

Court File No: CV-25-00736572-00CL

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF JBT
TRANSPORT INC., WAYDOM MANAGEMENT INC., MELAIR MANAGEMENT INC.,
HERITAGE TRUCK LINES INC., DRUMBO TRANSPORT LIMITED, HERITAGE NORTHERN
LOGISTICS INC., AND HERITAGE WAREHOUSING & DISTRIBUTING INC.**

**PRE-FILING REPORT OF THE PROPOSED MONITOR
(Filed in connection with an Application returnable February 10, 2025)**

February 8, 2025

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PRE-FILING REPORT TO COURT OF THE PROPOSED MONITOR¹

DATED FEBRUARY 8, 2025

¹ On January 24, 2024, the Applicants herein each filed a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act* naming Dodick Landau Inc. as proposal trustee. Accordingly, this report is also filed by the Proposed Monitor, in its capacity as Proposal Trustee.

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INTRODUCTION

1. On January 24, 2025 (the “**Filing Date**”), JBT Transport Inc., Waydom Management Inc., Melair Management Inc., Heritage Truck Lines Inc., Drumbo Transport Limited, Heritage Northern Logistics Inc., and Heritage Warehousing & Distribution Inc. (“**JBT Group**” or the “**Applicants**”) filed with the Official Receiver Notices of Intention to Make a Proposal (“**NOI**”) to its creditors and named Dodick Landau Inc. (“**DLI**”) as Proposal Trustee (the “**Proposal Trustee**”). Attached as **Appendix “A”** are the Certificates of Filing of each NOI.
2. JBT Group now makes an application under the *Companies’ Creditors Arrangement Act*, (the “**CCAA**”) to convert the NOI proceedings into proceedings, jointly administered, under the CCAA. JBT Group has proposed that DLI be appointed as CCAA monitor (the “**Proposed Monitor**”).
3. The Toronto-Dominion Bank (“**TD Bank**”), senior secured lender to the JBT Group, has brought a concurrent application to appoint a receiver over the assets, properties and undertakings of the Applicants.
4. A detailed overview of the JBT Group’s business operations and financial difficulties which led to the filing of the NOI’s is set out in the affidavit of Denis Medeiros, sworn February 5, 2025 (“**Medeiros Affidavit**”), served and filed with the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for the relief set out herein.
5. All capitalized terms used in this report (the “**Pre-Filing Report**”), but not otherwise defined, shall have the meaning ascribed to such terms in the Medeiros Affidavit.

PURPOSE

6. The purpose of this Pre-Filing Report is to provide the Court with information pertaining to the following:
 - i) DLI qualifications to act as CCAA monitor;
 - ii) a limited summary of certain background information about JBT Group;
 - iii) an overview of the Applicants’ twelve-week cash flow forecast;
 - iv) JBT Group’s request for an order, *inter alia*:

- a) converting the NOI Proceedings to proceedings under the CCAA;
- b) establishing an initial CCAA stay of proceedings up to and including February 20, 2025 (the “**Proposed Stay Period**”);
- c) appointing DLI as Court-appointed monitor of the Applicants (the “**Monitor**”);
- d) approving a debtor-in-possession financing in the maximum principal amount of \$250,000 (the “**DIP Facility**”) pursuant to the interim financing term sheet between the Applicants and Randy Bowman (the “**DIP Lender**”) dated February 5, 2025 (the “**DIP Term Sheet**”);
- e) granting the following Court-ordered charges:
 - (1) a first ranking “**Critical Supplier Charge**” in favour of contract carriers only impressed upon receivables and collections in respect of the underlying shipping contracts;
 - (2) a second ranking “**Administration Charge**” in the maximum principal amount of \$250,000, over all of the Applicants present and after acquired assets, undertaking and properties, to secure payment of the restructuring professionals;
 - (3) a third ranking “**DIP Lender’s Charge**” in the maximum principal amount of \$250,000, over all of the Applicants present and after acquired assets, undertaking and properties, to secure the Applicants obligations under the DIP Term Sheet.
- f) authorizing the Applicants to pay certain pre-filing amounts, with the permission of the Monitor, as are necessary to maintain the uninterrupted operations of the business;
- g) requiring that all receivables received by the Applicants on or after the Filing Date shall be treated in accordance with the provisions of the *Highway Traffic Act*, RSO 1990, c. H. 8 (the “**HTA**”), including section 190.0.1(3) therein; and
- h) a stay of all contract carriers from contacting customers of the Applicants in respect to the business of the Applicants, including but not limited to, requiring customers to make payments to the carriers, soliciting business from such

customer, from taking any enforcement action with respect to the Carrier Trust Funds (as defined herein) or from holding the Applicants load freight product hostage on account of any outstanding indebtedness owing by the Applicants to carriers prior to the Filing Date.

TERMS OF REFERENCE & DISCLAIMER

7. In preparing this Report, the Proposed Monitor has relied upon certain unaudited, draft and/or internal financial information, JBT Group's books and records, discussions with the management of JBT Group ("**Management**") and information from other third-party sources (collectively, the "**Information**").
8. Except as described in this Report, the Proposed Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Canadian Institute of Chartered Accountants Handbook (the "**CPA Handbook**") and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
9. Some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CPA Handbook, has not been performed. 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, and the variations may be material.
10. The Proposed Monitor has prepared this Report in its capacity as a Court appointed officer and has made a copy of this Report available on the Proposed Monitor's website at www.dodick.ca for purposes of JBT Group's motion returnable February 10, 2025. Parties using this Report, other than for the purpose of the motion, are cautioned that it may not be appropriate for their purposes.
11. All references to dollars are in Canadian currency unless otherwise noted.

DODICK LANDAU'S QUALIFICATIONS TO ACT AS MONITOR

12. DLI is a licensed insolvency trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada). DLI is not subject to any of the restrictions set out in section 11.7(2) of the CCAA on who may be appointed as Monitor.
13. As discussed in greater detail herein, DLI has obtained a detailed understanding of the Applicants' businesses. In preparation for the potential appointment as Monitor, DLI has spent time with Management to understand the Applicants' operations and debt structure as more fully described in this Pre-Filing Report.
14. DLI has consented to act as Monitor, should the Court grant the Applicants' request for the Proposed Initial Order. Attached as **Appendix "B"** is DLI's Consent to act as Monitor.

BACKGROUND

15. As detailed in the Medeiros Affidavit, JBT Group is in the business of end-to-end supply chain services, transportation logistics and warehousing services for customers across Canada and the United States (the "**Business**"). The Applicants have over 58 trucks, over 160 dry vans and refrigerated units, and over 165,000 square feet of SQF Gold-certified food storage and warehouse spaces. In addition to relying on its own fleet of vehicles to offer transportation services, the Business also works as a third-party logistics provider to coordinate the transportation of goods from a supplier to a purchaser in exchange for a commission.
16. The JBT Group is comprised of the following four operating and holding entities:
 - i) JBT Transport Inc. ("**JBTTI**") - an Ontario corporation that operates primarily in cross-border transportation and logistics between the United States and Canada;
 - ii) Heritage Truck Lines Inc. ("**HTL**") - an Ontario corporation that operates primarily local transportation and logistics in Ontario;
 - iii) Heritage Warehousing & Distribution Inc. ("**HWD**") - an Ontario corporation that operates the warehousing and distribution business of the Applicants; and
 - iv) Melair Management Inc. ("**Melair**") - an Ontario corporation formed for the purposes of holding the Applicants' head office, which is located at 425 Melair Drive, Ayr,

Ontario (“**Melair Real Property**”), and carrying out property management services.

17. In addition, the JBT Group includes the following three dormant entities :
 - i) Drumbo Transport Limited (“**Drumbo**”) - an Ontario corporation that is largely dormant but has some residual receivables;
 - ii) Heritage Northern Logistics Inc. (“**HNL**”) - an Ontario corporation that is now dormant; and
 - iii) Waydom Management Inc. (“**Waydom**”) - an Ontario corporation that previously held and managed certain real estate for the JBT Group and is now dormant.
18. JBT Group’s principal assets are:
 - i) the Melair Real Property;
 - ii) accounts receivable of JBTTI, HTL, HWD and Drumbo;
 - iii) fixed assets, comprised primarily of trucks, trailers, office and warehouse equipment, owned by JBTTI, HTL and HWD; and
 - iv) intellectual property, including the JBT Group brand and goodwill.
19. Currently, the JBT Group operates out of its head office located at the Melair Real Property, as well as a leased warehouse space located at 60 Steckle Place, Kitchener, Ontario. The JBT Group leased two additional warehouses, however, immediately following the commencement of the NOI proceedings, on January 27 and 28, 2025, the JBT Group disclaimed these leases.
20. JBTTI currently employs 42 full-time employees and works with 21 independent contractors who are operators of trucks. HTL and HWD currently have 23, and 18, full-time employees, respectively. The non-operating, and holding, entities have no employees. Therefore, the JBT Group has a total of 83 full-time employees and 21 independent contractors. The independent contractors operate JBT Group’s tractor trailers. The JBT Group does not participate in any prescribed pension plan for its employees.
21. In addition, JBT Group brokers its customer freight with contract carriers across North America in geographies where it does not operate its own fleet. This allows JBT Group

to service all of its customers' freight lane needs.

FINANCIAL CHALLENGES

22. In and around September 2022, JBT Group began experiencing cash flow pressures due to a reduction in freight rates by 31.6% from its cross-border transportation operations, and JBTTI shipping volumes which dropped by revenue of \$4.9 million. The decline continued and did not correct. By October 2023, the JBT Group was sustaining significant losses and using the line of credit with TD Bank to fund the losses from operations. On or about October 24, 2023, TD Bank advised the JBT Group that they were in breach of the covenants of their borrowing facility and the JBT Group account was transferred to TD's special loans group.
23. From December 2023 to April 2024, the JBT Group underwent an operational restructuring which included the sale of redundant assets, reduction operating costs, downsizing certain non-performing operations, increasing certain pricing and improving accounts receivable collections. Despite the success of these initiatives, JBT Group's market continued to suffer in 2024 largely due to higher interest rates and the long-term effect of Covid-19 on the industry which continued to lower shipping volumes and freight rates resulting in the continued breach of TD Bank's loan covenants.
24. To address this breach, the JBT Group agreed to enter into a forbearance agreement dated April 13, 2024, which was subsequently amended on June 26, 2024, and again on December 13, 2024 (the "**Forbearance Agreement**"). Pursuant to the Forbearance Agreement, TD Bank agreed to forbear from exercising its rights and remedies against the Applicants until the earlier of October 31, 2024 or the date that a default of the Forbearance Agreement occurred, in exchange for the Applicants selling two real properties, known as the Guthrie and Melair properties, and repaying in part the TD Bank debt. The Forbearance Agreement also made certain reductions to JBT Group's borrowing limits under its loan agreement with TD Bank.
25. In October 2024, the Guthrie real property was sold for \$5.5 million. Together with the other operational restructuring initiatives, the JBT Group was able to reduce the TD Bank debt from approximately \$25.0 million in January 2024 to approximately \$16.2 million in December 2024.
26. Up to December 2024, the JBT Group had spoken with other prospective lenders,

however, refinancing timelines in the Forbearance Agreement were not met, and a full repayment of the line of credit was not possible, which was unacceptable to TD Bank. Consequently, as a result of the breaches to the terms of the Forbearance Agreement, on January 15, 2025, TD bank delivered demands, and a Notice of Intention to Enforce Security under section 244(1) of the Bankruptcy and Insolvency Act (Canada), to the JBT Group.

27. According to Management, on January 20, 2025, JBTTI opened a new deposit account with the Royal Bank of Canada (“**RBC**”) and moved its available cash from its TD Bank accounts to RBC to preserve the JBT Group’s access to its cash receipts during the NOI proceedings.

CREDITORS

TD Bank

28. TD Bank is the Company’s principal secured creditor. On January 14, 2025, TD Bank was owed approximately \$16.2 million pursuant to four loan agreements dated August 24, 2020, April 6, 2021, January 20, 2023 and February 1, 2023, between TD Bank and HWD, HTL, HWD and JBTTI, respectively, (collectively, the “**TD Facilities**”).
29. The TD Facilities comprise an operating loan, a leasehold loan, term facilities and equipment loans. Each member of the JBT Group has provided guarantees for one another’s obligations under the TD Facilities. According to Management, the TD Facilities are secured by a general security agreement and a mortgage over the Melair Real Property.

Equipment Financing

30. According to Management, in addition to equipment financed by TD Bank, the JBT Group has financed other equipment with six other secured lenders totaling approximately \$2.2 million of equipment loans secured against specific tractor trailers, forklifts and other equipment.

Employee and Government Obligations

31. According to Management, all payroll and Canada Revenue Agency (“**CRA**”) obligations for HST and payroll source deduction remittances are current. On January 9, 2025, the

CRA issued to Waydon Management Inc. a requirement to pay \$59,295 with regards to unpaid corporate taxes which is an unsecured claim in a NOI proceeding.

32. There are no arrears of property taxes owing with respect to the Melair Real Property.

Unsecured Creditors

33. In addition, the JBT Group has unsecured creditor debt at the date of the NOI's totaling approximately \$25.6 million, of which \$3.9 million is owed to approximately 460 unrelated creditors, and the balance of approximately \$21.6 million is owed to related creditors.

34. The following chart summarizes the total secured and unsecured debt at the date of the NOI proceedings for each of the Applicants:

JBT Group Secured and Unsecured Debt by Debtor	Total Debt	Secured Debt		Unsecured Debt	
		TD Bank	Other	Unrelated	Related
JBT Transport Inc.	15,801,021	6,287,178	1,683,826	2,501,556	5,328,460
Melair Management Inc.	13,204,586	8,168,687	-	2,370	5,033,529
Heritage Truck Lines Inc.	4,738,586	615,757	531,838	922,214	2,668,777
Waydon Management Inc.	4,649,270	585,091	-	59,545	4,004,634
Heritage Warehousing & Distribution Inc.	4,162,689	794,667	-	300,258	3,067,764
Drumbo Transport Inc.	1,308,664	-	-	65,840	1,242,824
Heritage Northern Logistics Inc.	232,112	-	-	2,300	229,812
Total	44,096,928	16,451,380	2,215,664	3,854,083	21,575,800

OVERVIEW OF APPLICANTS' CASH FLOW FORECAST

35. JBT Group, with the assistance of the Proposed Monitor, has prepared a weekly cash flow forecast ("**Cash Flow Forecast**") for the period from January 26, 2025 to April 19, 2025 ("**Cash Flow Period**"). A copy of the Cash Flow Forecast is attached hereto as **Appendix "C"** to this Report. The Cash Flow Forecast has been prepared by Management of JBT Group for the purpose of this motion, using probable and hypothetical assumptions set out in notes 1 to 8 attached to the Cash Flow Forecast. The Cash Flow Forecast reflects receipts and disbursements to be received or paid over a twelve-week forecast period in Canadian dollars.

36. The Cash Flow Forecast projects that JBT Group will require the use of the DIP Facility to have sufficient liquidity, to fund its expenses and the CCAA proceeding throughout the Cash Flow Period.

37. In addition, the Proposed Monitor notes that the Cash Flow Forecast contemplates the

payment of “Critical Vendor Payments.” The Applicants have advised that these payments are the amounts required to pay to contract carriers that will be secured by the carrier trust obligations and the proposed Critical Supplier Charge (all as discussed below). These cash flow payments do not comprise the payment of any further pre-filing amounts that the Applicants could request the Proposed Monitor to authorize for payment under the draft order.

38. The Cash Flow Forecast also contains the payment of limited pre-filing amounts, which the Applicants seek authorization to pay in the draft Initial Order. The Proposed Monitor has advised the Applicants that the ability to make any such payment will be informed by the then existing cash position of the Applicants.
39. The Proposed Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussion related to information supplied to the Proposed Monitor by certain of the Management and employees of JBT Group. Since hypothetical assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposed Monitor has also reviewed the support provided by Management of JBT Group for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.
40. Based on the Proposed Monitor's review, nothing has come to its attention to cause it to believe that, in all material respects:
 - i) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - ii) as at the date of this Report, the probable assumptions developed by management are not suitably supported and consistent with the plans of JBT Group or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
 - iii) the Cash Flow Forecast does not reflect the probable and hypothetical Assumptions.
41. As described in the Terms of Reference, since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information

presented, even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved. In addition, the Proposed Monitor expresses no opinion or other form of assurance with respect to the accuracy of financial information presented in the Cash Flow Forecast or relied upon by the Proposed Monitor in preparing this Report.

42. The Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes

CONVERSION TO CCAA

43. The Applicants seek to continue the NOI Proceedings under the CCAA pursuant to section 11.6 of the CCAA. A critical consideration in the decision to convert is real-time factual and legal issues currently facing the Applicants in respect of the logistics arm of the business. Specifically: certain of the Applicants' contract carriers are: (a) withholding shipments for payment; (b) requiring advance payment-in-full for future payments; and (c) approaching JBT Group's customers directly to request payment and/or solicit business. These issues pose an immediate, short-term threat to JBT Group's business as it creates cash flow issues and, longer-term threat that will impair potential realizations as a going concern.
44. In view of the foregoing, the Applicants concluded that CCAA proceedings were the preferred forum to address the carrier concerns, to safeguard and stabilize the business operations and to, ultimately, implement a sale and investment solicitation process that will maximize recovery for stakeholders, while also maintaining going concern operations to safeguard employment for the Applicants' 83 full-time employees.

DIP FINANCING

45. As described in the Medeiros Affidavit, JBT Group's liquidity constraints have resulted in insufficient funds to continue operating the Business.
46. To allow the Applicants to continue operating and have time to develop its restructuring plan, the DIP Lender, a member of Management, agreed to extend debtor-in-possession ("DIP") financing to the Applicants. The DIP Lender's Term Sheet was executed, subject to Court approval. A copy of the DIP Term Sheet is attached hereto as **Appendix "D"**.

47. The DIP Term Sheet includes the following terms:
- i) the total available principal funds under the DIP Facility are \$250,000;
 - ii) interest shall be payable at the rate of 10% per annum;
 - iii) no other fee or penalty shall be charged on the DIP Facility, however, the DIP Lender may recover reasonable fees, expenses and costs associated with negotiating and, if necessary, enforcing, the DIP Term Sheet;
 - iv) the DIP Facility matures on the earliest of: a) the implementation of a plan of arrangement; b) the closing of a sale transaction; c) the refinancing of the DIP Facility upon the written consent of the DIP Lender and Applicants; d) the date on which the CCAA proceedings are terminated or are converted into a bankruptcy proceeding under the BIA; e) payment in full of the obligations under the DIP Facility; or f) the occurrence of an Event of Default (as defined in the DIP Term Sheet); and
 - v) advances under the DIP Facility are conditional upon Court approval of the DIP Term Sheet, and the granting of a super-priority DIP Lender's Charge in favour of the DIP Lender over all the Property of the Applicants, subordinate only to the Administration Charge and TD Bank's mortgage security over the Melair Real Property.
48. The Cash Flow Forecast indicates that JBT Group requires the DIP Facility to fund operations and these proceedings and will have sufficient funds available under the DIP Facility to fund its expenditures through the Cash Flow Period. The Cash Flow Forecast indicates that the first draw from the Interim Facility will be required in the week-ending March 1, 2025.
49. The Proposed Monitor is of the view that acceptance of the DIP Term Sheet and the DIP Facility contemplated therein:
- i) is required to fund the operations of JBT Group while it completes its operational and financial restructuring;
 - ii) will enhance the prospects of a viable CCAA plan being made by JBT Group; and
 - iii) in the view of the Proposed Monitor, the creditors will not be materially prejudiced

by the granting of the DIP Lender's Charge, as it will provide the Company with the cash flow it requires to fund its going concern operations while it continues its restructuring and, absent such funding, operations would cease; and

iv) is in the best interests of JBT Group and its stakeholders.

50. Furthermore, the Proposed Monitor is of the view that the costs associated with the Interim Facility are commercially reasonable in the circumstances for a DIP Facility of a business in circumstances similar to JBT Group's.
51. Without access to financing under the DIP Facility, the JBT Group will: (i) not be able to maintain its operations and fund payroll, preserve asset value or complete a restructuring; and (ii) be forced to wind down its operations and commence a liquidation of its assets, resulting in the loss of value and over a hundred direct and indirect jobs to the material detriment of its creditors and stakeholders.

PROPOSED COURT CHARGES

DIP Lender's Charge

52. JBT Group requires immediate funding to maintain its existing operations and to meet ordinary course of business expenses, as evidenced by the Cash Flow Forecast. Any amounts advanced are expected to be used for payroll, supplier payments and other ordinary course business expenses, as well as payment of restructuring professionals.
53. As noted above, the condition of the DIP Term Sheet is that the DIP Lender receives the benefit of a DIP Lender's Charge to the maximum amount of the aggregate of any and all advances by the DIP Lender to JBT Group pursuant to the DIP Term Sheet. The Proposed Monitor supports JBT Group's request for the DIP Lender's Charge.
54. TD Bank requested that the DIP Lender's Charge rank behind its mortgage over the Melair Real Property and the DIP Lender agreed. According to Management, the estimated market value of the Melair Real Property is greater than TD Bank's mortgage over the real property.
55. For the reasons set out above, in the view of the Proposed Monitor, the DIP Term Sheet is reasonable and appropriate and is typical in similar proceedings, as is the proposed priority of the DIP Lender's Charge as set out in the form of draft order filed with the

Court and, therefore, should be granted by the Court.

Administrative Charge

56. JBT Group is seeking a charge (the “**Administration Charge**”), in a maximum amount of \$250,000, against the assets of JBT Group, to secure the fees and disbursements incurred in connection with services rendered to JBT Group both before and after the commencement of the NOI Proceedings and the proposed CCAA proceedings by the following entities: the Proposed Monitor, its counsel and counsel to JBT Group, and in the event of a bankruptcy, the trustee in bankruptcy and its counsel, which shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise in favour of any person.
57. The quantum of the Administration Charge sought by JBT Group was determined in consultation with the Proposed Monitor and in the view of the Proposed Monitor is reasonable and appropriate in the circumstances and should be granted by the Court. The creation of the Administration Charge is typical in similar proceedings, as is the proposed priority of the Administration Charge, as set out in the form of draft order filed with the Court.

Critical Supplier Charge

58. JBT Group is seeking a charge (the “**Critical Supplier Charge**”), in a floating amount equal to the value of accounts payable due to contract carriers for the supply of pre-filing transportation services, which charge shall only attach to the corresponding account receivable payable to JBT Group directly arising from the respective shipment delivered by any such carrier.
59. The Critical Supplier Charge is discussed in more detail below but is designed to safeguard the continuation of the JBT Group’s logistics business, while at the same time balancing the interests of the various contract carriers. Such a charge is reasonable and appropriate as it simply operates to reinforce the JBT Group’s existing carrier trust obligations (discussed below), gives added comfort to the contract carriers, and is key to enabling the JBT to continue as a going concern.

Priority of Charges

60. The Applicants propose the Court-Ordered Charges rank as follows:
- i) first, the Critical Supplier's Charge, but only against those accounts receivable generated by the contract carrier providing services in respect of the underlying shipment;
 - ii) second, the Administration Charge, against all assets of the JBT Group; and
 - iii) third, the DIP Lender's Charge, against all assets of the JBT Group but subordinate to TD Bank's interest in the Melair Real Property.
61. The Proposed Monitor believes the proposed priority of the charges is a balanced proposal, consistent with the stated objectives of the Applicants in commencing these proceedings. No party will be materially prejudiced by the same; and, the Critical Supplier's Charge is, in effect, the formalization of the Applicants' carrier trust obligations in the form of a CCAA charge.

MANAGEMENT OF CARRIER TRUST OBLIGATIONS AND CRITICAL SUPPLIER CHARGE

62. The JBT Group coordinates customer shipments using a variety of independent carriers throughout Canada and the United States. These are carrier lanes which the JBT Group does not service with its own fleet, but to service its customers trucking needs it contracts out the customer lane to a third-party carrier that services that particular geography. At times these deliveries are to rural areas with very few or no alternative carriers servicing these geographies. The customer then pays JBT Group, JBT Group retains a commission (which averages 15%) and pays the balance (85% on average) to the carrier.
63. Under the *Highway Traffic Act*, in such capacity the JBT Group is obligated to hold customer payments in trust until the underlying carrier has been paid. Prior to the Filing Date, these customer payments were not held in a separate trust and were intermingled with operating funds. Consequently, after the Filing Date and resulting stay of proceedings, certain carrier brokers were not paid and became unsecured creditors in the NOI proceedings and have questioned how payment will be protected going forward.
64. After the Filing Date, the JBT Group created separate RBC trust accounts by legal entity

to deposit all customer payments in respect of receipts associated with the carrier broker business. The customer payments are then released only as payment to the carrier account relating to the shipment for which payment was received, and the associated JBT Group commission is transferred to the JBT Group operating account.

65. At the Filing Date, carrier broker payables totaled approximately \$2.7 million and accounts receivable associated with these broker payables totaled approximately \$1.4 million. As such, approximately \$1.2 million (\$1.4 million less average JBT Group commission of 15%) are accounts receivable impressed with a trust, and are the subject of the Applicant's request for a Critical Supplier Charge. As these accounts receivable are impressed with a trust, they do not form part of the collateral of TD Bank's security, unless and until the trust claim is satisfied. It is the Proposed Monitor's understanding that TD Bank is, or ought to have been, aware of this trust, since it had reserved for broker payables in the Applicants' borrowing base calculation.
66. The balance of the broker payables at the Filing Date totaling \$1.3 million (\$2.7 million less \$1.4 million), which are not associated with an uncollected account receivable, will be unsecured debt in the insolvency proceeding.
67. This trust mechanism will manage the JBT Group carrier trust obligations in respect of post-filing accounts received, thereby protecting all contract carriers and ensuring the continued viability of the JBT Group since, according to Management, the contract carriers will continue to provide carrier services, including providing credit terms, knowing that their receivables are protected, and will cease holding loads hostage.
68. As stated above, these trust mechanisms are mirrored in the Critical Supplier Charge and, if approved, should provide stability to the JBT Group and certainty to the contract carriers, without prejudice to any party.

CONCLUSION AND RECOMMENDATION

69. Based on all the foregoing, the Proposed Monitor respectfully recommends that the Court make an order granting the relief requested by JBT Group in the Orders requested, as summarized in paragraph 6 of this Report.

All of which is respectfully submitted on this 8th day of February 2025.

DODICK LANDAU INC.

In its capacity as the Proposed Monitor of the Applicants under the *Companies' Creditors Arrangement Act* and not in its personal or corporate capacity.

Per:



Rahn Dodick, CPA, CA, CIRP, LIT
President

APPENDIX “A”



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 08 - Waterloo
Court No. 35-3178683
Estate No. 35-3178683

In the Matter of the Notice of Intention to make a proposal of:

Drumbo Transport Limited

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 24, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 27, 2025, 09:48

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 08 - Waterloo
Court No. 35-3178693
Estate No. 35-3178693

In the Matter of the Notice of Intention to make a proposal of:

Heritage Northern Logistics Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 24, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 27, 2025, 09:58

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 08 - Waterloo
Court No. 35-3178758
Estate No. 35-3178758

In the Matter of the Notice of Intention to make a proposal of:

Heritage Truck Lines Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 24, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 27, 2025, 11:22

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 08 - Waterloo
Court No. 35-3178893
Estate No. 35-3178893

In the Matter of the Notice of Intention to make a proposal of:

Heritage Warehousing & Distribution Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 24, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 27, 2025, 14:29

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 08 - Waterloo
Court No. 35-3178767
Estate No. 35-3178767

In the Matter of the Notice of Intention to make a proposal of:

JBT Transport Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 24, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 27, 2025, 11:28

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 08 - Waterloo
Court No. 35-3178904
Estate No. 35-3178904

In the Matter of the Notice of Intention to make a proposal of:

Melair Management Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 24, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 27, 2025, 14:42

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 08 - Waterloo
Court No. 35-3178803
Estate No. 35-3178803

In the Matter of the Notice of Intention to make a proposal of:

Waydom Management Inc.

Insolvent Person

DODICK LANDAU INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

January 24, 2025

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 27, 2025, 12:14

E-File/Dépôt Electronique

Official Receiver

Federal Building - London, 451 Talbot Street, Suite 303, London, Ontario, Canada, N6A5C9, (877)376-9902

Canada

APPENDIX “B”

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, C. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF JBT TRANSPORT INC., WAYDOM MANAGEMENT INC., MELAIR MANAGEMENT INC., HERITAGE TRUCK LINES INC., DRUMBO TRANSPORT LIMITED, HERITAGE NORTHERN LOGISTICS INC., AND HERITAGE WAREHOUSING & DISTRIBUTION INC. (THE "APPLICANTS")

CONSENT

Dodick Landau Inc. hereby consents to act as the Court-appointed Monitor in this proceeding should an Initial Order be granted by the Court.

Dated at Toronto this 8th day of February 2025

Dodick Landau Inc.

Per:  _____

Name: Rahn Dodick

Title: President

I have the authority to bind the corporation

APPENDIX “C”

Consolidated Cash Flow for JBT TRANSPORT INC., WAYDOM MANAGEMENT INC., MELAIR MANAGEMENT INC., HERITAGE TRUCK LINES INC., DRUMBO TRANSPORT LIMITED,
HERITAGE NORTHERN LOGISTICS INC., AND HERITAGE WAREHOUSING & DISTRIBUTION INC. (collectively "JBT Group")
Weekly Cash Flow Projection
January 26, 2025 to April 19, 2025

Week Ended (CDN \$)	Notes	01-Feb-25 Week 1	08-Feb-25 Week 2	15-Feb-25 Week 3	22-Feb-25 Week 4	01-Mar-25 Week 5	08-Mar-25 Week 6	15-Mar-25 Week 7	22-Mar-25 Week 8	29-Mar-25 Week 9	05-Apr-25 Week 10	12-Apr-25 Week 11	19-Apr-25 Week 12	Total Forecast
Cash Receipts														
Collections	Note 1	382,800	604,800	617,800	669,800	457,800	622,800	659,800	777,800	807,800	857,800	837,800	749,800	8,046,600
Total Cash Receipts		382,800	604,800	617,800	669,800	457,800	622,800	659,800	777,800	807,800	857,800	837,800	749,800	8,046,600
Cash Disbursements														
Cost of Goods Sold - Transportation & Logistics	Note 2	(281,803)	(329,110)	(429,328)	(299,938)	(424,928)	(355,118)	(382,233)	(195,268)	(808,533)	(436,868)	(401,358)	(579,468)	(4,923,948)
Cost of Goods Sold - Warehousing	Note 3	(27,150)	(155,087)	(118,347)	(33,000)	(23,300)	(151,487)	(27,300)	(23,150)	(23,900)	(150,537)	(22,900)	(29,800)	(785,958)
G&A Expenses	Note 4	(75,835)	(87,264)	(68,180)	(58,000)	(83,560)	(82,610)	(70,980)	(58,000)	(49,610)	(93,060)	(82,910)	(59,021)	(869,031)
Total Cash disbursements - COGS		(384,788)	(571,461)	(615,855)	(390,938)	(531,788)	(589,215)	(480,513)	(276,418)	(882,043)	(680,465)	(507,168)	(668,288)	(6,578,936)
Total Net Cash - Operating		(1,988)	33,339	1,945	278,862	(73,988)	33,586	179,287	501,382	(74,243)	177,335	330,633	81,512	1,467,664
Restructuring fees	Note 5	-	(50,000)	(25,000)	(65,000)	(40,000)	(25,000)	(35,000)	(25,000)	(50,000)	(50,000)	(50,000)	(60,000)	(475,000)
Critical Vendor Payments	Note 6	(93,500)	(175,173)	(144,500)	(144,500)	(144,500)	(144,500)	(144,500)	(144,500)	(73,100)	-	-	-	(1,208,773)
Total Net Cash Disbursements - Non operational		(93,500)	(225,173)	(169,500)	(209,500)	(184,500)	(169,500)	(179,500)	(169,500)	(123,100)	(50,000)	(50,000)	(60,000)	(1,683,773)
Net Cash Flow		(95,488)	(191,833)	(167,555)	69,362	(258,488)	(135,915)	(213)	331,882	(197,343)	127,335	280,633	21,512	(216,109)
Opening Cash		573,975	478,487	286,654	119,099	188,461	9,974	14,059	13,846	345,729	148,386	275,721	556,354	573,975
add: Net Cash Flow		(95,488)	(191,833)	(167,555)	69,362	(258,488)	(135,915)	(213)	331,882	(197,343)	127,335	280,633	21,512	(216,109)
add: Debtor in Possession (DIP) Financing drawing (repayment)	Note 7	-	-	-	-	80,000	140,000	-	-	-	-	-	(140,000)	80,000
Closing Cash		478,487	286,654	119,099	188,461	9,974	14,059	13,846	345,729	148,386	275,721	556,354	437,866	437,866

**JBT TRANSPORT INC., WAYDOM MANAGEMENT INC., MELAIR MANAGEMENT INC.,
HERITAGE TRUCK LINES INC., DRUMBO TRANSPORT LIMITED, HERITAGE NORTHERN
LOGISTICS INC., AND HERITAGE WAREHOUSING & DISTRIBUTION INC.**

**MAJOR ASSUMPTIONS
CASH FLOW STATEMENT
FOR THE PERIOD JANUARY 26, 2025 TO APRIL 19, 2025 (THE “PERIOD”)**

JBT Transport Inc., Waydom Management Inc., Melair Management Inc., Heritage Truck Lines Inc., Drumbo Transport Limited, Heritage Northern Logistics Inc., and Heritage Warehousing & Distribution Inc. (collectively “**JBT Group**” or the “**Companies**”) are in the business of end-to-end supply chain services, transportation logistics and warehousing services for customers across Canada and the United States (the “**Business**”). A Notice of Intention to File a Proposal (“**NOI**”) was filed in respect of each of the Companies on January 24, 2025 (“**NOI Filing**”). JBT Group now makes an application under the *the Companies’ Creditors Arrangement Act*, (the “**CCAA**”) to convert the NOI Proceedings into proceedings, jointly administered, under the CCAA

JBT Group’s cash flow projection was prepared by management of JBT Group.

The cash flow projection is based on the hypotheses that the JBT Group:

- a. will complete a successful restructuring; and
- b. will continue operations in the normal course after its NOI Filing.

The JBT Group has a total of 83 full-time employees and 21 independent contractors that support its lines of service. The JBT Group does not participate in any prescribed pension plan for its employees. Payroll costs are included in each respective line of service and in general and administrative costs for head office employees.

1. Customer Collections

Accounts receivable collections the receipt of sales and contractual commitments from customers.

2. Cost of Goods Sold - Transportation & Logistics

JBT Group provides transportation and logistics between the United States and Canada as well as locally within Ontario. These expenses represent the post-filing cost of this line of service including: (i) carrier payments, owner-operator, and company driver payroll expenses; (ii) fleet insurance, as well as bridge and toll costs (iii) truck- and trailer-specific costs such as licenses and decals; and (iv) fuel costs and truck and trailer repair and maintenance expenses.

The cash flow forecast assumes that third party carriers will be paid under normal payment terms.

3. **Cost of Goods Sold – Warehouse**

JBT Group also operates a warehousing and distribution arm. These expenses represent the cost of this line of services including payroll expenses and rent.

4. **General & Administrative Expenses**

These expenses include payroll for head office personnel, automobile expenses, satellite tracking expenses, computer expenses, office and related supplies, corporate legal expenses and accounting costs, telephone costs, sales commissions and sales tax payments.

5. **Restructuring Professional Fees**

Estimated professional fees for the proposed Monitor, its legal counsel and JBT Group's restructuring legal counsel.

6. **Critical Vendors**

JBT Group is seeking a charge (the “**Critical Supplier Charge**”), in a floating amount equal to the value of accounts payable due to contract carriers for the supply of pre-filing transportation services, which charge shall only attach to the corresponding account receivable payable to JBT Group directly arising from the respective shipment delivered by any such carrier.

After the NOI Filing, the JBT Group created separate RBC trust accounts by legal entity to deposit all customer payments in respect of receipts associated with the carrier broker business. Customer payments are forecast to be released only as payment to the carrier account relating to the shipment for which payment was received, and the associated JBT Group commission will be transferred to the JBT Group operating account.

At the NOI Filing, carrier broker payables totaled approximately \$2.7 million and accounts receivable associated with these broker payables totaled approximately \$1.4 million. As such, approximately \$1.2 million (\$1.4 million less average JBT Group's commission of 15%) are accounts receivable impressed with a trust, and are the subject of the JBT Group's request for a Critical Supplier Charge.

7. **DIP Financing**

To allow the Companies to continue operating and have time to develop its restructuring plan, a related party agreed to extend debtor-in-possession (“**DIP**”) financing to the Companies. The DIP Lender's Term Sheet was executed, subject to Court approval. The forecast assumes that the DIP will be required beginning the week ending March 1, 2025.

8. TD Line of Credit

JBT Group's combined TD line of credit is approximately \$4.9 million. The forecast assumes that TD's position will remain unchanged over the Period. JBT Group's balance in its RBC accounts are fluctuating over the Period based on the forecast receipts and disbursements.

APPENDIX “D”

DEBTOR-IN-POSSESSION FINANCING

687
FEBRUARY 5, 2025
A501

TERM SHEET

This term sheet ("**DIP Term Sheet**") sets out the terms and conditions upon which Randy Bowman will provide debtor-in-possession financing to the Borrowers (as defined below) in consideration of the mutual covenants, terms and conditions set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

BORROWERS	JBT Transport Inc., Waydom Management Inc., Melair Management Inc., Heritage Truck Lines Inc., Drumbo Transport Limited, Heritage Northern Logistics Inc., and Heritage Warehousing & Distribution Inc. (each a " Borrower " and collectively, the " Borrowers ")
DIP LENDER	Randy Bowman (the " DIP Lender ")
MONITOR/ MONITOR	Dodick Landau Inc. in its capacity as Monitor and Monitor (in such capacity, the " Monitor ") in connection with the Borrowers' restructuring proceedings (the " Proceedings ") under the <i>Companies Creditors' Arrangement Act</i> (Canada) (the " CCA ") commenced by a Notice of Intention to Make a Proposal filed on January 24th, 2025, which is intended to be continued as a proceeding under the CCA.
TYPE OF DIP LOAN	Loan of up to a maximum amount of CDN \$250,000 (the " DIP Loan "), plus all DIP Expenses and Interest (as defined below), secured by way of the DIP Charge (defined herein) to be available to the Borrowers with the agreement of the Monitor subject to and in accordance with the terms herein.
AVAILABILITY	Subject to the fulfillment of the applicable condition's precedent to the availability of the DIP Loan set out herein and the Borrowers' adherence to the Cash Flow Projections (defined below) being satisfactory to each of the Monitor and the DIP Lender, and provided that no Event of Default (as defined below) has occurred and is then continuing, advances of the DIP Loan shall be made by the DIP Lender to the Borrowers.
CASH FLOW PROJECTIONS	<p>"Cash Flow Projections" means a statement indicating the Borrowers' consolidated weekly cash flow projections setting forth a rolling 13-week cash flow forecast of the cash receipts and cash disbursements of the Borrowers from the date that is five (5) business days prior to the requested advance (the "Effective Date") through and including the date that is three (3) calendar months from the Effective Date, acceptable to the DIP Lender, as such Cash Flow Projections may be amended or modified from time to time by the Borrowers, provided that the DIP Lender shall have provided prior written consent to any such amendment or modification, in their sole discretion.</p> <p>The Cash Flow Projections shall be prepared by the Borrowers, with the assistance of the Monitor, in form and substance satisfactory to the DIP Lender and the Monitor. The Cash Flow Projections reflect the projected cash flow requirements of the Borrowers for the 13-week period, calculated on a weekly basis, commencing on the date that is five (5) business days prior to the requested advance.</p> <p>The Cash Flow Projections shall be certified by the Borrowers' Chief</p>

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	Financial Officer or such other person agreed to by the DIP Lender, and the Monitor, to be true, complete, and accurate.
JOINT & SEVERAL LIABILITY	<p>Each Borrower agrees, acknowledges and confirms that at the Borrowers' request, the DIP Loan has been made available to all of them. All covenants, agreements and obligations of the Borrowers contained in this DIP Term Sheet relating to or in connection with the DIP Loan shall be on a joint and several basis, and each of the Borrowers shall be jointly and severally liable for and obligated to repay the DIP Loan. Such joint and several liability is independent of the duties and liabilities of each other Borrower. Each of the Borrowers acknowledge and confirm that the DIP Lender shall have no obligation to pursue any other Borrower, as the case may be, for all or any part of the DIP Loan before it can recover from it. Each of the Borrowers acknowledge and confirm that it is fully responsible for the DIP Loan even though it may not have requested an advance.</p> <p>Each of the Borrowers liability for payment of the DIP Loan shall be a primary obligation, shall be absolute and unconditional, and shall constitute full recourse obligations of each of the Borrowers, enforceable against each of them to the full extent of their respective assets and properties. Each of the Borrowers expressly waive any right to require the DIP Lender to marshal assets in favour of any Borrower or any other person or to proceed against any other Borrower or any Collateral provided by any person or entity and agrees that the DIP Lender may proceed against any Borrower or any Collateral in such order as they shall determine in their sole and absolute discretion. To the extent permitted by law, any release or discharge, by operation of law, of any Borrower from the performance or observance of any obligation, covenant or agreement contained in this DIP Term Sheet shall not diminish or impair the liability of any other Borrower in any respect. Each of the Borrowers unconditionally and irrevocably waive each and every defense, right to discharge, compensation and setoff of any nature which, by statute or under principles of suretyship, guaranty or otherwise, would operate to impair or diminish in any way the obligation of any Borrower under this DIP Term Sheet, and acknowledges that such waiver is by this reference incorporated into each security agreement, collateral assignment, pledge and/or other document from each Borrower now or later securing the DIP Loan, and acknowledges that as of the date of this Term Sheet no such defense or setoff exists.</p>
PURPOSE, USE OF PROCEEDS	The proceeds of the DIP Loan will be used by the Borrowers to fund working capital requirements and restructuring costs including but not limited to the fees and disbursements of the Monitor, its counsel, and counsel to the Borrowers, on a going concern basis provided that the same is, unless approved in writing by the DIP Lender and the Monitor, (i) in accordance with the Cash Flow Projections, and (ii) not on account of a liability that existed as of January 24, 2025, unless otherwise provided for in the Cash Flow Projections.
CLOSING DATE	No later than 1 business day after Court approval of the DIP Term Sheet (the " Closing Date ").

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MATURITY AND OR TERMINATION DATE	<p>The maturity of the DIP Loan (the “Termination Date”) shall be the earliest of:</p> <ul style="list-style-type: none"> (a) the effective date of any Proposal or Plan of Arrangement under the Proceedings; (b) the closing of a purchase and sale of substantially all of the assets or shares of the Borrowers; (c) the refinancing of the DIP Loan upon the written consent of the DIP Lender and the Borrowers; (d) the date on which the Proceedings are terminated or are converted into a bankruptcy proceeding under the <i>Bankruptcy and Insolvency Act</i> (Canada); (e) the occurrence of an Event of Default (as defined herein); or (f) payment in full of the obligations under the DIP Loan <p>All outstanding amounts under the DIP Loan, together with all Interest accrued in respect thereof and all other amounts owing under this DIP Term Sheet shall be payable in full on the Termination Date without further notice, protest, demand or other act on the part of the DIP Lender.</p>
INTEREST	<p>Interest (“Interest”) on the principal outstanding amount of the DIP Loan both before and after maturity, demand, default, or judgment until payment in full at a rate of a 10% per annum, compounded and calculated monthly shall accrue and be added to the principal amount of the DIP Loan on the first day of each month.</p> <p>All Interest shall be calculated on the basis of a 365-day (or 366 day, as applicable) year, in each case for the actual number of days elapsed in the period during which it accrues.</p> <p>All payments under or in respect of the DIP Loan shall be made free and clear of any withholding, set-off or other deduction.</p> <p>If any provision hereof would obligate the Borrowers to make any payment of Interest or other amount payable to the DIP Lender in an amount or calculated at a rate which would be prohibited by law or would result in receipt by the DIP Lender of interest at a criminal rate (as construed under the <i>Criminal Code</i> (Canada)) then, notwithstanding that provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or result in a receipt by the DIP Lender of interest at a criminal rate.</p>
REPRESENTATIONS AND WARRANTIES	<p>The Borrowers represent and warrant to the DIP Lender as of the date hereof, and as of the date of each advance under the DIP Loan, that:</p>

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	<ul style="list-style-type: none"> (a) the Borrowers are duly organized, validly existing and in good standing under the laws of the jurisdiction of their organization, have all requisite power to carry on business as now and formerly conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to constitute a material adverse effect, are qualified to do business in, and are in good standing in, every jurisdiction where such qualification is required; (b) the execution, delivery and performance, as applicable, of the DIP Term Sheet has been duly authorized by all actions, if any, required on the part and by the Borrowers' directors, and constitutes a legal, valid and binding obligation of the Borrowers enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, arrangement, winding-up, moratorium and other similar laws of general application that limit the enforcement of creditors' rights generally and to general equitable principals subject to approval of the Court; and (c) the Cash Flow Projections represent the Borrowers' best estimate as at each applicable date of the likely results of the operations of the Borrowers during the period applicable thereto and, to the Borrowers knowledge, such results are achievable as provided therein.
<p>COVENANTS</p>	<ul style="list-style-type: none"> (a) the Borrowers shall pay all amounts and satisfy all obligations in respect of the DIP Loan; (b) the Borrowers shall not make or permit to be made any payment on account of obligations owing as at January 24, 2025 without the prior consent of the Monitor and the DIP Lender or pursuant to an order of the Court; (c) the Borrowers shall conduct their business and pay disbursements in accordance with the Cash Flow Projections; (d) the Borrowers shall not incur any indebtedness, including the giving of guarantees, other than indebtedness specifically contemplated herein or permitted in writing by the DIP Lender; (e) the Borrowers shall not incur, create, assume or suffer to exist any lien, charge, security interest or other encumbrance on any of the Collateral now owned or hereafter acquired other than: (i) those encumbrances existing as of January 24, 2025, (ii) permitted by the DIP Lender in its sole discretion, (iii) the DIP Charge, (iv) the Administration Charge, and (v) the Critical Suppliers Charge. (f) the Borrowers shall not enter into any other credit facility or loan arrangements that would be secured in priority to or pari passu with the DIP Loan;

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	<ul style="list-style-type: none"> (g) the Borrowers shall not sell any of their assets outside of the ordinary course of business without the prior written consent of the DIP Lender or the approval of the Court; (h) the Borrowers shall not make any payments that are not included or provided for in the Cash Flow Projections without the written consent of the DIP Lender and the Monitor, each in their sole discretion; (i) the Borrowers shall update the Cash Flow Projections and provide a copy thereof to the DIP Lender and to The Toronto-Dominion Bank (the “Bank”), it being understood that such updated Cash Flow Projections, if approved, become the Cash Flow Projections for purposes hereof, and provided that such updated Cash Flow Projections conform to the requirements for Cash Flow Projections set out above in the section of this DIP Term Sheet entitled “Cash Flow Projections”; (j) the Borrowers shall provide a draft order, in form and substance satisfactory to the DIP Lender, and in consultation with the Bank, seeking the approval of a sale and solicitation process (“SISP”) for the Borrowers’ assets, by no later than March 7, 2025; (k) subject to the terms of any Court order, the Borrowers shall maintain insurance with respect to their property and business with financially sound and reputable insurance companies, of such kinds and in such amounts and against such risks as is customary for the business of the Borrower. The Borrower shall furnish to the DIP Lender, the Bank and the Proposal Trustee, on written request, confirmation that such insurance is carried, paid and current. For greater certainty, the Borrowers shall maintain in place all policies of property and fire insurance currently in place on the real property known municipally as 425 Melair Drive, Ayr, Ontario (the “Melair Property”); (l) the Borrowers shall promptly notify the DIP Lender, the Bank, and the Proposal Trustee of the occurrence of any Event of Default; and (m) the Borrowers shall promptly notify the DIP Lender, the Bank and the Proposal Trustee of any development or event that has had or could reasonably be expected to have a material adverse effect upon the Borrowers or their business or affairs.
SECURITY	<p>As continuing security (the “DIP Security”) for the prompt payment of all amounts payable by the Borrowers to the DIP Lender under the DIP Term Sheet and as continuing security for the due and punctual performance by the Borrowers of their existing and future obligations pursuant to the DIP Term Sheet, the Borrowers hereby grants, conveys, assigns, transfers, mortgages and charges as and by way of a fixed and specific security interest, mortgage and charge, to and in favour of the DIP Lender, all of their property, assets, rights and undertakings, real and personal, moveable or immovable, tangible and</p>

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	<p>intangible, intellectual property, legal or equitable, of whatsoever nature and kind, wherever located, both present and future, and now or hereinafter owned or acquired (collectively, the “Collateral”).</p> <p>The DIP Security shall be elevated by way of a Court-ordered super-priority charge (the “DIP Charge”) which the DIP Charge shall rank in priority on the Collateral in priority to any security interests, claims, or deemed trusts (statutory or otherwise) but subordinated to the Administration Charge and the security of the Toronto Dominion Bank with respect to the property municipally known as 425 Melair Drive, Ayr, Ontario, without any other formality or requirement, such as without limitation under the Personal Property Security Act (Ontario) or registrations in land registration office(s) or otherwise.</p>
<p>EVENTS OF DEFAULT</p>	<p>Each of the following shall constitute an Event of Default</p> <ul style="list-style-type: none"> (a) the Borrowers defaults on the payment of any amount due and payable to the DIP Lender (whether of principal, Interest or otherwise) pursuant to this DIP Term Sheet; (b) the Borrowers fails or neglects to observe or perform any term, covenant, condition or obligation contained or referred to in the DIP Term Sheet or any other document between the Borrowers and the DIP Lender; (c) the stay of proceedings expires without being extended or the Proceedings being dismissed or terminated or the Borrowers becoming subject to a proceeding in bankruptcy or receivership or similar insolvency proceeding, other than conversion of the Proceeding to a proceeding under the <i>Companies’ Creditors Arrangement Act</i>; (d) the entry of an order staying, amending, reversing, vacating or otherwise modifying or having a material adverse effect with respect to the DIP Loan or the DIP Charge, in each case without the prior written consent of the DIP Lender; (e) the Borrowers undertake any actions with respect to their assets, business operations and/or capital structure which would, in the sole determination of the DIP Lender, have a material adverse effect on the Borrowers or the Collateral; (f) if the Borrowers makes any payments of any kind not permitted by this DIP Term Sheet, or reflected in the Cash Flow Projections; (g) the occurrence of any other event or circumstance that has, or could reasonably be expected to have, a material adverse effect on either of the Borrowers or on the Collateral, including a material adverse change from the Cash Flow Projections as determined by the DIP Lender in its sole discretion; and (h) if there is a change in the ownership, control, existing senior operating management arrangements or governance of the Borrowers that is not acceptable to the DIP Lender. <p>Upon the occurrence of an Event of Default, without any notice, protest, demand or other act on the part of the DIP Lender, all indebtedness of the Borrowers to the DIP Lender shall become immediately due and payable and the DIP Lender shall be able to take</p>

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	all steps necessary to enforce its security. The DIP Lender shall also have the right to exercise all other customary remedies, including, without limitation, the right to enforce and realize on any or all of the Collateral, in each case, upon providing two (2) days prior written notice to the Borrowers and the Monitor, without the necessity of obtaining further relief or an order from the Court.
FEES AND EXPENSES	In addition to any principal and Interest owing under the DIP Loan, the DIP Lender shall be entitled to recover all of its reasonable professional fees and out-of-pocket costs incurred, whether incurred prior to or after the date of the Closing Date, as well as all expenses of the DIP Lender in connection with the ongoing monitoring, interpretation, administration, protection and enforcement of the DIP Loan, and the enforcement of any and all of its remedies at law (collectively, the “ DIP Expenses ”)
CONDITIONS PRECEDENT, TO ADVANCE	The conditions precedent to an advance under the DIP Loan, include but are not limited to: <ul style="list-style-type: none"> (a) the Court issuing an order approving the DIP Term Sheet and granting the DIP Charge, which order is under appeal and subject to any stay or injunction and shall not have been varied in any way without the consent of the DIP Lender; (c) the DIP Lender shall have received and approved the Cash Flow Projections; (d) the DIP Lender shall be satisfied that the Borrowers have complied with and are continuing to comply in all material respects with all applicable laws, regulations and orders of the Court in the Proceedings; (e) no Event of Default shall have occurred or shall be reasonably expected to occur; and (f) the representations and warranties made by the Borrowers in this DIP Term Sheet being true and correct as of the Effective Date of the advance.
ENTIRE AGREEMENT	This DIP Term Sheet constitutes the entire agreement between the parties relating to the subject matter hereof.
AMENDMENTS, WAIVERS, ETC.	No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder will operate as a waiver hereof or thereof unless made in writing and signed by an authorized officer of the DIP Lender. Any consent to be provided by the DIP Lender shall be granted or withheld solely in its capacity, and having regard to its interests, as DIP Lender. This DIP Term Sheet may be amended only if such amendment is in writing signed by the Borrowers and the DIP Lender.
ASSIGNMENT	This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Borrowers may not assign their rights and obligations under this Agreement without the written consent of the DIP Lender, acting reasonably. The DIP Lender’s rights and obligations under this Agreement are fully assignable to an affiliate of the DIP Lender without the consent of (but with prior notice to) the Borrowers. In addition, the DIP Lender’s rights and obligations under this Agreement are

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	<p>assignable, with the consent of the Borrowers, acting reasonably, before an Event of Default to any other entity, and are freely assignable, without the consent of the Borrowers (but with prior Notice to), after an Event of Default has occurred and is continuing. Each of the Borrowers hereby consents to the disclosure of any confidential information in respect of the Borrowers to any potential assignee provided such potential assignee agrees in writing to keep such information confidential. A copy of all Notices delivered pursuant to this section shall be delivered promptly to the Monitor.</p>
SEVERABILITY	<p>Any provision in this DIP Term Sheet which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and thereof or affecting the validity or enforceability of such provision in any other jurisdiction.</p>
COUNTERPARTS AND FACSIMILE SIGNATURES	<p>This Agreement may be executed in any number of counterparts and by facsimile or e-mail transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Agreement by signing any counterpart of it.</p>
NOTICES	<p>Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below:</p> <p>In the case of the DIP Lender:</p> <p>Randy Bowman Email: randy.b@jbtgroup.com</p> <p>In the case of the Borrowers:</p> <p>Attention: Denis Medeiros Email: denis.m@jbtgroup.com</p> <p>With a copy to:</p> <p>Reconstruct LLP 80 Richmond Street West, Suite 1700 Toronto, ON M5H 2A4</p> <p>Attention: Caitlin Fell and Jessica Wuthmann Email: cfell@reconllp.com / jwuthmann@reconllp.com</p> <p>In the case of the Bank:</p> <p>The Toronto-Dominion Bank 66 Wellington Street West, 12th Floor Toronto, Ontario M5K 1A2</p> <p>Attention: Daryl Coelho and Michael Vos Email: Daryl.Coelho@td.com / michael.vos@td.com</p>

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	<p>With a copy to:</p> <p>Miller Thomson LLP 40 King Street West, Suite 5800 Toronto, Ontario M5H 3S1</p> <p>Attention: Craig Mills and Matthew Cressatti Email: cmills@millerthomson.com / mcressatti@millerthomson.com</p> <p>In either case, with a copy to the Monitor:</p> <p>Dodick Landau Inc. 951 Wilson Avenue Unit 15L Toronto, ON M3K 2A7</p> <p>Attention: Rahn Dodick Email: rahn.dodick@dodick.ca</p> <p>In either case, with a copy to the Monitor's counsel:</p> <p>Loopstra Nixon LLP Richmond-Adelaide Centre 130 Adelaide Street West, Suite 2800 Toronto, Ontario M5H 3P5</p> <p>Attention: R. Graham Phoenix Email: gphoenix@LN.Law</p>
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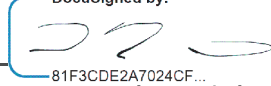
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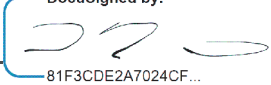
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FEBRUARY 5, 2025
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IN WITNESS HEREOF, the parties hereby execute this DIP Term Sheet as of the date first written above.

JBT TRANSPORT INC.,

DocuSigned by:
Per:  _____
81F3CDE2A7024CF...
Name: Denis Medeiros
Title: President

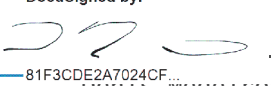
WAYDOM MANAGEMENT INC.

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Per:  _____
81F3CDE2A7024CF...
Name: Denis Medeiros
Title: President

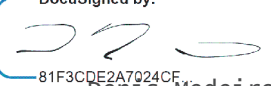
MELAIR MANAGEMENT INC.

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Per:  _____
81F3CDE2A7024CF...
Name: Denis Medeiros
Title: President

HERITAGE TRUCK LINES INC.

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Per:  _____
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Name: Denis Medeiros
Title: President

DRUMBO TRANSPORT LIMITED

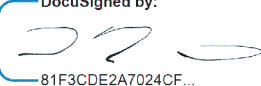
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Per:  _____
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Name: Denis Medeiros
Title: President

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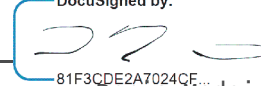
DEBTOR-IN-POSSESSION FINANCING

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HERITAGE NORTHERN LOGISTICS INC.


Per:  _____
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Name: Denis Medeiros
Title: President

HERITAGE WAREHOUSING & DISTRIBUTION INC.

Per:  _____
DocuSigned by:
81F3CDE2A7024CF...
Name: Denis Medeiros
Title: President

RANDY BOWMAN

WITNESS

DocuSigned by:
 _____
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Name: Jessica Wuthmann

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF JBT TRANSPORT INC., WAYDOM MANAGEMENT INC., MELAIR
MANAGEMENT INC., HERITAGE TRUCK LINES INC., DRUMBO TRANSPORT
LIMITED, HERITAGE NORTHERN LOGISTICS INC., AND HERITAGE
WAREHOUSING & DISTRIBUTING INC.

Court File No. CV-25-00736572-00CL

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

Proceeding commenced at **TORONTO**

**PRE-FILING REPORT OF
THE PROPOSED MONITOR**
(Filed in connection with an Application returnable
February 10, 2025)

LOOPSTRA NIXON LLP
130 Adelaide Street W., Suite 2800
Toronto, ON M5H 3P5

R. Graham Phoenix (LSO No.: 52650N)
Tel: (416) 748-4776
Email: gpoenix@LN.law

Shahrzad Hamraz (LSO No.: 85218H)
Tel: (416) 748-5116
Email: shamraz@LN.law

*Lawyers for the Proposed Monitor,
Dodick Landau Inc.*