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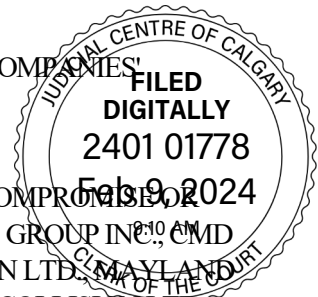
COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANT 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 FOR
ARRANGEMENT OF COLLISION KINGS GROUP INC., CMD
HOLDINGS INC., EAST LAKE COLLISION LTD., MAYLAND
HEIGHTS COLLISION LTD., SUNRIDGE COLLISION LTD.,
ARROW AUTO BODY LTD., CMD GLASS LTD., ROYAL VISTA
COLLISION LTD., STATHKO INVESTMENTS LTD., 219931
ALBERTA LTD., COLLISION KINGS 3 LTD., NICK'S REPAIR
SERVICE LTD., 10026923 MANITOBA LTD. and BUNZY'S AUTO
BODY LTD.

DOCUMENT

PRE-FILING REPORT OF FTI CONSULTING CANADA INC., IN
ITS CAPACITY AS PROPOSED MONITOR OF COLLISION
KINGS GROUP INC., CMD HOLDINGS INC., EAST LAKE
COLLISION LTD., MAYLAND HEIGHTS COLLISION LTD.,
SUNRIDGE COLLISION LTD., ARROW AUTO BODY LTD.,
CMD GLASS LTD., ROYAL VISTA COLLISION LTD., STATHKO
INVESTMENTS LTD., 219931 ALBERTA LTD., COLLISION
KINGS 3 LTD., NICK'S REPAIR SERVICE LTD., 10026923
MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

February 5, 2024

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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PRE-FILING REPORT OF THE PROPOSED MONITOR

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INTRODUCTION

1. FTI Consulting Canada Inc. (“**FTI**” or the “**Proposed Monitor**”) has been advised that Collision Kings Group Inc. (“**CKGI**”), CMD Holdings Inc. (“**CMD Holdings**”), East Lake Collision Ltd. (“**East Lake**”), Mayland Heights Collision Ltd. (“**Mayland Heights**”), Sunridge Collision Ltd. (“**Sunridge**”), Arrow Auto Body Ltd. (“**Arrow**”), CMD Glass Ltd. (“**CMD Glass**”), Royal Vista Collision Ltd. (“**Royal Vista**”), Stathko Investments Ltd. (“**Stathko Investments**”), 2199931 Alberta Ltd. (“**219 Alberta**”), Collision Kings 3 Ltd. (“**CK3L**”), Nick’s Repair Service Ltd. (“**Nick’s Repair**”), 10026923 Manitoba Ltd. (“**100 Manitoba**”) and Bunzy’s Auto Body Ltd. (“**Bunzy’s**”) (collectively, the “**Applicants**” or the “**Collision Kings Group**”) intend to make an application for an initial order (the “**Initial Order**”) to commence proceedings (the “**CCAA Proceedings**”) under the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) and establish an initial stay of proceedings (the “**Stay of Proceedings**”) in favour of the Applicants.
2. FTI also understands that the Applicants are proposing that the Court appoint FTI as Monitor in these CCAA Proceedings (FTI in such capacity, the “**Monitor**”).
3. This pre-filing report of the Proposed Monitor (the “**Pre-Filing Report**” or this “**Report**”) has been prepared (i) prior to, and in contemplation of its appointment as Monitor; and (ii) to provide information to the Court solely in respect of the relief sought by the Applicants at the hearing in respect of the Initial Order. Should FTI be appointed as Monitor, FTI intends to file a further report with the Court in its capacity as Monitor in respect of the relief being sought by the Applicants at the hearing to amend and restate the Initial Order (the “**Comeback Hearing**”).

PURPOSE

4. The purpose of this Report is to provide the Court and the Applicants’ stakeholders with information and the Proposed Monitor’s comments with respect to the following:

- a. background information with respect to the Applicants;
 - b. the qualifications of FTI to act as Monitor in these CCAA Proceedings;
 - c. a cash flow statement (the “**Cash Flow Statement**”) for the 8 week period ending March 31, 2024 (the “**Forecast Period**”) as well as the key assumptions on which the Cash Flow Statement is based;
 - d. the anticipated relief sought by the Applicants in the proposed Initial Order and the Proposed Monitor’s recommendations in respect of the same, including, among other things:
 - i. approval of an interim financing facility (the “**Interim Facility**”) to fund the continuation of the Collision Kings Group’s business and preserve its assets through the anticipated duration of these CCAA Proceedings;
 - ii. an order (the “**SISP Order**”) approving a sale and investment solicitation process (the “**SISP**”), including a stalking horse purchase agreement (the “**Stalking Horse APA**”) dated January 31, 2024 between the Applicants and Lift Auto Group Operating Corporation (the “**Lift**”); and
 - iii. granting certain Court-ordered charges (collectively, the “**Charges**”).
5. This Pre-Filing Report should be read in conjunction with the Affidavit of Shane Daerden sworn on January 30, 2024 (the “**Daerden Affidavit**”), which describes in more detail the Applicants’ operations and circumstances leading to their current situation.

TERMS OF REFERENCE

6. In preparing this report, the Proposed Monitor has relied upon certain information (the “**Information**”) including Applicants unaudited financial information, books and records and discussions with senior management of the Collision Kings Group (“**Management**”).
7. 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 comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
8. The Proposed Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
9. Future oriented financial information reported to be relied on in preparing this report is based on Management’s assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

OVERVIEW AND CAUSES OF INSOLVENCY

OPERATIONS

11. Collision Kings Group is a group of separate operating entities made up of ten collision repair shops and two autobody mechanic shops. The majority of the operations are located in Alberta with one collision shop being located in Saskatchewan and two collision shops being located in Manitoba.

12. An organizational chart for the Collision Kings Group is attached to this report as Appendix “A”.
13. CKGI is the ultimate parent entity having direct and full ownership of CMD Holdings, 219 Alberta, CK3L, Nick’s Repair, 100 Manitoba and Bunzy’s. These entities operations are as follows:
 - a. CMD Holdings – is the parent of the Alberta locations (the “**Alberta Locations**”) which include:
 - i. 5 collision shops in Calgary: (i) East Lake; (ii) Stathko Investments; (iii) Sunridge; (iv) Arrow and (v) Royal Vista;
 - ii. 2 autobody mechanic shops in Calgary: (i) CMD Glass and (ii) Mayland Heights;
 - iii. 219 Alberta which operations two collision shops, one in Lloydminster, AB and one in Lloydminster, SK; and
 - iv. CK3L which operates a collision repair shop in Grande Prairie, AB;
 - b. Nick’s Repair operates a collision shop in Neepawa, MB. The premises which Nick’s Repair operates out of is owed by 100 Manitoba; and
 - c. Bunzy’s which operations a collision repair shop in Winnipeg, MB (collectively, Nick’s Repair, 100 Manitoba and Bunzy’s are herein referred to as the “**Manitoba Locations**”).
14. All of the Alberta Locations operate under franchise agreements with CARSTAR Canada Partnership, LP (“**Carstar**”).

15. The Collision Kings Group currently employees approximately 120 full-time employees which includes highly skilled technicians and mechanics.
16. The operating locations are funded through separate loans with different lenders and each location operates independent, location-specific bank accounts. However, CKGI as the ultimate parent manages all entities and their respective finances.
17. Further details with respect to the operations of the Collision Kings Group is included in the Daerden Affidavit.

DEBT STRUCTURE

18. As at January 29 ,2024, the Collision Kings Group owes approximately \$14.9 million to its secured creditors and \$12.3 million to its unsecured creditors.
19. The Applicants' primary secured creditor is Toronto- Dominion Bank ("**TD Bank**"). TD Bank has issued secured loans (the "**TD Bank Loans**") to CMD Holdings, East Lake, Mayland Heights, Sunridge, CK3L, 219 Alberta and 2270683 Alberta Ltd ("**227 Alberta**"), who amalgamated with CMD holdings following a transaction in September 2020 (collectively, the "**TD Borrowers**").
20. Arrow, CMD Glass, Royal Vista, Stathko Investments and CKGI (collectively, the "**TD Guarantors**," and together with the TD Borrowers, the "**TD Loan Parties**") all provided various guarantees for the TD Borrowers. The TD Borrowers have granted cross-guarantees of each other's debt obligations to TD Bank.
21. As at January 29, 2024, the Collisions King Group is indebted to TD Bank for approximately \$12.9 million.
22. Royal Bank of Canada ("**RBC**") holds a secured loan for 100 Manitoba (the "**RBC Loan**"), as secured by a general security agreement and real property mortgage from 100 Manitoba. As at January 29, 2024, 100 Manitoba's secured indebtedness to RBC is in the amount of

approximately \$268,925 (plus \$60,000 unsecured). The RBC Loan is in respect of the building where Nick's Repair operates its collision shop.

23. Access Credit Union ("ACU") hold a secured loan for Bunzy's (the "ACU Loan"), as secured by a general security agreement and real property mortgage from Bunzy's. As at January 29, 2024, Bunzy's secured indebtedness to ACU is in the amount of \$515,359. The ACU Loan is in respect of the building where Bunzy's operates its collision shop.
24. The Collision King Group's liabilities are comprised of the following as of January 29, 2024:
 - a. Secured liabilities include:
 - i. TD Bank Loans – \$12.9 million
 - ii. Royal Bank of Canada ("RBC") loans – \$268,925 (plus \$60,000 unsecured);
 - iii. Access Credit Union loans – \$515,359 (plus \$60,000 unsecured);
 - iv. 255318 Alberta Ltd. & Don Golden Autobody Ltd. – \$34,909
 - v. Matthew Stathikos Family Trust et al – \$525,000
 - vi. Garth and Gail White – \$100,000
 - vii. 5993092 Manitoba Ltd. and Rondex secured liabilities – \$572,917
 - b. Unsecured liabilities:
 - i. RBC - \$60,000

- ii. Access Credit Union - \$60,000
 - iii. Accounts payable – \$7.6 million
 - iv. Axalta Coating Systems Canada Company (“Axalta”) and Rondex – jointly owed approximately – \$3.75 million
 - v. Axalta trade accounts payable - \$230,772
 - vi. Carstar franchise fee – \$400,112
25. The Collision Kings Group’s capital structure is described further in the Daerden Affidavit. As at January 29, 2024, the aggregate book value of the Collision Kings Group’s assets was approximately \$7.2 million and the aggregate book value of its liabilities was approximately \$27.2 million.

CAUSES OF INSOLVENCY

26. Global shutdowns stemming from COVID-19 have led to significant disruptions to the global supply chain and various other global events have made the sourcing of auto parts difficult. As a result, the Collision Kings Group has experienced delays in its ability to acquire the parts necessary to complete repairs at its collision shops.
27. The delays that were experienced in sourcing parts have led to additional operating costs including, but not limited to, increased labour costs, carrying costs and increased car rental fees. These additional costs have significantly reduced the Collision Kings Group’s profit margins.
28. In the fall of 2021, certain of the operating locations took on more debt to meet ongoing liquidity needs and through TD Bank applied for HASCAP loans which totaled \$3.25 million.

29. With supply chain shortages continuing through 2023, the additional cash injection provided by the HASCAP loans were not sufficient to correct the Collision Kings Group's operating deficiencies. The Collision King's Group and no longer meet their debt obligations as they come due. The Proposed Monitor understands that the Collision Kings Group is urgently seeking the Court-ordered relief described herein in order to avoid a liquidity crisis that would prevent it from restructuring or selling its business and/or assets.

PROPOSED MONITOR

30. FTI is a trustee within the meaning of section 2 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and is not subject to any of the restrictions on who may be appointed as Monitor of the Applicants pursuant to section 11.7(2) of the CCAA.
31. The senior FTI personnel with carriage of the matter are Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees and have experience acting in restructuring matters of this nature and scale.
32. Neither FTI, nor any of its representatives, have been, at any time the two proceeding years:
- a. a director, officer or employee of the Collision Kings Group;
 - b. related to the Collision Kings Group or to any director or officer of the Collision Kings Group; or
 - c. the auditor, accountant or legal counsel, or a partner or employee of the auditor accountant or legal counsel of the Collision Kings Group.
33. FTI was initially engaged on November 14, 2023, to perform a business review for TD Bank and assist the Collision Kings Group in considering restructuring options, reporting to TD Bank in regards to the Collision Kings Group's finances and operations and to assist

in preparing for a potential restructuring filing. During the course of this mandate, FTI has, among other things:

- a. participated in numerous meetings and discussions with Management and the Collision Kings Group's legal advisors in connection with the Collision Kings Group's business and financial affairs generally and in connection with the preparation of the Cash Flow Statement;
- b. participated in numerous meetings and discussions with the Collision Kings Group and its legal advisors in connection with the relief to be requested in these CCAA Proceedings;
- c. engaged legal counsel in Canada who have also participated in certain of the above meetings;
- d. obtained and reviewed financial and certain other information produced by the Collision Kings Group, relating to its operations, cash flow forecast and financial situation;
- e. attended a number of the Collision Kings Group's operating locations as part of its review of the Collision Kings Group's business;
- f. participated in discussions with the Collision Kings Group and its legal counsel with regards to the Stalking Horse APA and the negotiations of such agreement with Lift as well as discussions in regards to the marketing process undertaken by the Collision Kings Group prior to these CCAA Proceedings;
- g. assisted the Collision Kings Group in developing the SISP and the procedures to be undertaken by the Proposed Monitor, with assistance from the Collision Kings Group, to market the business and assets of the Collision Kings Group in these CCAA Proceedings;

- h. assisted the Collision Kings Group in assessing the quantum of potential claims against its directors and officers; and
 - i. prepared this Pre-Filing Report.
- 34. Since being engaged FTI has become familiar with the business and operations of the Applicants and the key stakeholders in the proposed CCAA Proceedings and is in a position to immediately act as Monitor if appointed by this Court.
- 35. FTI has provided its consent to act as Monitor in these CCAA Proceedings at Appendix “B”.

INTERIM FACILITY

- 36. As reflected in the Cash Flow Statement, the Applicants are unable to pay current and ongoing obligations without a significant cash infusion in the coming weeks. Accordingly the Applicants, are seeking approval of a financing term sheet (the “**Interim Financing Term Sheet**”) between CMD Holdings, East Lake, Mayland Heights, Sunridge, 219 Alberta, CK3L, Arrow, CMD Glass, Royal Vista and Stratko Investments collectively as borrowers (and in such capacity, the “**Borrowers**”) and TD Bank as lender (in such capacity, the (“**Interim Lender**”), pursuant to which the Interim Lender will make the Interim Facility available to the Borrowers, subject to the terms and conditions set out in the Interim Financing Term Sheet, in the maximum principal amounts of \$1.125 million.
- 37. The Proposed Monitor understands that the terms of the Interim Financing Term Sheet include, among others, the following:

- a. **Interim Lender's Charge:** the Interim Lender's Charge must have been granted in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise for all Applicants, subject only to the Administration Charge. For greater certainty, the Interim Lender's Charge shall be granted priority over the assets of 100 Manitoba and Bunzy's of which TD Bank's indebtedness is currently subordinated to amounts owed to RBC in respect of 100 Manitoba and ACU in respect of Bunzy's;
- b. **Term:** the Interim Facility will be available until the earliest of four months from the date of the initial advance under the Interim Facility (the "**Maturity Date**") and any other Termination Date (as defined in the Interim Financing Term Sheet). The Termination Date will be the date which is the earliest to occur of the following: (i) the Maturity Date; (ii) the termination of the SISP; (iii) the date of the closing of a sale of all or a portion of the property of the Borrowers pursuant to the SISP; (iv) the date of a liquidity event, reorganization event or change of control pursuant to the SISP and/or an approval and vesting order; (v) the date of a Event of Default (as defined in the Interim Financing Term Sheet) occurs or is discovered to have occurred and the Interim Lender has terminated the Interim Facility by notice to the Borrowers; or (vi) the date (unless otherwise waiver or consented to by the Interim Lender subject to (iv) on which all or any of the Borrowers undertake a liquidity event, reorganization event or change of control;
- c. **Interest:** Interest will accrue on principal amounts outstanding under the Interim Facility at a rate equal to TD Bank's Prime Rate plus 4.8% and will be capitalized monthly and payable on the Termination Date. At the date of this Pre-Filing Report interest would accrue at a rate of 12% per annum;

- d. **Additional Fees:** the Borrowers shall pay all of the Interim Lender's out of pocket disbursements and any costs of realization or enforcement relate to the Interim Facility and a commitment fee of \$25,000 to be paid upon termination of the Interim Facility.

- 38. The Collision Kings Group requires access to the Interim Facility to, among other things, provide stability to continue ongoing operations and to run a sales and investment solicitation process. TD Bank, as the Collision Kings Group's senior secured lender, has continued to support the operations of the Collision Kings Group over the past several months providing increases to the Collision Kings Group's operating facility in order to fund the Collision Kings Group's operations.

- 39. In the Proposed Monitor's view:
 - a. the financing contemplated by the Interim Financing Term Sheet is necessary to fund the Applicants' operations and restructuring. The Stalking Horse APA has various going-concern provisions which require the Collision Kings Group to maintain its current operations, the Interim Financing will enhance the Applicants' prospect of achieving a viable restructuring outcome or sale. Absent the funding available under the Interim Financing Term Sheet, the Collision Kings Group would be forced to cease all operations due to lack of liquidity; and

 - b. the Proposed Monitor reviewed a database of approximately 180 interim financings approved in insolvency proceedings and can advise that proposed terms (interest rate, fees, etc.) in the Interim Financing Term Sheet are customary and in line with those approved in prior CCAA restructurings.

CASH FLOW STATEMENT

40. As described more fully in the Daerden Affidavit, the Collision Kings Group maintains a centralized cash management system to consolidate and track funds for all of the Applicants.
41. The Proposed Monitor has reviewed the Collision Kings Group's cash management arrangements and can confirm the importance of these systems for the continuation of the Collision King Group's business and operations. Replacement of the cash management system would be costly and unviable from a short-term operational perspective. Accordingly, the Proposed Monitor supports the Collision King Group's request to continue to operate its existing cash management system throughout these CCAA Proceedings.
42. The Collision Kings Group, in consultation with the Proposed Monitor, has prepared the Cash Flow Statement to set out the liquidity requirements of the Collision Kings Group during the Forecast Period for the 8 weeks ending March 31, 2024. The Cash Flow Statement and Management's report on the cash-flow statement as required by section 10(2)(b) of the CCAA are attached hereto as Appendix "C". The Cash Flow Statement is summarized in the following table:

Collision Kings Group Ltd.

CCAA 8-Week Cash Flow

Weeks Commencing (Monday) (CAD)	Initial Stay		Cash Flow Statement
	Feb 07 to Feb 18	Feb 19 to Mar 31	8-Week Total
Forecast Week	2-Weeks	6-Weeks	
RECEIPTS			
Receipts	295,000	2,876,000	3,171,000
DISBURSEMENTS			
<i>Operating Disbursements</i>			
Payroll + Source Deductions	[2] (370,000)	(1,140,000)	(1,510,000)
Rent	[3] -	(178,104)	(178,104)
Operating Expenses	[4] (21,927)	(169,311)	(191,238)
Parts Purchases	[5] (597,000)	(1,310,000)	(1,907,000)
<i>Total Operating Disbursements</i>	(988,927)	(2,797,415)	(3,786,342)
Net Operating Cash Flow	\$ (693,927)	\$ 78,585	\$ (615,342)
<i>Non-Operating Receipts & Disbursements</i>			
Professional Fees	[6] (220,000)	(415,000)	(635,000)
<i>Total Non-Operating Receipts & Disbursements</i>	(220,000)	(415,000)	(635,000)
NET CASH FLOWS	\$ (913,927)	\$ (336,415)	\$ (1,250,342)
CASH			
Beginning Balance	\$ 421,963	\$ 8,036	\$ 421,963
Interim Financing (Draw)	[7] 500,000	425,000	925,000
Net Cash Inflows / (Outflows)	(913,927)	(336,415)	(1,250,342)
ENDING CASH	\$ 8,036	\$ 96,621	\$ 96,621
INTERIM FINANCING FACILITY			
Opening	\$ -	\$ 500,000	\$ -
Draw/ (Repayment)	500,000	425,000	925,000
ENDING INTERIM FINANCING FACILITY	\$ 500,000	\$ 925,000	\$ 925,000

43. The Cash Flow Statement estimates that during the 12 day period ending February 18, 2024, the Collision Kings Group will have a net cash loss from operations of approximately \$694,000 and a net cash loss of \$913,927 after professional fees. The Interim Financing required to operate through the initial stay of proceedings is estimated to be \$500,000.

44. The Cash Flow Statement estimates that during the 8 week ending February 18, 2024, the Collision Kings Group will have a net cash loss from operations of approximately \$615,342 and a net cash loss of \$1,250,342 after professional fees. The funding required to operate through the 8 week period is estimated to be \$925,000. The Proposed Monitor notes that the amount of Interim Financing (\$1.125 million) being offered by the Interim Lender is sufficient to satisfy the liquidity needs estimated in the Cash Flow Statement.
45. The Cash Flow Statement is based on the following key assumptions:
- a. receipts are forecasted to include existing accounts receivable, revenue to be generated during these CCAA Proceedings. Timing of collections is based on historical monthly trends and known payment cycles of insurance companies. It is critical to ongoing operations that customers (in particular insurance companies) continue to make payments to the Collision Kings Group under normal historical payment terms;
 - b. payroll and source deductions are paid semi-monthly, consisting of amounts due to current employees and the Canada Revenue Agency for source deductions;
 - c. rent includes amounts owing for monthly rent of the Applicants' leased operating locations;
 - d. operating expenses include amounts for equipment and vehicle leases, contractual employee benefits and other miscellaneous general and administrative monthly expenses including contractual licensing amounts owed to Carstar;
 - e. parts purchases relate to the purchase of parts and materials to complete ongoing and forecast vehicle repairs for customers;
 - f. professional fees include amounts to be paid to the Proposed Monitor, Proposed Monitor's counsel and the Collision Kings Group's legal counsel; and

- g. Interim Financing consists of advances under the Interim Facility.
46. The Cash Flow Statement shows an ending cash balance for the period ending March 31, 2024 of approximately \$96,000 with \$925,000 drawn in the Interim Financing.

SALE AND INVESTMENT SOLICITATION PROCESS

47. One of the central objectives of these CCAA Proceedings is to implement the SISP in order to divest some or all of the Applicants' businesses and assets. Due to the liquidity constraints being faced by the Applicants, the SISP was designed to be completed with an expediated timeline to minimize necessary funding requirements while maintaining the going concern value of the Applicants' business.
48. A copy of the SISP is attached as Schedule "A" to the proposed Initial Order.
49. The key components of the SISP as proposed by the Applicants include the following:
- a. the SISP shall be conducted by the Monitor, with assistance from the Applicants, to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Applicants' business operations or property;
 - b. the Applicants, with input from the Monitor, will prepare a list of potential bidders (the "**Known Potential Bidders**") who may have interest in a transaction;
 - c. the Monitor will send a package to the Known Potential Bidders which includes (i) a process summary ("**Teaser**"); and (ii) a non-disclosure agreement ("**NDA**");
 - d. the Monitor will set up a virtual data room containing due diligence materials, a form of purchase and sale agreement based on the Stalking Horse APA and an estimate of the total purchase price set out in the Stalking Horse APA;

- e. to participate in the SISP, interested parties must deliver to the Monitor: (i) an executed NDA; (ii) a letter setting forth the identity, contact information and disclosure of direct and indirect principals of the interested party; and (iii) financial disclosure and credit quality support which is sufficient for the Monitor and the Collision Kings Group to make a reasonable determination as to the party's financial and other capabilities to complete a transaction with respect to the business and/or assets of the Collision Kings Group;
- f. upon the submission of the previously listed documents, the Applicants and the Monitor will make a determination if the interested party has the financial capabilities to consummate a purchase or investment pursuant to the SISP and will advise the interested party if they have been deemed a qualified bidder ("**Qualified Bidder**"). Once deemed a Qualified Bidder the party will be granted access to the virtual data room;
- g. by March 8, 2024 (the "**Bid Deadline**") Qualified Bidders will be required to submit a binding bid to the Monitor. In order to constitute a qualified binding bid ("**Qualified Bid**"), each bid must be received by 5:00 PM Calgary time on the Bid Deadline and include or provide for, among other things:
 - i. a letter stating that the Qualified Bid is irrevocable until the selection of the Successful Bid (as defined below), provided that if such Qualified Bidder is selected as the Successful Bidder (as defined below), its offer shall remain irrevocable until the closing of the proposed transaction;
 - ii. duly authorized and executed transaction agreements, substantially in the form provided in the data room, including purchase price, investment amount and other key economic terms expressed in Canadian dollars (the "**Qualified Bid Price**") together with all exhibits and schedules;

- iii. written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction;
- iv. the bid is not conditioned on: (i) the outcome of any unperformed due diligence other than diligence which was reliant on proprietary or sensitive competitive information which was withheld from the Qualified Bidder; or (ii) obtaining financing;
- v. the full identify of each entity that will be entering into the transaction or that is participating or benefiting from such bid;
- vi. a payment in the amount of a deposit (the “**Deposit**”) in an amount not less than 20% of the Qualified Bid Price by the Bid Deadline. In the event of a sale proposal, the Deposit shall be non-refundable;
- vii. acknowledgements and representations that the Qualified Bidder: (i) has had an opportunity to conduct any and all diligence (apart from due diligence which is reliant on materials that represent proprietary or sensitive competitive information which was withheld from the Qualified Bidder); (ii) it has relied solely on its own independent review, investigation and/or inspection of any documents and/ or the subject property in making its bid; and (iii) it did not rely on any written or oral statements, representations, warranties or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the business or property except as expressly stated in the definitive transaction agreement;
- viii. the bid and Deposit were received by the Bid Deadline; and
- ix. the bid contemplates the closing of the transaction no later than March 29, 2024;

- h. if no Qualified Bid superior to the Stalking Horse APA has been received by the Bid Deadline, the SISP will be terminated and the Staking Horse Bid will be deemed the Successful Bid (as defined below);
 - i. the SISP includes a Stalking Horse APA for the Vendors (as defined below) which make up the majority of the Collision Kings Group’s operations. The businesses not included in the Stalking Horse APA are Mayland Heights, CMD Glass and Royal Vista (the “**Residual Businesses**”). For any of the Residual Businesses where a Qualified Bid is not made, the Residual Businesses will be wound down upon the completion of the SISP. For clarity, providing the Stalking Horse APA is approved by the Court, the Stalking Horse APA is deemed to be a Qualified Bid.
 - j. if one or more of the Qualified Bids, other than the Stalking Horse APA, has been received for the business or property of the Residual Businesses, the Monitor may designate the applicable Qualified Bids as the respective Successful Bids for the applicable business and/or property; and
 - k. if one or more Qualified Bids are received by the Bid Deadline, the Monitor may (i) designate one of the Qualified Bids as the “**Successful Bid**” or (ii) proceed with an auction (the “**Auction**”) to be conducted in accordance with the terms of the SISP. Any successful bid(s) selected within the Auction shall constitute a **Successful Bid**.
50. For ease of reference, the key dates under the SISP as summarized as follows:

Milestone	Deadline
Debtors to create list of Known Potential Bidders	February 7, 2024
Monitor to prepare and have available for Potential Bidders the Data Room	February 7, 2024
Monitor to distribute Teaser Letters and NDAs to Known Potential Bidders	February 10, 2024
Bid Deadline	March 8, 2024

Auction (if required)	March 13, 2024
Transaction Approval Application Hearing (if required)	March 18-22, 2024
Closing Date Deadline (other than the Stalking Horse APA)	March 29, 2024

51. The Proposed Monitor’s views on the SISP are as follows:

- a. the SISP procedures were developed with input from the Proposed Monitor, who has considerable experience in marketing businesses of this scale in a restructuring context;
- b. the timeframe contemplates a 4 week process to solicit purchasers or investors in the business. The Proposed Monitor notes that this timeline is reasonable and appropriate for the following reasons:
 - i. the Collision Kings Group has limited tangible assets, the value of the business is in its ongoing operations (e.g. employee workforce, relationships with insurance companies, ongoing customer repair work). In order to maximize value to stakeholders it is critical that such going concern value is preserved. There is significant concern that a lengthy process within a CCAA filing could erode going concern value. For example, insurance companies may reduce the vehicles they refer to the Collision Kings Group for repair during the process due to operational uncertainty, which would negatively impact liquidity and the ability to retain employees. In the Proposed Monitor’s view, the longer the CCAA continues the more risk there is to the Collision Kings Group’s ability to preserve going concern operations. This risk increases exponentially after 30 days in CCAA protection due to the time it takes to repair vehicles already scheduled or under repair versus the need for new vehicles to come into the shops.

- ii. Furthermore, the Stalking Horse APA includes conditions requiring the Collision Kings Group to maintain going concern operations. In the Proposed Monitor's view the risk of not meeting these conditions is substantially increased after 30 days.
 - iii. The jobs of approximately 120 employees rely on the successful going concern sale of the business. Due to the nature of the business there is significant risk that the going concern value of the business will be lost or significantly eroded after 30 days in CCAA protection.
 - iv. There are significant operational and professional fee cost requirements to maintain operations during these CCAA Proceedings. The Collision Kings Group has limited liquidity, and the Interim Facility, if approved, is forecast to provide adequate funding through March 29, 2024; and
 - v. As described in the Daerden Affidavit, the Collision Kings Group has spent considerable efforts over the past 12 months running its own sale and investment solicitation process. These efforts targeted the most likely buyers/investors and culminated in entering into the Stalking Horse APA. Therefore the market for the business has already been actively tested. Accordingly, a truncated SISP timeline within the CCAA is supportable.
- c. the bidding requirements, as described in the SISP, are reasonable in the circumstances as they provide sufficient hurdles to ensure that interested parties are credible, have the willingness and ability to consummate a transaction, but are not unduly burdensome to discourage participation by potential bidders. The SISP timeline strikes a balance between the need to progress quickly to maintain going concern value while giving serious financially capable buyers/investors the opportunity to participate;

- d. the expedited timeline set forth in the SISP was designed in order to reach a transaction prior to the Applicants' operating cash and availability under the Interim Facility being exhausted. The Proposed Monitor notes that the above SISP timelines are not inconsistent with prior CCAA processes where circumstances necessitated an expedited process;
 - e. the process for preparation and distribution of the information in the SISP, are reasonable in the circumstances and will provide for broad dissemination of the opportunity to the market;
 - f. the Stalking Horse APA is intended to either enhance the potential bid values or, in the event there are no additional Qualified Bids received prior to the Bid Deadline, facilitate the expedited conclusion of a sale transaction. Further details and commentary in respect of the Stalking Horse APA are set out in the following section of this Report; and
 - g. the SISP is a fair and transparent marketing process designed to identify the highest and best offers for the Collision Kings Group's business operations and property and to maximize recoveries.
52. In the Proposed Monitor's view, the SISP terms and timeframe are reasonable in the circumstances and afford the Applicants with an opportunity to achieve a successful sale or restructuring transaction within the constraints of the operating environment and interim financing available. The Proposed Monitor supports approval of the SISP.

STALKING HORSE APA

53. The SISP contemplates Court approval of the Stalking Horse APA, which the Applicants believe provide several benefits:

- a. provides stability to the process and additional assurance to employees, customers, landlords and other stakeholders that there is a buyer for the majority of the business with employment being offered to the majority of the Collision King Group's employees;
 - b. sets an initial floor price for other bidders to reduce time spent with "low ball" bidders. It also provides a minimum return to creditors, provided that the Stalking Horse APA conditions are met;
 - c. allows for a transparent, structured and efficient process allowing for recoveries to be optimized in the circumstances, considering liquidity constraints and the operating nature of the business.
54. A copy of the Stalking Horse APA is attached as Exhibit "72" in the Daerden Affidavit.
55. The key commercial terms of the Stalking Horse APA are as follows:
- a. the purchase of all of the property and assets of 219 Alberta, CK3L, Arrow, Sunridge, East Lake, Strathko Investments, Nick's Repair, 100 Manitoba, Bunzy's and CMD Holdings (collectively, the "**Vendors**"). All of the property and assets of the Vendors relating to the Business other than the Excluded Assets (as defined in the Stalking Horse APA) (the "**Purchase Assets**") are to be sold on an "as is where is basis" and include, but are not limited to:
 - i. the Vendors' right, title and interest in the Assumed Contracts (as defined below);
 - ii. the Vendors' equipment and personal property;
 - iii. the real property of Nick's Repair and Bunzy's;

- iv. the Vendors' inventory;
 - v. the Vendors' accounts receivable; and
 - vi. the Vendors' work in progress;
- b. a purchase price (the "**Purchase Price**") consisting of the following:
- i. six million six hundred and sixty thousand dollars (\$6,660,000) in cash;
 - ii. the value of the working capital at the closing date (the "**Closing Date Working Capital**"). The Closing Date Working Capital includes the value of following, except for Nick's Repair, 100 Manitoba or Bunzy's: (i) work in progress, at cost; (ii) value of prepaid expenses; and (iii) accounts receivable first reduced by an amount equal to any rebates payable in connection with such accounts receivable and then subject to considered at a 30% discount to book value;
 - iii. the amounts owing on certain loan agreements of Nick's Repair and Bunzy's as of the closing date as described in the Daerden Affidavit (estimated to be approximately \$695,000);
 - iv. the total consideration contemplated in the Purchase Price includes amounts that are yet to be finalized. For purposes of providing a reference to potential bidders, the Monitor will prepare an estimate of the expected total consideration in the Purchase Price (the "**Estimated Total Consideration**"). The Estimated Total Consideration will be shared on a confidential basis in the data room and will be used to compare any Qualified Bids against the Stalking Horse APA for determination of the need for an Auction to determine the Successful Bid with respect to the Purchased Assets;

- c. the assumption of contracts, including, the real property leases of the Vendors as well as various other contracts as further described in the Stalking Horse APA (collectively, the “**Assumed Contracts**”);
 - i. the provision in the Stalking Horse APA in regards to the Assumed Contracts requires the assignment to Lift of all of all of the Vendors rights, benefits, interests and obligations in, to and under the Assumed Contracts;
 - ii. the Applicants’ intend to seek approval of the assignment of the Assumed Contracts at the Comeback Hearing and the Monitor intends to provide its views on the reasonableness of the assignments in a future report;
- d. the exclusion of all liabilities (the “**Excluded Liabilities**”), other than the certain assumed liabilities. The Excluded Liabilities include, but are not limited to:
 - i. the license agreements and intellectual property belonging to Carstar;
 - ii. all agreements between the Vendors and Axalta Coating Systems , LLC; and
 - iii. any employee benefit or medical benefit plan(s) or agreement(s) to which the Vendors are a party to or are bound by (the “**Benefit Plans**”). The full definition of the Benefit Plans and what which programs are included can be found in the Stalking Horse APA;
- e. going concern provisions which are intended to ensure that the Vendors’ operations are maintained to a level similar to current ordinary course. These conduct of business provisions include, but are not limited to:
 - i. revenue of \$1.5 million for the four (4) week period ending on March 8, 2024, or such other date as determined by the Monitor and the Purchaser;

- ii. no greater than 10% (or 12) full time employees (other than certain excluded employees) being unable or unwilling to accept employment with the Purchaser;
- iii. the following general operational requirements:
 - 1. preserve and maintain any Purchased Assets;
 - 2. not sell, lease, license or transfer or otherwise dispose of, or agree to sell, lease, license, transfer or otherwise dispose of any of the Purchased Assets;
 - 3. make all necessary tax, governmental and other filings in a timely fashion;
 - 4. maintain and continue in force all insurance policies; and
 - 5. not amend, vary, cancel or terminate any of the Assumed Contacts or Permits;
- f. the anticipated closing date of the Stalking Horse APA is no later than five business dates after being selected as the Successful Bid; and
- g. the Stalking Horse APA provides that, in the event the Stalking Horse APA is not the Successful Bid, the Applicants will pay \$150,000 (the “**Break Fee**”) from the proceeds of any superior alternative bid.

56. The Proposed Monitor has been advised that due to the limited liquidity of the Applicants to fund these CCAA Proceedings, the Applicants intend to seek conditional approval to close the Stalking Horse APA, in the event it is selected as the Successful Bid, at the Comeback Hearing. Upon the Stalking Horse APA being selected as the Successful Bid,

the Monitor would file a certificate (the “**Stalking Horse Transaction Certificate**”) with the Court advising of the same and the Applicants’ would move to close the Stalking Horse APA. At the Comeback Hearing, the Applicants intend to seek an approval and vesting order (the “**AVO**”) with respect to the Stalking Horse APA which will be come effective upon the Monitor’s filing of the Stalking Horse Transaction Certificate.

57. The Proposed Monitor’s comments with respect to the Stalking Horse APA are as follows:
- a. it sets a baseline price that may result in superior bids under the SISP;
 - b. the Stalking Horse APA will provide a level of stability and assurance to stakeholder groups (including suppliers, employees, landlords, customers and other creditors) as to a going concern sale in respect of the Purchased Assets;
 - c. the majority of the on-going operations of Applicants are contemplated to be purchased by the Stalking Horse APA. If any of the Residual Businesses do not receive any bids during the SISP, they will be wound down;
 - d. Lift spent considerable time, resources and legal costs in preforming diligence on the potential transaction as well as drafting and negotiating the Stalking Horse APA. The payment of a break fee is justified in the circumstances;
 - e. the Proposed Monitor has assessed break fees approved in comparable proceedings and transactions and determined that the Break Fee provision of the Stalking Horse APA is in line with comparable transactions and is commercially reasonable in the circumstances;
 - f. the proposed mechanism of selecting the Stalking Horse APA as the Successful Bid and using the filing of a Monitor’s certificate to notify the Court of the completion of the SISP, with respect to the Purchased Assets, and the Applicants’ intention to closing the Stalking Horse APA has been used in similar circumstances where time

is of the essence. The Proposed Monitor views this proposed approach as reasonable given the Applicants' limited liquidity and the additional costs that would be incurred to extend these CCAA Proceedings for a separate application to have the Stalking Horse APA approved by this Court and have an approval and vesting order granted; and

- g. overall, the Stalking Horse APA provides a reasonable potential for a going concern transaction and sets price expectations for prospective bidders, which will assist in the efficiency of the SISP. The SISP provides a reasonable opportunity for alternative bidders to come forward with a superior offer. The SISP also appropriately reimburses Lift for certain fees and bid protections should a superior bid be selected in accordance with the SISP. The Proposed Monitor is of the view that the Stalking Horse APA is reasonable in the circumstances and will be accretive to the SISP.

COURT ORDERED CHARGES

ADMINISTRATION CHARGE

- 58. The proposed form of Initial Order provides for a charge in the amount of up to \$500,000 (the "**Administration Charge**"), covering the period before and after the granting of the Initial Order charging the assets of the Collision Kings Group, in favor of the Proposed Monitor, the Proposed Monitor's counsel and the Collision Kings Group's legal counsel as security for their professional fees and disbursements.
- 59. The Administration Charge initially only secures the fees and disbursements expected to be incurred by the foregoing professionals prior to and during the 10-day stay period prior to the Comeback Hearing.
- 60. The Proposed Monitor has reviewed: (i) the underlying assumptions upon which the Applicants have based the quantum of the proposed Administration Charge; (ii) the anticipated complexity of these CCAA Proceedings and the services to be provided by the

beneficiaries of the Administration Charge; and (iii) is of the view that the proposed quantum of the Administration Charge is reasonable and appropriate in the circumstances.

61. The Proposed Monitor believes it is appropriate for the beneficiaries to be afforded the Administration Charge as they will be undertaking a necessary and integral role in these CCAA Proceedings.

INTERIM FINANCING CHARGE

62. The Collision Kings Group is seeking an Order granting the Interim Lender a charge (the “**Interim Financing Charge**”) over all of the present and future assets, property and undertakings of the Applicants, in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, subject only to the Administration Charge. The Interim Financing Charge will secure all obligations owing to the Interim Lender under the Interim Facility, initially in the amount of \$600,000. An increase in the Interim Financing Charge to \$1.125 million will be sought at the Comeback Application.
63. The Proposed Monitor is of the view that the Interim Facility represents the necessary financing which will allow the Applicants to maintain ongoing operations. The increase in the charge from initial application to the comeback hearing aligns with the funding requirements estimated in the Cash Flow Statement.
64. The Proposed Monitor recommends that the Court approve the Interim Facility and the Interim Financing Charge as requested by the Applicants.

DIRECTORS’ CHARGE

65. The Initial Order provides for a charge over the Collision Kings Group’s property in favour of the directors and officers of the Applicants as security for the indemnity contained in the Initial Order for specified obligations and liabilities that the directors and officers may

incur after the commencement of these CCAA Proceedings (the “**Directors’ Charge**”). The Directors’ Charge will not exceed an aggregate amount of \$400,000.

66. Collision King Group’s directors and officers have the necessary background and knowledge that will be beneficial to the Applicants’ efforts to preserve value and maximize recoveries for stakeholders through the completion of these CCAA Proceedings.
67. The Proposed Monitor is of the view that the amount of the Directors’ Charge is reasonable in relation to the quantum of the estimated potential liability of the Collision Kings Group’s directors and officers in the period prior to the Comeback Hearing.

SUMMARY OF THE PROPOSED RANKINGS OF THE COURT-ORDERED CHARGES

68. If the proposed Initial Order is granted, the Charges would have the following ranking:
 - a. First – the Administration Charge in the amount of \$500,000;
 - b. Second – the Interim Financing Charge initially in the amount \$600,000, plus interest, costs and expenses, increasing to \$1.125 million at the comeback hearing; and
 - c. Third – the Directors’ Charge in the amount of \$400,000.
69. The Proposed Monitor believes that the Charges, including their proposed quantum and ranking, are required and reasonable in the circumstances of these CCAA Proceedings in order to preserve the going concern operations of the Collision Kings Group and maintain its enterprise value. The Proposed Monitor therefore supports the granting of the Charges as proposed by the Collision Kings Group.

ADDITIONAL RELIEF BEING SOUGHT AT COMEBACK HEARING

70. The Applicants intend to seek additional relief at the Comeback Hearing including;

- a. Extending the Stay Period to March 29, 2024;
 - b. Increasing the Interim Financing Charge to \$1.125 million, plus interest, costs and expenses;
 - c. Granting a fourth-ranking charge against the Applicants’ property for a retention and incentive plan (“**RIP**”) for individuals identified as critical to the operations and success of the CCAA Proceedings;
 - d. Declaring certain essential suppliers as critical in accordance with section 11.4 of the CCAA; and
 - e. The granting of a sale approval and vesting order (the “**SAVO**”).
71. The Proposed Monitor intends to file supplemental report prior to the Comeback Hearing with further analysis and recommendations with respect to the additional relief being sought.

CONCLUSION AND RECOMMENDATION

72. The Initial Order, will provide the Applicants with stability and, through the Interim Facility, the required liquidity to preserve value to complete the SISP and complete the successful transaction to maximize value for all stakeholders.
73. The SISP and Stalking Horse provide a fair and transparent process for identifying a restructuring transaction for the Applicants, subject to Court approval.
74. Based on the foregoing, the Proposed Monitor respectfully recommends that this Honourable Court grant the Initial Order, including;
- a. approval for the Interim Facility;

- b. approval of the CCAA Charges; and
- c. Approval of the SISP and the Stalking Horse APA.

All of which is respectfully submitted this 5th day of February 2024.

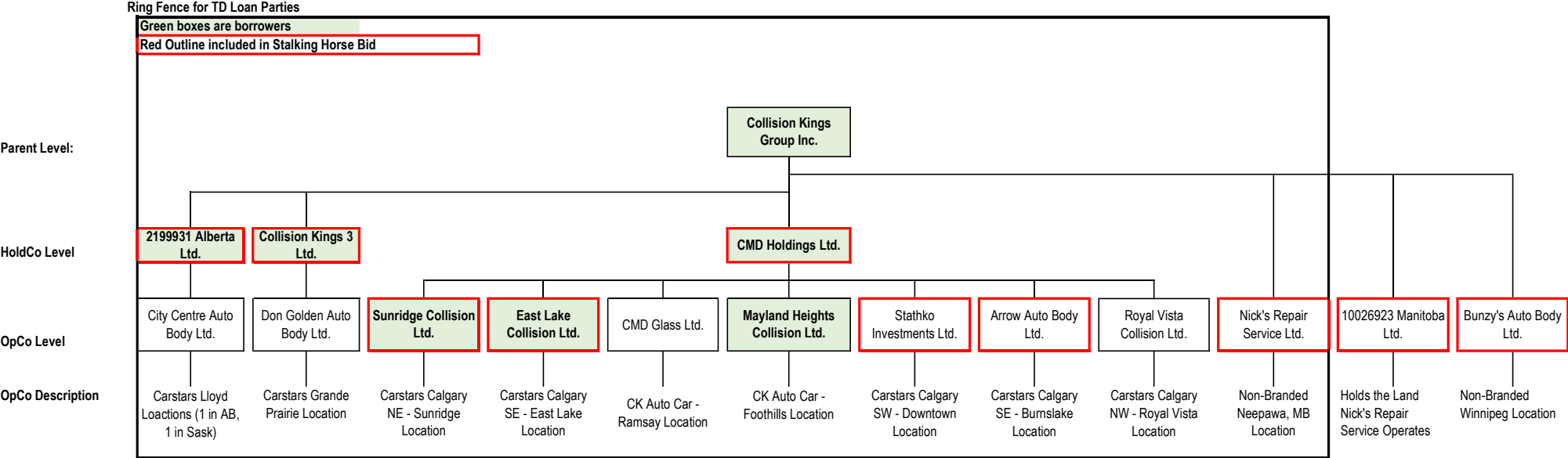
FTI Consulting Canada Inc.,
in its capacity as Proposed Monitor of
the Collision Kings Group
and not in its personal or corporate capacity



Dustin Olver, CA, CPA, CIRP, LIT
Senior Managing Director
FTI Consulting Canada Inc.

Appendix “A” – Collision Kings Group Organization Chart

**Collision Kings Group
Organizational Chart**



Pre-Filing Report of FTI Consulting Canada Inc.,
In its capacity as Proposed Monitor of Collision Kings Group

Appendix “B” – Consent to Act

Clerk's stamp:

COURT FILE NUMBER 2401-
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
RSC 1985, c C-36, as amended

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF COLLISION KINGS GROUP INC., CMD HOLDINGS INC., EAST LAKE
COLLISION LTD., MAYLAND HEIGHTS COLLISION LTD., SUNRIDGE
COLLISION LTD., 2199931 ALBERTA LTD., COLLISION KINGS 3 LTD.,
ARROW AUTO BODY LTD., CMD GLASS LTD., ROYAL VISTA COLLISION
LTD., STATHKO INVESTMENTS LTD., NICK'S REPAIR SERVICE LTD.,
10026923 MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

COLLISION KINGS GROUP INC., CMD HOLDINGS INC., EAST LAKE
COLLISION LTD., MAYLAND HEIGHTS COLLISION LTD., SUNRIDGE
COLLISION LTD., 2199931 ALBERTA LTD., COLLISION KINGS 3 LTD.,
ARROW AUTO BODY LTD., CMD GLASS LTD., ROYAL VISTA COLLISION
LTD., STATHKO INVESTMENTS LTD., NICK'S REPAIR SERVICE LTD.,
10026923 MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

DOCUMENT

CONSENT TO ACT AS MONITOR

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY
FILING THIS
DOCUMENT

Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 3rd Street SW
Calgary, Alberta, T2P 5C5

Telephone: (403) 351-2920
Facsimile: (403) 648-1151
Email: joliver@cassels.com / dmarechal@cassels.com

File No.: 55118-4

Attention: Jeffrey Oliver / Danielle Marechal

FTI Consulting Canada Inc. ("FTI") hereby consents to act as Court-appointed monitor of Collision Kings Group Inc., CMD Holdings Inc., East Lake Collision Ltd., Mayland Heights Collision Ltd., Sunridge Collision Ltd., 2199931 Alberta Ltd., Collision Kings 3 Ltd., Arrow Auto Body Ltd., CMD Glass Ltd., Royal Vista Collision Ltd., Stathko Investments Ltd., Nick's Repair Service Ltd., 10026923 Manitoba Ltd. and Bunzy's Auto Body Ltd. (collectively, the "**Applicants**") in respect of the within proceedings, subject to the granting of an initial order pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 substantially in the form affixed to the Applicants' Originating Application, subject to such changes as are acceptable to FTI.

DATED at Calgary, Alberta this 5th day of February, 2024.

FTI CONSULTING CANADA INC.

A handwritten signature in black ink, appearing to read "Dustin Olver", written in a cursive style with a long horizontal flourish extending to the right.

Name: Dustin Olver, CA, CPA, CIRP, LIT
Title: Senior Managing Director

Appendix “C” – Cash Flow Statement

Collision Kings Group

CCAA 8-Week Cash Flow

Weeks Commencing (Monday) (CAD)	Initial Stay		2/19/24 Forecast	2/26/24 Forecast	3/4/24 Forecast	3/11/24 Forecast	3/18/24 Forecast	3/25/24 Forecast	8-Week Forecast
	2/7/24 Forecast	2/12/24 Forecast							
Forecast Week	Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 6	Wk 7	Wk 8	Total
RECEIPTS									
Accounts Receivable	[1] \$ 158,000	\$ 137,000	\$ 523,000	\$ 185,000	\$ 954,000	\$ 532,000	\$ 523,000	\$ 159,000	\$ 3,171,000
Receipts	158,000	137,000	523,000	185,000	954,000	532,000	523,000	159,000	3,171,000
DISBURSEMENTS									
<i>Operating Disbursements</i>									
Payroll + Source Deductions	[2] -	(370,000)	-	(380,000)	-	(380,000)	-	(380,000)	(1,510,000)
Rent	[3] -	-	-	(178,104)	-	-	-	-	(178,104)
Operating Expenses	[4] (16,001)	(5,926)	(3,782)	(91,059)	(50,756)	(5,926)	(3,782)	(14,005)	(191,238)
Parts Purchases	[5] (204,000)	(393,000)	(131,000)	(121,000)	(272,000)	(262,000)	(262,000)	(262,000)	(1,907,000)
Total Operating Disbursements	(220,001)	(768,926)	(134,782)	(770,163)	(322,756)	(647,926)	(265,782)	(656,005)	(3,786,342)
Net Operating Cash Flow	\$ (62,001)	\$ (631,926)	\$ 388,218	\$ (585,163)	\$ 631,244	\$ (115,926)	\$ 257,218	\$ (497,005)	\$ (615,342)
<i>Non-Operating Receipts & Disbursements</i>									
Professional Fees	[6] -	(220,000)	-	-	(155,000)	-	-	(260,000)	(635,000)
Total Non-Operating Receipts & Disbursements	-	(220,000)	-	-	(155,000)	-	-	(260,000)	(635,000)
NET CASH FLOWS	\$ (62,001)	\$ (851,926)	\$ 388,218	\$ (585,163)	\$ 476,244	\$ (115,926)	\$ 257,218	\$ (757,005)	\$ (1,250,342)
CASH									
Beginning Balance	\$ 421,963	\$ 359,962	\$ 8,036	\$ 396,253	\$ 11,090	\$ 487,335	\$ 371,408	\$ 628,626	\$ 421,963
Interim Financing (Draw)	[7] -	500,000	-	200,000	-	-	-	225,000	925,000
Net Cash Inflows / (Outflows)	(62,001)	(851,926)	388,218	(585,163)	476,244	(115,926)	257,218	(757,005)	(1,250,342)
ENDING CASH	\$ 359,962	\$ 8,036	\$ 396,253	\$ 11,090	\$ 487,335	\$ 371,408	\$ 628,626	\$ 96,621	\$ 96,621
INTERIM FINANCING FACILITY									
Opening	\$ -	\$ -	\$ 500,000	\$ 500,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ -
Draw/ (Repayment)	-	500,000	-	200,000	-	-	-	225,000	925,000
ENDING INTERIM FINANCING FACILITY	\$ -	\$ 500,000	\$ 500,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 925,000	\$ 925,000

Collision Kings Group

Mark Jones, CFO

Notes:

Management of Collision Kings Group has prepared this Projected Cash Flow Statement solely for the purposes of determining the liquidity requirements of CKG during the period of February 7, 2024 to March 31, 2024. This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in Notes 1-7. Consequently, actual results will likely vary from actual performance and such variances may be material.

- [1] Estimated collections of existing and ongoing trade accounts receivable, with the timing of forecast receipts based on historical monthly trends and known payment dates for insurance companies.
- [2] Semi-monthly payroll (inclusive of ongoing payroll source deduction remittances).
- [3] Monthly rents for all leased locations.
- [4] Includes payments for certain equipment/vehicle leases, bank charges, employee benefits, and other fixed monthly expenses related to the operations of the business.
- [5] Payments relating to purchases of parts, new materials and services to complete repairs of vehicles.
- [6] Professional fees relate to the Company's legal counsel, the Proposed Monitor and Proposed Monitor's legal counsel.
- [7] Interim Financing consists of advances under the Interim Facility.