and referral fees	86,054,949	39,314,531
Other income	5,415,010	3,170,776
	<u>1,455,319,919</u>	<u>858,092,537</u>
<b>COST OF SALES</b>		
Equipment and parts <i>(Note 15)</i>	1,007,687,840	578,101,707
Freight and transportation	95,167,505	76,816,401
Fuel and garage	3,628,831	1,993,094
	<u>1,106,484,176</u>	<u>656,911,202</u>
<b>GROSS PROFIT</b>	<u>348,835,743</u>	<u>201,181,335</u>
<b>OTHER INCOME (EXPENSES)</b>		
Real estate rental income	4,048,923	3,614,992
Foreign exchange loss	(2,599,225)	(662,699)
Gain (loss) on disposal of assets	18,660,256	3,436,267
Equipment rental income	16,471,779	5,312,218
	<u>36,581,733</u>	<u>11,700,778</u>
<b>GENERAL, SALES AND ADMINISTRATION (SCHEDULE 1)</b>	<u>121,003,378</u>	<u>49,119,657</u>
<b>INCOME BEFORE THE UNDERNOTED</b>	<u>264,414,098</u>	<u>163,762,456</u>
<b>FINANCIAL COSTS AND AMORTIZATION</b>		
Amortization	18,614,613	11,844,595
Interest on long term debt	41,263,965	13,096,863
Interest on obligations under capital lease	515,484	1,494,662
Interest on short term debt and bank charges	9,439,285	4,286,826
	<u>69,833,347</u>	<u>30,722,946</u>
<b>INCOME BEFORE INCOME TAXES</b>	<u>194,580,751</u>	<u>133,039,510</u>
<b>INCOME TAXES <i>(Note 18)</i></b>	<u>22,239,599</u>	<u>10,207,640</u>
<b>NET INCOME FOR THE YEAR</b>	<u>172,341,152</u>	<u>122,831,870</u>
<b>CHANGES IN COMPREHENSIVE INCOME</b>		
Foreign currency translation gain	11,141,246	656,899
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 183,482,398</u>	<u>\$ 123,488,769</u>

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED STATEMENT OF RETAINED EARNINGS**  
**(IN CANADIAN FUNDS)**  
**YEAR ENDED DECEMBER 31, 2022**

	<b>2022</b>	2021
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	<b>\$ 194,880,946</b>	\$ 89,202,833
NET INCOME FOR THE YEAR	<u><b>172,341,152</b></u>	<u>122,831,870</u>
	<b>367,222,098</b>	212,034,703
DIVIDENDS PAID/CORPORATE PARTNER WITHDRAWALS	<b>(12,754,043)</b>	(3,664,350)
PREMIUM ON REDEMPTION OF SHARES	<b>(93,586)</b>	(93,587)
REDUCTION UPON RECLASSIFICATION OF REDEEMABLE PREFERRED SHARES	<u>-</u>	<u>(13,395,820)</u>
<b>RETAINED EARNINGS - END OF YEAR</b>	<u><b>\$ 354,374,469</b></u>	<u>\$ 194,880,946</u>

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(IN CANADIAN FUNDS)**  
**YEAR ENDED DECEMBER 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 172,341,152	\$ 122,831,870
Items not affecting cash:		
Amortization of property and equipment	18,614,613	11,844,595
Gain on disposal of assets	(8,284,088)	(187,431)
Bad debt	1,018,251	-
Provision for future losses on lease receivable	10,264,620	3,018,975
	<u>193,954,548</u>	<u>137,508,009</u>
Changes in non-cash working capital:		
Accounts receivable	(47,822,700)	(2,462,561)
Inventory	(127,109,566)	(157,926,235)
Lease receivable	(794,249,022)	(131,494,579)
Retained interest	(15,093,031)	(37,042,525)
Accounts payable and accrued liabilities	32,027,652	10,880,026
Deposit on inventory to be purchased	(128,783)	(1,270,744)
Income taxes payable	12,110,095	9,325,145
Deposits on real estate	(1,697,800)	(1,415,752)
Sales tax payable	(4,156,177)	(5,008,344)
Deposits received	(460,631)	9,639,062
Prepaid expenses	758,206	(1,440,537)
Servicing liabilities	292,615	856,707
Deferred income	1,483,040	1,138,037
	<u>(944,046,102)</u>	<u>(306,222,300)</u>
Cash flow used by operating activities	<u>(750,091,554)</u>	<u>(168,714,291)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(160,881,312)	(40,425,070)
Proceeds on disposal of property and equipment	74,419,163	7,375,922
Purchase of intangible assets	(112,790)	(152,368)
Increase in long term investment	(106,801)	(400)
Advances to related parties	(99,643,958)	(24,982,349)
Cash flow used by investing activities	<u>(186,325,698)</u>	<u>(58,184,265)</u>
<b>FINANCING ACTIVITIES</b>		
Dividends paid/corporate partner withdrawals	(12,754,043)	(3,664,350)
Repayments of operating lines of credit	(6,105,000)	(1,955,000)
Net proceeds from floor plan financing	147,994,476	66,705,151
Proceeds (repayment) from short term debt financing	2,247,161	(14,879)
Net proceeds from long-term bank loans and finance contracts	876,469,957	217,470,991
Repayment of obligations under capital lease	(3,196,848)	(6,314,841)
Redemption of shares	(385,010)	(260,017)

*(continues)*

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED STATEMENT OF CASH FLOWS** *(continued)*  
**(IN CANADIAN FUNDS)**  
**YEAR ENDED DECEMBER 31, 2022**

	<b>2022</b>	2021
Cash flow from financing activities	<u><b>1,004,270,693</b></u>	<u>271,967,055</u>
<b>INCREASE IN CASH FLOW</b>	<b>67,853,441</b>	45,068,499
Cash - beginning of year	<u><b>46,470,427</b></u>	<u>1,401,928</u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 114,323,868</b></u>	<u>\$ 46,470,427</u>

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**  
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**1. NATURE OF OPERATIONS**

Pride Group Enterprises (the company) comprise a number of related party entities, related through common control. The entities operate as stand-alone businesses as described below:

Pride Truck Sales Ltd., incorporated under the Business Corporations Act of Ontario. The company's principal business activity is selling used heavy trucks, trailers and other similar equipment.

TPINE Truck Rental Inc., incorporated under the Business Corporations Act of the Province of Ontario. The company's principal business activity is selling and rental of new heavy trucks, trailers and other similar equipment.

Pride Group Logistics Ltd., incorporated under the Business Corporations Act of Ontario. The company's principal business activity is transportation and freight logistics.

TPINE Leasing Capital Corporation, incorporated under the Canada Business Corporations Act. The company's principal business activity is leasing and financing of equipment for companies in a wide variety of industries.

Pride Fleet Solutions Inc., incorporated under the Business Corporations Act of Ontario. The company's principal business activities is providing repair and maintenance services and selling fuel.

TPINE Canada Securitization LP, registered under the Limited Partnership Act of Ontario. The partnership is a special purpose entity to hold and securitize lease receivables. The partnership was registered on September 7, 2021.

Pride Truck Sales L.P., registered under the Delaware Revised Uniform Limited Partnership Act. The partnership's principal business activity is selling used heavy trucks, trailers and other similar equipment.

TPINE Leasing Capital L.P., registered under the Delaware Revised Uniform Limited Partnership Act. The partnership's principal business activity is leasing and financing of equipment for companies in a wide variety of industries.

TPINE Rental USA Inc., incorporated under the General Corporation Law of the State of Delaware. The company's principal business activity is selling and rental of new heavy trucks, trailers and other similar equipment.

TPINE USA Funding I LLC., incorporated under the General Corporation Law of the State of Delaware. The company is a special purpose entity to hold and securitize lease receivables. The company was incorporated on August 31, 2021.

TPINE USA Funding II LLC., incorporated under the General Corporation Law of the State of Delaware. The company is a special purpose entity to hold and securitize lease receivables. The company was incorporated on September 15, 2021.

TPINE USA Funding III LLC., incorporated under the General Corporation Law of the State of Delaware. The company is a special purpose entity to hold and securitize lease receivables. The company was incorporated on March 4, 2022.

Pride Group Holdings Inc., incorporated under the Canada Business Corporations Act. The company's principal business activity is holding investments and secured lender to the intercompany advances.

2043002 Ontario Inc., incorporated under the Business Corporations Act of Ontario. The company's principal business activity is holding real property.

2076401 Ontario Inc., incorporated under the Business Corporations Act of Ontario. The company's principal business activity is holding real property.

The company has not operated as a single entity and the Combined Consolidated Financial Statements are not necessarily indicative of results that would have occurred if the company had been a single entity during the period presented or of future results of the company.



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**2. BASIS OF PRESENTATION**

The combined consolidated financial statements were prepared in accordance with Canadian accounting standards for private enterprises as specified in Part II of the Chartered Professional Accountants of Canada Handbook. These combined consolidated financial statements were prepared in connection with the agreement between Royal Bank of Canada (as administrative agent) and the company, dated November 4, 2022. These combined consolidated financial statements include the accounts of the related party entities as described in Note 1. All significant intercompany balances have been eliminated upon consolidation or combination, where appropriate.

These combined consolidated financial statements do not consolidate the following wholly owned subsidiaries and are accounted for at cost:

1. 2108184 Alberta Ltd.,
2. 2029909 Ontario Inc.
3. 102098416 Saskatchewan Ltd.
4. Block 6 Holding Inc.
5. 12944154 Canada Inc.
6. 13184633 Canada Inc.
7. 2837229 Ontario Inc.
8. 2863283 Ontario Inc.
9. Pride Group Real Estate Holdings Inc.
10. 177A Street Surrey Holding Inc.
11. Pride Global Insurance Company Ltd.

Balance derived from the company's US dollar denominated entities included in these financial statements have been translated to Canadian dollars using the US dollar exchange rate published by Bank of Canada. The average US dollar exchange rate for 2022 was \$1.30 (2021: \$1.25), and the rate as at year-end date was \$1.36 (2021: \$1.27)

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Revenue recognition

Revenue recognition policies of the underlying entities are as follows:

**Pride Truck Sales Ltd., TPINE Truck Rental Inc., Pride Trucks Sales LP and TPINE Rental USA Inc.**

The companies recognize revenues when they are earned, specifically when all the following conditions are met:

1. title is passed to customer, which is generally at the time trucks are delivered;
2. there is clear evidence that an arrangement exists;
3. amounts are fixed or can be determined;
4. the ability to collect is reasonably assured.

Unearned revenue is recognized upon delivery of the sold assets to the customer.

Rental revenue is recognized in the combined consolidated statement of income on a straight-line basis over the rental term.

The Company recognizes revenue from the sale of third party extended warranty programs, net of discounts and costs to acquire third party warranties, actual and estimated returns and sales tax, when persuasive evidence of an arrangement exists, price to the buyer is fixed or determinable, delivery has occurred and collectibility is reasonably assured.

**Pride Group Logistics Ltd.**

The company recognizes revenues when they are earned, specifically when all the following conditions are met:

1. services are provided or products are delivered to customers;
2. there is clear evidence that an arrangement exists;
3. amounts are fixed or can be determined;
4. the ability to collect is reasonably assured.

**TPINE Leasing Capital Corporation and TPINE Leasing Capital LP**

The company leases equipment which transfers substantially all of the risks and benefits incidental to ownership to the lessee. These leases are accounted for as direct financing leases.

Income related to direct financing leases is recognized in a manner to produce a constant rate of return on the investment over the life of the lease.

Interest income on lease receivables is recognized as revenue over the term of the lessee contract as earned on an effective yield basis.

Rental revenue is recognized straight-line basis over the rental term.

Referral income is received when the company facilitates a lease arrangement between a lessee and a third party lessor. Referral income is recognized as income when collected.

*(continues)*

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Administration and other fees is recognized upon execution of the lease agreement.

Net gain on sale of leased assets is recognized at the time of return, early termination or disposal of a lease. The gain or loss is calculated by deducting the unrecovered cost of the leased asset from the proceeds of disposition.

The income from real estate rental is recognized on a straight-line basis over the term of the respective lease.

Retained interest in lease receivable securitized

The retained interest in lease receivable securitized is carried at lower of cost and fair value and represents the company's retained interest in the discounted cash flow in the lease receivable, at predetermined limits.

The retained interest in lease receivable securitized is increased by the interest accretion on effective yield basis and decreased only as cash is received by the company. The retained interest represents the company's maximum exposure to losses on securitized lease receivables and there is no recourse to company's other assets. On a quarterly basis, the carrying value of retained interest in securitized loans is compared to the net book value of the securitized lease receivables, and accordingly, cash reserves are released based on predetermined thresholds. Furthermore, on a quarterly basis, the carrying value of the retained interest in lease receivable securitized is reviewed for impairment based on its fair value. Fair value is subject to credit, prepayment and interest rate risk.

Transfer of lease receivable

The company securitizes a portion of its lease receivable by selling them to arm's length entities. The agreements require the company to provide lease receivables in excess of the initial proceeds received and a cash reserve account, which is classified as retained interest in securitized leases. Upon completion of the sale, the company de-recognizes the leases receivable and the related credit allowance and deferred financing fees, recognizes all assets obtained in consideration as proceeds of the sale, deducts transaction and servicing liabilities incurred and recognizes any gain or loss on the sale.

A gain or loss on sale is recognized at the time of the securitization. The gain or loss on sale depends in part on the previous carrying amount of the receivables involved in the transfer, allocated between the assets sold and the retained interest based on their relative fair market value at the date of the transfer. The company estimates fair value based on the present value of future expected cash flows using management's best estimates of the key assumptions of credit losses, prepayment rates, and discount rates commensurate with the risk involved.

The lease receivables are sold either on a fully serviced basis or serviced by the purchaser on a non-notification basis, with the purchaser bearing the servicing costs. Accordingly, upon each fully serviced securitization, the company records a servicing liability to recognize the estimated costs associated to servicing each tranche sold till maturity or termination of the lease. Management estimates the servicing liability to be that of what would otherwise be payable to a replacement servicer in determination of the fair market value of the servicing liability that is charged against the gain or loss at the time of recognizing the sale of securitized assets.

*(continues)*

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Lease receivables

Lease receivables are recorded at fair value at inception, and subsequent measurement is recorded at amortized cost, net of unearned income and allowance for losses and doubtful accounts.

The company maintains allowances for doubtful accounts and losses on leases, at amounts that management believes are sufficient to provide adequate coverage against losses that currently exist within the portfolios.

The allowances are determined principally on the basis of historical performance of the portfolios and reflect management's best estimates of potential losses considering current economic conditions and the nature and characteristics of the leases receivables.

Lease receivables are classified as impaired when payments are 90 days past due and as such interest income ceases to be recorded.

Servicing liability

The servicing liability is amortized to income over the life of the securitized assets on an effective yield basis and is recorded in net securitization income.

Financial instruments policy

*Initial and subsequent measurement*

The company initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The company subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments and derivative financial instruments that are quoted in an active market, which are measured at fair value. Changes in the fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable, sales tax receivable, lease receivable and retained interest in securitized leases.

Financial liabilities measured at amortized cost include operating lines of credit, short term debt, floor plan facilities, accounts payable and accrued liabilities, long term debt and obligations under capital leases.

Impairment of financial instruments

At the end of each reporting period the company assesses whether there are indicators that a financial asset, or a group of similar assets, measured at amortized costs may be impaired. Where there is indication of impairment, the company will determine whether a significant adverse change has occurred during the period in the expected timing or amounts of future cash flows from the financial assets or group of similar financial assets. The carrying amount of the asset or group of assets will be reduced directly or through the use of an allowance account by the amount of the significant adverse change. The amount of reduction is recognized as an impairment loss in net earnings.

When the extent of impairment of a previously written-down asset, or group of assets, decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by the allowance accounts. The adjusted carrying amount on the combined consolidated financial statements is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of reversal is recognized in net earnings in the period the reversal occurs.

*(continues)*

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined using the specific identification methods.

Inventory costs consist of the cost to purchase and other costs incurred in bringing the inventory to its present location and condition. An obsolescence provision is recognized when the goods' net realizable value is lower than cost.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized over their estimated life at the following rates and methods:

Buildings	4%	declining balance method
Computer equipment	55%	declining balance method
Equipment	20%	declining balance method
Furniture and fixtures	20%	declining balance method
Haulage fleet equipment	10 years	straight-line method
Leasehold improvements	5-10 years	straight-line method
Rental assets	10 years	straight-line method
Vehicles	30%	declining balance method

The company regularly reviews its property and equipment to eliminate obsolete items.

Property and equipment acquired during the year but not placed into use are classified as Construction in Progress and are not amortized until they are placed into use. All additions made during the year are amortized at 50% of the above rates.

Impairment of long-lived assets

The company tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Income taxes

The company uses the income taxes payable method of accounting for income taxes. Under this method, the company reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rates established by taxation authorities.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

*(continues)*

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)***

Foreign currency translation

Transactions in foreign currencies have been translated into Canadian dollars using the temporal method. Accounts of foreign operations have been translated into Canadian dollars using current rate method. Under this method, assets and liabilities have been translated at the year end exchange rate. Revenues and expenses have been translated at the average rates of exchange during the year.

Foreign exchange gains and losses on assets and liabilities are included in the accumulated other comprehensive income.

Measurement uncertainty

The preparation of combined consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Deferred interest income

The company records the total value of the lease payments to be received under the lease terms at the commencement of the lease. The deferred income is then amortized based on the yield of each lease.

Shares issued in tax planning arrangements

Preferred shares issued in tax planning arrangements may be presented within shareholders' equity if the following criteria are met: (a) the shareholder receiving the shares in the arrangement retains control of the Company; (b) the company receives no consideration for the preferred shares or only the other classes of the company's shares are exchanged for the preferred shares upon issuance; and (c) no redemption schedule or other oral or written arrangement exists that gives the holder rights to redeem the shares at a fixed or determinable date or within a fixed or determinable period. When presented in equity, preferred shares issued in a tax planning arrangement are recorded at their par, stated or assigned value. The company assesses if preferred shares issued in a tax planning arrangement continue to meet the above criteria as described at the end of each reporting period.

When the shares do not meet all of the above criteria, they are classified as a financial liability and presented separately from other liabilities on the balance sheet. These shares are initially and subsequently measured at their redemption amount.

When shares initially classified as equity cease to meet all of the criteria they are reclassified to financial liabilities. Any resulting adjustment from initial classification or subsequent reclassification to liabilities is recognized in retained earnings. Shares classified as a financial liability are not subsequently reclassified to equity.

**4. SPECIAL PURPOSE ENTITIES**

During the year, the company transferred lease receivables of \$267,428,939 to Tpine Canada Securitization LP, US\$82,774,327 to Tpine USA Funding I LLC, US\$148,757,291 to Tpine USA Funding II LLC and US\$53,519,556 to Tpine USA Funding III LLC (combined "the SPEs"). The SPEs are used to hold and securitize lease receivable on behalf of the company.

The following table summarizes the carrying amounts of the consolidated SPEs' assets and liabilities included in the company's balance sheet and are adjusted for intercompany eliminations. All assets of the SPEs presented can be used only to settle obligations of the SPEs and all liabilities presented consist of liabilities for which creditors have no recourse to the general credit of the company.

*(continues)*

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**4. SPECIAL PURPOSE ENTITIES (continued)**

	2022	2021
<b>Assets</b>		
Cash - Tpine Canada Securitization LP	\$ 10,648,626	\$ -
Cash - Tpine USA Funding I LLC	5,821,764	647,193
Cash - Tpine USA Funding II LLC	5,905,184	-
Cash - Tpine USA Funding III LLC	1,002,543	-
Total cash and cash equivalent	23,378,117	647,193
Accounts receivables - Tpine Canada Securitization LP	1,465,062	-
Accounts receivables - Tpine USA Funding I LLC	4,485,544	1,663
Accounts receivables - Tpine USA Funding II LLC	5,138,660	-
Accounts receivables - Tpine USA Funding III LLC	1,812,153	-
Total accounts receivables	12,901,419	1,663
Current and long term lease receivables - Tpine Canada Securitization LP	243,378,698	-
Current and long term lease receivables - Tpine USA Funding I LLC	137,104,838	50,990,714
Current and long term lease receivables - Tpine USA Funding II LLC	178,466,957	-
Current and long term lease receivables - Tpine USA Funding III LLC	58,271,971	-
Total lease receivables	617,222,464	50,990,714
Retained interest in securitized leases - Tpine Canada Securitization LP	3,777,110	-
Retained interest in securitized leases - Tpine USA Funding I LLC	4,548,557	1,027,535
Retained interest in securitized leases - Tpine USA Funding III LLC	5,289,559	-
Total retained interest in securitized leases	13,615,226	1,027,535
Total assets for SPEs	\$ 667,117,226	\$ 52,667,105
<b>Liabilities</b>		
Accrued liabilities - Tpine Canada Securitization LP	\$ 1,862,986	\$ -
Accrued liabilities - Tpine USA Funding I LLC	733,133	156,992
Accrued liabilities - Tpine USA Funding II LLC	882,815	-
Accrued liabilities - Tpine USA Funding III LLC	2,213,919	-
Total accrued liabilities	5,692,853	156,992
Current and long term portions of debt - Tpine Canada Securitization LP	225,941,151	-
Current and long term portions of debt - Tpine USA Funding I LLC	124,570,999	55,538,340
Current and long term portions of debt - Tpine USA Funding II LLC	157,449,345	-
Current and long term portions of debt - Tpine USA Funding III LLC	61,294,341	-
Total long term debt	569,255,836	55,538,340
Total liabilities for SPEs	\$ 574,948,689	\$ 55,695,332

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**5. INVESTMENT IN LEASES**

	<u>2022</u>	<u>2021</u>
Current portion of minimum lease payments receivable	\$ 403,791,401	\$ 119,917,345
Long-term portion of minimum lease payments receivable	1,003,499,564	278,858,176
Less: Current portion of deferred income	(129,695,118)	(37,736,597)
Less: Long-term portion of deferred income	(170,761,046)	(47,419,247)
Provision for future losses	(11,080,723)	(1,850,000)
	<u>\$1,095,754,078</u>	<u>\$ 311,769,677</u>

The company's net investment in leases represents direct financing leases with terms varying from 12 to 84 months. As at the balance sheet date, the Canadian portfolio is yielding 9.41% (2021: 9.30%) and USA portfolio is yielding 16.25% (2021: 16.38%). Net investment in leases is collateralized by the underlying equipment. Additionally, the lessees may have provided personal and corporate guarantees, collateral mortgages on real estate, liens on other assets, and co-guarantors when funders required. As discussed in *Note 4* and *Note 6*, certain leases have been securitized pursuant to various agreements with certain lenders.

The company records the total value of minimum lease payments to be received under the lease term at the commencement of the lease. The deferred income is then amortized based on the yield of each lease.



**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
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**6. SECURITIZATION OF LEASE RECEIVABLES**

In connection with its securitization, the company sells, assigns and sets over to third-party assignees, certain rights and interest in the specified lease receivables.

	<u>2022</u>	<u>2021</u>
<u>Net gain from securitization activities</u>		
Gross proceeds from securitization	\$ 285,736,953	\$ 422,726,614
Book value of leases sold	<u>(261,121,097)</u>	<u>(379,764,184)</u>
Gross gain from securitization activities	24,615,856	42,962,430
Less: cash reserve discount	(330,694)	(432,664)
Less: provision for servicing of leases sold	(292,616)	(856,706)
Less: provision for future losses on securitized leases	<u>(2,150,550)</u>	<u>(2,503,667)</u>
Net gain from securitization activities	<u>\$ 21,841,996</u>	<u>\$ 39,169,393</u>

The retained interest balance represents the cash holdback that is held in trust with third-party purchasers of the securitized lease receivables.

<u>Retained interest</u>		
Opening balance	\$ 66,727,678	\$ 29,685,153
Add: additions	49,555,179	59,904,369
Add: interest on retained interest	366,355	112,995
Less: receipt of retained interest	(32,347,259)	(20,027,935)
Less: fair value adjustment	(330,694)	(432,664)
Less: provision for future losses on securitized leases	<u>(2,150,550)</u>	<u>(2,514,240)</u>
Net carrying amount of retained interest	81,820,709	66,727,678
Current portion of retained interest	<u>(18,404,602)</u>	<u>(15,191,012)</u>
Long term portion of retained interest	<u>\$ 63,416,107</u>	<u>\$ 51,536,666</u>

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
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**7. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	<b>2022 Net book value</b>	2021 Net book value
Computer equipment	\$ 1,553,921	\$ 1,057,985	\$ <b>495,936</b>	\$ 412,179
Equipment	879,327	320,661	<b>558,666</b>	286,776
Furniture and fixtures	880,369	284,197	<b>596,172</b>	575,924
Haulage fleet equipment	98,042,244	13,153,323	<b>84,888,921</b>	43,340,022
Leasehold improvements	4,080,641	696,873	<b>3,383,768</b>	1,038,388
Motor vehicles	2,038,099	1,346,467	<b>691,632</b>	768,686
Rental assets	111,339,151	17,320,460	<b>94,018,691</b>	52,223,387
Revenue-producing properties	27,487,572	1,646,422	<b>25,841,150</b>	25,773,702
	<b>\$ 246,301,324</b>	<b>\$ 35,826,388</b>	<b>\$ 210,474,936</b>	<b>\$ 124,419,064</b>

Revenue-producing properties consist of the following:

	Cost	Accumulated amortization	<b>2022 Net book value</b>	2021 Net book value
Land	\$ 16,515,737	\$ -	\$ <b>16,515,737</b>	\$ 16,515,737
Building	10,971,835	1,646,422	<b>9,325,413</b>	9,257,965
	<b>\$ 27,487,572</b>	<b>\$ 1,646,422</b>	<b>\$ 25,841,150</b>	<b>\$ 25,773,702</b>

**8. LONG TERM INVESTMENTS**

Long term investments consist of the company's investments in certain wholly owned subsidiaries that have not been consolidated in the combined consolidated financial statements. The company records its investments in non-consolidated subsidiaries using the cost method.

**9. OPERATING LINE OF CREDIT**

The company obtained a operating revolving line up to \$20,000,000, margined against the company's eligible accounts receivables, bearing interest at CDOR plus 2.00% per annum and secured as follows:

- a) General Security Agreement;
- b) Guarantee and postponement of claim by guarantors;

The total amount borrowed under this facility by the related group is \$nil (2021 - \$6,105,000).

The credit facility agreement contains restrictive covenants. In addition, the credit facility agreement requires the borrowing group to periodically meet specific ratios, on a combined basis. As at year-end, the borrowing group has met all of its covenants on a combined basis.

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**10. FLOOR PLAN FACILITIES**

The company has floor plan and warehouse credit facilities with five lenders as described below:

1. The company has a floor plan facility of up to US\$90,000,000, or CAD equivalent, which bears interest at a floating rate of Bankers' Acceptance rate plus 3.80% on Canadian dollar balances, and SOFR plus 4.07% on U.S. dollar balances. Collateral and security on this credit facility are as follow
  - a) General assignment of company assets to lender under a General Security Agreement and Uniform Commercial Code Filing respectively;
  - b) Guarantees from related party corporations;
  - c) Limited guarantee and postponement of claim by directors;
  - d) Limited assignment of insurance policy on life of directors, held personally;
  - e) First ranking security interest on the inventory and equipment financed.

The amount borrowed under this facility by the company is \$123,406,390 (2021 - \$82,476,055).

The credit facility is repayable within certain period following delivery of the underlying equipment to the purchaser or within the curtailment period agreed upon by the lender.

In addition, the credit facility agreement requires the borrowing group to periodically meet specific ratios, on a combined and cross default basis. As at year-end, the borrowing group has met all of its covenants on a combined basis.

2. The company has an additional floor plan credit facility of up to \$100,000,000, which bears interest at CDOR plus 1.85% per annum and is secured as described in *Note 9*.

The amount borrowed under this facility by the company is \$92,046,724 (2021 - \$43,915,962).

The credit facility is repayable within certain period following delivery of the underlying equipment to the purchaser or within the curtailment period agreed upon by the lender.

In addition, the credit facility agreement requires the borrowing group to periodically meet specific ratios, on a combined basis. As at year-end, the borrowing group has met all of its covenants on a combined basis.

3. The company has obtained an additional floor plan facility of up to US\$50,000,000, which bears interest at SOFR plus 2.50% per annum. Collateral and security on this credit facility are as follow
  - a) A first priority, perfected security interest in, among other collateral, new trucks, tractors and trailers, all accessions thereto, all chattel paper arising therefrom, and all proceeds of any of the foregoing that are funded by this funder only;
  - b) Guarantees from related party corporations;

The amount borrowed under this facility by the company is US\$45,512,488 (2021 - \$nil).

The credit facility is repayable within certain period following delivery of the underlying equipment to the purchaser or within the curtailment period agreed upon by the lender.

4. The company has obtained a warehouse facility of up to \$10,000,000, which bears interest at lender's floating base rate. Collateral and security on this credit facility are as follow
  - a) General assignment of company assets to lender under a General Security Agreement;
  - b) Guarantees from related party corporations;
  - c) Security interest on the inventory and equipment financed.

The amount borrowed under this facility by the company is \$nil (2021 - \$1,193,790).

The credit facility is repayable within certain period following delivery of the underlying equipment to the purchaser or within the curtailment period agreed upon by the lender.

*(continues)*

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**10. FLOOR PLAN FACILITIES *(continued)***

5. The company has obtained a warehouse facility of up to US\$4,000,000, which bears interest at US Prime rate plus 4.00%. Collateral and security on this credit facility are as follow

- a) General assignment of company assets to lender under a Uniform Commercial Code Filing;
- b) Guarantees from related party corporations;
- c) Security interest on the inventory and equipment financed.

The credit facility is repayable within certain period following delivery of the underlying equipment to the purchaser or within the curtailment period agreed upon by the lender.

As of December 31, 2022, balance on the credit facility has been fully paid off and the company has terminated the credit facility.

**11. SHORT TERM DEBT**

The company has short term debts as described below

- 1. The company obtained a term loan of US\$2,755,400, which bears interest at 7.35% per annum and monthly interest only payment. The loan is to fund the deposit for inventory purchase and is secured by an assignment of the underlying Reservation Agreement on the inventory purchase. The principle shall be paid in full upon the earlier of a) the delivery to the company of the inventory and b) December 30, 2023.
- 2. The company obtained a term loan of \$1,356,840, which bears interest at 5% per annum and monthly interest only payment. The loan is to fund the deposit for inventory purchase and is secured by an assignment of the underlying specified Purchase Order on the inventory purchase. The principle shall be paid in full upon the earlier of a) the delivery to the company of the inventory and b) December 30, 2023.
- 3. The company obtained a term loan of \$696,762, which bears interest at 7.35% per annum and monthly interest only payment. The loan is to fund the deposit for inventory purchase and is secured by an assignment of the underlying specified Purchase Order on the inventory purchase. The principle shall be paid in full upon the earlier of a) the delivery to the company of the inventory and b) December 30, 2023.

**12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities are government remittances payable totaling \$107,316 (2021: \$78,565).

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**13. LONG TERM DEBT**

	<b>2022</b>	2021
Bulk Lease Facility (i): the loan is discounted at rates ranging from 5.76% to 5.78% per annum. The debt is repayable in monthly blended payments. The loans mature between December 2023 to January 2024	<b>\$ 348,993</b>	\$ 599,213
Revolving Line (ii): monthly principal and interest blended repayments, bearing interest ranging from 3.46% to 8.01% per annum, maturing in fiscal 2023 to 2027.	<b>169,457,276</b>	83,605,021
Revolving Line (iii): monthly principal and interest blended repayments, bearing interest ranging from 1.37% to 7.50% per annum, maturing in fiscal 2023 to 2027.	<b>54,338,336</b>	41,022,437
Revolving Line (iv): monthly principal and interest blended repayments, bearing interest ranging from 1.22% to 8.19% per annum, maturing in fiscal 2023 to 2027	<b>52,412,268</b>	28,108,946
Revolving Wholesale Lease Facility (v): monthly principal and interest blended repayments, bearing interest of CDOR+1.85% per annum in Canada and SOFR+1.85% per annum in the US, maturing in fiscal 2027.	<b>236,677,801</b>	36,594,657
Revolving Line (vi): monthly principal and interest blended repayments, bearing interest ranging from 5.39% to 9.81% per annum, maturing in fiscal 2023 to 2027.	<b>10,337,981</b>	12,067,564
Asset Based Revolving Facility (vii): monthly principal and interest blended repayments, bearing interest of Prime+3.75% per annum, maturing in fiscal 2027.	<b>18,557,202</b>	24,958,939
Revolving Lease Line (viii): monthly principal and interest blended repayments, bearing interest of CDOR+0.785% per annum, maturing in fiscal 2027.	<b>6,659,939</b>	8,636,393
Revolving Equipment Term Facility (ix): monthly principal and interest blended repayments, bearing interest of Banker's Acceptance rate+3% per annum, maturing in 2024 to 2027.	<b>23,964,896</b>	22,535,694
Asset Based Revolving Facility (x): monthly principal and interest blended repayments, bearing interest of Cost of Funds+3.00% per annum, maturing in fiscal 2027.	<b>18,036,023</b>	-
Equipment Term Facility (xi): monthly principal and interest blended repayments, bearing interest of SOFR+2.50% per annum, maturing in fiscal 2027.	<b>23,783,276</b>	-
Asset Based Revolving Facility (xii): monthly principal and interest blended repayments, bearing interest of Prime+0% per annum, maturing in fiscal 2029.	<b>15,995,308</b>	-

*(continues)*

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**13. LONG TERM DEBT (continued)**

	<u>2022</u>	<u>2021</u>
Multi Draw Term Facility (xiii): monthly principal and interest blended repayments, bearing interest of CDOR+2.00% per annum, maturing in 2026.	<b>66,417,609</b>	69,349,500
Term Loan (xiv): monthly principal and interest blended repayments, bearing interest ranging from 2% to 6.37% per annum, maturing in fiscal 2023 to 2028.	<b>20,328,799</b>	27,084,883
Asset based securitization facility (xv): monthly principal and interest blended repayments, bearing interest of Funder's cost of fund, which was 4.3% as of December 31, 2022 + 1.30% per annum program fee, maturing in fiscal 2028.	<b>225,941,151</b>	-
Asset based securitization facility (xvi): monthly principal and interest blended repayments, bearing interest of SOFR+2.50% per annum, maturing in fiscal 2027.	<b>124,570,999</b>	55,538,340
Asset based securitization facility (xvii): monthly principal and interest blended repayments, bearing interest of one SOFR+2.35% per annum, maturing in fiscal 2027.	<b>157,449,345</b>	-
Asset based securitization facility (xviii): monthly principal and interest blended repayments, bearing interest of Weighted Average US Treasury Rate+4.50% per annum, maturing in fiscal 2028.	<b>61,294,341</b>	-
	<b>1,286,571,543</b>	410,101,587
Amounts payable within one year	<b>(284,852,889)</b>	(84,930,431)
	<b><u>\$1,001,718,654</u></b>	<b><u>\$ 325,171,156</u></b>

Current portion break down is as follows:

2023	\$ 284,852,889
2024	267,591,434
2025	260,380,521
2026	243,697,498
2027	150,628,410
Thereafter	79,420,792
	<b><u>\$ 1,286,571,544</u></b>

(i) The company has a credit facility of up to \$60,000,000 under a Bulk Lease Facility Agreement. The principal amount of each advance is equal to the aggregate net book value of each lease financed under such advance. The loan is secured by a General Security Agreement, leases financed under each advance and the equipment leased. Such facility has been wound down and remaining balance to be repaid according to the repayment schedule. The credit facility has been replaced by a Master Purchase and Sales Agreement. The Master Purchase and Sales Agreement contains restrictive covenants. As at year-end, the company has met the required covenants.

(continues)

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
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**13. LONG TERM DEBT *(continued)***

(ii) The company has revolving credit facility of up to US\$100,000,000 for Canadian domiciled leases and US\$100,000,000 for US domiciled lessors, to purchase and lease out to third-party lessees, certain equipment made by an Original Equipment Manufacturer (OEM). The principal amount of each advance is equal to the cost of the underlying equipment, less any downpayments. The loan is secured by the underlying assets, a General Security Agreement and Uniform Commercial Code Filing registered on the borrower and guarantees and postponements of claim from related party corporations, shareholder and directors. Also, there is another revolving credit facility of \$8,000,000 to finance certain equipment. The principal amount of each advance is equal to the cost of the underlying equipment, less any downpayments. The loan is secured by the underlying assets, a General Security Agreement and guarantees and postponements of claim from related party corporations, shareholder and directors.

(iii) The company obtained a revolving credit facility of up to \$35,000,000 and US\$30,000,000 to purchase and lease out to third-party lessees, certain equipment made by an Original Equipment Manufacturer (OEM). The principal amount of each advance is equal to the cost of the underlying equipment, less any downpayments. The loan is secured by the underlying asset, a General Security Agreement and Uniform Commercial Code Filing registered on the borrower and guarantees and postponements of claim from related party corporations, shareholders and directors.

(iv) The company has a revolving credit facility of up to US\$50,000,000 to purchase and lease out to third-party lessees, certain equipment made by an Original Equipment Manufacturer (OEM). The principal amount of each advance is equal to the cost of the underlying equipment, less any downpayments. The loan is secured by the underlying assets, a General Security Agreement and Uniform Commercial Code Filing registered on the borrower and guarantees and postponements of claim from related party corporations, shareholder and directors.

(v) ) The company obtained a revolving credit facility of up to \$265,000,000 for Canadian domiciled lessees and US\$250,000,000 for US domiciled lessees, which includes swing lines of \$20,000,000 and US\$30,000,000 limit, to lease out to third-party lessees, certain equipment. The principal amount of each advance is equal to the cost of the underlying equipment, less any downpayments. The loan is secured by the underlying asset and a General Security Agreement. The credit facility contains restrictive covenants. As at year-end, the company has met the required covenants. In addition, the credit facility agreement requires the borrower and corporate guarantors to periodically meet specific ratios, on a combined and cross default basis. As at year-end, the borrowing group has met all of its covenants on a combined basis.

(vi) The company obtained a revolving lease line credit facility of up to US\$10,000,000. The principal amount of each advance is calculated based on the aggregate net book value of each lease financed under such advance. The loan is secured by guarantees and postponements of claim from related party corporations, shareholders and directors and leases financed under each advance and the equipment leased.

The credit facility contains restrictive covenants. As at year-end, the company has met the required covenants. In addition, the credit facility agreement requires the borrower and corporate guarantors to periodically meet specific ratios, on a combined and cross default basis. As at year-end, the borrowing group has met all of its covenants on a combined basis.

(vii) The company obtained an asset based revolving facility of up to US\$40,000,000 to refinance leases originated by the company. The principal amount of each advance is calculated based on the aggregate net book value of each lease financed under such advance. The loan is secured by guarantees and postponements of claim from related party corporations, shareholders and directors and leases financed under each advance and the equipment leased. The credit facility contains restrictive covenants. As at year-end, the company has met the required covenants. In addition, the credit facility agreement requires the borrower and corporate guarantors to periodically meet specific ratios, on a combined and cross default basis. As at year-end, the borrowing group has met all of its covenants on a combined basis.

*(continues)*

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**13. LONG TERM DEBT *(continued)***

(viii) The company obtained a revolving lease line credit facility of up to \$10,000,000. The principal amount of each advance is calculated based on the aggregate net book value of each lease financed under such advance. The loan is secured by guarantees and postponements of claim from related party corporations, shareholders and directors and leases financed under each advance and the equipment leased. The credit facility contains restrictive covenants. As at year-end, the company has met the required covenants. In addition, the credit facility agreement requires the borrower and corporate guarantors to periodically meet specific ratios, on a combined and cross default basis. As at year-end, the borrowing group has met all of its covenants on a combined basis.

(ix) The company obtained a revolving credit facility of up to US\$25,000,000 to finance equipment purchases by the company. The principal amount of each advance is equal to the aggregate net book value of each lease financed under such advance. The loan is secured by an underlying assets. The company has an option to convert from a floating to fixed rate contract during the term of the contract for each drawdown. The credit facility contains restrictive covenants. As at year-end, the company has met the required covenants.

(x) The company obtained a revolving credit facility of up to US\$30,000,000 to finance leases originated by the company. The principal amount of each advance is equal to the aggregate net book value of each lease financed under such advance. The loan is secured by a Uniform Commercial Code filing on the borrower and guarantees and from related party corporations, shareholders and directors and leases financed under each advance and the equipment leased.

(xi) The company obtained a credit facility to finance equipment purchases by the company. The principal amount of each advance is calculated based on the aggregate net book value of each lease financed under such advance. The loan is secured by underlying assets.

(xii) The company obtained a revolving credit facility of up to \$30,000,000 to finance equipment purchases by the company. The principal amount of each advance is equal to the aggregate net book value of each lease financed under such advance. The loan is secured by an underlying assets. The company has an option to convert from a floating to fixed rate contract during the term of the contract for each drawdown.

(xiii) The company has obtained Multi draw term loan up to \$100,000,000 CAD and \$80,000,000 USD to refinance real estate property. The loan is secured by first charge on property, general assignment of leases and guarantees and postponements of claim from related party corporations.

(xiv) The company obtained various loans to purchase equipment and such loans are secured by the underlying equipment.

(xv) The company obtained an asset based securitization facility of up to \$500,000,000. The principal amount of each advance is calculated based on the aggregate net book value of each lease financed under such advance. The loan is secured by a security interest in all of its present and future assets including all receivables and related assets and any hedging. The credit facility contains restrictive covenants. As at year-end, the company has met the required covenants. In addition, the credit facility agreement requires the borrower and corporate guarantors to periodically meet specific ratios, on a combined and cross default basis. As at year-end, the borrowing group has met all its covenants on a combined basis. As described in *Note 4*, the creditor has no recourse to the general credit of the company.

*(continues)*



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**13. LONG TERM DEBT (continued)**

(xvi) The company obtained an asset based securitization facility of up to US\$150,000,000. The principal amount of each advance is calculated based on the aggregate net book value of each lease financed under such advance. The loan is secured by leases financed under each advance and the equipment leased. The credit facility contains restrictive covenants. As at year-end, the company has met the required covenants. In addition, the credit facility agreement requires the borrower and corporate guarantors to periodically meet specific ratios, on a combined and cross default basis. As at year-end, the borrowing group has met all its covenants on a combined basis. As described in Note 4, the creditor has no recourse to the general credit of the company.

(xvii) The company obtained an asset based securitization facility of up to US\$300,000,000. The principal amount of each advance is calculated based on the aggregate net book value of each lease financed under such advance. The loan is secured by leases financed under each advance and the equipment leased. The credit facility contains restrictive covenants. As at year-end, the company has met the required covenants. In addition, the credit facility agreement requires the borrower and corporate guarantors to periodically meet specific ratios, on a combined and cross default basis. As at year-end, the borrowing group has met all its covenants on a combined basis. As described in Note 4, the creditor has no recourse to the general credit of the company.

(xviii) The company obtained an asset based securitization facility. The principal amount of each advance is calculated based on the aggregate net book value of each lease financed under such advance. The loan is secured by leases financed under each advance and the equipment leased. The credit facility contains restrictive covenants. As at year-end, the company has met the required covenants. In addition, the credit facility agreement requires the borrower and corporate guarantors to periodically meet specific ratios, on a combined and cross default basis. As at year-end, the borrowing group has met all its covenants on a combined basis. As described in Note 4, the creditor has no recourse to the general credit of the company.

**14. OBLIGATIONS UNDER CAPITAL LEASE**

The following is a schedule of future minimum lease payments under the capital lease expiring December 31, 2022:

2023	\$ 6,300,861
2024	3,649,573
2025	1,747,118
2026	1,423,830
2027	1,339,745
Thereafter	<u>1,234,946</u>
Total minimum lease payments	15,696,073
Less: amount representing interest at various rates	<u>1,548,398</u>
Present value of minimum lease payments	14,147,675
Less: current portion	<u>5,648,858</u>
	<u><u>\$ 8,498,817</u></u>

**15. COST OF SALES**

Inventory expensed to cost of sales during the year including shrinkage is \$969,446,440 (2021: \$585,492,314).

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**16. LEASE COMMITMENTS**

The company has long term leases with various related parties with respect to its premises. The leases contain renewal options. Future minimum lease payments as at December 31, 2022 are as follows:

2023	\$ 10,862,950
2024	10,139,634
2025	10,199,499
2026	10,002,013
2027	8,370,337
Thereafter	<u>29,595,837</u>
	<u>\$ 79,170,270</u>

**17. DUE FROM/TO RELATED PARTIES**

The following is a summary of the company's related party transactions:

	<u>2022</u>	<u>2021</u>
<u>Related party transactions</u>		
Various real estate holding companies		
<i>Related by the virtual of common control</i>		
Real estate rental and related costs	<u>\$ 7,036,980</u>	<u>\$ 5,045,961</u>
	<u>\$ 7,036,980</u>	<u>\$ 5,045,961</u>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

*(continues)*

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**17. DUE FROM/TO RELATED PARTIES (continued)**

Due from/to related parties

The company is related to a group of entities through common control. The balances below arise as available cash and assets are moved around the group. Balances are non-interest bearing, non-secured, and have not set terms of repayment. Amounts due from related parties have been classified based upon the expected realization of the balance.

	2022	2021
Long term portion due from related party		
Real Estate Holding Entities		
102098416 Saskatchewan Ltd.	\$ 543,146	\$ 466,312
11670 Interstate Holding Corp (USA)	27,463	449,106
12944154 Canada Inc.	4,424,632	1,727,017
13184633 Canada Inc.	741,259	32,748
131 Industrial Blvd Holding Corp (USA)	6,143,216	-
13761983 Canada Inc.	2,354,506	-
177A St Surrey Holding Inc.	2,775,319	-
2029909 Ontario Inc.	2,529,885	1,014,635
2108184 Alberta Ltd.	617,000	593,059
2554193 Ontario Inc.	5,513,546	1,124,859
2837229 Ontario Inc.	115,338	161,315
2863283 Ontario Inc.	1,663,564	1,291,612
3000 Pitfield Holding Inc.	5,039,077	-
30530 Matsqui Abbotsford Holding Inc.	5,921,403	-
401 South Meridian OKC Holding Corp (USA)	2,414,072	-
52 St Edmonton Holding Inc.	820,632	-
59th Ave Phoenix Holding Corp (USA)	4,178,319	-
68th St E Saskaton Holding Inc.	1,590,660	-
8201 Hwy 66 Tulsa Holding Corp (USA)	910,198	-
963 Sweetwater Holding Corp (USA)	581,284	15,820
Bishop Road Holding Corp (USA)	725,601	799,788
Block 6 Holding Inc.	3,147,846	5,016,551
Di Miller Bakersfield Holding Corp (USA)	-	1,150,743
Corrington Missouri Holding Corp (USA)	337,680	-
Eastgate Missouri Holding Corp (USA)	2,795,435	-
French Camp Holding Corp (USA)	1,010,683	-
Frontage Road Holding Corp (USA)	9,477,817	-
High Prairie Texas Holding Corp (USA)	2,736,857	-
Highway 46 McFarland Holding Corp (USA)	745,628	283,243
Manheim Road Holding Corp (USA)	1,885,258	-
Old National Highway Holding Corp (USA)	285,882	696,903
PGED Holding Corp (USA)	2,736,476	1,267,800
Terminal Road Holding Corp. (USA)	2,106,764	2,170,020
Ternes Drive Holding Corp. (USA)	1,172,311	851,955
Valley Boulevard Fontana Holding Corp (USA)	2,172,337	1,052,543
	<b>80,241,094</b>	<b>20,166,029</b>

(continues)

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**17. DUE FROM/TO RELATED PARTIES (continued)**

	<u>2022</u>	<u>2021</u>
Other Entities		
1000138110 Ontario Inc.	3,656,934	-
2413586 Ontario Inc.	2,687,393	2,687,393
Dixie Parts Centre Inc.	4,622,846	-
DVP Holdings Corp (USA)	6,835,654	-
Pride Fleet Solutions USA Inc. (USA)	823,063	709,589
Pride Group Enterprises Ltd.	31,620	8,291
Pride Group Logistics USA Co. (USA)	2,612,156	1,100,373
Pride Group Logistics International Ltd.	1,067,820	-
Sweet Home Hotel LLC (USA)	1,203,016	271,750
Tpine Financial Services Inc.	28,687,923	10,886,596
Tpine Financial Services Corp (USA)	2,684,054	2,127,559
	<u>54,912,479</u>	<u>17,791,551</u>
	<u>\$ 135,153,573</u>	<u>\$ 37,957,580</u>
	<u>2022</u>	<u>2021</u>
Long term portion due to related party		
933 Helena Holdings Inc.	\$ 541,336	\$ 2,434,018
Alexis Investments LLC (USA)	761,422	606,434
Di Miller Bakersfield Holding Corp (USA)	337,680	-
Family Trust	-	700,000
Pride Group EV Sales Ltd.	1,214,705	-
Pride Truck Training Academy Inc.	-	66,600
	<u>\$ 2,855,143</u>	<u>\$ 3,807,052</u>

The related parties have waived their right to demand repayment of these amounts before 12 months from the reporting date. Guarantor fees are not charged between related companies.

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**18. INCOME TAXES**

The income tax provision recorded differs from the income tax obtained by applying the statutory income tax rate of 26.50% (2021 - 26.50%) to the income for the year and is reconciled as follows:

	<u>2022</u>	<u>2021</u>
Income before income taxes	<u>\$ 194,580,751</u>	<u>\$ 133,039,510</u>
Income tax expense at the combined basic federal and provincial tax rate:	<u>\$ 51,563,899</u>	<u>\$ 35,255,470</u>
Increase (decrease) resulting from:		
Capital cost allowance claimed in excess of amortization	(60,512,917)	(23,547,166)
Non-deductible expenses	22,438,672	9,444,778
Non-capital loss carried forward	19,047,675	7,246,267
Non-capital loss utilized	-	(700,780)
Other states, provinces and foreign tax difference	(11,382,059)	(18,342,766)
Adjustment to prior year tax	-	336,147
Minimum alternative tax	<u>1,084,329</u>	<u>515,690</u>
Effective tax expense	<u>\$ 22,239,599</u>	<u>\$ 10,207,640</u>

**19. FINANCIAL INSTRUMENTS**

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of December 31, 2022.

**(a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from lessees. In order to reduce its credit risk, the company reviews a new lessees credit history before extending credit and conducts regular reviews of its existing lessees' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of lessees, which minimizes concentration of credit risk.

**(b) Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its short-term debt, accounts payable and accrued liabilities and long term debt.

The company's objective is to ensure it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances. This entails maintaining sufficient room within its credit facility and sufficient levels of working capital to settle financial liabilities. The company expects to meet these obligations as they come due by generating sufficient cash flow from operations.

*(continues)*

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**19. FINANCIAL INSTRUMENTS (continued)**

**(c) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The company is mainly exposed to currency risk and interest rate risk.

**(d) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately 52.22% (2021: 52.20%) of the company's sales and 67.05% (2021: 51.65%) of the company's purchases are in foreign currency. Consequently, parts of cash and short term debt are exposed to foreign currency fluctuations. As at December 31, 2022, cash of \$33,781,568 (2021: \$16,342,845), accounts receivable of \$28,700,348 (2021: 5,342,672) and accounts payable of \$21,976,661 (2021: \$9,867,998) are denominated in U.S. dollars and converted to Canadian dollars. Foreign exchange losses are included in net income and total \$2,599,229 (2021: \$662,699). The exposure to this risk changes as the transaction amounts change and as the exchange rate fluctuates; however, the company has secured a foreign exchange credit line in order to hedge against currency exchange fluctuation, therefore decreasing its currency risk to the extent of the credit limit on the facility. The average USD exchange rate for 2022 was \$1.30 and the rate as at year end date was \$1.36.

**(e) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities and through interest rate swaps. The company is exposed to interest rate risk primarily through its term debt discount rates and lease obligation rates. The exposure to this risk also fluctuates as the debt changes from year to year.

On Mar 7, 2022, the company entered into an interest rate swap agreement with an initial notional amount of \$10,935,488 that is drawn matching the terms of the underlying long-term debt, as described in Note 13 (xv). The notional amount under the swap agreement was \$225,941,151 as of December 31, 2022. Under this agreement the company pays a fixed rate, which is set at each swap amendment date, and receives one-month CAD CDOR to manage the floating interest rate risk of the long-term debt. The fixed rate under the agreement was 3.96% as of December 31, 2022. The swap agreement expires on June 25, 2028.

On July 22, 2022, the company entered into an interest rate swap agreement with a notional amount of US\$91,432,823 that is drawn matching the terms of the underlying long-term debt described in Note 13 (xvi). Under this agreement the company pays a fixed annual rate of 2.25% and receives one-month SOFR to manage the floating interest rate risk of the long-term debt. The swap agreement expires on May 25, 2028.

On Mar 16, 2022, the company entered into an interest rate swap agreement with an initial notional amount of US\$14,560,590 that is drawn matching the terms of the underlying long-term debt, as described in Note 13 (xvii). The notional amount under the swap agreement was US\$77,394,569 as of December 31, 2022. Under this agreement the company pays a fixed rate, which is set at each swap amendment date, and receives one-month SOFR to manage the floating interest rate risk of the long-term debt. The fixed rate under the agreement was 3.35% as of December 31, 2022. The swap agreement expires on April 30, 2028.

Unless otherwise noted, it is management's opinion that the company is not exposed to significant other price risks arising from these financial instruments.

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN CANADIAN FUNDS)**  
**YEAR ENDED DECEMBER 31, 2022**

**20. REDEEMABLE PREFERRED SHARES**

In prior year the company has adopted amendments to Section 3856, Financial Instruments issued by Accounting Standards Board, which became effective as of January 1, 2021. As a result of this, the company has reclassified a certain number of special shares, which were issued by the company as part of tax planning arrangement in 2016, as a financial liability at their redemption amount of \$13,229,746. The effect of classifying these shares as liability was recorded in retained earnings.

The holders of these shares have waived their right to redeem these shares before 12 months from the reporting date except for the current portion.

	<b>2022</b>	2021
Redeemable preferred shares presented as liability	<b>\$ 12,938,322</b>	\$ 13,229,746
Less: Current portion	<b>(350,000)</b>	(300,000)
	<b><u>\$ 12,588,322</u></b>	<u>\$ 12,929,746</u>

**21. SHARE CAPITAL**

	<b>2022</b>	2021
Issued:		
Shares presented under equity		
1,500,000 Class A special shares - Pride Group Logistics Ltd.	<b>\$ 50</b>	\$ 50
200 Class C special shares - Pride Group Logistics Ltd.	<b>2</b>	2
100 Common shares - Pride Group Logistics Ltd.	<b>10</b>	10
100 Common shares - TPINE Truck Rental Inc.	<b>10</b>	10
2 Class A special shares - 2043002 Ontario Inc.	<b>2</b>	2
908,770 Class B special shares - 2043002 Ontario Inc.	<b>83</b>	92
100 Common shares - 2043002 Ontario Inc.	<b>100</b>	100
4,650,000 Class A special shares - Pride Group Holdings Inc.	<b>100</b>	100
200 Class C special shares - Pride Group Holdings Inc.	<b>2</b>	2
100 Common shares - Pride Group Holdings Inc.	<b>10</b>	10
100 Common shares - Pride Fleet Solutions Inc.	<b>100</b>	100
100 Common shares - TPINE Rental USA Inc.	<b>100</b>	100
	<b><u>\$ 569</u></b>	<u>\$ 578</u>
Shares presented under liabilities		
1,500,000 Class A special shares - Pride Group Logistics Ltd.	<b>\$ 1,500,000</b>	\$ 1,500,000
5,754,996 Class A special shares - TPINE Truck Rental Inc.	<b>5,754,996</b>	5,939,999
1,033,326 Class B special shares - 2043002 Ontario Inc.	<b>1,033,326</b>	1,139,747
4,650,000 Class A special shares - Pride Group Holdings Inc.	<b>4,650,000</b>	4,650,000
	<b><u>\$ 12,938,322</u></b>	<u>\$ 13,229,746</u>

(continues)

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN CANADIAN FUNDS)**  
**YEAR ENDED DECEMBER 31, 2022**

**21. SHARE CAPITAL (continued)**

	2022		2021	
	Shares	Amount	Shares	Amount
<b>Class A special shares - TPINE Truck Rental Inc.</b>				
Shares outstanding at the beginning of the year	5,939,999	\$ 5,939,999	6,000,000	\$ 6,000,000
Redeemed	(185,003)	(185,003)	(60,001)	(60,001)
Shares outstanding at the end of the year	5,754,996	\$ 5,754,996	5,939,999	\$ 5,939,999
	2022		2021	
	Shares	Amount	Shares	Amount
<b>Class B special shares - 2043002 Ontario Inc.</b>				
Shares outstanding at the beginning of the year	2,142,112	\$ 1,139,839	2,342,129	\$ 1,246,270
Redeemed	(200,016)	(106,430)	(200,017)	(106,431)
Shares outstanding at the end of the year	1,942,096	\$ 1,033,409	2,142,112	\$ 1,139,839

**22. CONTINGENT LIABILITY**

In the ordinary course of business, the company may be liable for litigation and claims from customers, suppliers and former employees. On an ongoing basis, the company assesses the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable costs and losses. A determination of the provision required, if any, for these contingencies is made after analysis of each individual case. The required provision may change in the future due to new development in each matter or changes in approach, such as a change in settlement strategy in dealing with these matters.

Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes, but cannot provide no assurances, that the ultimate resolution of such contingencies would not have a material adverse effect on the financial position or results of operations of the company.

Additionally, the company has provided certain guarantees on term loans and revolving credit facilities made to related companies covering equipment and overdraft facilities. Should the related companies not be able to service this debt, the company may step in to service these debts using its own cash flows or may choose to liquidate such assets to service the related debt and eliminate the need for any of its own cashflows required.

Management believes that as at the balance sheet date, the net recoverable proceeds of such assets are greater than the remaining loans, and as such does not believe that providing such guarantees would have any adverse affect on its own cash flows or the ability to service its own debt.

1. As at December 31, 2022, guaranteed amount on a mortgage was \$7,200,000
2. As at December 31, 2022, guaranteed amount on a mortgage was \$11,000,000
3. As at December 31, 2022, guaranteed amount on a mortgage was \$6,450,000



**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN CANADIAN FUNDS)**  
**YEAR ENDED DECEMBER 31, 2022**

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**23. SUBSEQUENT EVENTS**

The following events occurred subsequent to the fiscal year end:

The company has increased the limit on the operating line of credit, which is described in Note 9, to \$25,000,000.

**24. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED FINANCIAL STATEMENTS EXPENSES**  
*(SCHEDULE 1)*  
**(IN CANADIAN FUNDS)**  
**YEAR ENDED DECEMBER 31, 2022**

	<b>2022</b>	2021
Advertising and promotion	<b>\$ 2,782,295</b>	\$ 1,385,856
Bad debts	<b>1,018,251</b>	375
Commissions	<b>4,627,268</b>	-
Financing fee	<b>4,424,221</b>	3,136,148
General repairs and maintenance	<b>20,021,296</b>	2,302,917
Insurance	<b>3,177,825</b>	1,517,760
Lease administration costs	<b>551,882</b>	429,386
Office and general	<b>6,143,942</b>	3,086,326
Professional fees	<b>6,192,970</b>	3,313,345
Provision for future losses on lease receivable	<b>10,264,620</b>	3,018,975
Real estate rental and related costs	<b>14,673,562</b>	9,097,838
Salaries, wages and employee benefits	<b>31,094,984</b>	18,797,569
Subcontracts	<b>13,468,690</b>	1,810,623
Telephone and telecommunication	<b>1,542,531</b>	1,198,332
Travel	<b>1,019,041</b>	24,207
	<b><u>\$ 121,003,378</u></b>	<b><u>\$ 49,119,657</u></b>

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED FINANCIAL STATEMENT BREAKDOWN BY ENTITY**  
*(SCHEDULE 2)*  
**(IN CANADIAN FUNDS)**

**YEAR ENDED DECEMBER 31, 2022**

	PRIDE GROUP LOGISTICS LTD.	PRIDE TRUCK SALES LTD.	TPINE LEASING CAPITAL CORPORATION	TPINE TRUCK RENTAL INC.	2076401 ONTARIO INC.	2043002 ONTARIO INC.	PRIDE GROUP HOLDINGS INC.	PRIDE FLEET SOLUTIONS INC.	PRIDE TRUCK SALES LP	TPINE LEASING CAPITAL LP	TPINE RENTAL USA INC.	COMBINED CONSOLIDATION ADJUSTMENT	PRIDE GROUP ENTERPRISES NORTH AMERICA
<b>BALANCE SHEET</b>													
<b>ASSETS</b>													
Cash	56,561,814	(3,982)	28,647,838	(203,702)	(603,267)	9,998	19,990	984,127	1,780,405	26,128,206	1,002,441	-	114,323,868
Accounts receivable	20,845,322	1,757,913	9,563,265	594,580	223,285	-	-	14,809,493	1,848,676	17,891,416	4,950,800	-	72,484,750
Sales tax recoverable	442,118	-	7,341,582	-	(125,028)	11,803	1,776	(142,188)	(44,778)	(224,183)	-	425,968	7,687,070
Inventory	-	71,437,254	-	57,383,414	-	-	-	755,997	109,706,359	-	91,279,396	-	330,562,420
Current portion of retained interest in securitized leases	-	-	11,409,116	-	-	-	-	-	-	6,995,486	-	-	18,404,602
Current portion of lease receivable	-	-	105,952,971	-	-	-	-	-	-	178,733,062	-	(10,589,750)	274,096,283
Prepaid expenses	74,356	25,169	221,432	-	7,787	-	-	47,425	1,483,351	205,068	-	-	2,064,588
Deposit on inventory to be purchased	-	-	-	5,545,325	-	-	-	-	-	-	-	-	5,545,325
Deposit on real estate property to be purchased	-	1,400,001	-	-	-	-	-	-	1,713,551	-	-	-	3,113,552
	77,923,610	74,616,355	163,136,204	63,319,617	(497,223)	21,801	21,766	16,454,854	116,487,564	229,729,055	97,232,637		828,282,458
RETAINED INTEREST IN SECURITIZED LEASES	-	-	38,931,906	-	-	-	-	-	-	24,484,201	-	-	63,416,107
LEASE RECEIVABLE - LONG TERM	-	-	372,308,242	-	-	-	-	-	-	484,097,829	-	(34,748,276)	821,657,795
PROPERTY AND EQUIPMENT	74,804,150	1,829,749	18,026,369	11,324,594	25,953,470	-	-	291,086	3,069,419	50,008,693	25,167,406	-	210,474,936
INTANGIBLE ASSETS	-	-	-	600,635	-	-	-	-	-	-	-	-	600,635
DUE FROM RELATED PARTIES	-	22,605,583	26,352,098	59,174,087	41,472,151	2,847,369	158,745,758	(8,550,309)	69,076,301	37,722,379	71,206,812	(345,498,656)	135,153,573
LONG TERM INVESTMENTS	250,000	-	-	-	-	1,434,141	150,150	-	-	-	-	(1,433,540)	400,751
OTHER DEPOSITS	51,000	-	-	-	-	-	-	-	-	-	-	-	51,000
	153,028,760	99,051,687	618,754,819	134,418,933	66,928,398	4,303,311	158,917,674	8,195,631	188,633,284	826,042,157	193,606,855		2,060,037,255

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED FINANCIAL STATEMENT BREAKDOWN BY ENTITY**  
*(SCHEDULE 2)*  
**(IN CANADIAN FUNDS)**  
**YEAR ENDED DECEMBER 31, 2022**

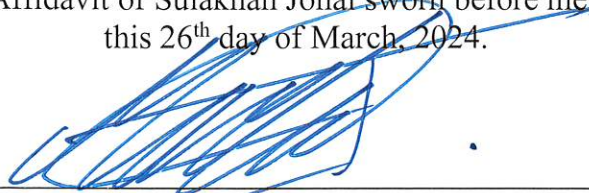
	PRIDE GROUP LOGISTICS LTD.	PRIDE TRUCK SALES LTD.	TPINE LEASING CAPITAL CORPORATION	TPINE TRUCK RENTAL INC.	2076401 ONTARIO INC.	2043002 ONTARIO INC.	PRIDE GROUP HOLDINGS INC.	PRIDE FLEET SOLUTIONS INC.	PRIDE TRUCK SALES LP	TPINE LEASING CAPITAL LP	TPINE RENTAL USA INC.	COMBINED CONSOLIDATION ADJUSTMENT	PRIDE GROUP ENTERPRISES NORTH AMERICA
<b>BALANCE SHEET</b>													
<b>LIABILITIES</b>													
Operating lines of credit	-	-	-	-	-	-	-	-	-	-	-	-	-
Floor plan facilities	-	67,444,831	-	58,541,881	-	-	-	-	89,466,402	-	61,753,620	-	277,206,734
Short term debt	-	-	-	5,740,457	-	-	-	-	-	-	-	-	5,740,457
Accounts payable and accrued liabilities	2,745,903	9,416,138	9,928,341	7,349,944	(15,860)	-	-	6,469,802	2,629,870	14,158,211	2,414,903	425,968	55,523,220
Income taxes payable	-	5,069,425	1,084,329	6,210,930	-	-	-	-	-	-	9,667,406	-	22,032,090
Sales tax payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of future servicing liability	-	-	679,050	-	-	-	-	-	-	-	-	-	679,050
Current portion of long term debt	10,451,070	132,800	111,142,955	2,205,643	2,617,119	-	-	-	-	158,303,302	-	-	284,852,889
Current portion of obligations under capital lease	4,800,830	-	5,282,075	494,212	-	-	-	-	-	-	5,661,490	(10,589,749)	5,648,858
Current portion of redeemable preferred shares	-	-	-	-	-	-	-	-	-	-	-	350,000	350,000
	17,997,803	82,063,194	128,116,750	80,543,067	2,601,259	-	-	6,469,802	92,096,272	172,461,513	79,497,419		652,033,298
FUTURE SERVICING LIABILITY	-	-	1,315,478	-	-	-	-	-	-	-	-	-	1,315,478
LONG TERM DEBT	37,490,484	218,024	376,830,890	4,958,790	63,800,490	-	-	-	-	518,419,976	-	-	1,001,718,654
OBLIGATIONS UNDER CAPITAL LEASE	14,208,184	-	7,822,585	1,366,412	-	-	-	-	-	-	19,849,910	(34,748,274)	8,498,817
DUE TO SHAREHOLDERS	-	-	-	-	636,065	(405,848)	(28,079)	-	(124,553)	(71,626)	-	-	5,959
DEFERRED INCOME - LONG TERM	-	-	2,373,402	-	49,650	-	-	-	-	1,127,574	-	-	3,550,626
DUE TO RELATED PARTIES	55,977,581	-	-	-	-	-	164,930,346	-	60,649,545	32,190,170	34,606,159	(345,498,658)	2,855,143
DEPOSITS RECEIVED	-	1,006,326	1,269,506	273,872	-	-	-	-	4,849,004	3,051,258	1,594,520	-	12,044,486
REDEEMABLE PREFERRED SHARES	1,500,000	-	-	5,754,996	-	1,033,326	4,650,000	-	-	-	-	(350,000)	12,588,322
	127,174,052	83,287,544	517,728,611	92,897,137	67,087,464	627,478	169,552,267	6,469,802	157,470,268	727,178,865	135,548,008		1,694,610,783
<b>SHAREHOLDERS' EQUITY</b>													
SHARE CAPITAL	62	100	100	10	100	185	112	100	-	-	100	(300)	569
ACCUMULATED COMPREHENSIVE INCOME	-	-	-	-	-	-	-	-	2,828,141	5,335,564	2,887,729	-	11,051,434
RETAINED EARNINGS	25,854,646	15,764,043	101,026,108	41,521,786	(159,166)	3,675,648	(10,634,705)	1,725,729	28,334,875	93,527,728	55,171,018	(1,433,241)	354,374,469
	25,854,708	15,764,143	101,026,208	41,521,796	(159,066)	3,675,833	(10,634,593)	1,725,829	31,163,016	98,863,292	58,058,847		365,426,472
	<b>153,028,760</b>	<b>99,051,687</b>	<b>618,754,819</b>	<b>134,418,933</b>	<b>66,928,398</b>	<b>4,303,311</b>	<b>158,917,674</b>	<b>8,195,631</b>	<b>188,633,284</b>	<b>826,042,157</b>	<b>193,606,855</b>		<b>2,060,037,255</b>

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED FINANCIAL STATEMENT BREAKDOWN BY ENTITY**  
*(SCHEDULE 2)*  
**(IN CANADIAN FUNDS)**  
**YEAR ENDED DECEMBER 31, 2022**

	PRIDE GROUP LOGISTICS LTD.	PRIDE TRUCK SALES LTD.	TPINE LEASING CAPITAL CORPORATION	TPINE TRUCK RENTAL INC.	2076401 ONTARIO INC.	2043002 ONTARIO INC.	PRIDE GROUP HOLDINGS INC.	PRIDE FLEET SOLUTIONS INC.	PRIDE TRUCK SALES LP	TPINE LEASING CAPITAL LP	TPINE RENTAL USA INC.	COMBINED CONSOLIDATION ADJUSTMENT	PRIDE GROUP ENTERPRISES NORTH AMERICA
<b>STATEMENT OF INCOME</b>													
<b>REVENUES</b>													
Sale of equipment and parts	-	318,615,188	-	272,901,969	-	-	-	-	395,686,586	-	329,545,051	(111,177,080)	1,205,571,714
Gain on sale of lease receivables	-	-	18,861,523	-	-	-	-	-	-	2,980,473	-	-	21,841,996
Freight and transportation income	130,593,533	-	-	-	-	-	-	-	-	-	-	-	130,593,533
Fuel and garage revenues	-	-	-	-	-	-	-	5,842,717	-	-	-	-	5,842,717
Interest, admin and referral fees	-	-	46,395,146	-	-	-	-	-	-	63,237,539	-	(23,577,735)	86,054,949
Other income	-	1,516,644	1,857,807	310,929	-	-	-	-	1,729,630	-	-	-	5,415,010
	130,593,533	320,131,832	67,114,476	273,212,898	-	-	-	5,842,717	397,416,216	66,218,012	329,545,051	-	1,455,319,919
<b>COST OF SALES</b>													
Equipment and parts	-	303,014,439	-	212,728,750	-	-	-	-	366,480,308	-	259,906,024	(134,441,681)	1,007,687,840
Freight and transportation	98,852,980	-	-	-	-	-	-	-	-	-	-	(3,685,475)	95,167,505
Fuel and garage	-	-	-	-	-	-	-	3,628,831	-	-	-	-	3,628,831
	98,852,980	303,014,439	-	212,728,750	-	-	-	3,628,831	366,480,308	-	259,906,024	-	1,106,484,176
Gross profit	31,740,553	17,117,393	67,114,476	60,484,148	-	-	-	2,213,886	30,935,908	66,218,012	69,639,027	-	348,835,743
<b>OTHER INCOME (EXPENSES)</b>													
Real estate rental income	-	-	-	-	3,891,385	-	-	157,538	-	-	-	-	4,048,923
Foreign exchange gain (loss)	(2,289,023)	8,674,924	(2,982,017)	(3,526,399)	(121,298)	(1,661,739)	(3,433,861)	2,852,031	-	(111,843)	-	-	(2,599,225)
Gain (loss) on disposal of assets	1,809,153	31,357	8,023,704	423,852	-	-	-	-	-	8,321,331	36,964	13,895	18,660,256
Equipment rental income	221,503	-	5,944,606	-	-	-	-	-	-	13,991,146	-	(3,685,476)	16,471,779
	(258,367)	8,706,281	10,986,293	(3,102,547)	3,770,087	(1,661,739)	(3,433,861)	3,009,569	-	22,200,634	36,964	-	36,581,733
<b>GENERAL, SALES AND ADMINISTRATION</b>	11,978,866	5,110,565	22,200,508	28,551,974	726,672	30,986	3,891	2,992,910	18,047,613	13,172,589	18,186,804	-	121,003,378
<b>INCOME BEFORE THE UNDERNOTED</b>	19,503,320	20,713,109	55,900,261	28,829,627	3,043,415	(1,692,725)	(3,437,752)	2,230,545	12,888,295	75,246,057	51,489,187	-	264,414,098
<b>FINANCIAL COSTS AND AMORTIZATION</b>													
Amortization	7,047,637	511,470	3,819,716	1,433,336	396,538	-	-	44,810	465,848	4,482,042	413,216	-	18,614,613
Interest on long term debt	1,505,671	9,472	11,822,843	348,827	3,067,300	-	-	-	-	24,509,852	-	-	41,263,965
Interest on obligations under capital lease	313,725	-	467,732	-	-	-	-	-	-	-	33,268	(299,241)	515,484
Interest on short term debt and bank charges	417,140	1,537,344	62,498	1,713,780	4,047	187	162	50,624	4,674,927	197,223	781,353	-	9,439,285
	9,284,173	2,058,286	16,172,789	3,495,943	3,467,885	187	162	95,434	5,140,775	29,189,117	1,227,837	-	69,833,347
<b>INCOME BEFORE INCOME TAXES</b>	10,219,147	18,654,823	39,727,472	25,333,684	(424,470)	(1,692,912)	(3,437,914)	2,135,111	7,747,520	46,056,940	50,261,350	-	194,580,751
<b>INCOME TAXES</b>	157,774	5,069,425	1,084,329	6,210,930	-	-	-	-	16,685	-	9,700,456	-	22,239,599
<b>NET INCOME FOR THE YEAR</b>	10,061,373	13,585,398	38,643,143	19,122,754	(424,470)	(1,692,912)	(3,437,914)	2,135,111	7,730,835	46,056,940	40,560,894	-	172,341,152

## **EXHIBIT “E”**

This is Exhibit "E" referred to in the  
Affidavit of Sulakhan Johal sworn before me,  
this 26<sup>th</sup> day of March, 2024.

---

A Commissioner for taking affidavits

Marko Ivanisevic  
LSO#79544M

EXHIBIT "E"



**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**



**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**CONTENTS**  
**(IN CANADIAN FUNDS)**  
**AS AT SEPTEMBER 30, 2023**

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**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED BALANCE SHEET**  
**(IN CANADIAN FUNDS)**  
**AS AT SEPTEMBER 30, 2023**

	2023	2022
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents	\$ 73,875,240	\$ 52,627,895
Accounts receivable (net of allowances)	87,890,306	60,015,086
Sales tax recoverable	11,456,436	10,856,812
Inventory	451,992,936	291,126,743
Current portion of retained interest in securitized leases (net of allowances)	20,417,605	17,792,344
Current portion of lease receivable (net of allowances) (Note 5)	315,628,214	229,537,587
Loans receivable	5,778,153	-
Prepaid expenses and deposits	5,712,874	1,904,875
Deposit on inventory to be purchased	5,850,733	5,545,325
Deposit on real estate to be purchased	1,403,643	-
	<b>980,006,140</b>	669,406,667
RETAINED INTEREST IN SECURITIZED LEASES (NET OF ALLOWANCES)	<b>68,906,059</b>	58,263,888
LEASE RECEIVABLE (NET OF ALLOWANCES) (Note 5)	<b>1,103,648,060</b>	755,260,976
PROPERTY AND EQUIPMENT (INCLUSIVE OF RENTAL ASSETS AND REVENUE-PRODUCING PROPERTIES) (Note 4)	<b>211,563,035</b>	193,143,632
DUE FROM RELATED PARTIES (Note 8)	<b>151,720,959</b>	108,182,708
INTANGIBLE ASSETS	<b>865,478</b>	656,858
LONG TERM INVESTMENTS (Note 3)	<b>450,753</b>	293,950
OTHER DEPOSITS	<b>51,000</b>	51,000
	<b><u>\$2,517,211,484</u></b>	<b><u>\$ 1,785,259,679</u></b>

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED BALANCE SHEET**  
**(IN CANADIAN FUNDS)**  
**AS AT SEPTEMBER 30, 2023**

	2023	2022
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Operating lines of credit	\$ 14,886,849	\$ 9,551,071
Floor plan facilities	333,306,055	210,631,637
Short term debt	5,740,457	3,493,296
Accounts payable and accrued liabilities	61,166,048	79,759,513
Income taxes payable	15,605,178	1,601,345
Current portion of long term debt <i>(Notes 5, 6)</i>	357,987,765	203,941,637
Current portion of obligations under capital lease <i>(Note 7)</i>	2,073,483	3,872,356
Current portion of future servicing liability	679,050	606,165
Current portion of redeemable shares	300,000	300,000
	<b>791,744,885</b>	513,757,020
LONG TERM DEBT <i>(Notes 5, 6)</i>	<b>1,227,985,347</b>	861,772,687
OBLIGATIONS UNDER CAPITAL LEASE <i>(Note 7)</i>	<b>5,343,622</b>	4,286,269
FUTURE SERVICING LIABILITY	<b>1,315,478</b>	1,095,748
DUE TO SHAREHOLDERS	<b>15,264,989</b>	127,245
DUE TO RELATED PARTIES <i>(Note 8)</i>	<b>33,445,618</b>	2,177,404
DEFERRED INCOME - LONG TERM	<b>5,274,690</b>	2,571,323
DEPOSITS RECEIVED	<b>11,997,348</b>	17,961,467
REDEEMABLE PREFERRED SHARES - POSTPONED	<b>12,638,323</b>	12,929,746
	<b>2,105,010,300</b>	1,416,678,909
<b>OWNERS' EQUITY</b>		
OWNERS' CAPITAL	<b>569</b>	578
ACCUMULATED OTHER COMPREHENSIVE INCOME	<b>10,021,805</b>	8,303,879
RETAINED EARNINGS	<b>402,178,807</b>	360,276,315
	<b>412,201,181</b>	368,580,772
	<b>\$2,517,211,481</b>	\$ 1,785,259,681

**ON BEHALF OF THE BOARD**

\_\_\_\_\_*Director*

\_\_\_\_\_*Director*

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME**  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	<b>2023</b> <i>(9 months)</i>	<b>2022</b> <i>(9 months)</i>
<b>REVENUES</b>		
Sale of equipment and parts	\$ 1,312,418,160	\$ 900,849,496
Proceeds on sale of lease receivables	254,225,362	173,450,383
Freight and transportation income	93,910,607	97,003,087
Fuel and garage revenue	8,802,165	11,766,260
Interest, admin and referral fees	108,650,353	53,265,502
Other income	4,907,706	2,507,824
	<b>1,782,914,353</b>	1,238,842,552
<b>COST OF SALES</b>		
Equipment and parts	1,220,882,977	743,835,113
Book value of leases sold	236,400,444	156,837,100
Freight and transportation	70,364,982	74,540,948
Fuel and garage	6,946,062	8,966,360
	<b>1,534,594,465</b>	984,179,521
<b>GROSS PROFIT</b>	<b>248,319,888</b>	254,663,031
<b>OTHER INCOME</b>		
Net real estate rental income	2,353,530	2,925,097
Foreign exchange income	6,751,745	(9,583,066)
Net gain (loss) on disposal of assets	(7,631,824)	9,750,952
Equipment rental income	12,504,022	13,640,724
	<b>13,977,473</b>	16,733,707
<b>GENERAL, SALES AND ADMINISTRATION EXPENSES (Schedule 1)</b>	<b>108,716,014</b>	64,253,644
<b>INCOME BEFORE THE UNDERNOTED</b>	<b>153,581,347</b>	207,143,094
<b>FINANCIAL COSTS AND AMORTIZATION</b>		
Amortization	18,122,663	13,468,877
Interest on long term debt	68,763,195	22,346,308
Interest on obligations under capital lease	762,081	433,412
Interest on short term debt and bank charges	17,811,468	5,312,760
	<b>105,459,407</b>	41,561,357
<b>INCOME BEFORE INCOME TAXES</b>	<b>48,121,940</b>	165,581,737
<b>INCOME TAXES</b>	-	186,362
<b>NET INCOME FOR THE PERIOD</b>	<b>48,121,940</b>	165,395,375

*(continues)*

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME** *(continued)*  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	<b>2023</b> <i>(9 months)</i>	2022 <i>(9 months)</i>
<b>CHANGES IN COMPREHENSIVE INCOME</b>		
Foreign currency translation gain (loss)	<u>(1,119,441)</u>	<u>8,303,879</u>
<b>COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b><u>\$ 47,002,499</u></b>	<b><u>\$ 173,699,254</u></b>

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED STATEMENT OF RETAINED EARNINGS**  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	<b>2023</b> <i>(9 months)</i>	2022 <i>(9 months)</i>
<b>RETAINED EARNINGS - BEGINNING OF PERIOD</b>	<b>\$ 354,374,469</b>	\$ 194,880,940
NET INCOME FOR THE PERIOD	<u><b>48,121,940</b></u>	<u>165,395,375</u>
	<b>402,496,409</b>	360,276,315
DIVIDENDS PAID	<u><b>(317,602)</b></u>	<u>-</u>
<b>RETAINED EARNINGS - END OF PERIOD</b>	<u><b>\$ 402,178,807</b></u>	<u>\$ 360,276,315</u>

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	2023 (9 months)	2022 (9 months)
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 48,121,940	\$ 165,395,375
Items not affecting cash:		
Amortization of property and equipment	18,122,663	13,468,877
Loss (gain) on disposal of assets	(5,689,406)	25,572
Bad debt	581,062	981,791
Provision for future losses on lease receivables	12,596,948	6,619,610
	<u>73,733,207</u>	<u>186,491,225</u>
Changes in non-cash working capital:		
Accounts receivable	(15,405,556)	(35,381,645)
Inventory	(121,430,516)	(87,673,889)
Prepaid expenses	(3,648,286)	2,362,279
Deposit on inventory to be purchased	(305,408)	(128,783)
Accounts payable and accrued liabilities	5,642,832	56,264,944
Income taxes payable	(6,426,912)	(8,320,650)
Sales and federal excise taxes payable	(3,769,366)	(7,339,032)
Deferred revenue	1,724,064	503,737
Retained interest in securitized leases	(7,502,955)	(9,328,554)
Lease receivables	(336,119,144)	(670,601,029)
Deposits received	(47,138)	5,455,350
Deposit on real estate to be purchased	1,709,909	-
	<u>(485,578,476)</u>	<u>(754,187,272)</u>
Cash flow used by operating activities	<u>(411,845,269)</u>	<u>(567,696,047)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(75,041,616)	(87,400,969)
Proceeds on disposal of property and equipment	59,909,571	3,381,419
Purchase of disposal of intangible assets	(264,843)	(169,013)
Addition to loans and notes receivable	(5,778,153)	(20,663)
Investment in subsidiaries	(50,002)	-
Cash flow used by investing activities	<u>(21,225,043)</u>	<u>(84,209,226)</u>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(317,604)	-
Operating line	14,886,849	3,446,071
Floor plan facilities	56,099,323	81,419,379
Advances from (to) related parties	14,023,089	(71,727,531)
Advances from (to) shareholders	15,259,030	(1,502,017)
Net proceeds from long term debt	299,401,568	655,612,737
Repayment of obligations under capital lease	(6,730,570)	(9,185,898)

(continues)

See accompanying notes

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED STATEMENT OF CASH FLOWS** *(continued)*  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	<b>2023</b> <i>(9 months)</i>	2022 <i>(9 months)</i>
Cash flow from financing activities	<u><b>392,621,685</b></u>	658,062,741
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(40,448,627)</b>	6,157,468
Cash - beginning of period	<u><b>114,323,867</b></u>	46,470,427
<b>CASH - END OF PERIOD</b>	<u><b>\$ 73,875,240</b></u>	<u><b>\$ 52,627,895</b></u>

See accompanying notes



**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

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**1. BASIS OF PRESENTATION**

The Combined Consolidated Financial Statements for the nine months period ended September 30, 2023 have been compiled from the financial statements of the entities described in Note 2.

Where appropriate, these Combined Consolidated Financial Statements eliminate inter-company balances between the entities described below.

Balance derived from the company's US dollar denominated entities included in these financial statements have been translated to Canadian dollars using the US dollar exchange rate published by Bank of Canada. The average USD exchange rate for January to September 2023 was \$1.35 (January to September 2022: \$1.28), and the rate as at period-end date was \$1.36 (2022: \$1.37).

As these Combined Consolidated Financial Statements do not contain disclosure of accounting policies and other descriptive information relevant to the combined financial statements, they are not, nor were they intended to be prepared in accordance with the Canadian generally accepted accounting principles.

The underlying entities included in these Combined Consolidated Financial Statements form the borrowing group for the company's senior lender, Royal Bank of Canada, as administrative agent.

Some users may require further information or stand-alone financial statements of the underlying entities, as these Combined Consolidated Financial Statements have not been prepared for general purposes.

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

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**2. UNDERLYING ENTITIES**

Pride Group Enterprises North America (the company) comprise a number of related party entities, related through common control. The entities operate as stand-alone businesses as described below:

Pride Truck Sales Ltd., incorporated under the Business Corporations Act of Ontario. The company's principal business activity is selling used heavy trucks, trailers and other similar equipment.

TPINE Truck Rental Inc., incorporated under the Business Corporations Act of the Province of Ontario. The company's principal business activity is selling and rental of new heavy trucks, trailers and other similar equipment.

Pride Group Logistics Ltd., incorporated under the Business Corporations Act of Ontario. The company's principal business activity is transportation and freight logistics.

TPINE Leasing Capital Corporation, incorporated under the Canada Business Corporations Act. The company's principal business activity is leasing and financing of equipment for companies in a wide variety of industries.

Pride Fleet Solutions Inc. (formerly known as Pride Diesel Inc.), incorporated under the Business Corporations Act of Ontario. The company's principal business activities is providing repair and maintenance services and selling fuel.

Pride Truck Sales L.P., registered under the Delaware Revised Uniform Limited Partnership Act. The partnership's principle business activity is selling used heavy trucks, trailers and other similar equipment.

TPINE Leasing Capital L.P., registered under the Delaware Revised Uniform Limited Partnership Act. The partnership's principle business activity is leasing and financing of equipment for companies in a wide variety of industries.

TPINE Rental USA Inc., incorporated under the General Corporation Law of the State of Delaware. The company's principle business activity is selling and rental of new heavy trucks, trailers and other similar equipment.

Tpine Canada Securitization LP, registered under the Limited Partnership Act of Ontario. The partnership is a special purpose vehicle to hold and securitize lease receivables. The partnership was registered on September 7, 2021.

TPINE USA Funding I LLC, incorporated under the General Corporation Law of the State of Delaware. The company is a special purpose vehicle to hold and securitize lease receivables. The company was incorporated on August 31, 2021.

TPINE USA Funding II LLC, incorporated under the General Corporation Law of the State of Delaware. The company is a special purpose vehicle to hold and securitize lease receivables. The company was incorporated on September 15, 2021.

TPINE USA Funding III LLC, incorporated under the General Corporation Law of the State of Delaware. The company is a special purpose vehicle to hold and securitize lease receivables. The company was incorporated on March 4, 2022

Pride Group Holdings Inc., incorporated under the Canada Business Corporations Act. The company's principal business activity is holding investments and acts as a secured lender to the intercompany advances.

2043002 Ontario Inc., incorporated under the Business Corporations Act of Ontario. The company's principal business activity is holding real property.

2076401 Ontario Inc., incorporated under the Business Corporations Act of Ontario. The company's principal business activity is holding real property.

The company has not operated as a single entity and the combined consolidated financial statements are not necessarily indicative of results that would have occurred if the company had been a single entity during the period presented or of future results of the company.

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

**3. LONG TERM INVESTMENTS**

Long term investments consist of the company's investments in certain wholly owned subsidiaries that have not been consolidated in the combined consolidated financial statements. The company records its investments in non-consolidated subsidiaries using the cost method.

**4. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Building	\$ 12,072,869	\$ 1,934,125	\$ 10,138,744	\$ 9,420,226
Computer equipment	1,863,325	1,162,896	700,429	505,006
Equipment	1,119,826	441,136	678,690	379,637
Furniture and fixtures	1,041,945	453,456	588,489	716,010
Land	16,246,737	-	16,246,737	16,515,737
Leasehold improvements	6,980,768	1,966,065	5,014,703	3,333,817
Motor vehicles	4,778,926	1,684,927	3,093,999	556,010
Rental assets	86,050,033	20,216,270	65,833,763	109,439,186
Transportation equipment	129,361,132	20,093,651	109,267,481	52,278,003
	<b>\$ 259,515,561</b>	<b>\$ 47,952,526</b>	<b>\$ 211,563,035</b>	<b>\$ 193,143,632</b>

**5. LEASE RECEIVABLE**

In the nine month period ended September 30, 2023, the company transferred lease receivables of \$193,425,811 to Tpine Canada Securitization LP, \$130,346,192 to Tpine USA Funding I LLC, \$126,018,560 to Tpine USA Funding II LLC and \$59,013,616 to Tpine USA Funding III LLC (combined "the SPEs").

The SPVs are used to hold and securitize lease receivable on behalf of the company. Only the assets of the SPEs can be used to settle obligations of the SPEs and the lenders of the SPEs have no recourse to the general credit of the company.

As of September 30, 2023, the breakdown of the long term debt of SPEs was as follows:

	2023	2022
Tpine Canada Securitization LP	\$ 325,254,357	\$ 134,733,531
Tpine USA Funding I LLC	176,570,839	138,480,198
Tpine USA Funding II LLC	184,038,166	97,724,609
Tpine USA Funding III LLC	80,714,957	50,581,348
	<b>\$ 766,578,319</b>	<b>\$ 421,519,686</b>

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

**6. LONG TERM DEBT**

	<u>2023</u>	<u>2022</u>
Rental assets	\$ 60,662,658	\$ 71,135,471
Real estate mortgage	64,435,017	67,088,495
Bulk lease line	1,389,503,114	886,904,739
Passenger vehicles	232,365	281,400
Fleet equipment	71,139,958	40,304,219
	<u>1,585,973,112</u>	<u>1,065,714,324</u>
Amounts payable within one year	<u>(357,987,765)</u>	<u>(203,941,637)</u>
	<u><b>\$1,227,985,347</b></u>	<u><b>\$ 861,772,687</b></u>

Current portion break down is as follows:

Rental assets	\$ 14,518,410
Real estate mortgage	2,546,820
Bulk lease line	327,019,270
Passenger vehicles	79,505
Fleet equipment	13,823,760
	<u><b>\$ 357,987,765</b></u>

**7. OBLIGATIONS UNDER CAPITAL LEASE**

	<u>2023</u>	<u>2022</u>
Rental assets	\$ 6,654,412	\$ 7,084,796
Fleet equipment	762,693	1,073,829
	<u>7,417,105</u>	<u>8,158,625</u>
Amounts payable within one year	<u>(2,073,483)</u>	<u>(3,872,356)</u>
	<u><b>\$ 5,343,622</b></u>	<u><b>\$ 4,286,269</b></u>

Current portion break down is as follows::

Rental assets	\$ 1,983,655
Fleet equipment	89,828
	<u>2,073,483</u>
Total minimum lease payments	<u><b>\$ 2,073,483</b></u>

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

**8. DUE FROM (TO) RELATED PARTIES**

	2023	2022
Long term portion due from related parties		
Real Estate Holding Entities	\$	
102098416 Saskatchewan Ltd.	1,707,247	501,936
11670 Interstate Holding Corp (USA)	-	94,481
12944154 Canada Inc.	-	3,902,998
131 Industrial Blvd Holding Corp (USA)	6,232,703	6,315,999
13184633 Canada Inc.	1,505,656	812,434
13763983 Canada Inc.	2,606,253	2,417,460
13th Street Pompano Beach FL Holding Corp (USA)	5,563,722	-
1450 Meyerside Holding Inc.	1,253,703	-
162 Route Road Troy Holding Corp (USA)	679,463	-
177A St Surrey Holding Inc.	2,688,765	1,000,000
2029909 Ontario Inc.	3,559,168	2,172,848
2108184 Alberta ltd.	748,155	641,602
2554193 Ontario Inc.	9,224,228	3,081,869
2837229 Ontario Inc.	-	28,727
2863283 Ontario Inc.	1,495,760	1,495,602
3000 Pitfield Holding Inc.	5,786,874	1,250,000
30530 Matsqui Abbotsford Holding Inc.	2,718,078	900,000
401 South Meridian OKC Holding Corp (USA)	462,829	3,474,473
52 ST Edmonton Holding Inc.	861,450	-
59th Ave Phoenix Holding Corp (USA)	472,421	3,853,615
68th St E Saskaton Holding Inc.	1,591,526	1,613,865
8201 Hwy 66 Tulsa Holding Corp (USA)	660,626	-
84 ST SE Calgary Holdings Inc	2,464,969	-
87th Avnue Medley FL Holding Corp (USA)	1,132,708	-
963 Sweetwater Holding Corp (USA)	1,356,154	19,827
Bishop Road Holding Corp (USA)	408,752	830,571
Block 6 Holdings Inc.	-	2,873,937
Corrington Missouri Holding Corp (USA)	273,874	361,367
Crescentville Road Cincinnati Holding Corp (USA)	1,628,933	-
Di Miller Bakersfield Holding Corp (USA)	-	18,332
East Brundage Lane Bakersfield Holding Corp (USA)	3,948,202	-
Eastgate Missouri Holding Corp (USA)	924,396	2,855,699
French Camp Holding Corp (USA)	3,559,934	1,122,802
Frontage Road Holding Corp (USA)	9,591,047	9,566,040
High Prairie Texas Holding Corp (USA)	3,502,855	2,546,615
Highway 46 McFarland Holding Corp (USA)	562,510	860,804
Loop 820 Fort Worth Holding Corp (USA)	1,017,462	-
Manheim Road Holding Corp (USA)	1,923,037	1,027,110
Old National Highway Holding Corp (USA)	-	429,257
PGED Holding Corp (USA)	3,229,224	2,740,193
Pride Group Real Estate Holding Inc.	528,469	28,350
Terminal Road Holding Corp (USA)	124,230	2,639,795

*(continues)*

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

**8. DUE FROM (TO) RELATED PARTIES *(continued)***

	<b>2023</b>	2022
Ternes Drive Holding Corp (USA)	<b>561,578</b>	1,219,873
Valley Boulevard Fontana Holding Corp (USA)	<b>11,663,073</b>	335,138
Other Entities		
1000138110 Ontario Inc.	<b>1,654,346</b>	2,352,976
2413586 Ontario Inc.	<b>2,687,393</b>	2,687,393
DVP Holdings Corp (USA)	<b>11,731,534</b>	2,097,886
Dixie Truck Parts Inc.	-	2,965,878
Five River Insurance Ltd. (USA)	<b>34,276</b>	-
Pride Pride Fleet Solutions Corp (USA)	<b>4,540,094</b>	2,985,731
Pride Group Enterprises Ltd.	<b>150,137</b>	28,377
Pride Group Logistics USA Co. (USA)	<b>3,931,847</b>	1,836,084
Pride Group Logistics International Ltd.	<b>201,746</b>	142,547
Maplewood Inc LLC (USA)	<b>1,906,966</b>	694,954
Tpine Financial Services Inc.	<b>26,662,584</b>	29,357,263
	<b>\$ 151,720,959</b>	\$ 108,182,708
Long term portion due to related parties		
11670 Interstate Holding Corp (USA)	<b>\$ 61,769</b>	\$ -
12944154 Canada Inc.	<b>2,542,229</b>	-
2837229 Ontario Inc.	<b>17,928</b>	-
933 Helena Holdings Inc.	<b>4,205,381</b>	697,154
Alexis Investments LLC (USA)	<b>1,073,626</b>	780,250
Block 6 Holdings Inc.	<b>2,557,818</b>	-
Di Miller Bakersfield Holding Corp (USA)	<b>18,668,921</b>	-
Dixie Truck Parts Inc.	<b>1,848,485</b>	-
Family Trusts	-	700,000
Five River Realty Corp (USA)	<b>276,611</b>	-
Old National Hwy Holding Corp (USA)	<b>102,320</b>	-
Pride Group EV Sales Ltd.	<b>2,090,530</b>	-
	<b>\$ 33,445,618</b>	\$ 2,177,404

**PRIDE GROUP ENTERPRISES (NORTH AMERICA)**  
**COMBINED CONSOLIDATED GENERAL, SALES AND ADMINISTRATION EXPENSES**  
**(SCHEDULE 1)**  
**(IN CANADIAN FUNDS)**  
**NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

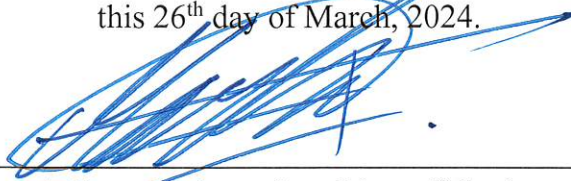
	<b>2023</b> <i>(9 months)</i>	<b>2022</b> <i>(9 months)</i>
Advertising and promotion	\$ 3,682,246	\$ 1,650,642
Bad debts	581,062	981,791
Commissions	1,690,222	-
General repairs and maintenance	11,612,097	616,311
Insurance	2,408,328	1,899,928
Lease administration costs	1,160,538	308,523
Occupancy	19,138,404	9,164,072
Office and general	5,591,791	3,853,767
Professional fees	6,712,457	5,605,927
Provision for future losses on lease receivables	12,596,948	6,619,610
Salaries, wages and employee benefits	41,480,265	31,938,023
Telephone and telecommunication	1,158,800	1,243,221
Travel	902,856	371,829
	<b>\$ 108,716,014</b>	<b>\$ 64,253,644</b>

See accompanying notes

## **EXHIBIT “F”**



This is Exhibit "F" referred to in the  
Affidavit of Sulakhan Johal sworn before me,  
this 26<sup>th</sup> day of March, 2024.

A handwritten signature in blue ink, appearing to be "Marko Ivanisevic", written over a horizontal line.

A Commissioner for taking affidavits

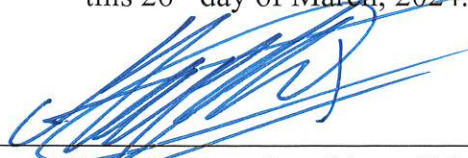
Marko Ivanisevic  
LSO#79544M

## **Exhibit “F”**

*Balance sheets for each of the properties owned by the R/E HoldCos*

## **EXHIBIT “G”**

This is Exhibit "G" referred to in the  
Affidavit of Sulakhan Johal sworn before me,  
this 26<sup>th</sup> day of March, 2024.

A handwritten signature in blue ink, appearing to be 'Marko Ivanisevic', written over a horizontal line.

A Commissioner for taking affidavits

Marko Ivanisevic  
LSO#79544M

## Canadian Facilities

[illegible]







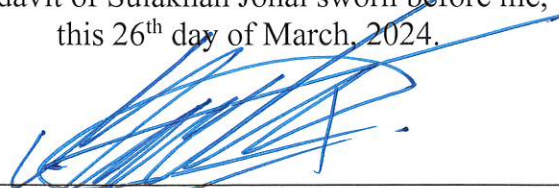


[illegible]

[illegible]

## **EXHIBIT “H”**

This is Exhibit "H" referred to in the  
Affidavit of Sulakhan Johal sworn before me,  
this 26<sup>th</sup> day of March, 2024.



---

A Commissioner for taking affidavits

Marko Ivanisevic  
LSO#79544M

**Exhibit “H”**  
**Copies of Personal Property Registry Searches conducted in Ontario, Alberta,  
British Columbia and Saskatchewan**

*Ontario*

<b>No.</b>	<b>Debtor name</b>
1.	<a href="#"><u>TPine Leasing Capital Corporation</u></a>
2.	<a href="#"><u>TPine Truck Rental Inc.</u></a>
3.	<a href="#"><u>TPine Financial Services Inc.</u></a>
4.	<a href="#"><u>TPine Canada Securitization LP</u></a>
5.	<a href="#"><u>TPine Canada GP Inc.</u></a>
6.	<a href="#"><u>Pride Fleet Solutions Inc.</u></a>
7.	<a href="#"><u>Pride Group Logistics Ltd.</u></a>
8.	<a href="#"><u>Pride Truck Sales Ltd.</u></a>
9.	<a href="#"><u>Pride Group Real Estate Holdings Inc.</u></a>
10.	<a href="#"><u>Pride Group Holdings Inc.</u></a>
11.	<a href="#"><u>Pride Group EV Sales Ltd.</u></a>
12.	<a href="#"><u>Pride Group Enterprises Ltd.</u></a>
13.	<a href="#"><u>Pride Fresh Ltd.</u></a>
14.	<a href="#"><u>Dixie Truck Parts Inc.</u></a>
15.	<a href="#"><u>Dixie Tire Centre Inc.</u></a>
16.	<a href="#"><u>Loadex Inc.</u></a>
17.	<a href="#"><u>1450 Meyerside Holding Inc.</u></a>
18.	<a href="#"><u>933 Helena Holdings Inc.</u></a>
19.	<a href="#"><u>Block 6 Holding Inc.</u></a>
20.	<a href="#"><u>3000 Pitfield Holding Inc.</u></a>
21.	<a href="#"><u>13184633 Canada Inc.</u></a>
22.	<a href="#"><u>12944154 Canada Inc.</u></a>
23.	<a href="#"><u>13761983 Canada Inc.</u></a>
24.	<a href="#"><u>2076401 Ontario Inc.</u></a>
25.	<a href="#"><u>2554193 Ontario Inc.</u></a>
26.	<a href="#"><u>2554194 Ontario Inc.</u></a>
27.	<a href="#"><u>2837229 Ontario Inc.</u></a>
28.	<a href="#"><u>2863283 Ontario Inc.</u></a>

No.	Debtor name
29.	<a href="#"><u>2692293 Ontario Ltd.</u></a>
30.	<a href="#"><u>2500819 Ontario Inc.</u></a>
31.	<a href="#"><u>2629017 Ontario Inc.</u></a>
32.	<a href="#"><u>2611089 Ontario Inc.</u></a>
33.	<a href="#"><u>2043002 Ontario Inc.</u></a>
34.	<a href="#"><u>2413586 Ontario Inc.</u></a>
35.	<a href="#"><u>2029909 Ontario Inc.</u></a>

*Alberta*

No.	Debtor name
36.	<a href="#"><u>52 Street Edmonton Holding Inc.</u></a>
37.	<a href="#"><u>84 ST SE Calgary Holdings Inc.</u></a>
38.	<a href="#"><u>2108184 Alberta Ltd.</u></a>

*British Columbia*

No.	Debtor name
39.	<a href="#"><u>177A Street Surrey Holdings Inc.</u></a>
40.	<a href="#"><u>30530 Matsqui Abbotsford Holding Inc.</u></a>

*Saskatchewan*

No.	Debtor name
41.	<a href="#"><u>68th Street Saskatoon Holding Inc.</u></a>
42.	<a href="#"><u>102098416 Saskatchewan Ltd.</u></a>

## **EXHIBIT “I”**

This is Exhibit "I" referred to in the  
Affidavit of Sulakhan Johal sworn before me,  
this 26<sup>th</sup> day of March, 2024.



---

A Commissioner for taking affidavits

Marko Ivanisevic  
LSO#79544M



**Exhibit “T”**  
**Copies of *Uniform Commercial Code* searches**

<b>No.</b>	<b>Debtor name</b>	<b>Jurisdiction</b>
1.	<a href="#"><u>Tpine Leasing Capital L.P.</u></a>	Delaware
2.	<a href="#"><u>TPine Rental USA, Inc.</u></a>	Delaware
3.	<a href="#"><u>TPine Financial Services Corp.</u></a>	Texas
4.	<a href="#"><u>Pride Truck Sales L.P.</u></a>	Delaware
5.	<a href="#"><u>Coastline Holdings, Corp.</u></a>	Delaware
6.	<a href="#"><u>Dixie Truck Parts Inc.</u></a>	Delaware
7.	<a href="#"><u>Dixie Truck Parts Inc.</u></a>	Texas
8.	<a href="#"><u>Parker Global Enterprises, Inc.</u></a>	Delaware
9.	<a href="#"><u>Parker Transport Co.</u></a>	Delaware
10.	<a href="#"><u>Pride Fleet Solutions USA Inc.</u></a>	Delaware
11.	<a href="#"><u>Pride Group Logistics USA, Co.</u></a>	Delaware
12.	<a href="#"><u>Arnold Transportation Services, Inc.</u></a>	Pennsylvania

## **EXHIBIT “J”**

This is Exhibit "J" referred to in the  
Affidavit of Sulakhan Johal sworn before me,  
this 26<sup>th</sup> day of March, 2024.



---

A Commissioner for taking affidavits

Marko Ivanisevic  
LSO#79544M

## EXHIBIT "J"

Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
Volvo Financial Services, a division of VFS Canada Inc.	Tpine Leasing Capital Corporation	Pride Group Logistics Ltd; Sulakhan Johal; Pride Truck Sales LP; Coastline Holdings Corp.; Pride Diesel Inc.; 2692293 Ontario Ltd.; Pride Truck Sales Ltd.; Pride Group Holdings Inc.; 2043002 Ontario Inc.; Tpine Truck Rental Inc.; Jasvir Johal; 2076401 Ontario Inc.; Pergola Holdings Corp.	9-Jan-24	Master Loan Agreement dated June 1, 2017
Mitsubishi HC Capital Canada Leasing, Inc. and Mitsubishi HC Capital Canada, Inc.	Tpine Leasing Capital Corporation	Pride Truck Sales Ltd.	16-Jan-24	Master Purchase and Servicing Agreement dated March 23, 2023
Royal Bank of Canada	Pride Group Logistics Ltd.; Pride Fleet Solutions Inc.; Pride Truck Sales Ltd.; Tpine Truck Rental Inc.; Tpine Leasing Capital Corporation		11-Jan-24	Credit Agreement dated May 27, 2022
Royal Bank of Canada	Tpine Truck Rental inc.; Tpine Leasing Capital Corporation; Pride Truck Sales Ltd.; 2076401 Ontario Inc.; Tpine Leasing Capital LP; PGED Holding Corpo; High Prairie Texas Holding Corp; 131 Industrial Blvd Holding Corp; 59th Ave Phoenix Holding Corp; Di Miller Drive Bakersfield Holding Corp; 1450 Meyerside Holdings Corp	Pride Truck Sales LP; Tpine Rental USA, Inc.; Coastline Holdings, Corp; Pride Group Holdings Inc.; Pride Group Logistics Ltd; 2043002 Ontario Inc; Pride Fleet Solutions Inc; Frontage Road Holding Corp	11-Jan-24	Third Amended and Restated Credit Agreement dated November 4, 2022

Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
Royal Bank of Canada	Tpine Truck Rental Inc; Tpine Leasing Capital Corporation; Pride Truck Sales Ltd; 2076401 Ontario Inc; Tpine Leasing Capital LP; PGED Holding Corp; High Prairie Texas Holding Corp; 131 Industrial Blvd Holding Corp; 59th Ave Phoenix Holding Corp; Di Miller Drive Bakersfield Holding Corp; 1450 Meyerside Holding Inc	Pride Truck Sales LP; Tpine Rental USA, Inc.; Coastline Holdings, Corp; Pride Group Holdings Inc.; Pride Group Logistics Ltd; 2043002 Ontario Inc; Pride Fleet Solutions Inc; Frontage Road Holding Corp	11-Jan-24	Third Amended and Restated Credit Agreement dated November 4, 2022
Bank of Nova Scotia	Pride Group Logistics Ltd.	N/A	12-Jan-24	Commitment Letter dated November 21, 2022
BNY Trust Company of Canada, in its capacity as trustee of Move Trust and Boat Capital LP	Tpine Leasing Capital Corporation	The Notice refers to "performance guarantors" generally	10-Jan-24	Master Leasing Agreement dated August 27, 2020, as amended; Warehouse Facility Agreement dated August 27, 2020, as amended
Regions Equipment Finance Corporation and Regions Commercial Equipment Finance, LLC	Tpine Leasing Capital LP; Tpine USA Funding II LLC	The Notice refers to "performance guarantors" generally	28-Dec-23	Master Agreement dated as of March 30, 2022; Receivables Loan and Security Agreement dated as of February 11, 2022
Regions Bank	Tpine USA Funding II LLC	Tpine Leasing Capital LP; Notice also makes reference to "performance gurantors" generally	28-Dec-23	Receivable Loan and Security Agreement dated February 11, 2022
BMO Bank NA	Tpine Leasing Capital LP	N/A	28-Dec-23	Loan and Security Agreements
BMO Bank NA	Tpine Rental USA, Inc	N/A	28-Dec-23	Wholesale Security Agreement dated April 27, 2022
Royal Bank of Canada	Tpine Leasing Capital Corporation	N/A	2-Jan-24	Master Lease Agreement dated January 5, 2021
Toronto Dominion Bank	Pride Truck Sales Ltd	N/A	2-Jan-24	ISDA Master Agreement dated June 6, 2023

Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
Mitsubishi HC Capital America Inc.	Tpine Leasing Capital LP; Pride Truck Sales LP; Tpine Capital Leasing Corporation; Pride Truck Sales Ltd.; Tpine Truck Rental Inc	N/A	21-Dec-23	Master Lease Receiveables Sale and Assignment Agreement dated May 25, 2021; Servicing and Remarketing Agreement dated May 25, 2021; Second Amended and Restated Program Agreement Security Agreement dated November 2021; Floorplan and Security Agreement dated November 21, 2018; Master Purchase and Servicing Agreement dated March 23, 2023; Floorplan and Security Agreement dated March 23, 2023
Royal Bank of Canada	Tpine Leasing Corporation	N/A	23-Jan-24	ISDA Master Agreement dated December 8, 2021, as amended
CWB Maxium Financial Inc.	Tpine Leasing Capital Corporation	N/A	24-Jan-24	Master Purchase and Servicing Agreement dated November 2, 2018
BMO Capital Markets	Pride Truck Sales Ltd.	N/A	23-Jan-24	ISDA Master Agreement dated June 5, 2023
Bank of Nova Scotia	Pride Group Logistics Ltd.	N/A	26-Jan-24	Commitment Letter dated November 21, 2022; Equipment Finance Contracts
Bank of Nova Scotia	Pride Group Logistics Ltd.	N/A	29-Jan-24	Commitment Letter dated November 21, 2022; Equipment Finance Contracts
Meridian OneCap Credit Corp.	Tpine Leasing Capital Corporation	N/A	5-Feb-24	Conditional Sales Contract dated November 19, 2021; Loan and Security Agreement dated October 2, 2018

Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
Meridian OneCap Credit Corp.	Tpine Truck Rental Inc.	N/A	5-Feb-24	Loan and Security Agreement dated February 25, 2022
HSBC Bank Canada	Pride Group Logistics Ltd.	Tpine Leasing Capital Corporation; Tpine Truck Rental Inc.; Pride Group Enterprises Ltd.; Pride Truck Sales Ltd.	6-Feb-24	Conditional Sale Agreement dated December 24, 2021
Mitsubishi HC Capital America, Inc and Mitsubishi HC Capital Canada, Inc	The Pride Group	N/A	8-Feb-24	N/A
Volvo Financial Services, a division of VFS Canada Inc.	Tpine Leasing Capital Corporation	Pride Group Logistics Ltd.; Sulakhan Johal; Pride Truck Sales LP; Coastline Holdings Corp; Pride Diesel Inc; 2692293 Ontario Ltd; Pride Truck Sales Ltd; Pride Group Holdings Inc; 2043002 Ontario Inc; Tpine Truck Rental Inc; Jasvir Johal; 2076401 Ontario Inc; Pergola Holdings Corp;	16-Feb-24	Master Loan and Security Agreement dated June 1, 2017
Volvo Financial Services, VFS USA LLC	Tpine Leasing Capital LP	N/A	16-Feb-24	Master Loan and Security Agreement dated February 7, 2020

Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
Royal Bank of Canada as Administrative Agent for Syndicate of Lenders	Obligors: TPine Truck Rental Inc., TPine Leasing Capital Corporation, Pride Truck Sales Ltd., 2076401 Ontario Inc., TPine Leasing Capital, L.P., PGED Holding, Corp., High Prairie Texas Holding Corp., 131 Industrial Blvd Holding Corp., 59th Ave Phoenix Holding Corp., Di Miller Drive Bakersfield Holding Corp. 1450 Meyerside Holding Inc., Pride Truck Sales L.P. TPine Rental USA, Inc. Coastline Holdings, Corp. Pride Group Holdings Inc. Pride Group Logistics Ltd. 2043002 Ontario Inc. Pride Fleet Solutions Inc. Frontage Road Holding Corp.	Guarantor referenced generally	26-Feb-24	Third Amended and Restated Credit Agreement made as of November 4, 2022
BMO Bank NA	Tpine Leasing Capital LP	N/A	27-Feb-23	Loan and Security Agreements
BMO Bank NA	Tpine Rental USA, Inc	N/A	27-Feb-24	Wholesale Security Agreement dated April 27, 2022
Roynat Inc.	2554194 Ontario Inc., 2554193 Ontario Inc., 13761983 Canada Inc., 2863283 Ontario Inc., 177A Street Surrey Holding Inc., 933 Helena Holdings Inc.	Sulakhan Johal	28-Feb-24	Amended and Restated Offer of Finance most recently amended August 4, 2023



Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
Roynat Inc.	2554194 Ontario Inc., 2554193 Ontario Inc., 13761983 Canada Inc., 2863283 Ontario Inc., 177A Street Surrey Holding Inc., 933 Helena Holdings Inc.	Sulakhan Johal	28-Feb-24	Amended and Restated Offer of Finance most recently amended August 4, 2023
HSBC Bank Canada	Pride Group Logistics Ltd.	Tpine Leasing Capital Corporation; Tpine Truck Rental Inc.; Pride Group Enterprises Ltd.; Pride Truck Sales Ltd.	1-Mar-24	Conditional Sale Agreement dated December 24, 2021
National Bank Financial Inc. and National Bank of Canada	Tpine USA Funding I LLC; Tpine Leasing Capital LP	N/A	6-Mar-24	Note Issuance and Purchase Agreement dated October 29, 2021
Bennington Financial Corp.	Tpine Leasing Capital Corporation; Pride Truck Sales Ltd.	N/A	6-Mar-24	Master Purchase Agreement effective February 6, 2020; Resale Agreement effective February 6, 2020
Roynat Inc.	2554194 Ontario Inc., 2554193 Ontario Inc., 13761983 Canada Inc., 2863283 Ontario Inc., 102098416 Saskatchewan Ltd., 30530 Matsqui Abbotsford Holding Inc., 177A Street Surrey Holding Inc., 933 Helena Holdings Inc.	Valley Boulevard Fontana Holding Corp.	28-Feb-24	Amended and Restated Offer of Finance most recently amended November 23, 2023; Joinder Agreement most recently amended August 4, 2023

Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
Mitsubishi HC Capital America, Mitsubishi HC Capital Canada, Inc., and Mitsubishi HC Capital Canada Leasing, Inc.	Tpine Leasing Capital Corporation; Pride Truck Sales Ltd.; Tpine Truck Rental Inc.; Pride Group Holdings Inc; Pride Group Logistics Ltd.; 2043002 Ontario Inc.; Loadex Inc.	Pride Group Holdings Inc; Pride Group Logistics Ltd; Pride Truck Sales Ltd; Tpine Truck Rental Inc; 20430002 Ontario Inc (the "MPSA Guarantors"); Pride Group Holdings Inc; Tpine Leasing Capital Corporaiton; 2043002 Ontario Inc (the "Floorplan Guarantors").	7-Mar-24	Second Amended and Restated Financing Offer dated December 23, 2022, as amended; Master Purchase and Servicing Agreement dated March 23, 2023, as amended; Lease Agreements entered into between Tpine Leasing Capital Corp and Tpine Truck Rental Inc.; Lease Agreements entered into between Tpine Leasing Capital Corp and Loadex Inc; Floorplan and Security Agreement dated March 23, 2023; Demand Promissory Note dated December 29, 2022; undated Demand Promissory Note
Bank of Montreal	Tpine Leasing Capital Corporation; Pride Group Logistics Ltd.	N/A	7-Mar-24	Equipment Loan and Security Agreements dated June 11, 2021, as amended
Bank of Montreal	Tpine Leasing Capital Corporation; Pride Group Logistics Ltd.	2043002 Ontario Inc.; 2076401 Ontario Inc.; Pride Truck Sales Ltd; TPine Truck Rental Inc; Pride Group Logistics Ltd.	7-Mar-24	Equipment Loan and Security Agreements dated June 11, 2021, as amended

Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
Bank of Montreal	68th Street Saskatoon Holding Inc.; Manheim Road Holding Corp.; 3000 Pitfield Holding Inc.; Crescentville Road Cincinnati Holding Corp.; 84 ST SE Calgary Holdings Inc.; and 87th Avenue Medley FL Holding Corp.	N/A	7-Mar-24	Credit Agreement dated August 29, 2022; Collateral Mortgage dated August 29, 2022; General Assignment of Rents dated October 12, 2022; Mortgage Assignment of Leases and Rents and Fixture dated October 12, 2022; Universal Deed of Hypothec dated November 17, 2022; Open End Mortgage and Security Agreement dated April 11, 2023; Collateral Mortgage dated March 29, 2023; General Assignment of Rents and Leases dated March 29, 2023; Postponement and Subordination Undertaking dated August 29, 2022

Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
Bank of Montreal	68th Street Saskatoon Holding Inc.; Manheim Road Holding Corp.; 3000 Pitfield Holding Inc.; Crescentville Road Cincinnati Holding Corp.; 84 ST SE Calgary Holdings Inc.; and 87th Avenue Medley FL Holding Corp.	68th Street Saskatoon Holding Inc., Manheim Road Holding Corp.; 3000 Pitfield Holding Inc.; Crescentville Road Holding Corp.; 84 ST SE Calgary Holdings Inc.; 87th Avenue Medley FL Holding Corp.; Sulakhan Johal; and Jasvir Johal	7-Mar-24	Credit Agreement dated August 29, 2022; Collateral Mortgage dated August 29, 2022; General Assignment of Rents dated October 12, 2022; Mortgage Assignment of Leases and Rents and Fixture dated October 12, 2022; Universal Deed of Hypothec dated November 17, 2022; Open End Mortgage and Security Agreement dated April 11, 2023; Collateral Mortgage dated March 29, 2023; General Assignment of Rents and Leases dated March 29, 2023; Postponement and Subordination Undertaking dated August 29, 2022

Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
<p>Royal Bank of Canada as Administrative Agent for Syndicate of Lenders</p>	<p>TPine Truck Rental Inc.; TPine Leasing Capital Corporation; Pride Truck Sales Ltd.; 2076401 Ontario Inc.; TPine Leasing Capital, L.P.; PGED Holding, Corp.; High Prairie Texas Holding Corp.; 131 Industrial Blvd Holding Corp.; 59th Ave Phoenix Holding Corp.; Di Miller Drive Bakersfield Holding Corp.; 1450 Meyerside Holding Inc.; Pride Truck Sales L.P.; TPine Rental USA, Inc.; Coastline Holdings, Corp.; Pride Group Holdings Inc.; Pride Group Logistics Ltd.; 2043002 Ontario Inc.; Pride Fleet Solutions Inc.; Frontage Road Holding Corp.</p>	<p>N/A</p>	<p>8-Mar-24</p>	<p>Third Amended and Restated Credit Agreement dated November 4, 2022; RBC Bilateral Credit Agreement</p>

Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
Mitsubishi HC Capital America Inc.	Tpine Leasing Capital LP	N/A	13-Mar-24	Master Lease Receiveables Sale and Assignment Agreement dated May 25, 2021; Servicing and Remarketing Agreement dated May 25, 2021; Second Amended and Restated Program Agreement Security Agreement dated November 2021; Floorplan and Security Agreement
First American Commercial Bancorp Inc., Republic Bank of Chicago, Webster Capital Finance, Flagstar Financial & Leasing LLC	Tpine Leasing Capital LP	2043002 Ontario Inc; 2076401 Ontario Inc; 2692293 Ontario Inc; Pergola Holdings Corp; Pride Diesel Inc; Pride Group Holdings Inc; Pride Group Logistics Ltd; Pride Truck Sales Ltd; Tpine Leasing Capital Corporation; Tpine Rental USA Inc; Tpine Truck Rental Inc; Pride Truck Sales LP	14-Mar-24	Master Loan and Security Agreement dated August 27, 2020
First American Commercial Bancorp Inc., Republic Bank of Chicago, Webster Capital Finance, Flagstar Financial & Leasing LLC	Tpine Leasing Capital LP	2043002 Ontario Inc; 2076401 Ontario Inc; 2692293 Ontario Inc; Pergola Holdings Corp; Pride Diesel Inc; Pride Group Holdings Inc; Pride Group Logistics Ltd; Pride Truck Sales Ltd; Tpine Leasing Capital Corporation; Tpine Rental USA Inc; Tpine Truck Rental Inc; Pride Truck Sales LP	14-Mar-24	Master Loan and Security Agreement dated August 27, 2020
Toronto Dominion Bank	Tpine USA Funding V LLC	Tpine Leasing Capital LP	12-Jan-24	Receiveables Loan and Security Agreement dated November 10, 2023

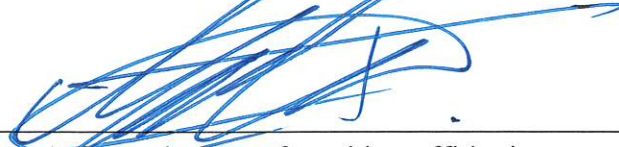
Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
BNY Trust Company of Canada, in its capacity as trustee of Move Trust and Boat Capital LP	Tpine Leasing Capital Corp	N/A	21-Mar-24	Master Lease Agreement dated November 8, 2022
Mitsubishi HC Capital Canada Leasing, Inc., Mitsubishi HC Capital Canada, Inc.	Pride Truck Sales Ltd., Tpine Truck Rental Inc. and Tpine Leasing Capital Corporation	Jasvir Johal; Sulakahn Johal	25-Mar-24	Second Amended and Restated Financing Offer dated December 23, 2022, as amended; Master Purchase and Servicing Agreement dated March 23, 2023, as amended; Lease Agreements entered into between Tpine Leasing Capital Corp and Tpine Truck Rental Inc.; Floorplan and Security Agreement dated March 23, 2023; Demand Promissory Note dated December 29, 2022; Lease Agreements entered into between Tpine Leasing Capital Corporation and Loadex Inc.
Bodkin, a division of Bennington Financial Corp.	Pride Group Logistics Ltd.	Sulakhan Johal	25-Mar-24	Secured Agreement dated May 28, 2020
Bodkin, a division of Bennington Financial Corp.	Tpine Truck Rental Inc.	N/A	25-Mar-24	Secured Agreement dated November 3, 2023
Bodkin, a division of Bennington Financial Corp.	Pride Group Logistics Ltd.	Sulakhan Johal	25-Mar-24	Secured Agreement dated May 28, 2020
Bodkin, a division of Bennington Financial Corp.	Pride Group Logistics Ltd.	N/A	25-Mar-24	Secured Agreement dated August 19, 2020
Bodkin, a division of Bennington Financial Corp.	Tpine Truck Rental Inc.	N/A	25-Mar-24	Secured Agreement dated November 3, 2023

Issuer of Notice	Borrower	Guarantors	Date of Notice	Relevant Loan Agreement
Concentra Equipment Finance, a division of Bennington Financial Corp.	Pride Group Logistics Ltd.	N/A	25-Mar-24	Secured Agreement dated August 17, 2020
Royal Bank of Canada	Tpine Leasing Capital Corporation; Tpine Canada Securitization LP; Tpine Canada GP Inc.	N/A	25-Mar-24	Amended and Restated Loan and Security Agreement dated December 7, 2022; Sale and Servicing Agreement dated January 21, 2022; Backup Servicing Agreement dated January 21, 2022
Finloc 2000 Inc.	Pride Group Logistics Ltd.	N/A	25-Mar-24	Master Lease Agreement signed on November 5, 2019, as amended



## **EXHIBIT “K”**

This is Exhibit "K" referred to in the  
Affidavit of Sulakhan Johal sworn before me,  
this 26<sup>th</sup> day of March, 2024.

A handwritten signature in blue ink, consisting of several overlapping loops and strokes, positioned above a horizontal line.

A Commissioner for taking affidavits

Marko Ivanisevic  
LSO#79544M

EXHIBIT "K"

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF PRIDE GROUP HOLDINGS INC. and  
those Applicants listed on Schedule "A" hereto (each, an  
"Applicant", and collectively, the "Applicants")

**CONSENT**

**ERNST & YOUNG INC.** hereby consents to act as Court-appointed Monitor in these proceedings should the Initial Order be granted by the Court.

Dated at Toronto this 25th day of March, 2024.

**ERNST & YOUNG INC.**



Per: \_\_\_\_\_

Name: Alex Morrison

Title: Senior Vice President

## **Schedule “A”**

### **A. APPLICANTS**

#### **Operating Entities**

##### *Canadian Operating Entities*

- PRIDE TRUCK SALES LTD.
- TPINE TRUCK RENTAL INC.
- PRIDE GROUP LOGISTICS LTD.
- PRIDE GROUP LOGISTICS INTERNATIONAL LTD.
- TPINE LEASING CAPITAL CORPORATION
- DIXIE TRUCK PARTS INC.
- PRIDE FLEET SOLUTIONS INC.
- TPINE FINANCIAL SERVICES INC.
- PRIDE GROUP EV SALES LTD.

##### *U.S. Operating Entities*

- TPINE RENTAL USA, INC.
- PRIDE GROUP LOGISTICS USA, CO.
- ARNOLD TRANSPORTATION SERVICES, INC.
- DIXIE TRUCK PARTS INC.
- TPINE FINANCIAL SERVICES CORP.
- PARKER TRANSPORT CO.
- PRIDE FLEET SOLUTIONS USA INC.

#### **Real Estate Holding Companies**

##### *Canadian Real Estate Holding Companies*

- 2029909 ONTARIO INC.
- 2076401 ONTARIO INC.
- 1450 MEYERSIDE HOLDING INC.
- 933 HELENA HOLDINGS INC.
- 30530 MATSQUI ABBOTSFORD HOLDING INC.
- 2863283 ONTARIO INC.
- 2837229 ONTARIO INC.
- 2108184 ALBERTA LTD.
- 12944154 CANADA INC.
- 13184633 CANADA INC.
- 13761983 CANADA INC.
- 102098416 SASKATCHEWAN LTD.
- 177A STREET SURREY HOLDING INC.
- 52 STREET EDMONTON HOLDING INC.

- 84 ST SE CALGARY HOLDINGS INC.
- 68TH STREET SASKATOON HOLDING INC.
- 3000 PITFIELD HOLDING INC.

*U.S. Real Estate Holding Companies*

- PGED HOLDING, CORP.
- HIGH PRAIRIE TEXAS HOLDING CORP.
- 131 INDUSTRIAL BLVD HOLDING CORP.
- 59TH AVE PHOENIX HOLDING CORP.
- DI MILLER DRIVE BAKERSFIELD HOLDING CORP.
- FRONTAGE ROAD HOLDING CORP.
- ALEXIS INVESTMENTS, LLC
- TERNES DRIVE HOLDING CORP.
- VALLEY BOULEVARD FONTANA HOLDING CORP.
- HIGHWAY 46 MCFARLAND HOLDING CORP.
- TERMINAL ROAD HOLDING, CORP.
- BISHOP ROAD HOLDING CORP.
- OLD NATIONAL HIGHWAY HOLDING CORP.
- 11670 INTERSTATE HOLDING, CORP.
- 401 SOUTH MERIDIAN OKC HOLDING CORP.
- 8201 HWY 66 TULSA HOLDING CORP.
- EASTGATE MISSOURI HOLDING CORP.
- FRENCH CAMP HOLDING CORP.
- 87TH AVENUE MEDLEY FL HOLDING CORP.
- LOOP 820 FORT WORTH HOLDING CORP.
- 162 ROUTE ROAD TROY HOLDING CORP.
- CRESCENTVILLE ROAD CINCINNATI HOLDING CORP.
- MANHEIM ROAD HOLDING CORP.
- 13TH STREET POMPAÑO BEACH FL HOLDING CORP.
- EAST BRUNDAGE LANE BAKERSFIELD HOLDING CORP.
- CORRINGTON MISSOURI HOLDING CORP.
- 963 SWEETWATER HOLDING CORP.
- OAKMONT DRIVE IN HOLDING CORP.

**Other Holding Companies**

*Other Canadian Holding Companies*

- 2692293 ONTARIO LTD.
- 2043002 ONTARIO INC.
- PRIDE GROUP HOLDINGS INC.
- 2554193 ONTARIO INC.
- 2554194 ONTARIO INC.
- PRIDE GROUP REAL ESTATE HOLDINGS INC.

- 1000089137 ONTARIO INC.

*Other U.S. Holding Companies*

- COASTLINE HOLDINGS, CORP.
- PARKER GLOBAL ENTERPRISES, INC.
- DVP HOLDINGS, CORP.

**B. LIMITED PARTNERSHIPS**

*U.S. Limited Partnerships*

- PRIDE TRUCK SALES L.P.
- TPINE LEASING CAPITAL L.P.
- SWEET HOME HOSPITALITY L.P.

**C. ADDITIONAL STAY PARTIES**

*Canadian Additional Stay Parties*

- BLOCK 6 HOLDING INC.
- 2500819 ONTARIO INC.

*U.S. and Other Additional Stay Parties*

- PRIDE GLOBAL INSURANCE COMPANY LTD.
- PERGOLA HOLDINGS, CORP.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PRIDE GROUP HOLDINGS INC. ET  
AL.

Court File No.:

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

**CONSENT**

**Thornton Grout Finnigan LLP**  
3200 – 100 Wellington Street West  
TD West Tower, Toronto-Dominion Centre  
Toronto, ON M5K 1K7

**Leanne Williams (LSO# 41877E)**  
Email: [lwilliams@tgf.ca](mailto:lwilliams@tgf.ca)

**Rachel Nicholson (LSO# 68348V)**  
Email: [rnicholson@tgf.ca](mailto:rnicholson@tgf.ca)

**Puya Fesharaki (LSO# 70588L)**  
Email: [pfesharaki@tgf.ca](mailto:pfesharaki@tgf.ca)

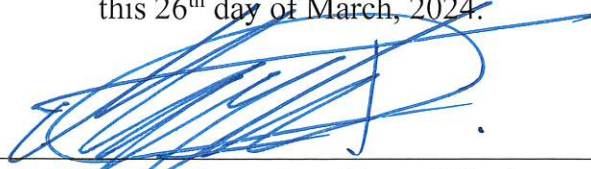
Tel: 416-304-1616  
Fax: 416-304-1313

Lawyers for the Applicants

## **EXHIBIT “L”**



This is Exhibit "L" referred to in the  
Affidavit of Sulakhan Johal sworn before me,  
this 26<sup>th</sup> day of March, 2024.



---

A Commissioner for taking affidavits

Marko Ivanisevic  
LSO#79544M

## EXHIBIT "L"

**February 24, 2024**

Johal Group -Canada/U.S  
1450 Meyerside Dr.,  
Mississauga, Ontario  
L5T 2N5

**Attention: Sam Johal, Chief Executive Officer**

Dear Sir:

**Re: Engagement with respect to the Johal Group**

### **Introduction**

This letter confirms and sets forth the terms and conditions of the engagement between RC Benson Consulting Inc. (“**RCBC**”) and the Johal Group of companies listed on Schedule “A” (collectively, the “**Johal Group**”).

### **Background**

RCBC understands that the Johal Group is presently engaged in discussions with its secured lending syndicate (the “**Lending Syndicate**”) and various other secured lenders concerning its senior secured lending arrangements. RCBC further understands that the Board of Directors of the Johal Group (the “**Board**”) is presently reviewing all strategic alternatives in order to address the current financial circumstances of the Johal Group, including the possibility of a sale of certain businesses or assets of Johal Group and/or other refinancing, investment solicitation, restructuring and business improvement initiatives (a “**Restructuring**”).

In connection with the Restructuring, the Johal Group has identified the need for a qualified advisor (the “**Advisor**”) and/or Chief Restructuring Officer (“**CRO**”) to assist the Johal Group in managing its affairs in connection with its Restructuring efforts. As such the Johal Group seeks to retain RCBC, and specifically Randy Benson (“**Benson**”), to act as the Johal Group’s Advisor and/or CRO in connection with its Restructuring efforts.

### **Scope of the Engagement**

Notwithstanding anything to the contrary in this letter agreement, Randy Benson shall be an advisor to the companies comprising the Johal Group in respect of their Restructuring efforts (and not, for greater certainty, an officer of any such companies) until such time as he becomes the CRO of any such company as a result of (a) such company filing for protection under creditor protection legislation, provided that the initial court order in respect thereof contains adequate protection for RCBC and the CRO as outlined in this

letter agreement, or (b) the Board and RCBC agree that Benson shall become CRO prior to any such creditor protection filing and the Johal Group and RCBC take all actions necessary to ensure RCBC and the CRO have adequate protection at such time.

As Advisor to the Johal Group reporting to the Board, RCBC will provide advice and assistance to the Board and management with respect to the Restructuring, the evaluation of strategic options and alternatives, and any Restructuring or sale process. RCBC acknowledges that no decision has been made at this time with respect to any specific strategic alternatives and the Board will continue to explore all alternatives with the assistance of RCBC.

RCBC will be retained by the Johal Group to provide the following services in respect of the Restructuring:

- Reviewing the financial and operational challenges facing the Johal Group and, together with the Company's legal and financial advisors, agree on a set of strategic options and alternatives for the Company (the "**Restructuring Plan**");
- Developing, evaluating, and implementing the Restructuring Plan and any other strategic alternatives;
- Providing advice to the Board and management on the strategic, financial and operational issues and options of the Johal Group;
- Participating in discussions and negotiations with potential purchasers and/or investors in respect of the companies or assets comprising the Johal Group and their businesses and evaluating any strategic opportunities that arise therefrom;
- Assisting the Board and management in managing stakeholder relations and, where appropriate, leading and representing the Johal Group in discussions and negotiations with the Johal Group's relevant stakeholders;
- Overseeing and exercising decision-making authority in respect of all matters related to the Restructuring (subject to Board approval, where necessary);
- Managing and directing the implementation of the Restructuring Plan and any restructuring alternatives and initiatives approved by the Board;
- Managing and giving instructions to Johal Group's financial and legal advisors in connection with the Restructuring Plan and the Restructuring;
- Reporting to the Board to provide updates with respect to the Restructuring Plan and the Restructuring generally, including the progress being made and the proposed timeframes for the development, negotiation and implementation of specific initiatives, and any other material matters which may affect the Restructuring;
- Providing such other services relating to or to facilitate the Restructuring and the above matters as appropriate;
- As necessary and subject to the terms and conditions set forth in this letter, identifying additional resources needed to manage the Johal Group's affairs during the Restructuring; and

- Providing other services, as requested and mutually agreed between the Johal Group and RCBC.

Without limiting the generality of the foregoing:

- The Advisor and/or the CRO, as applicable, shall exercise decision-making authority in respect of Restructuring matters, subject to Board approval, where necessary.
- The Advisor and/or the CRO, as applicable, shall be at liberty to engage in unfettered communications with key stakeholders and including their professional advisors.

The Advisor and/or CRO, as applicable, will commit sufficient time to the mandate described herein to ensure that all of the services and responsibilities specified in this letter agreement are fulfilled as they arise in connection with the Restructuring. The Johal Group and RCBC recognize that the required level of involvement of the Advisor and/or CRO, as applicable, in any particular week will fluctuate based on the progress and requirements of the Restructuring process. The Advisor and/or CRO will be available, on reasonable notice, to participate in Board meetings and to otherwise provide the services noted above as required throughout the Restructuring process.

The Johal Group acknowledges that Benson may serve as a director of other corporations which are not directly competitive with the Johal Group and that RCBC provides services to other clients, including in the role as chief restructuring officer. RCBC confirms that these other activities will not interfere with the ability of RCBC or Benson to provide the services contemplated by this engagement.

In the event that the Board determines that a court-supervised restructuring process in respect of any of the companies comprising the Johal Group is necessary and appropriate, the CRO will:

- Assist the Board, management and counsel to the Johal Group in all preparatory activities necessary to initiate the court application;
- Swear affidavits and attend court hearings, as necessary, throughout the court proceedings; and
- Work closely with counsel to the Johal Group in respect of the court process and take all actions necessary to advance the Restructuring throughout the court process.

The Johal Group agrees to authorize and direct its advisors (including its accountants, auditors, financial advisors, solicitors, insurance or real estate agents, environmental, appraisers and other consultants) to cooperate fully with RCBC. The Johal Group agrees to fully cooperate with RCBC and provide RCBC with complete and unrestricted access to its premises and provide RCBC promptly upon request with all information and records of every kind and description, including, without limitation, banking, investment and other records, documents, information and files, which RCBC may request from time to time in connection with its engagement, and agrees to meet with RCBC to provide whatever

analysis and explanations RCBC may reasonably require. The Johal Group further agrees to use reasonable skill, care and attention to ensure that all information provided to RCBC is accurate and complete and to notify RCBC if it subsequently learns that the information provided is incorrect, inaccurate or otherwise should not be relied upon.

The Johal Group acknowledges that RCBC's analysis will be based on information supplied by the Johal Group and supplemented by discussions with management, the Board, and other advisors. The Johal Group understands that, although all information gathered will be reviewed for reasonableness, RCBC will not be independently verifying the accuracy and completeness of such information or conducting an audit as part of this engagement. Therefore, RCBC's work will not necessarily disclose any errors, irregularities or illegal acts, if any such exist, in the information provided to RCBC or on the part of the Johal Group or their officers and employees.

As a part of this engagement, RCBC will be required to assist the Johal Group (and its legal or other advisors) in discussions with the Johal Group's stakeholders. During such discussions, the representations made and the positions advanced will be those of the Johal Group and its management, not RCBC's, its partners or employees.

The Johal Group is responsible for all information it provides to third parties directly or indirectly through RCBC, and it agrees to clearly so state in writing to all such third parties as necessary.

The Johal Group acknowledges that, in providing the services described herein, RCBC, the Advisor and/or the CRO may implement and/or effect the Johal Group's restructuring initiatives, perform management functions, make management decisions and act as an agent for the Johal Group, but that such actions and decisions will only be undertaken after consideration and approval of the Board and/or approval of the court (if applicable) in circumstances where such Board or court approval is necessary or appropriate.

### **Relationship between Johal Group and RCBC, Benson, CRO and Advisor**

During the course of the term of this engagement or any renewal thereto, the herein parties understand and agree that this engagement does not constitute and shall not be construed as constituting or creating an employer-employee relationship between the Johal Group or any of its subsidiaries or assigns, and RCBC, Benson, CRO and Advisor (hereinafter collectively the "**Contractors**"). At all times under this engagement the Contractors are and shall remain independent contractors of the Johal Group. Contractors represents and warrant that Contractors have the requisite skills and resources to fully and timely perform their obligations under this engagement. In this regard, Contractors agrees to duly and diligently perform the above-noted services in a professional and prudent manner in accordance with all applicable laws and regulations. Further, Contractors warrant that Contractors are not bound by any agreement with a former company (or any other party) which would prevent Contractors from performing duties under this engagement.

## Reporting

The Advisor and/or CRO, as applicable, shall report directly to the Johal Group's Board and shall receive instructions from the Board.

## Engagement Team

Randy Benson will be the Advisor and/or the CRO.

## Compensation

RCBC's compensation for this engagement in respect of the services of Randy Benson, whether as Advisor or CRO, will be as follows:

- A work fee of CAD\$100,000 per month plus HST, commencing on the 1<sup>st</sup> day of March, 2024 and USD\$75,000 plus applicable taxes, payable on the first day of each month thereafter. For clarity, RCBC shall be responsible for payment to CRO or Advisor for any services contemplated by this engagement.
- Reimbursement of reasonable travel expenses while performing services contemplated by this engagement including, but not limited to, travel, meals, accommodations, and/or third party clerical assistance, while travelling outside of the geographical location known as the Greater Toronto Area.
- A success fee of USD [REDACTED] shall be earned and payable upon the completion of a Restructuring Transaction. The success fee shall apply to any Restructuring Transaction that occurs (i) during the term of this engagement letter or (ii) within nine (9) months of the termination of this engagement letter (unless this engagement letter has been terminated by the Johal Group for breach by RCBC). The amount of the success fee may be increased by mutual agreement of the Johal Group and RCBC at the conclusion of the engagement based on relevant factors and considerations to be reviewed at such time.

As used herein, the term "**Restructuring Transaction**" shall mean one or more of the following transactions that, individually or in combination, results in a comprehensive solution impacting in excess of CDN\$400 million of the indebtedness of the Johal Group's various businesses:

- a merger, consolidation, reorganization, recapitalization, business combination, asset sale or sales, or other transaction pursuant to which the core business of the Johal Group (or a material part thereof) is continued with certain of the existing key lenders of the Johal Group or substantially all of the assets thereof are acquired by, or combined with, any person, group of persons, partnership, corporation or other entity (an "Acquirer");
- an acquisition, directly or indirectly, by one or more Acquirers, whether in a single transaction, multiple transactions or a series of transactions, of any outstanding or newly issued shares of the Johal Group's capital stock or any securities convertible into, or options, warrants or other rights to acquire, such capital stock or other equity securities of the Johal Group, or asset sales or series of asset sales, for the purpose

of effecting a recapitalization, reorganization or change of control of the Johal Group;

- a financing or refinancing of the Johal Group (or a material part thereof) that enables the Johal Group's primary business to continue on a going-concern basis, whether implemented utilizing a CCAA or other Insolvency provision or not;
- a restructuring, reorganization, arrangement, series of agreements or Court approved transactions affecting substantially all of the financial indebtedness of the Johal Group;

For greater certainty, a Restructuring Transaction shall have occurred only if the transaction or series of transactions impacts in excess of CDN\$400 million of the indebtedness of the Johal Group's various businesses (excluding any indebtedness or obligations owing in respect of special purpose leave vehicles), and a transaction in respect of any one of such businesses alone shall not constitute a Restructuring Transaction.

Upon execution of this letter agreement, the Johal Group will provide RCBC with a retainer totaling CAD\$100,000. RCBC will hold this retainer and apply it to the payment of professional fees and disbursements as a final settlement at the completion of the engagement. Any amount of the retainer remaining after the final settlement of all professional fees and disbursements owing to RCBC will be repaid to the Johal Group.

Invoices will be rendered by RCBC to the Johal Group on a periodic basis as this engagement progresses. Accounts are due upon receipt and must be paid within seven (7) days of delivery.

### **Indemnification**

The Company agrees to indemnify and hold the Consultant harmless against any and all losses, claims, damages, liabilities, penalties, obligations, disbursements and expenses, including the costs (fees and disbursements) for counsel or others in investigating, preparing or defending any action or claim, whether or not in connection with litigation in which the Consultant is a party, or enforcing the Agreement (including these indemnity provisions), as and when incurred, caused by, relating to, based upon or arising out of (directly or indirectly) the Consultant's acceptance of or the performance or nonperformance of their obligations under this Agreement; provided, however, such indemnity shall not apply to any such loss, claim, damage, liability or expense to the extent it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from the Consultant's gross negligence or willful misconduct. The Company also agrees that the Consultant shall have no liability (whether direct or indirect, in contract or tort or otherwise) to the Company for or in connection with the engagement of the Consultant, except to the extent for any such liability for losses, claims, damages, liabilities or expenses that are found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from the Consultant's gross negligence or willful misconduct.

### **Confidentiality**

RCBC will not use any information disclosed to it by or on behalf of the Johal Group that would reasonably be expected to be treated as confidential except in connection with the performance of the services described herein. RCBC will not disclose such confidential information to any third party, except as may be reasonably necessary for the performance of the services to be provided by RCBC hereunder or as may be agreed to by the Johal Group.

### **Other Terms and Conditions**

RCBC requires that the following conditions be met for it to accept this engagement:

- The Advisor and/or CRO, as applicable, will be a named insured on the Johal Group's Directors and Officers insurance policy and the Johal Group will provide confirmation in writing to RCBC that this has been done.
- RCBC and Benson (in his role as Advisor and/or CRO) shall not have any liability for losses, claims, damages or liabilities from the time of acceptance of this letter agreement by the Johal Group, except for gross negligence or wilful misconduct, and in no event shall the quantum of any liability of RCBC, and Benson (in his role as Advisor and/or CRO) exceed the quantum of the fees paid to RCBC. The Johal Group will indemnify RCBC and Benson (in his role as Advisor and/or CRO) for any liability arising from a claim or judgement in excess of RCBC's fees on this engagement.
- In the event of a voluntary creditor protection proceeding in respect of any company within the Johal Group, the Johal Group undertakes to seek language satisfactory to RCBC in the initial court order that provides (i) customary and adequate protection to RCBC and the CRO in respect of any potential obligations or liabilities of RCBC and/or the CRO arising from or in respect of the Restructuring or this engagement, including in respect of potential environmental liabilities and (ii) that payment of the fees and expenses of RCBC and the CRO will be secured by a priority charge over the assets of the applicable company (or companies) that seeks creditor protection.

### **Termination**

The Advisor and/or CRO shall be retained by the Company for a minimum of six (6) months from the date of the agreement. Subject to the foregoing either party may terminate this Agreement on thirty (30) days' advance written notice; provided, however, that (a) termination in accordance with this Section or expiration of the Term shall not affect the Company's continuing obligation to indemnify and to otherwise limit the liability of RCBC and Benson, as provided for in this Agreement, and (b) the Advisor and/or CRO shall be entitled to the fees earned (including the success fee) and expenses incurred as calculated in accordance with the Compensation as outlined in this agreement, through the date of the termination or expiration of the Term.



RCBC may resign immediately and terminate the engagement in the event that RCBC determines, in its sole discretion, that the Board or the Johal Group has or is:

- (a) failing to act on the advice of RCBC or legal counsel regarding material matters related to the Strategic Plan or Restructuring;
- (b) committing acts of wrong-doing or misfeasance; or
- (c) taking actions or creating situations that prevent RCBC, the Advisor and/or the CRO, as applicable, from properly discharging its duties and obligations.

RCBC may resign immediately and terminate the engagement if at any time, in the reasonable opinion of RCBC:

- (a) there is inadequate insurance coverage in effect to protect RCBC, the Advisor and/or the CRO from liability in respect of the engagement;
- (b) if creditor protection proceedings in respect of any company within the Johal Group are ongoing, the court-ordered protections afforded to RCBC and/or the CRO are inadequate and fail to provide customary protections for RCBC and/or the CRO in respect of its engagement; or
- (c) a material change has occurred that unduly or materially alters the nature of the engagement, the role of the Advisor and/or CRO or the ability of RCBC, the Advisor and/or the CRO to continue the engagement.

### **Governing Law**

This engagement agreement is governed by the laws of the province of Ontario and the federal laws of Canada. Any dispute pertaining to this engagement will be dealt with exclusively in the courts of Ontario.

### **Confirmation**

Please indicate your acceptance of these arrangements by signing and returning one copy of this letter to the undersigned. I am pleased to discuss this letter and this engagement with you at any time. I look forward to working with you on this exciting and challenging engagement.

*[Signatures on following page]*

Yours very truly,

**RC BENSON CONSULTING INC.**

By: \_\_\_\_\_

Name: Randall Benson

Executing in his personal capacity and on behalf of the corporation

**We are in agreement with the foregoing:**

**JOHAL GROUP:**

By: S. Johal

Name: Sulakhan Johal

Title: Director, Johal Group

Date: 3/26/2024

**SCHEDULE A  
GROUP**

**2554193 ONTARIO INC., 255412942554194 ONTARIO INC., 13761983 CANADA INC., 2863283 ONTARIO INC., 13761983 ONTARIO INC., 102098416 SASKATCHEWAN INC., BLOCK 6 HOLDING INC., TPINE TRUCK RENTAL INC., TPINE LEASING CAPITAL CORPORATION, PRIDE TRUCK SALES LTD., 2076401 ONTARIO INC., TPINE LEASING CAPITAL L.P., PGED HOLDING, CORP., HIGH PRAIRIE TEXAS HOLDING CORP, 131 INDUSTRIAL BLVD HOLDING CORP, 59TH AVE PHOENIX HOLDING CORP., DI MILLER DRIVE BAKERSFIELD HOLDING CORP., 1450 MEYERSIDE HOLDING INC., PRIDE TRUCK SALES L.P., TPINE RENTAL USA, INC., COASTLINE HOLDINGS, CORP., PRIDE GROUP HOLDINGS INC., PRIDE GROUP LOGISTICS LTD., 2043002 ONTARIO INC., PRIDE FLEET SOLUTIONS INC., and FRONTAGE ROAD HOLDING CORP., 30530 MATSQUI ABBOTSFORD HOLDING INC., 177A STREET SURREY HOLDING INC., 933 HELENA HOLDINGS INC., 52 STREET EDMONTON HOLDING INC., TERNES DRIVE HOLDING CORP., ALEXIS INVESTMENTS LLC, VALLEY BOULEVARD FONTANA HOLDING CORP., HIGHWAY 46 MCFARLAND HOLDING CORP., 11670 INTERSTATE HOLDING CORP., TERMINAL ROAD HOLDING CORP. , BISHOP ROAD HOLDING CORP., OLD NATIONAL HIGHWAY HOLDING CORP., 401 SOUTH MERIDIAN OKC HOLDING CORP., 8201 HWY 66 TULSA HOLDING CORP., CORRINGTON MISSOURI HOLDING CORP., EASTGATE MISSOURI HOLDING CORP. AND LOOP 820 FORTH WORTH HOLDING CORP.**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PRIDE GROUP HOLDINGS INC. et al.

Court File No.: CV-24\_\_\_\_\_-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

**AFFIDAVIT OF SULAKHAN JOHAL  
(Sworn March 26, 2024)**

**THORNTON GROUT FINNIGAN LLP**  
TD West Tower, Toronto-Dominion Centre  
100 Wellington Street West, Suite 3200  
Toronto, ON M5K 1K7

**Leanne Williams (LSO #41877E)**  
Tel: (416) 304-0060 / Email: [lwilliams@tgf.ca](mailto:lwilliams@tgf.ca)

**Rachel Nicholson (LSO #68348V)**  
Tel: (416) 304-1153 / Email: [rnicholson@tgf.ca](mailto:rnicholson@tgf.ca)

**Puya Fesharaki (LSO #70588L)**  
Tel: (416) 304-7979 / Email: [pfesharaki@tgf.ca](mailto:pfesharaki@tgf.ca)

Lawyers for the Applicants

# TAB 3

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

THE HONOURABLE	)	WEDNESDAY, THE 27TH
	)	
CHIEF JUSTICE MORAWETZ	)	DAY OF MARCH, 2024

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF **PRIDE GROUP HOLDINGS INC.** and  
those Applicants listed on Schedule "A" hereto (each, an  
"**Applicant**", and collectively, the "**Applicants**")

**INITIAL ORDER**

**THIS APPLICATION**, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day by judicial videoconference via Zoom, at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Sulakhan Johal sworn March 26, 2024 and the Exhibits thereto (the "**Johal Affidavit**"), the pre-filing report of the proposed monitor, Ernst & Young Inc., dated March 26, 2024 (the "**Pre-Filing Report**"), and on hearing the submissions of counsel for the Applicants, along with the limited partnerships listed in Schedule "A" hereto (the "**Non-Applicant Pride Entities**") and collectively with the Applicants, the "**Pride Entities**"), and such other counsel that were present, and on reading the consent of Ernst & Young Inc. to act as the monitor (in such capacity, the "**Monitor**"),

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

## **APPLICATION**

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies. Although not Applicants, the Non-Applicant Pride Entities shall enjoy the benefits of the protections and authorizations provided by this Order.

## **POSSESSION OF PROPERTY AND OPERATIONS**

3. **THIS COURT ORDERS** that the Pride Entities shall 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**”). Subject to further Order of this Court, the Pride Entities shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and the Property and shall comply with the Governance Protocol. The Pride Entities shall be authorized and empowered to continue to retain and employ the employees, Independent Contractors (as defined below) consultants, agents, experts, accountants, tax consultants, 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.

4. **THIS COURT ORDERS** that, subject to the Governance Protocol (as defined in the Johal Affidavit), the Pride Entities shall be entitled to continue to utilize the central cash management system currently in place (including, for greater certainty, intercompany transfers from one Pride Entity to another Pride Entity approved by the Monitor) as described in the Johal Affidavit or replace it with another substantially similar central cash management system (the “**Cash Management System**”) 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 Pride Entities 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 Persons (as hereinafter defined) other than the Pride Entities, pursuant to the terms of the documentation applicable to the Cash Management System.

5. **THIS COURT ORDERS** that the Pride Entities shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, salaries, commissions, employee benefits, contributions in respect of retirement or other benefit arrangements, vacation pay and expenses payable prior to, 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;
- (b) all outstanding and future amounts invoiced to any of the Pride Entities from those independent contractors (including, but not limited to, those contractors or subcontractors that provide office support) (the “**Independent Contractors**”) retained by any of the Pride Entities, payable prior to, on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing payment arrangements (which for greater certainty, shall include payment to Independent Contractors through third party staffing agencies where applicable);
- (c) the fees and disbursements of any Assistants retained or employed by the Pride Entities in respect of these proceedings, at their standard rates and charges;
- (d) payment for fuel supplied to any of the Pride Entities either prior to, on or following the date of this Order; and
- (e) amounts owing for goods and services supplied to the Pride Entities by third-party contractors or logistics providers if, in the opinion of the Pride Entities, it is necessary to prevent the possibility of possessory liens being asserted against any Property and/or to continue their business uninterrupted.



6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Pride Entities shall be entitled but not required to pay all reasonable expenses incurred by the Pride Entities 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 (including directors' and officers' insurance), maintenance and security services; and
- (b) payment for goods or services supplied to any of the Pride Entities on or following the date of this Order.

7. **THIS COURT ORDERS** that the Pride Entities 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, (iii) Quebec Pension Plan, (iv) income taxes; (v) statutory deductions in the United States, and (vi) 401(k) contributions in respect of employees domiciled in the United States,
- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by any of the Pride Entities in connection with the sale of goods and services by any of the Pride Entities, 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 Pride Entities.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Pride Entities shall 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 to the landlord under the lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of any of the Pride Entities, the making of this Order or the commencement of any insolvency proceedings) or as otherwise may be negotiated between the applicable Pride Entities and the respective arms' length landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid. For greater certainty, no rent shall be payable from and after the date of this Order in respect of real property leased from one Pride Entity to another Pride Entity.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Pride Entities 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 any of the Pride Entities to any of their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property, other than in the ordinary course of the Business; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

10. **THIS COURT ORDERS** that, notwithstanding paragraph 9 herein, the Pride Entities shall be entitled to remit the following amounts to their creditors in accordance with, and subject to, the Governance Protocol: (a) certain amounts collected by Tpine Leasing Capital Corporation or Tpine Leasing Capital LP in respect of those vehicles leased to third party customers (including, with respect to securitized leases, as applicable), in the ordinary course of the Business; and (b) certain amounts collected by any of the Pride Entities with respect to the sale of vehicles or trailers, as contemplated in paragraph 11 herein, in the ordinary course of the

Business. In accordance with, and subject to, the Governance Protocol, any Lease Proceeds received pursuant to a Multiple Financed Lease shall be transferred to the Monitor's Trust Account, pending determination of entitlement to such Lease Proceeds in accordance with the Entitlement Protocol (all capitalized terms as defined in the Governance Protocol), agreement among the Pride Entities, Monitor, the CRO and affected creditors, or further order of this Court.

## **RESTRUCTURING**

11. **THIS COURT ORDERS** that each of the applicable Pride Entities shall, subject to such requirements as are imposed by the CCAA and the Governance Protocol, have the right to sell vehicles or trailers in the ordinary course of the Business. In accordance with, and subject to, the Governance Protocol, any Vehicle Proceeds received pursuant to a Multiple Collateral Vehicle shall be transferred to the Monitor's Trust Account, pending determination of entitlement to such Vehicle Proceeds in accordance with the Entitlement Protocol (all capitalized terms as defined in the Governance Protocol), agreement among the Pride Entities, Monitor, the CRO and affected creditors, or further order of this Court.

12. **THIS COURT ORDERS** that the applicable Pride Entities shall provide each of the relevant landlords with notice of the applicable Pride Entity's 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 and, if the landlord disputes such Pride Entity's 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 applicable Pride Entity, or by further Order of this Court upon application by the applicable Pride Entity on at least two (2) days notice to such landlord and any such secured creditors. If the applicable Pride Entity disclaims or resiliates the lease governing such leased premises in accordance with Section 32 of the CCAA, it 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 such Pride Entity's claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that 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 applicable Pride Entity 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 applicable Pride Entity in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

**NO PROCEEDINGS AGAINST THE PRIDE ENTITIES, THE BUSINESS OR THE PROPERTY**

14. **THIS COURT ORDERS** that until and including April 6, 2024, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal, agency or other legal or regulatory body (each, a “**Proceeding**” and collectively, the “**Proceedings**”) shall be commenced or continued against or in respect of any of the Pride Entities, any of those additional parties listed on Schedule “A” hereto (the “**Additional Stay Parties**”), the Monitor or any of their respective employees, advisors or representatives acting in such capacities, or affecting the Business or the Property, except with the prior written consent of the Pride Entities, RC Benson Consulting Inc., in its capacity as Chief Restructuring Officer (the “**CRO**”) and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Pride Entities, any of the Additional Stay Parties or any of their respective employees, advisors or representatives acting in such capacities, affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the prior written consent of the Pride Entities, the CRO and Monitor.

15. **THIS COURT ORDERS** that during the Stay Period, no Proceeding shall be commenced or continued against or in respect of Sulakhan Johal, Jasvir Johal and/or Amrinder Johal (collectively, the “**Personal Guarantors**”), or against or in respect of any of their current or future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, and including all proceeds thereof (collectively, the “**Personal Guarantors Property**”)

with respect to any guarantee, contribution or indemnity obligation, liability or claim in respect of or that relates to any agreement involving any of the Pride Entities or the obligations, liabilities and claims of and against any of the Pride Entities (collectively, the “**Related Claims**”), except with the prior written consent of the Pride Entities, the CRO and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Personal Guarantors or the Personal Guarantors Property in respect of the Related Claims are hereby stayed and suspended pending further Order of this Court or the prior written consent of the Pride Entities, the CRO and the Monitor.

16. **THIS COURT ORDERS** that, to the extent any prescription, time or limitation period relating to any Proceeding against or in respect of the Additional Stay Parties, or with respect to any Related Claims against or in respect of the Personal Guarantors or the Personal Guarantors Property that is stayed pursuant to this Order may expire, the term of such prescription, time or limitation period shall hereby be deemed to be extended by a period equal to the Stay Period.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

17. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental unit, body or agency, foreign regulatory body or agency or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of any of the Pride Entities or the Monitor, or their respective employees, advisors and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Pride Entities, the CRO and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower any of the Pride Entities to carry on any business which they are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH RIGHTS**

18. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to

perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization or permit in favour of or held by any of the Pride Entities, except with the written consent of the Pride Entities, the CRO and the Monitor, or leave of this Court.

### **CONTINUATION OF SERVICES**

19. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the Pride Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, cash management services, payroll services, insurance, transportation or logistics services, utility or other services to any of the Pride Entities or the Business, 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 any of the Pride Entities, and that each of the Pride Entities shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the applicable Pride Entities in accordance with the normal payment practices of the applicable Pride Entities or such other practices as may be agreed upon by the supplier or service provider and each of the applicable Pride Entities and the Monitor, or as may be ordered by this Court.

### **NON-DEROGATION OF RIGHTS**

20. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease 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 any of the Pride Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

21. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any

of the former, current or future directors or officers of any of the Pride Entities with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the Pride Entities 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 Pride Entities, if one is filed, is sanctioned by this Court or is refused by the creditors of the Pride Entities or this Court.

#### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

22. **THIS COURT ORDERS** that the Pride Entities shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Pride Entities after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

23. **THIS COURT ORDERS** that the directors and officers of the Pride Entities shall be entitled to the benefit of and are hereby granted a charge (the “**Directors’ Charge**”) on the Property of the Pride Entities, which charge shall not exceed an aggregate amount of \$4.1 million, as security for the indemnity provided in paragraph 22 of this Order. The Directors’ Charge shall have the priority set out in paragraphs 47 and 48 herein.

24. **THIS COURT ORDERS** that, 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 Directors’ Charge, and (b) the Pride Entities’ directors and officers shall only be entitled to the benefit of the Directors’ 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 CHIEF RESTRUCTURING OFFICER**

25. **THIS COURT ORDERS** that R.C. Benson Consulting Inc. is hereby appointed as CRO, an officer of this Court, over and in respect of the Pride Entities and shall have the powers and obligations set out in the engagement agreement between the Pride Entities and the CRO dated February 26, 2024 (the “**CRO Agreement**”).

26. **THIS COURT ORDERS** that the CRO Agreement is approved *nunc pro tunc* and the Pride Entities are hereby authorized to perform all of their obligations pursuant to the CRO Agreement.

27. **THIS COURT ORDERS** that, subject to the terms of this Order, the CRO is hereby authorized to assist the Pride Entities and to do all things, carry out all actions and perform all duties described in the CRO Agreement and, without limiting the foregoing, the CRO is hereby empowered to do the following:

- (a) take any and all steps for and in the name of, and on behalf of, the Pride Entities necessary to carry out the restructuring of their Business;
- (b) evaluate restructuring, sale or recapitalization alternatives that may be available or presented to the Pride Entities;
- (c) represent the Pride Entities in any negotiations with any party, including creditors, customers and other stakeholders of the Pride Entities;
- (d) communicate with and provide information to the Monitor and other stakeholders regarding the Business and affairs of the Pride Entities;
- (e) report to this Court at such times and intervals as the CRO may deem appropriate with respect to matters relating to the Property, the Business, the restructuring and such other matters as may be relevant to the proceedings herein;
- (f) subject to confidentiality arrangements acceptable to the Pride Entities, have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Pride Entities, to the extent that it is necessary to adequately assess the Business and the Pride Entities' financial affairs or to perform its duties arising under this Order;
- (g) perform such other duties as are required by this Order or by this Court from time to time, including but not limited to, such duties as set forth in the Governance Protocol;



- (h) take all such steps and actions, enter into and execute all such agreements and documents in the name of and on behalf of the Pride Entities and incur such expenses and obligations necessary or incidental to the exercise of the foregoing powers; and
- (i) work with and communicate with the Assistants in respect of each of the foregoing;

provided that each of the foregoing actions, agreements, expenses and obligations shall be construed to be those of the Pride Entities and not of the CRO nor any of its employees, representatives or agents.

28. **THIS COURT ORDERS** that the Pride Entities shall (a) advise the CRO of all material steps taken by the Pride Entities in these proceedings, and (b) cooperate fully with and provide the CRO with the assistance necessary to enable the CRO to exercise its powers and discharge its obligations under the CRO Agreement, this Order and any other orders issued in these proceedings.

29. **THIS COURT ORDERS** that the CRO shall not take possession of the Property and shall not, by fulfilling its obligations hereunder or under the CRO Agreement, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof. Without limiting the foregoing, the CRO shall not, as a result of this Order or anything done pursuant to its duties and powers under this Order or the CRO Agreement, be deemed to be in Possession (as defined below) of any Property within the meaning of any Environmental Legislation (as defined below).

30. **THIS COURT ORDERS** that the CRO shall consult with the Monitor regarding all material issues relating to the Business and these proceedings as reasonably determined by the CRO.

31. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the CRO as an officer of this Court, neither the CRO nor any employee or agent of the CRO shall be deemed to be a director, *de facto* director, employee or trustee of any of the Pride Entities.

32. **THIS COURT ORDERS** that neither the CRO nor any employee or agent of the CRO shall incur any liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any liability or obligation incurred as a result of any

gross negligence or wilful misconduct on its or their part; provided that any liability of the CRO hereunder shall in no event exceed the quantum of the fees paid to the CRO.

33. **THIS COURT ORDERS** that the Pride Entities shall indemnify and hold harmless the CRO and any employees or agents of the CRO who may assist the CRO with the exercise of its powers and obligations under this Order (collectively with the CRO, the “**CRO Indemnified Parties**”) with respect to any liability or obligation that the CRO Indemnified Parties may incur as a result of the appointment of the CRO or the fulfilling of the CRO’s duties in carrying out the provisions of this Order, including any claims or liabilities subject to indemnification pursuant to the CRO Agreement, except to the extent that the obligation or liability was incurred as a result of the CRO Indemnified Parties’ gross negligence or wilful misconduct. The CRO Indemnified Parties shall be treated as unaffected and the foregoing indemnity shall be treated as unaffected and may not be compromised in any plan of arrangement or compromise filed by the Pride Entities under the CCAA, or any proposal filed by the Pride Entities under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the “**BIA**”).

34. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO Indemnified Parties, and all rights and remedies of any Person against or in respect of the CRO Indemnified Parties are hereby stayed and suspended, except with the written consent of the CRO and the Monitor or with leave of this Court on notice to the Pride Entities, the Monitor and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the Pride Entities, the Monitor and the CRO at least seven (7) days prior to the return date of any such motion for leave.

35. **THIS COURT ORDERS** that the CRO may resign or the appointment of the CRO may be terminated by further order of this Court at any time.

36. **THE COURT ORDERS** that the Pride Entities’ indemnity in favour of the CRO Indemnified Parties shall survive termination, replacement or discharge of the CRO.

37. **THE COURT ORDERS** that the appointment of the CRO and the granting of the powers and responsibilities of the CRO hereunder will not constitute the sale or disposition of the Business or the sale or disposition of any of the Property and such Business and Property will

continue to be the Business and Property of the Pride Entities unless and until sold in whole or in part to a purchaser.

#### **APPOINTMENT OF MONITOR**

38. **THIS COURT ORDERS** that Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Pride Entities with the powers and obligations set out in the CCAA or set forth herein and that the Pride Entities and their shareholders, officers, directors, and Assistants and the CRO shall advise the Monitor of all material steps taken by the Pride Entities 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.

39. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Pride Entities' receipts and disbursements;
- (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;
- (c) advise the Pride Entities in their preparation of the Pride Entities' cash flow statements;
- (d) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Pride Entities, to the extent that is necessary to adequately assess the Pride Entities' business and financial affairs or to perform its duties arising under this Order;
- (e) perform its duties set out in the Governance Protocol;
- (f) 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; and

- (g) perform such other duties as are required by this Order or by this Court from time to time.

40. **THIS COURT ORDERS** that 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, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

41. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, 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 of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in 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 Environmental Legislation, unless it is actually in possession.

42. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Pride Entities with information provided by the Pride Entities 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 any of the Pride Entities 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 Pride Entities may agree.

43. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its employees, advisors and other representatives acting in such capacities shall incur any liability or obligation as a result of the Monitor's appointment or the carrying out by it of the provisions of this Order or the Governance Protocol, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

44. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor (including both U.S. and Canadian counsel for all purposes of this Order), counsel to the Pride Entities (including both U.S. and Canadian counsel for all purposes of this Order), the CRO, and Canadian counsel to the Pride Entities' board of directors 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 Pride Entities as part of the costs of these proceedings. The Pride Entities are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, the Pride Entities' counsel, the CRO, and Canadian counsel to the Pride Entities' boards of directors on a bi-weekly basis or pursuant to such other arrangements agreed to between the Pride Entities and such parties.

45. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

#### **ADMINISTRATION CHARGE**

46. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Pride Entities, the CRO, and Canadian counsel to the Pride Entities' boards of directors shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property of the Pride Entities, which charge shall not exceed an aggregate amount of \$2 million as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 47 and 48 herein.

## **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

47. **THIS COURT ORDERS** that the priorities of the Directors' Charge and the Administration Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$2 million); and

Second – Directors' Charge (to the maximum amount of \$4.1 million).

48. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that 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.

49. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

50. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Pride Entities shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Pride Entities also obtain the prior written consent of the Monitor, the CRO and the beneficiaries of the Charges, or further Order of this Court.

51. **THIS COURT ORDERS** that the Charges, the agreements and other documents governing or otherwise relating to the obligations secured by 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**") shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) or receivership order(s) issued pursuant to BIA, or any bankruptcy order or receivership 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**”) which binds any of the Pride Entities, and notwithstanding any provision to the contrary in any Agreement:

- (a) the creation of the Charges shall not create or be deemed to constitute a breach by any of the Pride Entities of any Agreement to which any of them is a party;
- (b) 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; and
- (c) the payments made by the Pride Entities pursuant to this 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.

52. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Pride Entities’ interest in such real property leases.

## **SERVICE AND NOTICE**

53. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) 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 of the Pride Entities of more than \$1000, 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 subsection 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of any creditors of the Pride Entities who are individuals publicly available.

54. **THIS COURT ORDERS** that the Guide Concerning Commercial List E-Service (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: [www.ey.com/ca/pridegroup](http://www.ey.com/ca/pridegroup) (the “**Monitor’s Website**”).

55. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the “**Service List**”). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor’s Website as part of the public materials to be recorded thereon in relation to this proceeding. Notwithstanding the foregoing, the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

56. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable, the Pride Entities and the Monitor and their respective counsel and agents are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or electronic transmission to the Pride Entities’ creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown in the books and records of the Pride Entities and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received (a) if sent by courier, on the next business day following the date of forwarding thereof, (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing. With respect to any claimant who has filed a lien under the *Repair and Storage Lien Act* under the Personal Property Registry in a jurisdiction in Canada against any of the Pride Entities, the service of the Notice of Application in the manner prescribed above, together with a cover letter advising such party of these proceedings, and



directing such party to the Monitor's Website to monitor for future updates on these proceedings shall constitute sufficient service for the purposes of this Order and all future motions and matters in respect of these proceedings.

## **FOREIGN PROCEEDINGS**

57. **THIS COURT ORDERS** that Mr. Randy Benson on behalf of the CRO and Mr. Sulakhan Johal are hereby authorized and empowered, but not required, to act as the foreign representatives (each, in such capacity, the "**Foreign Representative**") in respect of the within proceedings for the purpose of having these proceedings recognized and approved in a jurisdiction outside of Canada.

58. **THIS COURT ORDERS** that the Foreign Representative is hereby authorized to apply for foreign recognition and approval of these proceedings, as necessary, in any jurisdiction outside of Canada, including in the United States pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

## **COMEBACK HEARING**

59. **THIS COURT ORDERS** that the comeback motion in these proceedings shall be heard on April 5, 2024 at [TIME] (Eastern Time) (the "**Comeback Hearing**") and the Applicants are authorized to serve their motion materials with respect to the Comeback Hearing by forwarding a copy of this Order and any additional materials to be filed with respect to the Comeback Hearing by electronic transmission, where available, or by courier to the parties likely to be affected by the relief to be sought at such parties' respective addresses as last shown in the books and records of the Applicants as soon as practicable (subject to paragraph 56 above).

60. **THIS COURT ORDERS** that the Pride Entities, the CRO 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.

## **SEALING**

61. **THIS COURT ORDERS** that the Confidential Appendix “A” to the Pre-Filing Report containing the unredacted CRO Engagement Letter (as defined in the Pre-Filing Report) is hereby sealed pending further Order of the Court.

## **GENERAL**

62. **THIS COURT ORDERS** that 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 Pride Entities, the Business or the Property.

63. **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 Pride Entities, the CRO, 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 Pride Entities, the CRO, 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 CRO and/or Monitor in any foreign proceeding, or to assist the Pride Entities, the CRO and the Monitor and their respective agents in carrying out the terms of this Order.

64. **THIS COURT ORDERS** that the Foreign Representative be at liberty and is 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 the Foreign Representative is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

65. **THIS COURT ORDERS** that, prior to the Comeback Hearing, any interested party (including the Pride Entities, the CRO and the Monitor) may apply to this Court to vary or amend this Order on not less than three (3) 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, provided, however, that notwithstanding any amendment, variation or stay of this Order, the Chargees shall

be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 47 and 48 hereof with respect to any fees, expenses and disbursements incurred, advances or payments made and obligations incurred, as applicable, between the date this Order and the date this Order may be amended, varied or stayed.

66. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Time) on the date of this Order without the need for entry or filing.

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## **SCHEDULE “A”**

### **A. APPLICANTS**

#### **Operating Entities**

##### *Canadian Operating Entities*

- PRIDE TRUCK SALES LTD.
- TPINE TRUCK RENTAL INC.
- PRIDE GROUP LOGISTICS LTD.
- PRIDE GROUP LOGISTICS INTERNATIONAL LTD.
- TPINE LEASING CAPITAL CORPORATION
- DIXIE TRUCK PARTS INC.
- PRIDE FLEET SOLUTIONS INC.
- TPINE FINANCIAL SERVICES INC.
- PRIDE GROUP EV SALES LTD.

##### *U.S. Operating Entities*

- TPINE RENTAL USA, INC.
- PRIDE GROUP LOGISTICS USA, CO.
- ARNOLD TRANSPORTATION SERVICES, INC.
- DIXIE TRUCK PARTS INC.
- TPINE FINANCIAL SERVICES CORP.
- PARKER TRANSPORT CO.
- PRIDE FLEET SOLUTIONS USA INC.

#### **Real Estate Holding Companies**

##### *Canadian Real Estate Holding Companies*

- 2029909 ONTARIO INC.
- 2076401 ONTARIO INC.
- 1450 MEYERSIDE HOLDING INC.
- 933 HELENA HOLDINGS INC.
- 30530 MATSQUI ABBOTSFORD HOLDING INC.
- 2863283 ONTARIO INC.
- 2837229 ONTARIO INC.
- 2108184 ALBERTA LTD.
- 12944154 CANADA INC.
- 13184633 CANADA INC.
- 13761983 CANADA INC.
- 102098416 SASKATCHEWAN LTD.
- 177A STREET SURREY HOLDING INC.
- 52 STREET EDMONTON HOLDING INC.
- 84 ST SE CALGARY HOLDINGS INC.
- 68TH STREET SASKATOON HOLDING INC.
- 3000 PITFIELD HOLDING INC.

*U.S. Real Estate Holding Companies*

- PGED HOLDING, CORP.
- HIGH PRAIRIE TEXAS HOLDING CORP.
- 131 INDUSTRIAL BLVD HOLDING CORP.
- 59TH AVE PHOENIX HOLDING CORP.
- DI MILLER DRIVE BAKERSFIELD HOLDING CORP.
- FRONTAGE ROAD HOLDING CORP.
- ALEXIS INVESTMENTS, LLC
- TERNES DRIVE HOLDING CORP.
- VALLEY BOULEVARD FONTANA HOLDING CORP.
- HIGHWAY 46 MCFARLAND HOLDING CORP.
- TERMINAL ROAD HOLDING, CORP.
- BISHOP ROAD HOLDING CORP.
- OLD NATIONAL HIGHWAY HOLDING CORP.
- 11670 INTERSTATE HOLDING, CORP.
- 401 SOUTH MERIDIAN OKC HOLDING CORP.
- 8201 HWY 66 TULSA HOLDING CORP.
- EASTGATE MISSOURI HOLDING CORP.
- FRENCH CAMP HOLDING CORP.
- 87TH AVENUE MEDLEY FL HOLDING CORP.
- LOOP 820 FORT WORTH HOLDING CORP.
- 162 ROUTE ROAD TROY HOLDING CORP.
- CRESCENTVILLE ROAD CINCINNATI HOLDING CORP.
- MANHEIM ROAD HOLDING CORP.
- 13TH STREET POMPANO BEACH FL HOLDING CORP.
- EAST BRUNDAGE LANE BAKERSFIELD HOLDING CORP.
- CORRINGTON MISSOURI HOLDING CORP.
- 963 SWEETWATER HOLDING CORP.
- OAKMONT DRIVE IN HOLDING CORP.

**Other Holding Companies**

*Other Canadian Holding Companies*

- 2692293 ONTARIO LTD.
- 2043002 ONTARIO INC.
- PRIDE GROUP HOLDINGS INC.
- 2554193 ONTARIO INC.
- 2554194 ONTARIO INC.
- PRIDE GROUP REAL ESTATE HOLDINGS INC.
- 1000089137 ONTARIO INC.

*Other U.S. Holding Companies*

- COASTLINE HOLDINGS, CORP.
- PARKER GLOBAL ENTERPRISES, INC.
- DVP HOLDINGS, CORP.

**B. LIMITED PARTNERSHIPS**

*U.S. Limited Partnerships*

- PRIDE TRUCK SALES L.P.
- TPINE LEASING CAPITAL L.P.
- SWEET HOME HOSPITALITY L.P.

**C. ADDITIONAL STAY PARTIES**

*Canadian Additional Stay Parties*

- BLOCK 6 HOLDING INC.
- 2500819 ONTARIO INC.

*U.S. and Other Additional Stay Parties*

- PERGOLA HOLDINGS, CORP.
- PRIDE GLOBAL INSURANCE COMPANY LTD.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **PRIDE GROUP HOLDINGS INC.** et al  
(each, an “**Applicant**”, and collectively, the “**Applicants**”)

Court File No. CV-24-\_\_\_\_\_-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

**INITIAL ORDER**

**THORNTON GROUT FINNIGAN LLP**

TD West Tower, Toronto-Dominion Centre  
100 Wellington Street West, Suite 3200  
Toronto, ON M5K 1K7

**Leanne Williams (LSO #41877E)**

Tel: (416) 304-0060 / Email: [lwilliams@tgf.ca](mailto:lwilliams@tgf.ca)

**Rachel Nicholson (LSO #68348V)**

Tel: (416) 304-1153 / Email: [rnicholson@tgf.ca](mailto:rnicholson@tgf.ca)

**Puya Fesharaki (LSO #70588L)**

Tel: (416) 304-7979 / Email: [pfesharaki@tgf.ca](mailto:pfesharaki@tgf.ca)

Lawyers for the Applicants

# TAB 4



ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE— ) ~~WEEKDAY~~ WEDNESDAY, THE # 27TH  
 )  
CHIEF JUSTICE —MORAWETZ ) DAY OF ~~MONTH~~ MARCH, ~~20YR~~ 2024

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF ~~[APPLICANT'S NAME]~~ (the  
"Applicant" PRIDE GROUP HOLDINGS INC. and those  
Applicants listed on Schedule "A" hereto (each, an "Applicant",  
and collectively, the "Applicants"))

INITIAL ORDER

THIS APPLICATION, made by the ~~Applicant~~ Applicants, pursuant to the *Companies'*  
*Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day  
by judicial videoconference via Zoom, at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of ~~[NAME]~~ Sulakhan Johal sworn ~~[DATE]~~ March 26, 2024  
and the Exhibits thereto, ~~and on being advised that the secured creditors who are likely to be~~  
~~affected by the charges created herein were given notice, and~~ (the "Johal Affidavit"), the  
pre-filing report of the proposed monitor, Ernst & Young Inc., dated March 26, 2024 (the  
"Pre-Filing Report"), and on hearing the submissions of counsel for ~~[NAMES]~~, ~~no one~~  
~~appearing for [NAME]~~<sup>1</sup> ~~although duly served as appears from the affidavit of service of [NAME]~~  
~~sworn [DATE]~~ the Applicants, along with the limited partnerships listed in Schedule "A" hereto

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<sup>1</sup> ~~Include names of secured creditors or other persons who must be served before certain relief in this model Order~~  
~~may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2)~~  
~~and 36(2).~~

(the “Non-Applicant Pride Entities” and collectively with the Applicants, the “Pride Entities”), and such other counsel that were present, and on reading the consent of ~~[MONITOR’S NAME]~~Ernst & Young Inc. to act as the monitor (in such capacity, the “Monitor”),

## SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated<sup>2</sup> so that this Application is properly returnable today and hereby dispenses with further service thereof.

## APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the ~~Applicant is a company~~Applicants are companies to which the CCAA applies. Although not Applicants, the Non-Applicant Pride Entities shall enjoy the benefits of the protections and authorizations provided by this Order.

## ~~PLAN OF ARRANGEMENT~~

~~3. THIS COURT ORDERS that the Applicant 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”).~~

## POSSESSION OF PROPERTY AND OPERATIONS

3. ~~4.~~ **THIS COURT ORDERS** that the ~~Applicant~~Pride Entities shall remain in possession and control of ~~its~~their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “Property”). Subject to further Order of this Court, the ~~Applicant~~Pride Entities shall continue to carry on

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<sup>2</sup> ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

business in a manner consistent with the preservation of ~~its~~their business (the "Business") and the Property. ~~The Applicant is~~ and shall comply with the Governance Protocol. The Pride Entities shall be authorized and empowered to continue to retain and employ the employees, Independent Contractors (as defined below) consultants, agents, experts, accountants, tax consultants, counsel and such other persons (collectively the "Assistants") currently retained or employed by ~~it~~them, with liberty to retain such further Assistants as ~~it deems~~they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. ~~5.~~ **[THIS COURT ORDERS** that ~~the Applicant,~~ subject to the Governance Protocol (as defined in the Johal Affidavit), the Pride Entities shall be entitled to continue to utilize the central cash management system<sup>3</sup> currently in place (including, for greater certainty, intercompany transfers from one Pride Entity to another Pride Entity approved by the Monitor) as described in the Johal Affidavit ~~of [NAME] sworn [DATE]~~ or replace it with another substantially similar central cash management system (the "Cash Management System") 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 ~~Applicant~~Pride Entities 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~~Persons (as hereinafter defined) other than the ~~Applicant~~Pride Entities, pursuant to the terms of the documentation applicable to the Cash Management System, ~~and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.]~~.

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<sup>3</sup> ~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross border and inter company transfers of cash.~~

5. ~~6.~~ **THIS COURT ORDERS** that the ~~Applicant~~Pride Entities shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, salaries, commissions, employee ~~and pension~~ benefits, contributions in respect of retirement or other benefit arrangements, vacation pay and expenses payable prior to, 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) all outstanding and future amounts invoiced to any of the Pride Entities from those independent contractors (including, but not limited to, those contractors or subcontractors that provide office support) (the “Independent Contractors”) retained by any of the Pride Entities, payable prior to, on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing payment arrangements (which for greater certainty, shall include payment to Independent Contractors through third party staffing agencies where applicable);
- (c) ~~(b)~~ the fees and disbursements of any Assistants retained or employed by the ~~Applicant~~Pride Entities in respect of these proceedings, at their standard rates and charges.;
- (d) payment for fuel supplied to any of the Pride Entities either prior to, on or following the date of this Order; and
- (e) amounts owing for goods and services supplied to the Pride Entities by third-party contractors or logistics providers if, in the opinion of the Pride Entities, it is necessary to prevent the possibility of possessory liens being asserted against any Property and/or to continue their business uninterrupted.

6. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the ~~Applicant~~Pride Entities shall be entitled but not required to pay all reasonable expenses incurred by the ~~Applicant~~Pride Entities 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 (including directors' and officers' insurance), maintenance and security services; and
- (b) payment for goods or services ~~actually~~ supplied to ~~the Applicant~~ any of the Pride Entities on or following the date of this Order.

7. ~~8.~~ **THIS COURT ORDERS** that the ~~Applicant~~ Pride Entities 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, (iii) Quebec Pension Plan, ~~and~~ (iv) income taxes; (v) statutory deductions in the United States, and (vi) 401(k) contributions in respect of employees domiciled in the United States,
- (b) all goods and services taxes, harmonized sales taxes or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by any of the ~~Applicant~~ Pride Entities in connection with the sale of goods and services by any of the ~~Applicant~~ Pride Entities, 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 ~~Applicant~~Pride Entities.

8. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed ~~for~~ <sup>4</sup>resiliated in accordance with the CCAA, the ~~Applicant~~Pride Entities shall 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 to the landlord under the lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of any of the Pride Entities, the making of this Order or the commencement of any insolvency proceedings) or as otherwise may be negotiated between the ~~Applicant~~applicable Pride Entities and the respective arms' length landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid. For greater certainty, no rent shall be payable from and after the date of this Order in respect of real property leased from one Pride Entity to another Pride Entity.

9. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, the ~~Applicant~~ ~~is~~Pride Entities 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 any of the ~~Applicant~~Pride Entities to any of ~~its~~their creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of ~~its~~the Property, other than in the ordinary course of the Business; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

10. **THIS COURT ORDERS** that, notwithstanding paragraph 9 herein, the Pride Entities shall be entitled to remit the following amounts to their creditors in accordance with, and subject to, the Governance Protocol: (a) certain amounts collected by Tpine Leasing Capital Corporation

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<sup>4</sup> ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

or Tpine Leasing Capital LP in respect of those vehicles leased to third party customers (including, with respect to securitized leases, as applicable), in the ordinary course of the Business; and (b) certain amounts collected by any of the Pride Entities with respect to the sale of vehicles or trailers, as contemplated in paragraph 11 herein, in the ordinary course of the Business. In accordance with, and subject to, the Governance Protocol, any Lease Proceeds received pursuant to a Multiple Financed Lease shall be transferred to the Monitor's Trust Account, pending determination of entitlement to such Lease Proceeds in accordance with the Entitlement Protocol (all capitalized terms as defined in the Governance Protocol), agreement among the Pride Entities, Monitor, the CRO and affected creditors, or further order of this Court.

## **RESTRUCTURING**

11. **THIS COURT ORDERS** that ~~the Applicant~~each of the applicable Pride Entities shall, subject to such requirements as are imposed by the CCAA and ~~such covenants as may be contained in the Definitive Documents (as hereinafter defined)~~the Governance Protocol, have the right to: sell vehicles or trailers in the ordinary course of the Business. In accordance with, and subject to, the Governance Protocol, any Vehicle Proceeds received pursuant to a Multiple Collateral Vehicle shall be transferred to the Monitor's Trust Account, pending determination of entitlement to such Vehicle Proceeds in accordance with the Entitlement Protocol (all capitalized terms as defined in the Governance Protocol), agreement among the Pride Entities, Monitor, the CRO and affected creditors, or further order of this Court.

~~(a) permanently or temporarily cease, downsize or shut down any of its business or operations, [and to dispose of redundant or non-material assets not exceeding \$● in any one transaction or \$● in the aggregate]<sup>5</sup>~~

~~(b) [terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate]; and~~

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<sup>5</sup> ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

~~(c) 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 Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").~~

12. **THIS COURT ORDERS** that the ~~Applicant~~applicable Pride Entities shall provide each of the relevant landlords with notice of the ~~Applicant's~~applicable Pride Entity's 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 and, if the landlord disputes ~~the Applicant's~~such Pride Entity's 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 ~~Applicant~~applicable Pride Entity, or by further Order of this Court upon application by the ~~Applicant~~applicable Pride Entity on at least two (2) days notice to such landlord and any such secured creditors. If the ~~Applicant~~applicable Pride Entity disclaims ~~for resiliates~~ the lease governing such leased premises in accordance with Section 32 of the CCAA, it 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 ~~for resiliation~~ of the lease shall be without prejudice to ~~the Applicant's~~such Pride Entity's claim to the fixtures in dispute.

13. **THIS COURT ORDERS** that if a notice of disclaimer ~~for resiliation~~ is delivered pursuant to ~~Section~~section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~for resiliation~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the ~~Applicant~~applicable Pride Entity and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer ~~for 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 ~~Applicant~~applicable Pride Entity in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.



**NO PROCEEDINGS AGAINST THE ~~APPLICANT~~ PRIDE ENTITIES, THE BUSINESS OR THE PROPERTY**

14. **THIS COURT ORDERS** that until and including ~~[DATE—MAX. 30 DAYS]~~ April 6, 2024, or such later date as this Court may order (the **"Stay Period"**), no proceeding or enforcement process in any court or tribunal, agency or other legal or regulatory body (each, a **"Proceeding"** and collectively, the **"Proceedings"**) shall be commenced or continued against or in respect of ~~the Applicant or the Monitor~~ any of the Pride Entities, any of those additional parties listed on Schedule "A" hereto (the "Additional Stay Parties"), the Monitor or any of their respective employees, advisors or representatives acting in such capacities, or affecting the Business or the Property, except with the prior written consent of the ~~Applicant~~ Pride Entities, RC Benson Consulting Inc., in its capacity as Chief Restructuring Officer (the "CRO") and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of ~~the Applicant or~~ any of the Pride Entities, any of the Additional Stay Parties or any of their respective employees, advisors or representatives acting in such capacities, affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court or the prior written consent of the Pride Entities, the CRO and Monitor.

15. **THIS COURT ORDERS** that during the Stay Period, no Proceeding shall be commenced or continued against or in respect of Sulakhan Johal, Jasvir Johal and/or Amrinder Johal (collectively, the "Personal Guarantors"), or against or in respect of any of their current or future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, and including all proceeds thereof (collectively, the **"Personal Guarantors Property"**) with respect to any guarantee, contribution or indemnity obligation, liability or claim in respect of or that relates to any agreement involving any of the Pride Entities or the obligations, liabilities and claims of and against any of the Pride Entities (collectively, the **"Related Claims"**), except with the prior written consent of the Pride Entities, the CRO and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Personal Guarantors or the Personal Guarantors Property in respect of the Related Claims are hereby stayed and suspended pending further Order of this Court or the prior written consent of the Pride Entities, the CRO and the Monitor.

16. THIS COURT ORDERS that, to the extent any prescription, time or limitation period relating to any Proceeding against or in respect of the Additional Stay Parties, or with respect to any Related Claims against or in respect of the Personal Guarantors or the Personal Guarantors Property that is stayed pursuant to this Order may expire, the term of such prescription, time or limitation period shall hereby be deemed to be extended by a period equal to the Stay Period.

#### NO EXERCISE OF RIGHTS OR REMEDIES

17. ~~15.~~ THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, organization, governmental unit, body or agency, foreign regulatory body or agency or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of any of the ~~Applicant~~Pride Entities or the Monitor, or their respective employees, advisors and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the ~~Applicant~~Pride Entities, the CRO and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower any of the ~~Applicant~~Pride Entities to carry on any business which ~~the Applicant is~~they are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by ~~Section~~section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### NO INTERFERENCE WITH RIGHTS

18. ~~16.~~ THIS COURT ORDERS that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence, authorization or permit in favour of or held by any of the ~~Applicant~~Pride Entities, except with the written consent of the ~~Applicant~~Pride Entities, the CRO and the Monitor, or leave of this Court.

#### CONTINUATION OF SERVICES

19. ~~17.~~ THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with any of the ~~Applicant~~Pride Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software,

communication and other data services, centralized banking services, cash management services, payroll services, insurance, transportation or logistics services, utility or other services to any of the ~~Business~~Pride Entities or the ~~Applicant~~Business, 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 any of the ~~Applicant~~Pride Entities, and that each of the ~~Applicant~~Pride Entities shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the ~~Applicant~~applicable Pride Entities in accordance with the normal payment practices of the ~~Applicant~~applicable Pride Entities or such other practices as may be agreed upon by the supplier or service provider and each of the ~~Applicant~~applicable Pride Entities and the Monitor, or as may be ordered by this Court.

## NON-DEROGATION OF RIGHTS

20. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease 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 any of the ~~Applicant~~Pride Entities. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.<sup>6</sup>

## PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the ~~Applicant~~Pride Entities with respect to any claim against the directors or officers that arose before the date hereof and that

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<sup>6</sup>~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

relates to any obligations of ~~the Applicant~~any of the Pride Entities 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 ~~Applicant~~Pride Entities, if one is filed, is sanctioned by this Court or is refused by the creditors of the ~~Applicant~~Pride Entities or this Court.

## **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

22. ~~20.~~ **THIS COURT ORDERS** that the ~~Applicant~~Pride Entities shall indemnify ~~its~~their directors and officers against obligations and liabilities that they may incur as directors or officers of the ~~Applicant~~Pride Entities after the commencement of the within proceedings,<sup>7</sup> except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

23. ~~21.~~ **THIS COURT ORDERS** that the directors and officers of the ~~Applicant~~Pride Entities shall be entitled to the benefit of and are hereby granted a charge (the ~~"Directors' Charge"~~"Directors' Charge")<sup>8</sup> on the Property of the Pride Entities, which charge shall not exceed an aggregate amount of \$~~4.1~~4.1 million, as security for the indemnity provided in paragraph ~~{20}~~22 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~{38}~~47 and ~~{40}~~48 herein.

24. ~~22.~~ **THIS COURT ORDERS** that, 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 Directors'Charge, and (b) the ~~Applicant's~~Pride Entities' directors and officers shall only be entitled to the benefit of the Directors'Charge to the extent that they do not have

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<sup>7</sup> ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

<sup>8</sup> ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

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 ~~120~~22 of this Order.

### APPOINTMENT OF CHIEF RESTRUCTURING OFFICER

25. THIS COURT ORDERS that R.C. Benson Consulting Inc. is hereby appointed as CRO, an officer of this Court, over and in respect of the Pride Entities and shall have the powers and obligations set out in the engagement agreement between the Pride Entities and the CRO dated February 26, 2024 (the "CRO Agreement").

26. THIS COURT ORDERS that the CRO Agreement is approved *nunc pro tunc* and the Pride Entities are hereby authorized to perform all of their obligations pursuant to the CRO Agreement.

27. THIS COURT ORDERS that, subject to the terms of this Order, the CRO is hereby authorized to assist the Pride Entities and to do all things, carry out all actions and perform all duties described in the CRO Agreement and, without limiting the foregoing, the CRO is hereby empowered to do the following:

- (a) take any and all steps for and in the name of, and on behalf of, the Pride Entities necessary to carry out the restructuring of their Business;
- (b) evaluate restructuring, sale or recapitalization alternatives that may be available or presented to the Pride Entities;
- (c) represent the Pride Entities in any negotiations with any party, including creditors, customers and other stakeholders of the Pride Entities;
- (d) communicate with and provide information to the Monitor and other stakeholders regarding the Business and affairs of the Pride Entities;
- (e) report to this Court at such times and intervals as the CRO may deem appropriate with respect to matters relating to the Property, the Business, the restructuring and such other matters as may be relevant to the proceedings herein;

- (f) subject to confidentiality arrangements acceptable to the Pride Entities, have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Pride Entities, to the extent that it is necessary to adequately assess the Business and the Pride Entities' financial affairs or to perform its duties arising under this Order;
- (g) perform such other duties as are required by this Order or by this Court from time to time, including but not limited to, such duties as set forth in the Governance Protocol;
- (h) take all such steps and actions, enter into and execute all such agreements and documents in the name of and on behalf of the Pride Entities and incur such expenses and obligations necessary or incidental to the exercise of the foregoing powers; and
- (i) work with and communicate with the Assistants in respect of each of the foregoing;

provided that each of the foregoing actions, agreements, expenses and obligations shall be construed to be those of the Pride Entities and not of the CRO nor any of its employees, representatives or agents.

28. THIS COURT ORDERS that the Pride Entities shall (a) advise the CRO of all material steps taken by the Pride Entities in these proceedings, and (b) cooperate fully with and provide the CRO with the assistance necessary to enable the CRO to exercise its powers and discharge its obligations under the CRO Agreement, this Order and any other orders issued in these proceedings.

29. THIS COURT ORDERS that the CRO shall not take possession of the Property and shall not, by fulfilling its obligations hereunder or under the CRO Agreement, be deemed to have taken or maintained possession or control of the Business or the Property, or any part thereof. Without limiting the foregoing, the CRO shall not, as a result of this Order or anything done pursuant to its duties and powers under this Order or the CRO Agreement, be deemed to be in Possession (as defined below) of any Property within the meaning of any Environmental Legislation (as defined below).

30. **THIS COURT ORDERS** that the CRO shall consult with the Monitor regarding all material issues relating to the Business and these proceedings as reasonably determined by the CRO.

31. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the CRO as an officer of this Court, neither the CRO nor any employee or agent of the CRO shall be deemed to be a director, *de facto* director, employee or trustee of any of the Pride Entities.

32. **THIS COURT ORDERS** that neither the CRO nor any employee or agent of the CRO shall incur any liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any liability or obligation incurred as a result of any gross negligence or wilful misconduct on its or their part; provided that any liability of the CRO hereunder shall in no event exceed the quantum of the fees paid to the CRO.

33. **THIS COURT ORDERS** that the Pride Entities shall indemnify and hold harmless the CRO and any employees or agents of the CRO who may assist the CRO with the exercise of its powers and obligations under this Order (collectively with the CRO, the “**CRO Indemnified Parties**”) with respect to any liability or obligation that the CRO Indemnified Parties may incur as a result of the appointment of the CRO or the fulfilling of the CRO’s duties in carrying out the provisions of this Order, including any claims or liabilities subject to indemnification pursuant to the CRO Agreement, except to the extent that the obligation or liability was incurred as a result of the CRO Indemnified Parties’ gross negligence or wilful misconduct. The CRO Indemnified Parties shall be treated as unaffected and the foregoing indemnity shall be treated as unaffected and may not be compromised in any plan of arrangement or compromise filed by the Pride Entities under the CCAA, or any proposal filed by the Pride Entities under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the “**BIA**”).

34. **THIS COURT ORDERS** that no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of the CRO Indemnified Parties, and all rights and remedies of any Person against or in respect of the CRO Indemnified Parties are hereby stayed and suspended, except with the written consent of the CRO and the Monitor or with leave of this Court on notice to the Pride Entities, the Monitor and the CRO. Notice of any such motion seeking leave of this Court shall be served upon the

Pride Entities, the Monitor and the CRO at least seven (7) days prior to the return date of any such motion for leave.

35. THIS COURT ORDERS that the CRO may resign or the appointment of the CRO may be terminated by further order of this Court at any time.

36. THE COURT ORDERS that the Pride Entities' indemnity in favour of the CRO Indemnified Parties shall survive termination, replacement or discharge of the CRO.

37. THE COURT ORDERS that the appointment of the CRO and the granting of the powers and responsibilities of the CRO hereunder will not constitute the sale or disposition of the Business or the sale or disposition of any of the Property and such Business and Property will continue to be the Business and Property of the Pride Entities unless and until sold in whole or in part to a purchaser.

#### **APPOINTMENT OF MONITOR**

38. 23. THIS COURT ORDERS that ~~[MONITOR'S NAME]~~Ernst & Young Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the ~~Applicant~~Pride Entities with the powers and obligations set out in the CCAA or set forth herein and that the ~~Applicant and its~~Pride Entities and their shareholders, officers, directors, and Assistants and the CRO shall advise the Monitor of all material steps taken by the ~~Applicant~~Pride Entities 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.

39. 24. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the ~~Applicant's~~Pride Entities' receipts and disbursements;



- (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;
- ~~(c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;~~
- (c) ~~(d)~~ advise the ~~Applicant in its~~Pride Entities in their preparation of the ~~Applicant's~~Pride Entities' cash flow statements ~~and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender;~~
- ~~(e) advise the Applicant in its development of the Plan and any amendments to the Plan;~~
- ~~(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~
- (d) ~~(g)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the ~~Applicant~~Pride Entities, to the extent that is necessary to adequately assess the ~~Applicant's~~Pride Entities' business and financial affairs or to perform its duties arising under this Order;
- (e) perform its duties set out in the Governance Protocol;
- (f) ~~(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; and

(g) ~~(h)~~ perform such other duties as are required by this Order or by this Court from time to time.

40. ~~25.~~ **THIS COURT ORDERS** that 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, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

41. ~~26.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, 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 of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in 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 Environmental Legislation, unless it is actually in possession.

42. ~~27.~~ **THIS COURT ORDERS** ~~that~~ that the Monitor shall provide any creditor of the ~~Applicant and the DIP Lender~~ Pride Entities with information provided by the ~~Applicant~~ Pride Entities 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 any of the ~~Applicant~~ Pride Entities 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 ~~Applicant~~ Pride Entities may agree.

43. ~~28.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its employees, advisors and other representatives acting in such capacities shall incur ~~no~~any liability or obligation as a result of ~~its~~the Monitor's appointment or the carrying out by it of the provisions of this Order or the Governance Protocol, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

44. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor ~~and counsel to the Applicant~~(including both U.S. and Canadian counsel for all purposes of this Order), counsel to the Pride Entities (including both U.S. and Canadian counsel for all purposes of this Order), the CRO, and Canadian counsel to the Pride Entities' board of directors shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, ~~by the Applicant~~whether incurred prior to, on, or subsequent to the date of this Order, by the Pride Entities as part of the costs of these proceedings. The ~~Applicant is~~Pride Entities are hereby authorized and directed to pay the accounts of the Monitor, counsel ~~for the Monitor and counsel for the Applicant on a [TIME INTERVAL] basis and, in addition, the Applicant is hereby~~ authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers ~~in the amount[s] of \$●-[, respectively,] to be held by them as security for payment of their~~ respective fees and disbursements outstanding from time to time to the Monitor, the Pride Entities' counsel, the CRO, and Canadian counsel to the Pride Entities' boards of directors on a bi-weekly basis or pursuant to such other arrangements agreed to between the Pride Entities and such parties.

45. ~~30.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

#### ADMINISTRATION CHARGE

46. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any, and the Applicant's~~ counsel to the Pride Entities, the CRO, and Canadian counsel to the Pride Entities' boards of directors shall be entitled to the benefit of and are hereby granted a charge (the

"Administration Charge") on the Property of the Pride Entities, which charge shall not exceed an aggregate amount of \$~~●~~, 2 million as security for their professional fees and disbursements incurred at ~~the~~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. The Administration Charge shall have the priority set out in paragraphs ~~{38}~~47 and ~~{40} hereof~~48 herein.

## **~~DIP FINANCING~~**

~~32. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$● unless permitted by further Order of this Court.~~

~~33. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed.~~

~~34. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~

~~35. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs {38} and {40} hereof.~~

~~36. THIS COURT ORDERS that, notwithstanding any other provision of this Order:~~

- ~~(a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~
- ~~(b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ● days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and~~
- ~~(c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.~~

~~37. THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "BIA"), with respect to any advances made under the Definitive Documents.~~

#### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

47. ~~38.~~ **THIS COURT ORDERS** that the priorities of the Directors' Charge; and the Administration Charge ~~and the DIP Lender's Charge~~ (collectively, the "Charges"), as among them, shall be as follows<sup>9</sup>: \_\_\_\_\_

<sup>9</sup> ~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly,~~

First – Administration Charge (to the maximum amount of \$●2 million); and

~~Second – DIP Lender's Charge; and~~

~~Third~~Second – Directors' Charge (to the maximum amount of \$●4.1 million).

48. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges")~~ shall not be required, and that 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.

49. ~~40.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

50. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the ~~Applicant~~Pride Entities shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge,~~Charges unless the ~~Applicant~~Pride Entities also ~~obtains~~obtain the prior written consent of the Monitor, the ~~DIP Lender~~CRO and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~Charges, or further Order of this Court.

51. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge~~Charges, the

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~~may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

agreements and other documents governing or otherwise relating to the obligations secured by 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 DIP 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 herein; (b) any application(s) for bankruptcy order(s) or receivership order(s) issued pursuant to BIA, or any bankruptcy order or receivership 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") which binds any of the ApplicantPride Entities, and notwithstanding any provision to the contrary in any Agreement:

- (a) ~~neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall~~ shall not create or be deemed to constitute a breach by any of the ApplicantPride Entities of any Agreement to which ~~it~~ any of them is a party;
- (b) 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 ~~Applicant entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents~~; and
- (c) the payments made by the ApplicantPride Entities pursuant to this ~~Order, the Commitment Letter or the Definitive Documents~~, 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.

52. ~~43.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the ~~Applicant's~~ Pride Entities' interest in such real property leases.

## **SERVICE AND NOTICE**

53. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~ The Globe and Mail (National Edition) 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 of the Applicant Pride Entities of more than \$1000, 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~~ subsection 23(1)(a) of the CCAA and the regulations made thereunder, provided that the Monitor shall not make the claims, names and addresses of any creditors of the Pride Entities who are individuals publicly available.

54. ~~45.~~ **THIS COURT ORDERS** that the ~~E-Service Protocol of the~~ Guide Concerning Commercial List E-Service (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at ~~http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/~~ https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph ~~24~~ 13 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ~~<@>~~ : www.ey.com/ca/pridegroup (the “**Monitor’s Website**”).

55. **THIS COURT ORDERS** that the Monitor shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in this proceeding (the “**Service**



List”). The Monitor shall post the Service List, as may be updated from time to time, on the Monitor’s Website as part of the public materials to be recorded thereon in relation to this proceeding. Notwithstanding the foregoing, the Monitor shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

56. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable, the ~~Applicant~~Pride Entities and the Monitor and their respective counsel and agents are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile or electronic transmission to the ~~Applicant's~~Pride Entities’ creditors or other interested parties at their respective addresses (including e-mail addresses) as last shown ~~on~~in the books and records of the ~~Applicant~~Pride Entities and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received (a) if sent by courier, on the next business day following the date of forwarding thereof, ~~or~~(b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing. With respect to any claimant who has filed a lien under the Repair and Storage Lien Act under the Personal Property Registry in a jurisdiction in Canada against any of the Pride Entities, the service of the Notice of Application in the manner prescribed above, together with a cover letter advising such party of these proceedings, and directing such party to the Monitor’s Website to monitor for future updates on these proceedings shall constitute sufficient service for the purposes of this Order and all future motions and matters in respect of these proceedings.

#### **GENERAL FOREIGN PROCEEDINGS**

57. **THIS COURT ORDERS** that Mr. Randy Benson on behalf of the CRO and Mr. Sulakhan Johal are hereby authorized and empowered, but not required, to act as the foreign representatives (each, in such capacity, the “**Foreign Representative**”) in respect of the within proceedings for the purpose of having these proceedings recognized and approved in a jurisdiction outside of Canada.

58.     **THIS COURT ORDERS** that the Foreign Representative is hereby authorized to apply for foreign recognition and approval of these proceedings, as necessary, in any jurisdiction outside of Canada, including in the United States pursuant to chapter 15 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532.

### COMEBACK HEARING

59.     **THIS COURT ORDERS** that the comeback motion in these proceedings shall be heard on April 5, 2024 at [TIME] (Eastern Time) (the “**Comeback Hearing**”) and the Applicants are authorized to serve their motion materials with respect to the Comeback Hearing by forwarding a copy of this Order and any additional materials to be filed with respect to the Comeback Hearing by electronic transmission, where available, or by courier to the parties likely to be affected by the relief to be sought at such parties’ respective addresses as last shown in the books and records of the Applicants as soon as practicable (subject to paragraph 56 above).

60.     ~~47.~~ **THIS COURT ORDERS** that the ~~Applicant~~Pride Entities, the CRO 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.

### SEALING

61.     **THIS COURT ORDERS** that the Confidential Appendix “A” to the Pre-Filing Report containing the unredacted CRO Engagement Letter (as defined in the Pre-Filing Report) is hereby sealed pending further Order of the Court.

### GENERAL

62.     ~~48.~~ **THIS COURT ORDERS** that 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 ~~Applicant~~Pride Entities, the Business or the Property.

63.     ~~49.~~ **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 ~~Applicant~~Pride Entities, the CRO, 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 ~~Applicant~~Pride Entities, the CRO, 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 CRO and/or Monitor in any foreign proceeding, or to assist the ~~Applicant~~Pride Entities, the CRO and the Monitor and their respective agents in carrying out the terms of this Order.

64. ~~50.~~ **THIS COURT ORDERS** that ~~each of the Applicant and the Monitor~~the Foreign Representative be at liberty and is 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~~Foreign Representative is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

65. ~~51.~~ **THIS COURT ORDERS** that, prior to the Comeback Hearing, any interested party (including the ~~Applicant~~Pride Entities, the CRO and the Monitor) may apply to this Court to vary or amend this Order on not less than ~~seven~~three (73) 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; provided, however, that notwithstanding any amendment, variation or stay of this Order, the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 47 and 48 hereof with respect to any fees, expenses and disbursements incurred, advances or payments made and obligations incurred, as applicable, between the date this Order and the date this Order may be amended, varied or stayed.

66. ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern ~~Standard/Daylight~~ Time) on the date of this Order without the need for entry or filing.

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**SCHEDULE “A”**

**A. APPLICANTS**

**Operating Entities**

*Canadian Operating Entities*

- PRIDE TRUCK SALES LTD.
- =
- TPINE TRUCK RENTAL INC.
- =
- PRIDE GROUP LOGISTICS LTD.
- =
- PRIDE GROUP LOGISTICS INTERNATIONAL LTD.
- =
- TPINE LEASING CAPITAL CORPORATION
- =
- DIXIE TRUCK PARTS INC.
- =
- PRIDE FLEET SOLUTIONS INC.
- =
- TPINE FINANCIAL SERVICES INC.
- =
- PRIDE GROUP EV SALES LTD.
- =

*U.S. Operating Entities*

- TPINE RENTAL USA, INC.
- =
- PRIDE GROUP LOGISTICS USA, CO.
- =
- ARNOLD TRANSPORTATION SERVICES, INC.
- =
- DIXIE TRUCK PARTS INC.
- =
- TPINE FINANCIAL SERVICES CORP.
- =
- PARKER TRANSPORT CO.
- =
- PRIDE FLEET SOLUTIONS USA INC.
- =

**Real Estate Holding Companies**

*Canadian Real Estate Holding Companies*

- 2029909 ONTARIO INC.
- =
- 2076401 ONTARIO INC.
- =
- 1450 MEYERSIDE HOLDING INC.
- =
- 933 HELENA HOLDINGS INC.
- =
- 30530 MATSQUI ABBOTSFORD HOLDING INC.
- =
- 2863283 ONTARIO INC.
- =
- 2837229 ONTARIO INC.
- =
- 2108184 ALBERTA LTD.
- =
- 12944154 CANADA INC.
- =
- 13184633 CANADA INC.
- =
- 13761983 CANADA INC.
- =
- 102098416 SASKATCHEWAN LTD.
- =
- 177A STREET SURREY HOLDING INC.
- =
- 52 STREET EDMONTON HOLDING INC.
- =
- 84 ST SE CALGARY HOLDINGS INC.
- =
- 68TH STREET SASKATOON HOLDING INC.
- =
- 3000 PITFIELD HOLDING INC.
- =

U.S. Real Estate Holding Companies

- PGED HOLDING, CORP.
- =
- HIGH PRAIRIE TEXAS HOLDING CORP.
- =
- 131 INDUSTRIAL BLVD HOLDING CORP.
- =
- 59TH AVE PHOENIX HOLDING CORP.
- =
- DI MILLER DRIVE BAKERSFIELD HOLDING CORP.
- =
- FRONTAGE ROAD HOLDING CORP.
- =
- ALEXIS INVESTMENTS, LLC
- =
- TERNES DRIVE HOLDING CORP.
- =
- VALLEY BOULEVARD FONTANA HOLDING CORP.
- =
- HIGHWAY 46 MCFARLAND HOLDING CORP.
- =
- TERMINAL ROAD HOLDING, CORP.
- =
- BISHOP ROAD HOLDING CORP.
- =
- OLD NATIONAL HIGHWAY HOLDING CORP.
- =
- 11670 INTERSTATE HOLDING, CORP.
- =
- 401 SOUTH MERIDIAN OKC HOLDING CORP.
- =
- 8201 HWY 66 TULSA HOLDING CORP.
- =
- EASTGATE MISSOURI HOLDING CORP.
- =
- FRENCH CAMP HOLDING CORP.
- =
- 87TH AVENUE MEDLEY FL HOLDING CORP.
- =
- LOOP 820 FORT WORTH HOLDING CORP.
- =
- 162 ROUTE ROAD TROY HOLDING CORP.
- =
- CRESCENTVILLE ROAD CINCINNATI HOLDING CORP.
- =
- MANHEIM ROAD HOLDING CORP.
- =
- 13TH STREET POMPANO BEACH FL HOLDING CORP.
- =
- EAST BRUNDAGE LANE BAKERSFIELD HOLDING CORP.
- =
- CORRINGTON MISSOURI HOLDING CORP.
- =
- 963 SWEETWATER HOLDING CORP.
- =
- OAKMONT DRIVE IN HOLDING CORP.
- =

**Other Holding Companies**

Other Canadian Holding Companies

- 2692293 ONTARIO LTD.
- =
- 2043002 ONTARIO INC.
- =
- PRIDE GROUP HOLDINGS INC.
- =
- 2554193 ONTARIO INC.
- =
- 2554194 ONTARIO INC.
- =
- PRIDE GROUP REAL ESTATE HOLDINGS INC.
- =
- 1000089137 ONTARIO INC.
- =

Other U.S. Holding Companies

- COASTLINE HOLDINGS, CORP.
- =
- PARKER GLOBAL ENTERPRISES, INC.
- =

- DVP HOLDINGS, CORP.

**B. LIMITED PARTNERSHIPS**

*U.S. Limited Partnerships*

- PRIDE TRUCK SALES L.P.
- TPINE LEASING CAPITAL L.P.
- SWEET HOME HOSPITALITY L.P.

**C. ADDITIONAL STAY PARTIES**

*Canadian Additional Stay Parties*

- BLOCK 6 HOLDING INC.
- 2500819 ONTARIO INC.

*U.S. and Other Additional Stay Parties*

- PERGOLA HOLDINGS, CORP.
- PRIDE GLOBAL INSURANCE COMPANY LTD.

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~~Revised: January 21, 2014~~

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<u>IN THE MATTER OF THE COMPANIES’ CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED</u> <u>AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF PRIDE GROUP HOLDINGS INC. et al</u> <u>(each, an “Applicant”, and collectively, the “Applicants”)</u>	
<u>Court File No. CV-24-_____ -00CL</u>	
	<u>ONTARIO</u> <u>SUPERIOR COURT OF JUSTICE</u> <u>(COMMERCIAL LIST)</u> <u>Proceedings commenced at Toronto, Ontario</u>
	<u>INITIAL ORDER</u>

[Different first page link-to-previous setting changed from off in original to on in modified.].

**THORNTON GROUT FINNIGAN LLP**  
TD West Tower, Toronto-Dominion Centre  
100 Wellington Street West, Suite 3200  
Toronto, ON M5K 1K7

**Leanne Williams (LSO #41877E)**  
Tel: (416) 304-0060 / Email: [lwiliams@tgf.ca](mailto:lwiliams@tgf.ca)

**Rachel Nicholson (LSO #68348V)**  
Tel: (416) 304-1153 / Email: [rnicholson@tgf.ca](mailto:rnicholson@tgf.ca)

**Puya Fesharaki (LSO #70588L)**  
Tel: (416) 304-7979 / Email: [pfesharaki@tgf.ca](mailto:pfesharaki@tgf.ca)

Lawyers for the Applicants



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<b>Original DMS:</b> iw://tgf-mobility-ca.imatech.com/CLIENT/5801200/1	
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Move To	0
Table Insert	1
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF **PRIDE GROUP HOLDINGS INC.** et al  
(each, an “**Applicant**”, and collectively, the “**Applicants**”)

Court File No. CV-24-00717340-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

**APPLICATION RECORD**  
**(Returnable March 27, 2024)**

**THORNTON GROUT FINNIGAN LLP**

TD West Tower, Toronto-Dominion Centre  
100 Wellington Street West, Suite 3200  
Toronto, ON M5K 1K7

**Leanne Williams (LSO #41877E)**

Tel: (416) 304-0060 / Email: [lwilliams@tgf.ca](mailto:lwilliams@tgf.ca)

**Rachel Nicholson (LSO #68348V)**

Tel: (416) 304-1153 / Email: [rnicholson@tgf.ca](mailto:rnicholson@tgf.ca)

**Puya Fesharaki (LSO #70588L)**

Tel: (416) 304-7979 / Email: [pfesharaki@tgf.ca](mailto:pfesharaki@tgf.ca)

Lawyers for the Applicants