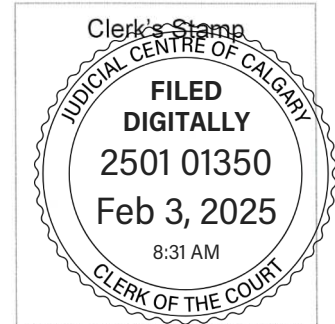


COURT FILE NUMBER 2501 01250
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
IN THE MATTER OF THE COMPANIES'
CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, as amended



AND IN THE MATTER OF A PLAN OF
PEAVEY INDUSTRIES GENERAL
PARTNER LIMITED, TSC STORES GP
INC., GUYS FREIGHTWAYS LTD., and
PEAVEY INDUSTRIES LIMITED

DOCUMENT **AFFIDAVIT IN SUPPORT OF AMENDED
AND RESTATED INITIAL ORDER AND
OTHER RELIEF**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT
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File No.: 1001279041

AFFIDAVIT #2 of Douglas Anderson

Sworn on January 31, 2025

I, Douglas (Doug) Anderson, of the City of Red Deer, in the Province of Alberta, MAKE OATH AND SAY AS FOLLOWS:

Introduction

1. I am the Chief Executive Officer and President of Peavey Industries General Partner Limited (**Peavey GP**), being the sole general partner of Peavey Industries LP (**Peavey**). I am also a director and/or officer of each of the Applicants. As such, I have personal knowledge of the facts and matters hereinafter deposed to, except where stated to be based on information and belief, in which case I

verily believe the same to be true. In preparing this Affidavit, I consulted with Management of the Peavey Group and advisors, and I have reviewed relevant documents and information concerning the Peavey Group's operations, business, and financial affairs.

2. I swore an Affidavit in these CCAA proceedings on January 27, 2025 (**Anderson Affidavit #1**). Capitalized terms not defined herein are as defined in that prior Affidavit.
3. All references to "dollars" or "\$" herein are references to Canadian dollars.

Relief Requested

4. On January 27, 2025, the Court of King's Bench of Alberta granted an Initial Order in these CCAA proceedings. The stay of proceedings under the Initial Order was granted through February 6, 2025 at 11:59 p.m..
5. This Affidavit is made in support of an application (**Comeback Application**) for an amended and restated the initial order, or "ARIO", which would grant the following additional relief:
 - (a) An extension of the stay of proceedings through April 30, 2025 at 11:59 p.m.;
 - (b) Increasing the amounts of the Administration Charge, the Interim Lender's Charge, and the D&O Charge, as follows:
 - (i) Administration Charge (to the maximum amount of \$750,000);
 - (ii) Interim Lender's Charge (to the maximum amount of \$25,000,000); and
 - (iii) D&O Charge (to the maximum amount of \$7,000,000).
 - (c) The approval of a KERP and KEIP and the granting of a fourth-ranking priority charge, to a maximum amount of \$1,204,470, on the Property in respect of it (**KERP/KEIP Charge**);
 - (d) For the Administration Charge, the Interim Lender's Charge, the D&O Charge, and the KERP/KEIP Charge (collectively, the **Charges**) to rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise; and
 - (e) Declaring that terminated employees of the Peavey Group meet the criteria of s. 3.2 of the *Wage Earner Protection Program Regulations, SOR/2008-222 (WEPPA)* and are individuals to whom WEPPA applies.
6. The Applicants are also seeking approval of a Restricted Court Access Order in respect of the details of the KERP and KEIP, which are anticipated to be attached to the Monitor's First Report.

Activities and operations since Initial Order was granted

7. Since the Initial Order was granted on January 27, 2025, I and Management have communicated with stakeholders, including staff, suppliers and customers to notify them of the Initial Order and the commencement of these CCAA proceedings, and to otherwise keep them informed. Communications have included the following:
 - (a) Correspondence to all members of the Peavey Group organization by email to "All-Users" with Peavey email addresses, dated January 27, 2025, advising of the granting of the Initial Order, as attached at **Exhibit "A"**;
 - (b) Employee Q&A posted on Dayforce (a Human Resources software platform used by the Peavey Group), dated January 27, 2025, to address anticipated employee concerns, as attached at **Exhibit "B"**;
 - (c) National press release, dated January 27, 2025, advising of store closures and the commencement of these CCAA proceedings, as attached at **Exhibit "C"**;
 - (d) Social media statement posted to Facebook and Twitter (now X), dated January 28, 2025, advising of the granting of the Initial Order, as attached at **Exhibit "D"**;
 - (e) Correspondence to all members of the Peavey Group organization by email to "All-Users" with Peavey email addresses and posted on Dayforce, dated January 30, 2025, addressing frequently asked questions of employees, including about terminations, as attached at **Exhibit "E"**; and
 - (f) Correspondence by email to approximately 1,987 suppliers, dated January 30, 2025, addressing frequently asked questions of suppliers, as attached at **Exhibit "F"**.
8. The Peavey Group through Management and employees has also been in near constant contact with a variety of its suppliers and vendors, mostly through telephone calls, since the Initial Order was granted.
9. In Anderson Affidavit #1, I advised that liquidation and store closing sales began at all store locations, starting on January 24, 2025. The Peavey Group has continued to work closely with the Monitor and the Consultant under the SC Consulting Agreement and RE Consulting Agreement to progress those sales.
10. Through to the date of this Affidavit, liquidation and store closing sale discounts are currently set between 10% and 30% on most merchandise, although some merchandise such as agricultural feed is not discounted.

11. Sales from January 23-29, 2025 reveal an increase in sales revenues (approximately 149%) and transactions (approximately 146%) versus the same dates from 2024.
12. In Anderson Affidavit #1, I advised that approximately \$700,000 of merchandise was provided by GBC to Peavey on a consignment basis under the Consignment Agreement as at the date of that Affidavit. GBC has continued to supply merchandise to Peavey retail locations on a consignment basis under the Consignment Agreement.
13. On January 31, 2025, the Peavey Group engaged in its first round of post-CCAA employee terminations, totalling 116 employees. While accrued, but unpaid, vacation will be paid to the terminated employees, severance obligations will not be paid. I am informed by counsel to the Peavey Group, Howard A. Gorman, KC, that a declaration of WEPPA's application to terminated Peavey Group employees (as described in paragraph 5(e) above) will assist these and future terminated employees by providing access to payment programs under WEPPA.
14. The success of the Peavey Group's plan to maximize value, being pursued in conjunction with the Monitor and the Consultant, depends on the retention and continued care and attention of key employees. To that end, a Key Employee Retention Plan (KERP) and Key Employee Incentive Plan (KEIP) were prepared to incentivize certain employees to remain, support and maximize the value of the Peavey Group, both in stores and at the head office.
 - (a) The KERP identifies 231 store and distribution centre employees and 32 head office and corporate employees as key and provides for total retention payments of \$954,470 (\$764,470 available for store and distribution centre employees and \$187,000 available for head office and corporate employees, respectively).
 - (b) The KEIP creates a pool of \$250,000, to be allocated to five senior employees and executives if the net receipts of the proceedings exceeds \$75,000,000 after payment of post-filing advances.
15. Though I am continuing to work diligently for the Peavey Group, I am not entitled to any payments under the KERP or KEIP.
16. The proposed KERP and KEIP are expected to be attached to a Confidential Supplement to the Monitor's First Report. These documents contain personal, identifying information about employees, as well as their salary information, which has both commercially sensitive and personally sensitive aspects to it. Because the proposed KERP and KEIP contain sensitive personal and commercial information, the Applicants are seeking a Restricted Court Access Order. The disclosure of such information would cause serious and irreparable harm to the interests of the Applicants and those listed and described individuals.

17. The Peavey Group is working diligently and in conjunction with the Monitor and the Agent, as Interim Lender, to liquidate inventory, facilitate the closing of stores, and maximize the value of inventory by developing foot traffic and enhancing sales volumes, and explore potential strategic opportunities for parts of the Peavey Group's business. The Peavey Group has and continues to work in good faith and due diligence in these proceedings.

Conclusion

18. I swear this Affidavit in support of an application by the Applicants for the ARIO and Restricted Court Access Order, which will aid the Peavey Group in maximizing the value of its assets, business and operations.

SWORN before me at Red Deer County, in the)
Province of Alberta, this 31st day of January,)
2025.)



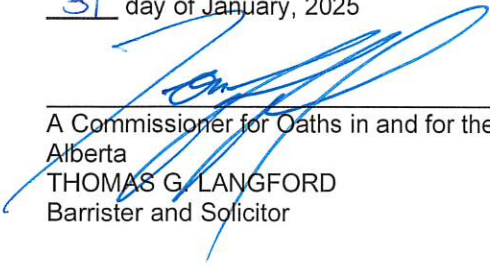
A Commissioner for Oaths in and for the)
Province of Alberta)
THOMAS G. LANGFORD)
Barrister and Solicitor)



DOUGLAS ANDERSON)

This is **Exhibit "1"** referred to in the Affidavit of
Doug Anderson.

Sworn before me at Red Deer County, Alberta the
31 day of January, 2025



A Commissioner for Oaths in and for the Province of
Alberta
THOMAS G. LANGFORD
Barrister and Solicitor

Important Update for Our Team

Dear Team,

Later this evening, Peavey Industries LP will announce that the Company has sought and obtained an Initial Order for creditor protection under the Companies' Creditors Arrangement Act (CCAA) from the Court of King's Bench Alberta.

This announcement marks a significant step as continue to move forward with store closing sales at all remaining locations across Canada, including 90 Peavey Mart stores and 6 MainStreet Hardware locations.

As you are aware, these efforts are underway.

This difficult decision to close all stores and seek creditor protection was made after extensive evaluation of our options and in consultation with legal and financial advisors.

The retail industry in Canada is facing an incredibly challenging period, with record-low consumer confidence, inflationary pressures, rising operating costs, and persistent supply disruptions creating significant headwinds.

We know this news continues to be deeply personal and emotional for everyone. As a team, you've built this brand into something meaningful- not just for us, but for the countless customers and communities we've served for nearly 60 years. Your dedication, hard work, and resilience have been at the heart of everything we do, and for that, we are endlessly grateful.

As we move forward, we want to be clear:

- **More information is coming:** We are working to clarify exactly what this means for you and the next steps in this process.
- **We will remain transparent:** As the situation evolves, we are committed to sharing information with you as quickly as possible.
- **You are not alone:** We understand the uncertainty this brings and encourage you to reach out with questions or concerns.

We are incredibly proud of what we've achieved together and remain committed to supporting you through this difficult time.

Thank you for everything you have done and continue to do.

Thank You

This is **Exhibit "2"** referred to in the Affidavit of
Doug Anderson.

Sworn before me at Red Deer County, Alberta the
31 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta
THOMAS G. LANGFORD
Barrister and Solicitor

Dear Employees,

We want to take a moment to address you directly. We understand that many of our front-line employees may not have had the opportunity to fully hear or process our recent communications regarding the store closure process.

First, we want to acknowledge the frustration this has caused and assure you that we remain committed to transparency to the best of our ability.

On Thursday, we hosted a company-wide town hall where we announced the decision to close all store locations, albeit without a set timeline. This was a rapid development from our earlier announcement of closing 22 locations in Ontario and Nova Scotia just a week prior. The situation is evolving quickly, and we remain committed to communicating updates to employees as soon as possible. Thursday's announcement came just hours after the company was informed of the additional closures. As always, we prioritized informing our employees directly first when delivering such significant organizational news.

We acknowledge that not all employees have access to information at the same time, which can create confusion. However, we want to assure you that we are sharing the same information across the organization as quickly as possible. There are no separate communications for managers- everyone is receiving updates as they become available.

Over the past months, we've shared daily updates about the company's position and challenges through weekly all-stores calls and daily morning huddles. Despite our efforts to celebrate wins, such as new inventory arrivals, we have continued to face significant challenges with sales, traffic, and supply. We understand how difficult this period has been for our employees, and we're sorry if these moments of celebration were perceived as false confidence. The reality is that we were, and still are, pursuing every possible avenue to continue business operations.

The intent of this letter is to ensure all employees have a clear understanding of our current situation and the road ahead.

The decision to close all stores was made as a necessary step to generate immediate sales and traffic. Local social media posts and word-of-mouth around the closures are expected to bring in customers during this process. We also recognize the difficulty our front-line employees face in navigating conversations with customers while not having complete information themselves. Please know that we are working diligently to issue an official press release and public statement. Once this is done, we will provide you with updates to help you address customer inquiries with more clarity.

The absence of a formal timeline for closures is due to the company's ongoing exploration of every possible opportunity to reverse this decision. While there are no guarantees, we remain hopeful that we may be able to save certain locations.

As we have assured you, employees will continue to be paid during this period. When timelines or updates become available, we will share them promptly.

This is an incredibly challenging and uncertain time in our organization's history. We understand the anger, confusion, and sadness you may feel. Please trust that these feelings are shared across the

organization, including by the leadership team. We are committed to finding solutions and keeping you informed every step of the way.

If you have questions, please continue to communicate with your department managers. While we may not have all the answers right away, we will ensure your questions are heard and addressed to provide greater clarity in the days and weeks ahead.

Thank you for your continued dedication during this difficult time.

A Question and Answer has been updated and is provided on the next page.

Employee Q&A

Why are we shifting so quickly to closing all stores? We just announced 22 closures earlier this week. Why now?

Our ability to finance operations through our secured financing agreement depends heavily on inventory levels and sales. Unfortunately, we have not been able to generate the momentum needed after the holiday season. A national storewide closure and liquidation increases traffic, drives sales, and better protects our lender. This approach allows our lender to continue supporting us through financing, which ensures we can fund essential expenses like payroll and rent during this process. We want to ensure our employees understand that this is a significant pivot for the business, and not one of which was pre-planned. It is however necessary for the immediate future.

Is my job secure? What happens to my role?

As we move through this nationwide closure and liquidation process, the company will explore potential solutions to preserve the brand's legacy. However, the situation remains uncertain, and we understand the personal impact this may have on you. While there are no final closure dates at this time and sales will continue for now, we acknowledge that this uncertainty may not provide the reassurance you need.

Will employees be compensated during the store closure/ liquidation process?

Yes, our secured financing partner ensures that payroll will continue to be funded during this process. We understand this is a top priority for all employees and are committed to ensuring that ongoing compensation is not interrupted.

What happens to my benefits during this time?

Accruing benefits will remain in place for as long as payroll is maintained. Should there be any changes, we will notify you as early as possible.

Does this mean Peavey Mart is going away?

This is a nationwide closure event; however, we are actively exploring options to bring back as many stores as possible out of this scenario. Success will depend on whether we can establish new business partnerships. While we are pursuing these efforts, there are no guarantees, and the future of Peavey Mart remains uncertain.

How did this happen? What led to this?

There wasn't one single event that brought us to this point. It's a combination of internal and external pressures. Canadian retail is experiencing one of its most challenging periods in history, with record-low consumer confidence, inflationary pressures, rising operational costs, and ongoing supply disruptions. These factors have created significant obstacles, forcing us to make difficult decisions that have deeply impacted our employees, customers, and the communities we serve.

How long will it take to know if the company has secured alternative arrangements?

We are committed to being as transparent as possible. While we don't have all the answers today, we are actively working to seek viable solutions. We will communicate updates and timelines as soon as they become available.

What should we expect in the coming weeks?

You can expect a shift in focus to the store closure and liquidation process. We will communicate any major updates and milestones, but we encourage employees to remain flexible and prepared for change.

What should I do if a customer asks me about the closures?

We encourage all employees to remain professional and empathetic when speaking to customers. You may direct them to the company's official statement when available or suggest they speak with store management for further details.

Are managers being given different information than everyone else?

No, all updates are being shared transparently with employees at all levels. Managers may have additional responsibilities in guiding their teams through this process but are working with the same information provided to everyone.

Will liquidation sales affect the quality of service we offer to customers?

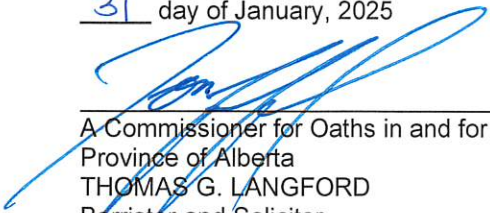
While the focus will shift to liquidation, we remain committed to providing excellent customer service throughout the process. Our goal is to maintain the trust and loyalty of our customers during this challenging time. At this time, we will also continue our work, with several key vendors, to see how we can continue to support our stores and customers with important product needs.

What is the best way to stay updated on this situation?

We will provide updates through official communication channels, including email and town hall meetings. Please ensure you are checking your email regularly and attending any scheduled meetings to stay informed.

This is **Exhibit "3"** referred to in the Affidavit of
Doug Anderson.

Sworn before me at Red Deer County, Alberta the
31 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta
THOMAS G. LANGFORD
Barrister and Solicitor

Red Deer, Alberta – January 27, 2025 – Peavey Industries LP ("Peavey" or "the Company"), Canada's largest farm and ranch retail chain, announced today that it has sought and obtained an Initial Order for creditor protection under the Companies' Creditors Arrangement Act (CCAA) from the Court of King's Bench Alberta.

Following the recently announced closures of 22 stores in Ontario and Nova Scotia, the Company will now begin store closing sales at all remaining locations across Canada. This includes 90 Peavey Mart stores and six MainStreet Hardware locations. The closures and liquidation efforts will commence immediately.

The decision to seek creditor protection and close all stores was made after thorough evaluation of available options, in consultation with legal and financial advisors. The Canadian retail industry is experiencing unprecedented challenges, including record-low consumer confidence, inflationary pressures, rising operating costs, and ongoing supply disruptions along with a difficult regulatory environment. These factors have created significant obstacles for businesses like Peavey.

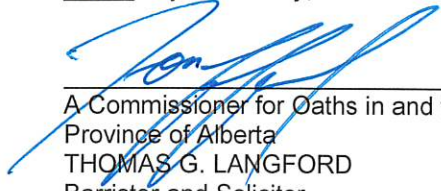
"This was a profoundly difficult decision, but one that allows us to explore the best possible alternatives for the future of the Company," said Doug Anderson, President and CEO of Peavey Industries LP. "For nearly six decades, our customers' loyalty, employees' dedication, and the resilience of the communities we serve have been the cornerstone of our business. We remain focused on working with our partners and stakeholders to preserve the Peavey brand and the value it represents."

The Company's immediate priority is to generate liquidity through the closure process while continuing to work with funders, partners, and stakeholders to explore potential opportunities to preserve the brand.

Peavey Industries LP is committed to providing regular updates as the situation develops.

This is **Exhibit "4"** referred to in the Affidavit of
Doug Anderson.

Sworn before me at Red Deer County, Alberta the
31 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta
THOMAS G. LANGFORD
Barrister and Solicitor

To Our Valued Customers, Suppliers and Communities.

Yesterday, our company announced that it had sought and obtained an Initial Order for creditor protection under the Companies' Creditors Arrangement Act (CCAA) from the Court of King's Bench Alberta.

Following the recently announced closures of 22 stores in Ontario and Nova Scotia, the Company will now begin store closing sales at all remaining locations across Canada. This includes 90 Peavey Mart stores and six MainStreet Hardware locations. The closures and liquidation efforts will commence immediately.

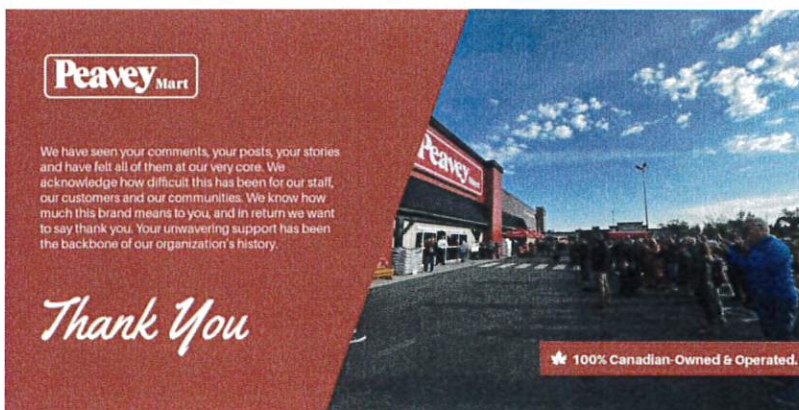
The decision to seek creditor protection and close all stores was made after thorough evaluation of available options, in consultation with legal and financial advisors. The Canadian retail industry is experiencing unprecedented challenges, including record-low consumer confidence, inflationary pressures, rising operating costs, and ongoing supply chain disruptions. These factors have created significant obstacles for businesses like Peavey.

As a proudly Canadian retailer with nearly 60 years of history, predominantly serving rural communities, we have faced the extreme pressures affecting Canadians across the country. Through it all, we have remained committed to the values that define us. For decades, Peavey Mart has supported local events, funded charities, and worked to strengthen the communities we call home. If you've ever benefited from one of our partnerships or seen the impact of our initiatives, we humbly ask for your continued support to help us work through this challenging time.

Every time you choose to shop locally or support a Canadian retailer, you help make your community more prosperous. By choosing Canadian retail businesses, you ensure that dollars stay within Canada, supporting the people, organizations, and livelihoods that enrich our communities.

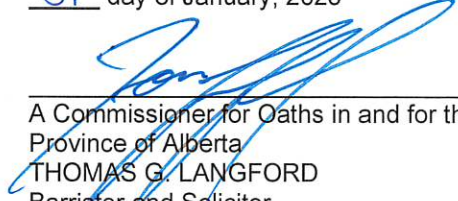
We have seen your comments, your posts, your stories and have felt all of them at our very core. We acknowledge how difficult this has been for our staff, our customers and our communities. We know how much this brand means to you, and in return we want to say thank you. Your unwavering support has been the backbone of our organization's history. Thank you for believing in us.

We value our customers more than words can express.
With heartfelt gratitude,
Peavey Mart



This is **Exhibit "5"** referred to in the Affidavit of
Doug Anderson.

Sworn before me at Red Deer County, Alberta the
31 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta
THOMAS G. LANGFORD
Barrister and Solicitor

Peavey Group

CCAA Communications Package

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General Overview

Frequently Asked Questions

1. What is the CCAA?

- The *Companies' Creditors Arrangement Act* or "CCAA" is a Canadian federal law which gives companies protection from their creditors for a period of time so they can restructure their business and financial affairs under the supervision of the Court.
- As part of the CCAA proceedings of Peavey Industries General Partner Limited, Guys Freightways Ltd., TSC Stores GP Inc., and Peavey Industries Limited. (collectively referred to as the "**Applicants**" or the "**Company**") the Court of King's Bench of Alberta (the "**Court**") grants a "stay of proceedings" (the "**Stay**") which prevents creditors and those having contracts with the Peavey Group from canceling those contracts or taking action against Peavey Group. As part of the relief sought and obtained by the Applicants, the Initial Order, including the Stay of Proceedings, was extended and applies to Peavey Industries LP ("**Peavey LP**") and Peavey Industries Mutual Fund Trust ("**MFT**"). (collectively, the Applicants, Peavey LP and MFT are referred to as the "**Peavey Group**").
- Once a company has been granted CCAA protection, the Court enters an Initial Order establishing the Stay for an initial period of 10 days (which can be further extended as the court deems appropriate) allowing the company to continue to manage the day-to-day operations of the business while it addresses its restructuring objectives in an orderly and efficient manner. The Stay is temporary and remains subject to ongoing Court approval.

2. Which companies have filed for CCAA?

- The following companies have been granted protection under the Initial Order:
 - Peavey Industries LP
 - Peavey Industries General Partner Limited
 - Guys Freightways Ltd.
 - TSC Stores GP Inc.
 - Peavey Industries Mutual Fund Trust
 - Peavey Industries Limited

3. What is The Peavey Group's plan?

- The Peavey Group's current plan while under CCAA protection involves, among other things, the following:
 - Closing store sales at all retail locations
 - Selling non-core assets
 - Identifying any parts of the business that may be sold or restructured as a going concerns

4. Is The Peavey Group considered bankrupt?

- No. While a company filing for CCAA is insolvent, meaning that it has insufficient liquidity to continue to fund its obligations as they become due and/or its liabilities are greater than the assets that are available to satisfy those liabilities, the company is not considered to be bankrupt. In Canada, 'bankruptcy' refers to proceedings commenced under the Bankruptcy and Insolvency Act, which is different than the CCAA.
- In fact, the Stay of Proceedings under the CCAA prevents creditors from forcing the company into bankruptcy. For this reason, CCAA is sometimes referred to as 'Bankruptcy Protection'.

5. Why did The Peavey Group file for CCAA Protection?

- The CCAA is a flexible statute that is designed to address the complex restructuring needs of large corporations, being limited to only those insolvent companies with debts in excess of \$5 million.
- The CCAA provides the Court with significant discretion to issue novel relief based on the specific facts of a particular case. Peavey Group feels strongly that the greater flexibility under the CCAA will ensure a more efficient and orderly restructuring process.
- The Peavey Group's revenue performance has been negatively impacted by cautious consumer spending, given the discretionary nature of many of Peavey's goods, combined with pressures from the COVID-19 pandemic, inflation, high interest rates, and strong competition from big box and e-retailers, all of which resulted in slowed sales and margin pressures throughout 2023 and 2024.
- The Peavey Group's management has concluded that the best option to preserve the value of the Peavey Group's business is to obtain protection under the CCAA, continue with ongoing store closure sales

and identify and assess potential restructuring or reorganization transactions that may be available to preserve parts of the Peavey Group's business as a going concern, thereby maximizing value for the benefit of all stakeholders. Peavey Group is working cooperatively and has the support of its senior secured Lender (an affiliate of Gordon Brothers).

6. Once the Company is granted protection under the CCAA, who is in charge?

- The Company's Board of Directors and management team remain in control of the day-to-day operations of the business, subject to the specific requirements of the Initial Order made in the CCAA proceedings, under the supervision of the Court-appointed Monitor.

7. What happens in a CCAA filing?

- The Stay provides the CCAA applicant time to develop and implement a strategy to restructure its business and financial affairs. Generally, a business can be restructured through the sale of the business, a sale of its assets or a "plan of arrangement" under which the financial and operational affairs of the CCAA applicant are restructured through compromises with creditors, typically including revisions to the existing terms and conditions of contractual arrangements.
- The Court will grant a Stay of proceedings, which can be renewed upon further application to the Court. The Stay prevents creditors from taking actions that could destabilize the CCAA applicant or force it into bankruptcy.
- In the immediate term Peavey Group will continue with the ongoing store closure sales with the assistance of Gordon Brothers.

8. What is the Monitor?

- The Court appoints a monitor (the "**Monitor**") to oversee the restructuring and report periodically to the Court.
- The Monitor is an officer of the Court whose responsibilities include assisting the CCAA applicant with its restructuring, reporting to the Court from time to time on the progress of the CCAA proceedings and, ultimately, providing a recommendation on any plan of arrangement or proposed transaction that results from the CCAA

proceedings. In this case, FTI Consulting Canada Inc. has been appointed as Monitor.

- The Peavey Group will be giving its full co-operation to the Monitor.

9. Is there a public filing or disclosure required as part of filing for protection under the CCAA?

- Yes. Among other public documents filed with the Court, the Company submits an Affidavit that includes, but is not limited to, the following information: a brief history of the Company and an overview of its business; a description of the nature of its assets and liabilities; the reasons for its financial difficulties; and support for the relief being sought from the Court.
- Once the CCAA Initial Order is issued, the Monitor is required to notify known creditors and publish a public notice of the CCAA proceedings. The Monitor is also required to establish a website where materials relating to the CCAA proceedings will be posted. In this case, FTI has established <http://cfcanada.fticonsulting.com/peavey/>
- In addition to the Affidavit and the application for a CCAA Initial Order, there will be motions filed with the Court from time to time during the CCAA proceedings, as well as reports submitted to Court by the Monitor that will provide the Court and stakeholders with updates as to the progress of the CCAA proceedings. These documents will be matters of public record and most will be made available by the Monitor on its website.

10. Are vendors able to pick up product and remove items from our store location?

- No, The *Companies' Creditors Arrangement Act* or "CCAA" is a Canadian federal law which gives companies protection from their creditors for a period of time so they can restructure their business and financial affairs under the supervision of the Court. Vendors and Suppliers are not authorized to remove goods or products from the companies premises. Any attempt should be declined and reported to an immediate supervisor for escalation.

11. What do I do if I have other questions?

- For questions regarding ordinary course business, you should continue to speak to your regular contact person at the Peavey Group. For questions relating to the CCAA proceedings, the Monitor can be contacted toll free at 1-833-768-1171. Additional information is also available on the Monitor's website at: <http://cfcanada.fticonsulting.com/peavey/>

12. How long will the CCAA proceeding take to complete?

- At this time, it is not possible to determine how long the proceedings will take to complete. The factors that determine the length of the process include the time required to complete store closure sales, whether options can be identified to restructure the Peavey Group or parts of the Peavey Group as a going concern, the level of support and cooperation of the various stakeholder groups and the quantum of measures necessary to restructure the CCAA applicant.
- The Court has granted an initial Stay for 10 days, which is the maximum allowed by law on an initial application under the CCAA.
- The Peavey Group is entitled to request extensions of the Stay from time and these extensions are generally granted as long as the Peavey Group continues to work in good faith and with due diligence towards completing a sale or restructuring.

13. What does the filing mean for The Peavey Group's operations?

- At this time, the Peavey Group has not determined its ultimate plan with respect to its operations, however the Peavey Group's management has concluded that the best option to preserve the value of the Peavey Group's business is to obtain protection under the CCAA, continue with ongoing store closure sales while it assesses potential restructuring or reorganization transactions that may be available to preserve parts of the Peavey Group's business as a going concern.

14. How will I be kept informed of developments during the proceedings?

- For questions regarding ordinary course business, you should continue to speak to your regular contact person at the Peavey Group.
- The Peavey Group will provide additional details on the operational restructuring once plans have been finalized. For questions relating to the CCAA proceedings, the Monitor can be contacted toll free at 1-833-768-1171. Additional information is also available on the Monitor's website at:
<http://cfcanada.fticonsulting.com/peavey/>

II. Retained Employees

A. Frequently Asked Questions- Employees with continuing employment

1. How will I be paid my wages/salary going forward?

- Wages and salaries will continue to be paid in the normal course for services performed during the proceedings.

2. I am owed wages up to the filing date. Will I be paid? What about my unpaid expenses?

- Yes, wages and salaries will continue to be paid to employees who continue to work in the normal course, in accordance with normal payroll practices.
- Expenses submitted in accordance with the Peavey Group's policy will be reimbursed.

3. How will my vacation entitlements be affected?

- For current employees, you will continue to earn or utilize vacation in accordance with the Peavey Group's normal policies. You must continue to comply with normal policies and procedures with regard to approval of time off.

4. Will my benefits package continue?

- Yes, benefits arrangements for retained employees remain unchanged during the process.

5. Will my DPSP be impacted?

- For Employees with a DPSP, Your Deferred Profit-Sharing Plan is yours, as are your RRSP's. All members are entitled to both the employee and vested employer portion. The DPSP has a 2-year vesting period. Peavey has waived this vesting period for all employees with a DPSP.

6. Will my MFT be impacted?

- Employees with shares in the company's Mutual Fund Trust program will receive separate communications directly, independent of this CCAA communication package.

7. Is there a timeline for how long the process will take and how long employment will continue after filing?

- At this point in time there is no way to tell how long the proceedings will take and what the ultimate outcome will be. We commit to keeping you informed as much as possible as the process progresses.

8. How will I be kept informed of developments during the proceedings?

- The Monitor will provide periodic updates on the progress of the restructuring and any key developments. In addition, Court materials, including Monitor's reports and other publicly available information will be available on the Monitor's website at: <http://cfcanada.fticonsulting.com/peavey/>

9. What do I do if I have other questions?

- For everyday business questions, you should continue to speak to your local HR representative.
- For questions about updating your personal information or benefits that you participate in or any other payroll related questions, please speak to your local HR representative.
- For questions relating to the CCAA proceedings, you can call the Monitor at 1-833-277-3986 or PeaveyEmployees@FTIConsulting.com

III. Terminated Employees

A. Frequently Asked Questions – Terminated Employees

1. What do I do with any Company possessions?

- Please return any Company property in your possession (i.e. Vehicle, cell phone, computer, credit cards and building access cards or keys) to the nearest Peavey Group office or contact your local HR representative to coordinate the return of these items.

2. How do I pick up my personal belongings from the Company's offices.

- Please contact your executive leader to coordinate the time and place to pick up your items.

3. Will I be paid my outstanding wages/salary?

- All wages and salaries owing to and including your termination date will be paid by the Company as part of your final payroll.

4. Will I be paid for my outstanding vacation?

- Vacation accrued by employees will be paid out per normal.

5. Will I be paid my outstanding severance?

- Because of the CCAA filing, no further payments will be made at this time. You may be eligible to make a claim under the Wage Earner Protection Program Act ("**WEPPA**"). *Refer to #9 for information on WEPPA.*

6. Will my DPSP be impacted?

- For Employees with a DPSP, Your Deferred Profit-Sharing Plan is yours, as are your RRSP's. All members are entitled to both the employee and vested employer portion. The DPSP has a 2-year vesting period. Peavey has waived this vesting period for all employees with a DPSP.

7. Will my MFT be impacted?

- Employees with shares in the company's Mutual Fund Trust program will receive separate communications directly, independent of this CCAA communication package.

8. How and when do I receive my record of employment ("ROE") and year-end tax documents?

- As part of the final payroll, the Company will prepare all final employee statements including ROE's and year-end tax documents such as T4's (Canada).
- Please ensure your local HR representative has your current contact information including phone number, email address and mailing address to ensure that any future documentation can be provided to you.

9. WEPPA

- The Wage Earner Protection Program Act ("**WEPPA**") is federal legislation that establishes a program for making payments to individuals in respect of unpaid wages/vacation/termination/severance pay owed to employees whose employer is subject to a bankruptcy, receivership and/or other WEPPA qualifying insolvency proceedings (as defined in the Bankruptcy and Insolvency Act). You may be eligible to receive a payment under WEPP for unpaid wages, vacation pay/ termination pay or severance pay; however, eligibility is dependent on the outcome of the CCAA proceedings. The WEPPA program is administered by Employment and Social Development Canada ("**ESDC**") and final determination on eligibility is determined by ESDC. The Company and the Monitor will communicate with ESDC with respect to eligibility and will provide further information to terminated employees on ability to file a WEPPA claim in due course as the CCAA proceedings continue.
- Please ensure your local HR representative has your current contact information including phone number, email address and mailing address to ensure that any future documentation can be provided to you.

10. Will I be eligible for Employment Insurance? How do I get that?

- To apply for Employment Insurance, go to the nearest Service Canada Centre or apply online:
<https://www.canada.ca/en/services/benefits/ei/ei-apply-online.html>

- You will need the following documents:
 - Your Record of Employment – your ROE will be uploaded directly to the Service Canada website in the coming days. (please see above on “how do I receive a copy of my ROE?”)
 - Your Social Insurance Number – If you have a SIN that starts with "9" you also need to show your work permit and proof of your immigration status.
 - Personal identification - Such as your driver's license, birth certificate or passport.
 - Your complete bank account information - You can find this on your bank statement. Or you can bring a personal cheque - write "void" on the cheque. The government uses this information to deposit your payment directly into your bank account.
 - Your detailed version of the facts – regarding any job you have quit or been dismissed from in the last year.
 - Information about your job - Such as: your salary, your gross earnings for your last week of work

11. What do I do if I have other questions?

- For any other questions relating to the CCAA proceedings, you can call the Monitor at 1-833-277-3986 or PeaveyEmployees@FTIConsulting.com

This is **Exhibit "6"** referred to in the Affidavit of
Doug Anderson.

Sworn before me at Red Deer County, Alberta the
31 day of January, 2025



A Commissioner for Oaths in and for the
Province of Alberta
THOMAS G. LANGFORD
Barrister and Solicitor

Peavey Group

CCAA Communications Package

Peavey Group CCAA Communications Package

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Peavey Group CCAA Communications Package

General Overview

Frequently Asked Questions

1. What is the CCAA?

- The *Companies' Creditors Arrangement Act* or "CCAA" is a Canadian federal law which gives companies protection from their creditors for a period of time so they can restructure their business and financial affairs under the supervision of the Court.
- As part of the CCAA proceedings of Peavey Industries General Partner Limited, Guys Freightways Ltd., TSC Stores GP Inc., and Peavey Industries Limited. (collectively referred to as the "**Applicants**" or the "**Company**") the Court of King's Bench of Alberta (the "**Court**") grants a "stay of proceedings" (the "**Stay**") which prevents creditors and those having contracts with the Peavey Group from canceling those contracts or taking action against Peavey Group. As part of the relief sought and obtained by the Applicants, the Initial Order, including the Stay of Proceedings, was extended and applies to Peavey Industries LP ("**Peavey LP**") and Peavey Industries Mutual Fund Trust ("**MFT**"). (collectively, the Applicants, Peavey LP and MFT are referred to as the "**Peavey Group**").
- Once a company has been granted CCAA protection, the Court enters an Initial Order establishing the Stay for an initial period of 10 days (which can be further extended as the court deems appropriate) allowing the company to continue to manage the day-to-day operations of the business while it addresses its restructuring objectives in an orderly and efficient manner. The Stay is temporary and remains subject to ongoing Court approval.

2. Which companies have filed for CCAA?

- The following companies have been granted protection under the Initial Order:
 - Peavey Industries LP
 - Peavey Industries General Partner Limited
 - Guys Freightways Ltd.
 - TSC Stores GP Inc.
 - Peavey Industries Mutual Fund Trust
 - Peavey Industries Limited

Peavey Group CCAA Communications Package

3. What is The Peavey Group's plan?

- The Peavey Group's current plan while under CCAA protection involves, among other things, the following:
 - Closing store sales at all retail locations
 - Selling non-core assets
 - Identifying any parts of the business that may be sold or restructured as a going concerns

4. Is The Peavey Group considered bankrupt?

- No. While a company filing for CCAA is insolvent, meaning that it has insufficient liquidity to continue to fund its obligations as they become due and/or its liabilities are greater than the assets that are available to satisfy those liabilities, the company is not considered to be bankrupt. In Canada, 'bankruptcy' refers to proceedings commenced under the Bankruptcy and Insolvency Act, which is different than the CCAA.
- In fact, the Stay of Proceedings under the CCAA prevents creditors from forcing the company into bankruptcy. For this reason, CCAA is sometimes referred to as 'Bankruptcy Protection'.

5. Why did The Peavey Group file for CCAA Protection?

- The CCAA is a flexible statute that is designed to address the complex restructuring needs of large corporations, being limited to only those insolvent companies with debts in excess of \$5 million.
- The CCAA provides the Court with significant discretion to issue novel relief based on the specific facts of a particular case. Peavey Group feels strongly that the greater flexibility under the CCAA will ensure a more efficient and orderly restructuring process.
- The Peavey Group's revenue performance has been negatively impacted by cautious consumer spending, given the discretionary nature of many of Peavey's goods, combined with pressures from the COVID-19 pandemic, inflation, high interest rates, and strong competition from big box and e-retailers, all of which resulted in slowed sales and margin pressures throughout 2023 and 2024.
- The Peavey Group's management has concluded that the best option to preserve the value of the Peavey Group's business is to obtain

Peavey Group CCAA Communications Package

protection under the CCAA, continue with ongoing store closure sales and identify and assess potential restructuring or reorganization transactions that may be available to preserve parts of the Peavey Group's business as a going concern, thereby maximizing value for the benefit of all stakeholders. Peavey Group is working cooperatively and has the support of its senior secured Lender (an affiliate of Gordon Brothers).

6. Once the Company is granted protection under the CCAA, who is in charge?

- The Company's Board of Directors and management team remain in control of the day-to-day operations of the business, subject to the specific requirements of the Initial Order made in the CCAA proceedings, under the supervision of the Court-appointed Monitor.

7. What happens in a CCAA filing?

- The Stay provides the CCAA applicant time to develop and implement a strategy to restructure its business and financial affairs. Generally, a business can be restructured through the sale of the business, a sale of its assets or a "plan of arrangement" under which the financial and operational affairs of the CCAA applicant are restructured through compromises with creditors, typically including revisions to the existing terms and conditions of contractual arrangements.
- The Court will grant a Stay of proceedings, which can be renewed upon further application to the Court. The Stay prevents creditors from taking actions that could destabilize the CCAA applicant or force it into bankruptcy.
- In the immediate term Peavey Group will continue with the ongoing store closure sales with the assistance of Gordon Brothers.

8. What is the Monitor?

- The Court appoints a monitor (the "**Monitor**") to oversee the restructuring and report periodically to the Court.
- The Monitor is an officer of the Court whose responsibilities include assisting the CCAA applicant with its restructuring,

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reporting to the Court from time to time on the progress of the CCAA proceedings and, ultimately, providing a recommendation on any plan of arrangement or proposed transaction that results from the CCAA proceedings. In this case, FTI Consulting Canada Inc. has been appointed as Monitor.

- The Peavey Group will be giving its full co-operation to the Monitor.

9. Is there a public filing or disclosure required as part of filing for protection under the CCAA?

- Yes. Among other public documents filed with the Court, the Company submits an Affidavit that includes, but is not limited to, the following information: a brief history of the Company and an overview of its business; a description of the nature of its assets and liabilities; the reasons for its financial difficulties; and support for the relief being sought from the Court.
- Once the CCAA Initial Order is issued, the Monitor is required to notify known creditors and publish a public notice of the CCAA proceedings. The Monitor is also required to establish a website where materials relating to the CCAA proceedings will be posted. In this case, FTI has established <http://cfcanada.fticonsulting.com/peavey/>
- In addition to the Affidavit and the application for a CCAA Initial Order, there will be motions filed with the Court from time to time during the CCAA proceedings, as well as reports submitted to Court by the Monitor that will provide the Court and stakeholders with updates as to the progress of the CCAA proceedings. These documents will be matters of public record and most will be made available by the Monitor on its website.

10. What do I do if I have other questions?

- For questions regarding ordinary course business, you should continue to speak to your regular contact person at the Peavey Group. For questions relating to the CCAA proceedings, the Monitor can be contacted toll free at 1-833-768-1171. Additional information is also available on the Monitor's website at: <http://cfcanada.fticonsulting.com/peavey/>

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11. How long will the CCAA proceeding take to complete?

- At this time, it is not possible to determine how long the proceedings will take to complete. The factors that determine the length of the process include the time required to complete store closure sales, whether options can be identified to restructure the Peavey Group or parts of the Peavey Group as a going concern, the level of support and cooperation of the various stakeholder groups and the quantum of measures necessary to restructure the CCAA applicant.
- The Court has granted an initial Stay for 10 days, which is the maximum allowed by law on an initial application under the CCAA.
- The Peavey Group is entitled to request extensions of the Stay from time and these extensions are generally granted as long as the Peavey Group continues to work in good faith and with due diligence towards completing a sale or restructuring.

12. What does the filing mean for The Peavey Group's operations?

- At this time, the Peavey Group has not determined its ultimate plan with respect to its operations, however the Peavey Group's management has concluded that the best option to preserve the value of the Peavey Group's business is to obtain protection under the CCAA, continue with ongoing store closure sales while it assesses potential restructuring or reorganization transactions that may be available to preserve parts of the Peavey Group's business as a going concern.

13. How will I be kept informed of developments during the proceedings?

- For questions regarding ordinary course business, you should continue to speak to your regular contact person at the Peavey Group.
- The Peavey Group will provide additional details on the operational restructuring once plans have been finalized. For questions relating to the CCAA proceedings, the Monitor can be contacted toll free at 1-833-768-1171. Additional information is also available on the Monitor's website at:
<http://cfcanada.fticonsulting.com/peavey/>

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Suppliers

A. Frequently Asked Questions - Suppliers

1. Will vendor/supplier contracts and agreements be honoured?

- The Stay of Proceedings, established by Court order, prohibits any contractual parties from ceasing to perform their contracts on account of the CCAA filing or any outstanding amounts due as of the filing. However, the Company will pay for post-filing goods and services in the normal course.
- The parties to any contract that the Company seeks to terminate (or “disclaim”), will receive formal notice from the Company. Any remaining outstanding obligations under disclaimed contracts will be addressed through a Court-approved Claims Process, if one is conducted.

2. I am a vendor with outstanding invoices that haven't been paid yet. Who do I speak to about getting those paid?

- Because of the CCAA filing and liquidity constraints, the Peavey Group is unable to make payment of amounts relating to goods/services supplied prior to the CCAA filing date.
- Claims on account of such outstanding invoices will be identified and quantified through a Court-approved Claims Process, if one is conducted. There is no need to file a claim at this time. You will be provided prior notice of any requirement to file a claim.

3. How do I file a claim for amounts outstanding?

- You will be notified of the claims procedure if it is necessary and once it has been approved by the Court. The Monitor will post a listing of creditors on its website, based on the Company's books and records. If your company is not listed please contact the Monitor so that your contact information can be recorded in the event a claims process is initiated.

4. Should I continue shipping products or providing services? Will I be paid for goods and services provided moving forward?

- The Peavey Group will be closely monitoring all goods and services that it procures during the balance of the restructuring process. The

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Peavey Group will be proactively reaching out to certain vendors whose contracts the Peavey Group intends to terminate or disclaim.

- To ensure that the Peavey Group does not further expose our vendor community to risks and uncertainty. We will be canceling Purchase Orders, from the call to action request. Any further supply requests will be in conjunction with ensuring cash payment is available upon delivery. Peavey will not be issuing any further Purchase Orders.
- Peavey Group has also entered into agreements with Gordon Brothers that will allow Gordon Brothers to place consignment inventory and inventory purchase directly by Gordon Brothers into Peavey Group stores.

5. Do I have to continue to provide goods/services to The Peavey Group?

- The CCAA Order provides that anyone having a written or oral agreement to provide goods or services to the Peavey Group is prohibited from terminating or modifying such arrangements, provided that the Peavey Group pays the normal prices or charges for such goods or services provided after the filing. However, you are not obligated to provide credit and can therefore request cash in advance or cash on delivery for new purchases. These advances cannot be applied to pre-filing debts.

6. What will happen to equipment that my Company is currently leasing to you?

- To the extent that the Company wishes to continue utilizing any leased equipment during the restructuring process, it will continue to make regularly scheduled payments under any applicable lease agreements. As equipment is deemed unnecessary, the Company will contact the respective lessor(s) to arrange for a pick-up / return of the equipment.

7. Does the Company have the funding available to continue supporting operations during the restructuring process?

- The Company's initial application included a report containing the prescribed representations of the Peavey Group regarding the preparation of a cash flow forecast that covers the 5-week period following the filing date. The cash flow forecast shows that the Peavey Group can continue operations during the proposed initial

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stay period. Peavey Group has the support of its senior secured lender who has agreed to provide the necessary funding to operate through the CCAA Proceedings.

8. As a vendor I understand that I can recover goods delivered within the 30 days leading up to the start of the CCAA proceedings. Can I come and take back my product that hasn't been paid for?

- No. Absent a Court order, those rights exist in a bankruptcy proceeding under the BIA and not under CCAA proceedings. Under a CCAA Stay of Proceedings, vendors and other creditors are prohibited from repossessing goods previously delivered to the Company?

9. How can I receive information related to the Claims Process?

- Should a Claims Process be formalized and approved by the Court, all creditors of record will receive notice from the Monitor regarding next steps. The Claims Process Order, if one is sought and obtained from the Court, would also be posted on the Monitor's website at <http://cfcanada.fticonsulting.com/peavey/>. In the meantime, it's important that any invoices yet to be submitted to the Company are submitted through your normal channels

10. What do I do if I have other questions?

- For every-day business questions, you should continue to speak to your usual contact person.
- For questions relating to the CCAA proceedings, you can call the Monitor at 1-833-768-1171 or Peavey@FTIConsulting.com

B. Letter to Suppliers

See Appendix A

Appendix A

Letter to Suppliers

Attn: Peavey Industries Supplier
January 30, 2025

Dear Valued Vendor Partner,

First and foremost, we want to express our deepest gratitude to each of you who have stepped up and supported us in response to our recent call-to-action initiative. Your partnership and commitment have been truly commendable and reinforce the strength of the vendor community that we have been so proud to work with.

We found ourselves at a critical juncture that required careful evaluation. We, with consultation of our secured lender, have made the decision to file for protection under the Companies' Creditors Arrangement Act, RSC 1985, c C-36, as amended (the "CCAA") to ensure that we don't further expose our vendor community to risks and uncertainty. As part of our ongoing operations we may require additional supply, in consultation with our secured lender we can discuss cash on demand for goods requested and received after the CCAA filing date. Vendors

Please know this decision was not made lightly, and we remain deeply appreciative of all the efforts you have already made to assist us during this time.

We are committed to maintaining open and transparent communication with you and will provide timely updates on any developments. Your continued support and understanding mean the world to us, and we value the trust you place in our partnership.

A list of known creditors of the Company as at the date of the Initial Order, including the outstanding balances, has been prepared and is posted on the Monitor's website at <http://cfcanada.fticonsulting.com/peavey> under "Other Documents & Notices."

To date, no claims procedure has been approved by the Court and creditors therefore are not required to file a proof of claim at this time.

Additionally, as part of the Peavey Group's commitment to be open and transparent, we will be providing timely updates throughout the CCAA process. Updates will be available on the Monitor's website at: <http://cfcanada.fticonsulting.com/peavey>. In addition, the Monitor can be contacted directly by calling 1-833-768-1171 or Peavey@FTIConsulting.com

Sincerely,
Karen Dilon,
Chief Financial Officer