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C A N A D A

PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

N° : 500-11-

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

SUPERIOR COURT
(Commercial Division)

HIGHCREST LENDING CORPORATION, a
corporation having a place of business at 208 S.
Llano Street, Fredericksburg, Texas 78624

Applicant/Secured Lender

- and-

13517985 Canada Inc. (d/b/a Wholesale
Express) a corporation incorporated under the
Canada Business Corporations Act, having its
head office at 101-501 Boulevard Laurier, Sainte-
Marie-Madeleine, Province of Québec, J0H 1S0;

Respondent

- and-

KPMG INC. a company incorporated under the
laws of Canada, having a place of business at 600
De Maisonneuve Blvd. West, in the city of
Montreal, Province of Quebec, H3A 0A3

Proposed Monitor

PRE-FILING REPORT OF THE PROPOSED MONITOR
(Companies' Creditors Arrangement Act, R.S.C. 1985, C. C-36, As Amended)

November 21, 2023



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A. INTRODUCTION

1. 13517985 Canada Inc., d/b/a Wholesale Express Inc. (the “**Respondent**” or the “**Company**” or “**Wholesale Express**”), is a private company with a head office in Sainte-Marie-Madeleine, Québec that operates an online trading platform for pre-owned cars. In short, the Respondent acts as an intermediary for the exchange of vehicles between sellers and buyers in order to facilitate and simplify transactions.
2. Highcrest Lending Corp. (“**HLC**” or the “**Lender**”) is owed closed to \$12 million from the Respondent and obtained a first ranking universal hypothec on all the Respondent’s movable assets in order to secure this indebtedness.
3. KPMG Inc. (“**KPMG**” or the “**Proposed Monitor**”) has seen the application (the “**Application**”) dated November 20, 2023, to be filed before the Québec Superior Court (the “**Court**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36 (as amended, the “**CCAA**”), seeking, at the time of the first day hearing, the issuance of an Initial Order (the “**Proposed Initial Order**”), providing for, *inter alia*:
 - a) a stay of proceedings in respect of the Respondent until and including December 2, 2023;
 - b) appointing KPMG as monitor (the “**Monitor**”) in respect of the Respondent as part of the proposed CCAA proceedings, with the powers set out in the Proposed Initial Order; and
 - c) approving the charges in the Proposed Initial Order.
4. The purpose of this report (the “**Report**”) is to provide the following information to this Court:
 - a) The terms and reference and disclaimer for the Report (section **B**);
 - b) KPMG’s qualifications to act as Monitor (section **C**);
 - c) The Company’s background and historical financial information (section **D**);
 - d) Overview of the cash flow projections for Wholesale Express (the “**Cash Flow Forecast**”) for the 13-week period from November 12, 2023, to February 10, 2024 (section **E**);
 - e) The charges sought as part of the Proposed Initial Order (section **F**);
 - f) Contemplated restructuring measures (section **G**);
 - g) Payment of pre-filing claims (section **H**);
 - h) The comeback hearing (Section **I**);
 - i) Conclusion (Section **J**).

B. RESTRICTIONS AND SCOPE LIMITATIONS

5. In preparing this Report, the Proposed Monitor has relied solely on information and documents provided to it by the Company, the Company's parent company, Trade X Group of Companies Inc. ("**Trade X**"), and HLC, and their respective advisors, including unaudited, draft and/or internal financial information, financial projections prepared by the Company, discussions with the Company's management, discussions with management of Trade X, discussions with HLC executives, and affidavits of the Applicant's executives (collectively, the "**Information**"). Except as further described in this Report:
 - a) The Proposed Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Canadian Auditing Standards ("**CASs**") pursuant to the *Chartered Professional Accountants Canada Handbook* and accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under CASs in respect of the information; and
 - b) Some of the information referred to in this Report consists of financial forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.
6. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections. Even if the assumptions materialize, the variations could be significant.
7. The information contained in this Report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Company.
8. If the Proposed Initial Order is granted, and KPMG is appointed as Monitor, KPMG will make available all Court documents and other material documents pertaining to the CCAA proceedings on its website at www.kpmg.com/ca/wholesaleexpress. In addition, KPMG has arranged for a toll-free hotline 1-833-668-6400 and an email address wholesaleexpress@kpmg.ca through which creditors of the Respondent or other interested parties can make inquires related to the CCAA proceedings.
9. Unless otherwise stated, all monetary amounts contained in this Report are expressed in Canadian dollars.
10. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Application.

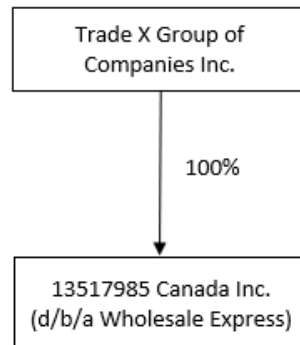
C. KPMG'S QUALIFICATIONS TO ACT AS MONITOR

11. KPMG is a trustee within the meaning of section 2(1) of the *Bankruptcy and Insolvency Act*. Further, KPMG 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.
12. KPMG has experience acting as CCAA monitor and other court-officer capacities in insolvency proceedings. The senior professional personnel at KPMG with primary carriage of this matter is a certified Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees and has acted in insolvency matters of similar nature and scale.
13. Should the Court grant the Proposed Initial Order, KPMG has consented to act as Monitor. Furthermore, the Proposed Monitor has retained Fasken Martineau DuMoulin LLP to act as its independent counsel in these proceedings.
14. KPMG LLP, an affiliate of the Proposed Monitor, was retained by HLC, pursuant to an engagement letter dated on November 1, 2023, to provide financial advisory services to HLC in respect of the Company (the "**Prior Engagement**"). During that time, KPMG developed a preliminary understanding of the operations of the Company, which knowledge will assist KPMG to fulfil its duties as Monitor.
15. As a formal matter, HLC and KPMG LLP will terminate the Prior Engagement upon the entry of the Proposed Initial Order.

D. COMPANY'S BACKGROUND AND HISTORICAL FINANCIAL INFORMATION

Corporate Structure and Nature of the Business

16. Founded in 2013, the Respondent is a private company incorporated under the *Canada Business Corporation Act* (R.S.C., 1985, c. C-44). An organizational chart for the Respondent is set forth below:



17. As noted above, Wholesale Express is the direct subsidiary of Trade X. Trade X acquired the assets of Wholesale Express in December 2021. The acquired assets were transferred to Wholesale Express, a new legal entity created for the purposes of the acquisition.

18. Wholesale Express operates as a standalone company and has a separate management team from Trade X. KPMG understands that Trade X purchases certain vehicles from Wholesale Express at fair value, although it would appear that little to no such purchases have occurred over approximately the last three months.
19. The Respondent is a Canadian online dealer-to-dealer auction platform. Wholesale Express acts as an intermediary for the exchange of vehicles between sellers and buyers in order to facilitate and simplify transactions. Wholesale Express sells pre-owned cars to registered dealers and mainly operates in Canada, with a small number of transactions in the USA. The Company has over 3,500 registered users on its platform and approx. 20,000 vehicles were traded through its platform in FY22.
20. The Company's operations are summarized as follows:
 - a) Car dealers contact the Company's sourcing team to list a car on the platform. The Company obtains vehicle information and checks each vehicle for admissibility.
 - b) Following the admission of the vehicle, a Wholesale Express representative either (i) posts the vehicle on Wholesale Express catalogue platform, whereby the Company proactively uses its inside sales team to find a buyer to complete a transaction or (ii) posts the vehicle on the auction platform, whereby auctions are conducted daily.
 - c) Upon consummation of a sale, Wholesale Express takes title and ownership of the vehicle and records a liability owing to the seller.
 - d) The Company facilitates the transaction by handling the transaction details (title management, billing, collection and disbursement of funds). Wholesale Express handles the logistics and in-land transportation of a vehicle through transportation companies. The vehicle is picked from the seller's place of business by Wholesale Express's appointed transportation company and delivered to the buyer's place of business within approximately 72 hours.
 - e) KPMG understands that Wholesale Express also offers a warranty on all vehicles purchased on its platform. In case of a claim due to an undisclosed defect, Wholesale Express acts as arbitrator to resolve the claim. Sellers can subscribe to a Gold Plan option, where Wholesale Express will assume the costs of any claim.
21. The Respondent operates the business from a leased premises, located at 501 Laurier Boulevard, Suite 101, in Sainte-Marie-Madeline, Quebec.
22. As at November 2023, the Company employed approximately 55 people, of which ~40 were located in Quebec and ~15 were located in the rest of Canada.

HLC Indebtedness

23. The Respondent is indebted to the Applicant pursuant to a Master Amended and Restated Loan and Security Agreement dated December 23, 2022 (the "**LSA**"), entered into by and among the Applicant, as lender, the Respondent, as borrower and Trade X, as pledgor.
24. Pursuant to the terms of the LSA, the Respondent unconditionally promised to pay the Applicant the principal amount of the loan by June 23, 2023.

25. By June 23, 2023, both the Respondent and Trade X were in default under the LSA and unable to repay the principal amounts owing thereunder. As such, the Applicant agreed to enter into a Forbearance Agreement with the Respondent and Trade X, pursuant to which, the Applicant agreed to forbear from exercising any remedies arising from said defaults until the earliest of, among other events, (i) September 30, 2023, or (ii) a term sheet for the sale of the Wholesale Express business was terminated or Wholesale Express was no longer able or willing to pursue any other proposed acquisition.
26. On September 21, 2023, the Respondent and the Applicant executed the Amendment No. 1 to the Forbearance Agreement in order to, among other things, agree to extend the deadline to repay the loan to October 31, 2023.
27. The total amount outstanding under the LSA in principal and interest as of the date of this Application is ~\$12 million, excluding costs (the "**Secured Debt**").
28. As of the date of this Report, the Secured Debt is secured by, *inter alia*, the following:
 - a) A hypothec on the universality of moveable property of the Respondent as of December 22, 2022, granted in favour of HLC for an amount of \$17,250,000;
 - b) A pledge of the securities dated as of December 23, 2022 in favour of HLC pursuant to which by Trade X granted a senior security interest in all of its present and future equity interest shares in the Respondent ("**Securities Pledge Agreement**"); and
 - c) A Guarantee granted by Trade X, in favour of HLC, guaranteeing the obligations of Wholesale Express pursuant to the LSA (the "**Guarantee**").
29. The LSA is also subject to an Amended and Restated Intercreditor Agreement dated as of December 23, 2022, by and among, (i) as borrowers, the Respondent, TX OPS Funding II, LLC, TX OPS Global Funding I, LL (collectively referred therein, as the "**Subsidiary Borrower**"), and (ii) as lenders, TX OPS Indiana Limited, TX OPS Canada Corporation, Trade X, the Applicant (HLC), MBL Administrative Agent II LLC and Aimia Inc., which confirms, among things, that HLC is the only senior secured lender in regard to the assets of the Respondent and that nothing contained in the Intercreditor Agreement, will prevent HLC from enforcing its remedies with respect to its Collateral (as such term is defined in the Intercreditor Agreement).

The 2023 Sales Process

30. KPMG understands that in or around January 2023, Trade X engaged Canaccord Genuity ("**Canaccord**"), a well-known investment banker, to assist in a share sale of Wholesale Express.
31. KPMG understands that, starting in January 2023, Canaccord approached 40 parties regarding a potential transaction for the shares of the Company (the "**Canaccord Sale Process**"). The Canaccord Sale Process contemplated the sale of the Company's shares only and excluded the assets and/or shares of related companies.
32. KPMG further understands that, although 13 parties manifested interest and signed non-disclosure agreements, there was one (1) party (the "**Potential Purchaser**") that was prepared to conclude the transaction (the "**Transaction**"), subject to certain conditions.



33. KPMG understands that the Transaction was originally scheduled to conclude in June 2023 and was postponed to September 2023 and postponed again to October 2023.
34. At the date of this Report, the Transaction has not concluded.
35. In addition, in the context of the Prior Engagement, Trade X Management provided KPMG with the proposed distribution of proceeds (the “**Waterfall**”). KPMG understands that (i) the Waterfall includes various Trade X creditors (ii) the parties included in the Waterfall do not all agree on the proposed distribution and (iii) at the date of this Report, there remains a shortfall to cover all of the parties in the Waterfall.
36. KPMG was informed that, as it stands, the Transaction cannot be finalized without the approval of certain Trade X creditors included in the Waterfall. As a result of the disagreements described above, the Transaction is currently at an impasse.
37. HLC has lost all confidence in the ability of Trade X and of its management to close any transaction that will result in the payment of its secured indebtedness. Absent such a transaction, Wholesale Express is unable to satisfy its obligations toward HLC and may face a cash deficit within a few weeks, thereby significantly putting at risk the Respondent’s operations and going concern value.
38. KPMG and HLC are of the view that, if a transaction with the Potential Purchaser does not conclude, there could be a material erosion to the going concern value of the Respondent, as well as to of HLC’s security, thereby potentially causing an irreparable prejudice to HLC. Given the nature of the Company’s business (i.e. a platform with little in the way of tangible assets beyond the vehicles it is trading at any given moment), a significant portion of its value lies in its ability to operate as a going concern; any disruption to these services can be fatal.

Financial Situation

39. Wholesale Express does not have stand alone audited or reviewed financial statements prepared by an independent accountant. The Company compiles its financial statements internally. Wholesale’s Express’ financial statements are consolidated with Trade X’s financial statements, along with Trade X’s other subsidiaries.
40. The Company’s internally prepared financial statements do not include any supplemental information, disclosures or notes, resulting in difficulties ascertaining the underlying nature of certain line items in the financial statements.
41. The lack of detail supporting the Company’s internally prepared financial statements is further exacerbated by employee turnover in the Company’s finance and accounting department, most notably in the Controller position. We understand that the Company’s former Controller departed in January 2023 and the position remains open. The Company currently has a contract with a financial advisor, however, this individual does not have the historical background to explain the evolution and/or details supporting certain key financial statement line items.
42. As a result, KPMG is of the view that key information regarding historical transactions and related party dealings are unclear.



43. Wholesale Express' unaudited internal balance sheet and income statement are included in the tables attached hereto in **Appendix "A"** and **Appendix "B"** (to be filed under seal).

Wholesale Express Balance Sheet

44. Wholesale Express' balance sheet as at December 31, 2022 and September 30, 2023 are attached hereto as **Appendix "A"**.
45. Included in the table presented in **Appendix "A"** is an intercompany receivable owing from Trade X to Wholesale Express in the amount of \$7,543,000.
46. The "Advance to McGregor" in **Appendix "A"** is due from a former owner and unlikely to be collected according to Management.
47. The assets of the Company, as detailed in **Appendix "A"**, are primarily comprised of intangible assets and goodwill.
48. KPMG notes that HLC's loan of ~\$12M was recorded in Trade X's financial statements and not Wholesale Express' financial statements even though Wholesale Express is the borrower. Management was unable to explain why HLC's loan is recorded in Trade X's books and records as opposed to Wholesale Express's books and records. We understand that HLC is the Respondent's sole secured creditor.

Wholesale Express Income Statement

49. Wholesale Express' income statement as at December 31, 2022 and September 30, 2023 are attached hereto as **Appendix "B"**.

E. CASH FLOW FORECAST

50. The Proposed Monitor has prepared the Cash Flow Forecast for the 13-week period from November 12, 2023, to February 10, 2024 (the "**Cash Flow Period**") for the purpose of projecting the Company's estimated liquidity needs during the Cash Flow Period. A copy of the Cash Flow Forecast, accompanying notes and a report containing prescribed representations regarding the preparation of the Cash Flow Forecast are attached hereto as **Appendix "C"**.
51. The Cash Flow Forecast has been prepared by the Proposed Monitor on a conservative basis using probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast.
52. The Cash Flow Forecast has been prepared by the Proposed Monitor based on financial information and financial models provided by the Respondent during the Prior Engagement. The financial models provided by the Respondent included a weekly cash flow forecast (the "**WE Weekly Model**") prepared by the Respondent for the period from November 12, 2023 to March 30, 2024.
53. The Proposed Monitor reviewed the WE Weekly Model, which consisted of inquiries, analytical procedures and discussions related to the information supplied by Management. Since the WE Weekly Model did not consider the proposed CCAA proceedings, the Proposed Monitor has updated the probable and hypothetical assumptions, where necessary, to reflect the proposed CCAA proceedings.

54. Forecast operating cash receipts over the Cash Flow Period total approximately \$85.6 million primarily related to the collection of weekly payments from the customers of Wholesale Express.
55. Forecast operating disbursements over the Forecast Period total approximately \$85.8 million and primarily consist of purchases (\$75.6 million), payment to pre-filing creditors (approximately \$6.0 million, addressed further below), payroll, professional fees and other general and administration expenses (representation expenses, office expenses, IT, rent, etc.).
56. Net negative cash flow is forecast to approximate \$0.3 million over the first 5 weeks of the Cash Flow Period, with a peak net negative cash flow of approximately \$1.3M over the first 8 weeks and approximately \$0.3M over the 13-week Cash Flow Period.
57. Accordingly, it is anticipated that the Respondent will be required to draw on the interim financing facility proposed in the Application (sought only at the comeback stage), commencing in week 5 of the Cash Flow Period (i.e. the week ending December 16, 2023), in order to have sufficient funds to satisfy its projected uses of cash during the Cash Flow Period, which projected use is essential to maintaining the going concern value of the Respondent.
58. Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material. Accordingly, the Proposed Monitor expresses no opinion as to whether the projections in the Cash Flow Forecast will be achieved. The Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report or, relied upon in preparing this report. Neither does the Proposed Monitor express any opinion as to the performance of the Company's statutory obligations with regard to projected payments to be made in accordance with the Cash Flow Forecast, inter alia the payment of wages, the government remittances and the payroll deductions to be made by the Respondent.
59. The Proposed Monitor reiterates that the Cash Flow Forecast has been prepared solely for the purpose of projecting and assessing the Company's estimated liquidity needs during the Cash Flow Period, and readers are cautioned that it may not be appropriate for other purposes.
60. Prior to the comeback hearing, the Proposed Monitor, intends on preparing a revised and updated cash flow for a 13-week period, with the assistance of the Company.

F. PROPOSED COURT ORDERED CHARGES

61. The Proposed Initial Order provides for two priority charges (collectively the "**Proposed Charges**") on the current and future assets, undertakings and properties of the Respondent wherever located, including all proceeds thereof, that rank in the following order:
 - a) First, the Administration Charge (the "**Administration Charge**") (to the maximum amount of \$500,000); and
 - b) Second, the Directors' & Officers' Charge (the "**D&O Charge**") (to the maximum of \$850,000).
62. Each of the Proposed Charges are described in more detail below.

Administration Charge

63. The Proposed Initial Order provides a charge for the ten-day period prior to the Comeback Hearing on all Property of the Respondent in favour of the Proposed Monitor, counsel to the Proposed Monitor, and the Applicant's counsel, as security for their respective fees and disbursements incurred in respect of the Application in the aggregate amount of \$500,000.
64. The Proposed Monitor is of the view that the Administration Charge is reasonable and appropriate in the circumstances, having considered, among other things:
 - a) the work completed to date in preparation for these CCAA proceedings by the Proposed Monitor, the Proposed Monitor's counsel and the Applicant's counsel has been material and without any retainers or payments made;
 - b) the size of the court-ordered charge is comparable to other insolvency proceedings; and
 - c) the amount of the Administration Charge is limited to an amount necessary to ensure the beneficiaries of the Administration Charge have adequate protection to the date of the Comeback Hearing.

Directors' & Officers' Charge

65. The Proposed Initial Order provides for a priority charge up to the maximum of \$850,000 to indemnify the current directors and officers of the Respondent (the "**Directors and Officers**") against obligations and liabilities that they may incur as directors or officers of the Respondent during these CCAA Proceedings.
66. The Directors and Officers shall only be entitled to the benefit of the D&O Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent such coverage is insufficient to pay an indemnified amount. The Proposed Monitor understands that Trade X maintains directors' and officers' liability insurance, however has not obtained the insurance policy to determine whether the Directors and Officers of Wholesale Express are covered.
67. The amount of the D&O Charge was calculated taking into consideration employee payroll, commissions payable to employees as well as sales tax that attract potential liability for the Directors and Officers.
68. The participation and experience of the Director(s) and Officer(s) will facilitate (i) operating the Company as a going concern (ii) the conclusion of a transaction and (iii) the successful completion of the CCAA Proceedings. The Proposed Monitor believes that the D&O Charge (both the amount and the priority ranking) is required and reasonable in the circumstances and will advise the Court if a change in the amount or priority ranking is required.

G. CONTEMPLATED RESTRUCTURING MEASURES

69. As a starting point, the goal of the proposed restructuring is to bring stability to the operations of the Debtor, as well as implement the necessary safeguards to guarantee that the value of the company is not eroded for an eventual sale of the Respondent as a going concern. More specifically, as explained below, the cash flows and interim financing will support the implementation of a key employee retention plan (which the Applicant will seek to have approved at the Comeback Hearing), as well as payment to certain key creditors and traders.
70. Moreover, it is the intention of the Proposed Monitor to conclude a transaction to sell the Company as a going-concern business in order to maximize the realization for all stakeholders, if possible, to the Potential Purchaser.
71. The Applicant and KPMG have been informed that Canaccord ran a wholesome and robust process, however as soon as practically possible, KPMG intends to speak with Canaccord to confirm that the Canaccord Sales Process was indeed sufficiently robust, and the market was fully canvassed, as is expected.
72. Once confirmed, the Proposed Monitor will work towards finalizing and concluding a transaction with the Potential Purchaser for the assets or shares of the Company,.
73. Should the Proposed Monitor be of the view that further canvassing of the market is required, the Proposed Monitor intends to return to the market, possibly through the implementation of a Sales and Investment Solicitation Process for the assets or shares of the Company in order to maximize the realization for all stakeholders.
74. The Proposed Monitor will act in consultation with HLC in regards to these restructuring steps.

H. PAYMENT TO PRE-FILING CREDITORS

75. As detailed above, it is the intention of the Proposed Monitor is to sell the Company as a going concern business in order to maximize the realization for all stakeholders, and has worked with HLC to develop a restructuring plan that will ensure that the going concern value is maintained through this process.
76. Each day, the Company buys and sells on average, between 40 and 80 vehicles on its website resulting in millions of dollars of accounts receivable and accounts payable that are collected and paid within a few days of the purchase and sale.
77. The Proposed Monitor is of the view that, if the Company is unable to pay pre-filing balances owing to the pre-filing car dealers (the “**Pre-filing Car Dealers**”), then:
 - a) The Pre-filing Car Dealers may lose confidence in the business and may no longer use the online platform going-forward. Note, KPMG understands that certain Pre-filing Car Dealers may also be purchasers on the Company’s platform.
 - b) There would likely be significant legal ramifications and costs involved to retrieve these vehicles, as the vehicle remains on the property (i.e. lots) of the Pre-filing Car Dealers.

78. Accordingly, not paying the balances owed to the Pre-filing Car Dealers, which typically range between \$5M to \$6M may negatively impact the Company's go-forward operations to the point that it could jeopardize a transaction with the Potential Purchaser or any other potential purchasers.
79. In this regard, the Proposed Monitor is of the view that the Pre-filing Car Dealers pre-filing claims, as well as those pre-filing claims of certain other creditors that are essential to preserving the going concern value of the business, should be paid in the ordinary course of business. HLC agrees with this proposal, again, in an effort to stabilize the business and ensure that there is no erosion of the business' value.

I. COMEBACK HEARING

80. Should the Court grant the Proposed Initial Order, the Proposed Monitor understands that the Applicant intends to return to Court within the ten (10) day stay period (the "**Comeback Hearing**") seeking, among other relief: (a) increases to the Administration Charge; (b) an order approving interim financing and a corresponding charge; (c) a key employee retention plan and corresponding charge; and (d) an extension of the stay of proceedings established by the Proposed Initial Order.
81. Should the Court grant the Proposed Initial Order, KPMG (in its then capacity as Monitor) will report to the Court in connection with the Comeback Hearing and any other relief sought by the Applicant.

J. CONCLUSION

82. For the reasons set out above, KPMG recommends that the Court grant the Application for the Proposed Initial Order and appoint KPMG as Monitor under the CCAA.

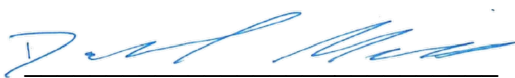
All of which is respectfully submitted this 21st day of November 2023.

KPMG Inc.

In its capacity as Proposed Monitor of Wholesale Express Inc.

And not in its personal capacity

Per:



David Malin, CPA, CIRP, LIT
Senior Vice President



APPENDIX A BALANCE SHEET

(Under seal)



APPENDIX B INCOME STATEMENT

(Under seal)



APPENDIX C CASH FLOW FORECAST



QUÉBEC SUPERIOR COURT

**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
WHOLESALE EXPRESS
("Wholesale Express" or the "Respondent")**

**REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)**

The Proposed Monitor has developed the assumptions and prepared the attached statement of projected cash flow for and on behalf of the Respondent as of the 21st day of November 2023, consisting of the period from November 12, 2023, to February 10, 2024 (the "**Cash Flow Forecast**").

To the best knowledge of KPMG Inc, in its capacity as Proposed Monitor of the Respondent, the hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow Forecast described in the notes therein and provide a reasonable basis for the Cash Flow Forecast. All such assumptions are disclosed in the notes therein.

Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The Cash Flow Forecast has been prepared solely for the purpose described in the notes therein, using the probable and hypothetical assumptions set out therein. Consequently, readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.

Dated at Montreal, in the Province of Québec, this 21st day of November 2023.

KPMG Inc.
In its capacity as Proposed Monitor of the Wholesale Express Inc.
And not in its personal or corporate capacity

David Malin, CPA, CIRP, LIT
Senior Vice President



Projected 13 week cash flow Presented in \$CAD	Forecast 1	Forecast 2	Forecast 3	Forecast 4	Forecast 5	Forecast 6	Forecast 7	Forecast 8	Forecast 9	Forecast 10	Forecast 11	Forecast 12	Forecast 13	Total 13 weeks	Notes
Week ending	2023-11-18	2023-11-25	2023-12-02	2023-12-09	2023-12-16	2023-12-23	2023-12-30	2024-01-06	2024-01-13	2024-01-20	2024-01-27	2024-02-03	2024-02-10		
Collections															1
Customer receipts	9 194 064	9 698 078	6 616 079	5 223 220	5 223 220	5 223 220	3 482 147	2 553 574	5 958 340	8 125 009	8 125 009	8 086 318	8 060 525	85 568 803	2
Interim financing	-	-	-	-	500 000	-	1 000 000	-	-	-	-	-	-	1 500 000	3
	9 194 064	9 698 078	6 616 079	5 223 220	5 723 220	5 223 220	4 482 147	2 553 574	5 958 340	8 125 009	8 125 009	8 086 318	8 060 525	87 068 803	
Disbursements															
Payments for purchases	7 674 225	4 323 066	6 074 081	4 993 840	4 993 840	4 993 840	3 884 098	2 378 120	4 660 917	7 768 195	7 768 195	7 754 204	7 706 543	74 973 164	4
Payments of pre-filing creditors	-	4 000 000	2 000 000	-	-	-	-	-	-	-	-	-	-	6 000 000	5
Payroll expense	149 124	80 000	130 350	-	130 350	-	405 350	-	130 350	-	130 350	-	130 350	1 286 224	6
Payment of commissions	349 265	-	-	-	342 922	-	-	-	-	228 615	-	-	-	920 802	7
Sales, administrative and general expenses	64 145	25 240	16 827	16 827	55 732	16 827	16 827	19 631	58 536	19 631	19 631	23 371	23 371	376 595	8
IT related expenses	-	-	-	128 000	-	-	-	128 000	-	-	-	-	128 000	384 000	9
Sales tax remittances	-	-	-	-	-	-	157 387	-	-	-	-	143 557	-	300 944	2
Repayments of Interim financing	-	-	-	-	-	-	-	-	1 000 000	-	-	-	-	1 000 000	10
Professional fees	-	150 000	150 000	100 000	100 000	75 000	50 000	50 000	75 000	75 000	75 000	50 000	50 000	1 000 000	11
Contingency	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	50 000	650 000	12
	8 286 760	8 628 306	8 421 258	5 288 667	5 672 844	5 135 667	4 563 662	2 625 751	5 974 803	8 141 441	8 043 176	8 021 132	8 088 263	86 891 729	
Net cash flow	907 304	1 069 771	(1 805 179)	(65 446)	50 376	87 554	(81 515)	(72 177)	(16 463)	(16 432)	81 833	65 186	(27 738)	177 073	
Net cash (shortfall) - Beginning	242 119	1 149 423	2 219 194	414 015	348 569	398 945	486 499	404 984	332 807	316 344	299 912	381 744	446 931	242 119	
Net cash (shortfall) - Ending	1 149 423	2 219 194	414 015	348 569	398 945	486 499	404 984	332 807	316 344	299 912	381 744	446 931	419 192	419 192	
Interim financing - Beginning	-	-	-	-	-	500 000	500 000	1 500 000	1 500 000	500 000	500 000	500 000	500 000		
Advances	-	-	-	-	500 000	-	1 000 000	-	-	-	-	-	-		
Repayments	-	-	-	-	-	-	-	-	(1 000 000)	-	-	-	-		
Interim financing - Ending	-	-	-	-	500 000	500 000	1 500 000	1 500 000	500 000	500 000	500 000	500 000	500 000		



**13517985 Canada Inc. (d /b/a Wholesale Express)
13-Week Cash Flow Forecast
Notes and Summary of Assumptions**

Disclaimer

In preparing this cash flow forecast (the “**Cash Flow Forecast**”), KPMG Inc. (the “**Proposed Monitor**”) has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Period will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty, or other assurance that any of the estimates, forecasts or projections will be realized.

The Cash Flow Forecast has been prepared by the Proposed Monitor based on financial information and financial models provided by the Respondent during the Prior Engagement. The financial models provided by the Respondent included a weekly cash flow forecast (the “**WE Weekly Model**”) prepared by the Respondent for the period from November 12, 2023 to March 30, 2024.

The Proposed Monitor reviewed the WE Weekly Model, which consisted of inquiries, analytical procedures and discussions related to the information supplied by Management. Since the WE Weekly Model did not consider the proposed CCAA proceedings, the Proposed Monitor has updated the probable and hypothetical assumptions, where necessary, to reflect the proposed CCAA proceedings.

The Cash Flow Forecast is presented in Canadian dollars. All defined terms that are not otherwise defined herein are to have the same meaning ascribed to them in the Report of the Proposed Monitor dated November 21, 2023.

Note 1 Purpose of the Cash Flow Forecast

The purpose of the Cash Flow Forecast is to present the estimated cash receipts and disbursements of the Respondent for the period from November 12, 2023 to February 10, 2024 (the “**Cash Flow Period**”). The Cash Flow Forecast has been prepared by the Proposed Monitor without consulting the Respondent. Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

Note 2 Customer receipts

The Proposed Monitor has assumed that collections from the Respondent’s opening accounts receivable and forecasted sales would occur on average within 3 days from the date of sale, based on terms and conditions agreed to with customers. Such terms are historically respected by customers. The projected number of cars sold is based on the number of cars purchased (refer to Note 4 below). Price per car was determined based on the average car price in FY23.



Note 3 Interim Financing

It is assumed that the Interim Financing (which remains subject to Court approval) required per the Cash Flow Forecast will be approved by the Court during the Comeback hearing.

Note 4 Payments for purchases

The Proposed Monitor has assumed that payments of purchases, which primarily relate to the purchase of used vehicles, would occur on average within 3 days from the date of purchase, based on terms and conditions agreed with its suppliers (e.g. car dealerships). The projected number of cars purchased was based on historical volume of corresponding month from previous year, discounted to consider the lower volumes in FY2023.

Note that volumes reflect historical trending for seasonality as the number of cars sold during the holiday season (December and January) are typically lower than the average monthly volume.

Note 5 Payments of pre-filing creditors

The payments of pre-filing creditors is necessary to ensure the uninterrupted operation of the business. Pre-filing creditors are comprised primarily of amounts owing for the purchase of used vehicles as well as other key suppliers of goods and services.

Note 6 Payroll Expenses

The payroll disbursements are comprised of bi-monthly payroll expenses (e.g. salaries, wages, benefits, remittances and other payroll related costs). Accrued vacation totaling approximately \$275,000 is forecasted to be paid during week 7.

Note 7 Payment of commissions

Payment of commissions related to actual and projected sales activity in the preceding month.

Note 8 Sales, administrative and general expenses

The sales, administrative and general expenses disbursements are comprised of costs such as travel expenses and mileage reimbursements, advertising and promotion expenses, office expenses, rent and utilities. The forecasted outflows are based on historical cost trends.



Note 9 **IT related expenses**

IT related expenses are cost incurred to support, develop and maintain the transactional platform utilized by the Respondent's clients and suppliers in its day-to-day operation activities. The forecasted outflows are based on average historical costs.

Note 10 **Sales tax remittances**

The sales tax remittances are calculated based on forecasted sales and expenses post-filing, based on the historical average tax rates experienced by the Company. Sales tax remittances related to pre-filing transactions are not included in the Cash Flow Forecast.

Note 11 **Professional fees**

Professional fees relate to the CCAA Proceedings and include (i) the Respondent's legal counsel, (ii) the Proposed Monitor and (iii) the Proposed Monitor's legal counsel, and (iv) the Applicant's legal counsel.

Note 12 **Contingency**

General contingency for unforeseen amounts not forecast.