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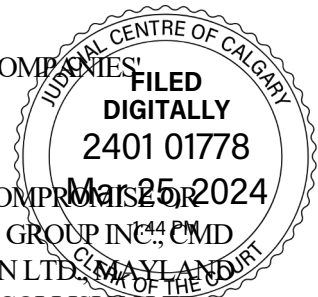
COURT OF KING'S BENCH OF ALBERTA

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 OR
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

SECOND REPORT OF FTI CONSULTING CANADA INC., IN ITS
CAPACITY AS 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.

March 21, 2024

ADDRESS FOR SERVICE AND
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SECOND REPORT OF THE MONITOR

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INTRODUCTION

1. On February 7, 2024, 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**”) were granted 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**”).

2. The Initial Order, established a stay of proceedings (the “**Stay of Proceedings**”) in favor of the Applicants until February 17, 2024, appointed FTI Consulting Canada Inc. as Monitor (the “**Monitor**”) in these CCAA Proceedings and granted, among other things, the following relief:
 - a. approved a sales and investment solicitation process (the “**SISP**”) and stalking horse purchase agreement (the “**Stalking Horse APA**”) dated January 31, 2024, between the Applicants and Lift Auto Group Operating Corporation (“**Lift**”);

 - b. authorized the Applicants the obtain and borrow funds up to \$600,000 under a credit facility (“**Interim Facility**”) from The Toronto Dominion Bank (“**Interim Lender**”) in order to finance the Applicants’ operations and restructuring efforts within the CCAA Proceedings;

- c. granted a second ranking charge over the Applicants' Property in favour of the Interim Lender to secure obligations under the Interim Facility ("**Interim Lender's Charge**");
- d. granted certain other court ordered priority charges for individuals identified as critical to the operations and success of these CCAA Proceedings namely:
 - i. first, an Administration Charge of \$500,000; and
 - ii. third, a Directors Charge of \$400,000;

(collectively, with the Interim Lender's Charge the "**CCAA Charges**").

- 3. At the comeback hearing held on February 14, 2024, this Court granted the following relief:
 - a. an amended and restated Initial Order (the "**ARIO**") which provided for among other things:
 - i. an increase to the Interim Facility and the Interim Lender's Charge from \$600,000 to \$1,125,000
 - ii. the granting a fourth-ranking charge against the Applicants' property for a retention and incentive plan ("**RIP**") I the amount of \$425,000;
 - iii. an extension of the Stay of Proceedings until and including March 29, 2024 (the "**Stay Extension**"); and
 - iv. a declaration that pursuant to section 5(5) of the Wage Earner Protection Program Act, S.C. 2005, c. 47, s.1 ("**WEPPA**") that the Applicants and their former employees meet the criteria established by section 3.2 of the Wage Earner Protection Program Regulations, SOR/2008-222 (the "**WEPP**");

Regulations”) as of the date of the granting of the Stay Extension and WEPPA Order; and

- b. a conditional sale approval and vesting order (the “**Stalking Horse SAVO**”) approving the Stalking Horse APA (including with any amendments resulting from the Stalking Horse Bidder’s participation in the Auction) and authorizing the Applicants to enter into the transaction contemplated therein, in the event the Stalking Horse APA is determined to be the Successful Bidder (as defined below).
4. On March 20, 2024, the Applicants filed a notice of application returnable on March 27, 2024 (the “**March 27 Application**”), seeking an order (the “**Stay Extension Order**”) requesting, among other things, the following relief:
- a. an extension of the Stay of Proceedings until and including July 25, 2024;
 - b. an increase in the amount of the Administration Charge to \$1.0 million;
 - c. directing the Applicants’ counsel to pay the proceeds (the “**Proceeds**”) from the Enhanced Stalking Horse APA (as defined below) to be held in trust by the Monitor;
 - d. authorizing and empowering (but not obligating) the Monitor to apply any part of the Proceeds to: (i) repay any amounts owing under the Interim Financing Facility; (ii) pay the professional fees of the Monitor, counsel to the Monitor, and counsel to the Applicants, in each case at their standard rates and charges; and/or (iii) pay any operating costs and wind down costs relating the business of the Applicants, as necessary; and
 - e. expanding the Monitor’s powers to allow the Monitor to execute, assign, issue and endorse documents in respect of the Property and /or Business.

PURPOSE

5. The purpose of this report (this “**Report**” or the “**Second Report**”) is to provide the Court and the Applicants’ stakeholders with information regarding the Applicants’ ongoing CCAA Proceedings and the Monitor’s comments with respect to materials filed by the Applicants in support of the March 27 Application:
 - a. a summary of the Monitor’s activities since its report dated February 9, 2024 (the “**First Report**”);
 - b. a summary of the Monitor’s administration of the SISP and results therefrom;
 - c. a summary of the Applicants actual cash receipts and disbursements for the 6 week period ending March 15, 2024, as compared to the Cash Flow Statement that was presented to this Court as attached to the Pre-Filing Report;
 - d. the Applicants’ second CCAA cash flow statement (the “**Second CCAA Cash Flow Statement**”) for the period commencing on March 16, 2024 and ending August 9, 2024; and
 - e. the Monitor’s conclusions and recommendations with respect to the relief requested by the Applicants at the March 27 Application.

TERMS OF REFERENCE

6. In preparing this report, the 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 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 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.

ACTIVITIES OF THE MONITOR

11. The Monitor's activities since the date of the First Report have included the following:
 - a. ongoing discussions with Management and the Collision Kings Group's legal counsel, MLT Aikins LLP, regarding the Applicants' business and financial affairs;
 - b. monitoring the Applicants' cash flows and ongoing operations;
 - c. various discussions with creditors;
 - d. participating in regular and frequent discussions with the Applicants and their legal counsel regarding on-going operations and the Applicants' progress with respect to the going concern conditions in the Stalking Horse APA;

- e. participating in discussions between the Applicants and Lift in regard to on-going operations and interim reporting for going concern provisions in the Stalking Horses APA;
- f. launching and executing the SISP in accordance with the SISP procedures approved by this Court on February 7, 2024;
- g. reviewing bids received from the SISP and running the Auction; and
- h. preparing this Report.

SALE INVESTMENT AND SOLICITATION PROCESS

ADMINISTRATION OF THE SISP

- 12. On February 9, 2024, as further described in the report dated February 5, 2024 (the “**Pre-Filing Report**”), the Monitor, in conjunction with the Applicants, began marketing the assets and business of the Collision Kings Group in accordance with the SISP.
- 13. The SISP included a bid deadline (the “**Bid Deadline**”) whereby potential bidders were required to deliver a binding bid (“**Qualified Bid**”) to the Monitor prior to 5:00 PM (Calgary time) on March 8, 2024.
- 14. A Qualified Bid was required to include, among other things:
 - a. a letter stating that the Qualified Bid is irrevocable until the selection of the Successful Bid (as defined below);
 - b. a form of an executable purchase and sale agreement, including purchase price, investment amount and other key economic terms together with all exhibits and schedules;

- c. a payment in the amount of a deposit (the “**Deposit**”), to be held in Trust by the Monitor, in an amount not less than 20% of the total consideration of the Qualified Bid by the Bid Deadline; and
 - d. contemplates the closing of the transaction no later than March 29, 2024.
- 15. A summary of the key elements of the SISP is as follows:
 - a. on February 9, 2024, the Monitor distributed a solicitation process package summarizing the opportunity (the “**Teaser**”) and containing a form of non-disclosure agreement (“**NDA**”) by way of a targeted email blast to approximately seventy-two (72) parties who were identified by the Monitor and Applicants as having either:
 - i. participated in the sale and investment solicitation process run by the Applicants in the 12 months leading up to the commencement of these CCAA Proceedings;
 - ii. operations relating to collision repair centres or the automotive industry generally and located in Canada or the United States; or
 - iii. previously been known to the Monitor as a financial investment party interested in distressed businesses and having the ability to transaction in the timelines laid out in the SISP;
 - b. posting of the Teaser on the Monitor’s website on February 9, 2024;
 - c. placement of advertisements to notify the market of the SISP and its key dates in the following publications:
 - i. Insolvency Insider on February 12, 2024; and

- ii. National Post and Collision Repair Magazine on February 14, 2024.
 - d. an additional ten (10) parties contacted the Monitor to seek information and requested a copy of the Teaser to further explore the opportunity;
 - e. all interested parties were required to: (i) execute an NDA, (ii) provide confirmation of the identity, contact information and direct and indirect principals of the interested party and (iii) provide support to allow the Monitor to determine the interested party's financial and other capabilities to complete a transaction. A total of six (6) parties provided the above items to the Monitor and were deemed to be a qualified bidder (the "**Qualified Bidders**") and granted access to the virtual data room;
 - f. a virtual data room was set up by the Monitor which contained financial and operational information in respect of the Applicants and their assets;
 - g. the Monitor maintained regular contact with the Qualified Bidders, including offering meetings with Management, offering the opportunity to tour the Applicants' auto body shops, assisting with due diligence and offering assistance in the structuring of a Qualified Bid;
 - h. two (2) parties attended certain of the Applicants' locations for site tours and to have meetings with Management; and
 - i. the Monitor sent out an email on February 22, 2024, to all parties who were sent the Teaser, or had expressed interest in the opportunity, to remind them of the pending Bid Deadline.
16. At the Bid Deadline, the Monitor received one (1) bid (the "**580 Manitoba Bid**") from 5807698 Manitoba Ltd. ("**580 Manitoba**") and determined it to meet the criteria laid out in the SISP procedures and deemed it to be a Qualified Bid.

17. The Monitor, in consultation with the Applicants, compared the 580 Manitoba Bid against the Stalking Horse APA to determine which transaction would result in higher recoveries to the Applicants' estate. In this comparison, the Monitor considered, among other things, the following:
 - a. the scope of the assets included;
 - b. the estimated recovery to the estate, including any potential reductions in consideration due to conditions within each offer;
 - c. additional costs to be borne by the estate in closing the 580 Manitoba Bid; and
 - d. the break-fee payable to Lift, in the event the Stalking Horse APA is not deemed the Successful Bid (as defined below).
18. Upon completing this comparison, the Monitor and Applicants determined that the 580 Manitoba Bid was superior to the Stalking Horse APA and the Applicants' executed the 580 Manitoba APA.
19. Having deemed the 580 Manitoba APA superior to the Stalking Horse APA, on March 11, 2024, the Monitor provided Lift with a copy of the 580 Manitoba APA and invited the Stalking Horse Bidder to participate in the auction (the "**Auction**") as contemplated in the SISP.
20. On March 12, 2024, Lift notified the Monitor, that it intended to participate in the Auction.
21. Subsequently on March 12, 2024, the Monitor notified Lift and 580 Manitoba that the Auction would be held on March 13, 2024, at the office of the Monitor's Counsel as contemplated in the SISP.

AUCTION

22. On March 13, 2024, the Auction was called to order at 10:00 AM (Calgary time) by Dustin Olver of the Monitor's office who acted as chair of the Auction. The Auction commenced with an announcement of the attendees, including Lift and 580 Manitoba (the "**Auction Bidders**") and their respective legal counsels.
23. The Auction began with both Auction Bidders confirming there was no collusion between the parties. Thereafter Mr. Olver, presented the bid contemplated by the 580 Manitoba APA as the starting bid.
24. Pursuant to the SISP and the auction procedures developed thereunder, Lift was given 30 minutes to confer and present an overbid which was required to be at a minimum \$200,000 greater than the Starting Bid. Within the given time frame, Lift returned and presented its initial overbid (the "**First Lift Overbid**").
25. Prior to the Auction, the Monitor held numerous discussions with Lift and 580 Manitoba in regard to the comparability of the Stalking Horse APA and the 580 Manitoba APA. There were a number of terms which varied slightly, including, but not limited to, treatment of working capital, holdback provisions and conditions.
26. The Monitor's intention with these discussions was to minimize the number of differences between the offers being presented by each of Lift and 580 Manitoba during the Auction, to allow for as close to a like to like comparison of the offers as possible. The 580 Manitoba APA was more favourable to the Applicants, and its key stakeholder, and Lift was asked to make concessions in the First Lift Overbid to bring its agreement onto level terms with the 580 Manitoba APA.
27. The First Lift Overbid increasing the cash purchase price consideration and made concessions to amend the following terms in the Stalking Horse APA:

- a. the Applicants were to be compensated for the working capital at all of the Applicants' locations, even though the operations of three (3) entities were still be excluded from the transaction (Royal Vista, Mayland Heights and CMD Holdings);
 - b. the discount for consideration to be paid for accounts receivable was reduced from 30% to 25%;
 - c. the going concern conditions relating to employee retention and revenue targets were removed; and
 - d. the holdbacks relating to warranties and lease extensions were removed.
28. The Monitor, in consultation with its counsel, reviewed the First Lift Overbid and determined its key deal terms to be the same or essentially the same as the 580 Manitoba APA and that the total consideration was greater and met the requirements to be considered superior bid to the Starting Bid.
29. Subsequently, the Auction Bidders proceeded to make alternating bids, each with incremental increases to the consideration of at least \$200,000, until ultimately 580 Manitoba declined to submit another bid.
30. Upon 580 Manitoba declining to submit a superior bid, the Monitor declared Lift and the Stalking Horse APA, as amended through bidding during the Auction (the "**Enhanced Stalking Horse APA**") to be the Successful Bid and Lift the successful bidder (the "**Successful Bidder**").
31. The Enhanced Stalking Horse APA improved upon the Stalking Horse APA, from the perspective of the Applicants and its key stakeholders, in the following ways:
 - a. removing the going concern conditions;

- b. increasing working capital recoveries through the inclusion of all of the Applicants working capital and decreasing the discount applied to accounts receivable; and
 - c. increasing the cash portion of the purchase price.
32. In combination, the above factors increased the total estimated consideration to be paid by Lift, when compared to the Stalking Horse APA, by approximately \$3.4 million.
33. On March 14, 2024, the Monitor filed its Monitor’s certificate (the “**Monitor’s Bid Selection Certificate**”) advising this Court that Lift was determined to be the Successful Bidder and the Enhanced Stalking Horse APA, the Successful Bid. In accordance with paragraph 3 of the Stalking Horse SAVO, the filing of the Monitor’s Bid Selection Certificate triggered the effectiveness of the Stalking Horse SAVO.

CLOSING OF THE STALKING HORSE APA

34. Pursuant to the Stalking Horse SAVO granted by this Court on February 14, 2024, the Applicants were authorized and directed to take the steps necessary to execute and close the Enhanced Stalking Horse APA.
35. On March 13, 2024, the Applicants and Lift executed the Enhanced Stalking Horse APA and on March 15, 2024, proceeded to close the Enhanced Stalking Horse APA.
36. In accordance with the terms of the Enhanced Stalking Horse APA, the Proceeds were paid to the Applicants’ counsel in trust.

REMAINING PROPERTIES

37. Following the closing of the Enhanced Stalking Horse APA, the Applicants have completed a sale of substantially all of their operating locations with the exception of those owned by Royal Vista, Mayland Heights and CMD Holdings (collectively, the “**Remaining Properties**”).

38. The Monitor has reached out to all parties who expressed interested in some or all of the Remaining Properties to advise that these properties were still available.
39. The Monitor is currently in on-going discussions/ negotiations with a number of parties to sell the Remaining Properties. The Monitor will provide additional updates to this Court in a subsequent report with respect to the Remaining Properties and any sale agreements that may result from these negotiations.
40. The Monitor does not believe that any recoveries from transactions relating to the Remaining Properties will materially increase the recoveries to the estate.

NEXT STEPS

41. In addition to continuing to market the Remaining Properties, the Monitor intends to complete the following tasks (the “**Next Steps**”) to progress these CCAA Proceedings towards its eventual completion:
 - a. complete an independent security review (“**Security Review**”) with respect to the Applicants’ various secured creditors and across its different operating jurisdictions;
 - b. bring an application to this Court to seek approval for a distribution of the Proceeds in accordance with the results of the Security Review;
 - c. assisting the Applicants in the reconciliation of the working capital calculation included in the Enhanced Stalking Horse APA and collecting the final proceeds owed to the Applicants;
 - d. providing and monitoring liquidity to the Applicants, as contemplated in the Second Cash Flow Statement, from the Proceeds;

- e. completing transaction(s) with respect to the Remaining Properties; and
- f. winding down the operations of the Applicants and assisting with the completion of these CCAA Proceedings.

CASH FLOW STATEMENT

42. The Applicants' actual cash flow in comparison to those contained in the Cash Flow Statement for the period of February 7, 2024 to March 15, 2024 are summarized below:

6 Week Period Ending Mar 15, 2024			
<i>(CAD\$)</i>	Actual	Forecast	Variance
RECEIPTS			
Receipts	\$ 2,355,448	\$ 2,489,000	\$ (133,552)
DISBURSEMENTS			
<i>Operating Disbursements</i>			
Payroll + Source Deductions	(1,105,991)	(1,130,000)	24,009
Rent	(178,176)	(178,104)	(72)
Operating Expenses	(180,275)	(173,451)	(6,824)
Parts Purchases	(1,863,968)	(1,383,000)	(480,968)
Miscellaneous Expenses	(22,406)	-	(22,406)
<i>Total Operating Disbursements</i>	(3,350,816)	(2,864,555)	(486,261)
Net Operating Cash Flow	\$ (995,368)	\$ (375,555)	\$ (619,813)
<i>Non-Operating Receipts & Disbursements</i>			
<i>Professional Fees</i>	(37,091)	(375,000)	337,909
<i>Total Non-Operating Receipts & Disbursements</i>	(37,091)	(375,000)	337,909
NET CASH FLOWS	\$ (1,032,459)	\$ (750,555)	\$ (281,904)
CASH			
Beginning Balance	353,743	421,963	(68,220)
<i>Interim Financing (Draw)</i>	800,000	700,000	100,000
Net Cash Inflows / (Outflows)	(1,032,459)	(750,555)	(281,904)
ENDING CASH	\$ 121,285	\$ 371,408	\$ (250,123)
INTERIM FINANCING FACILITY			
Opening	-	-	-
Draw/ (Repayment)	800,000	700,000	100,000
ENDING INTERIM FINANCING FACILITY	\$ 800,000	\$ 700,000	\$ 100,000

43. The material variances in actual receipts and disbursements as compared to the Cash Flow Statement are primarily due to the following:
- a. unfavourable variance for receipts of approximately \$134,000 relates primarily to funds withheld by CARSTAR corporate office to offset potential franchise fees due for the period after the date of the Initial Order. This variance is expected to be a permanent variance as any receipts determined to not be due to CARSTAR for franchise fees would be included in the working capital which was purchased by Lift pursuant to the Enhanced Stalking Horse APA;
 - b. the unfavourable permanent variances for disbursements of approximately \$486,000 are primarily comprised of the following:
 - i. a favourable variance of approximately \$24,000 relating to employee payroll expenses being lower than forecast due to employee turnover;
 - ii. an unfavourable variance relating to parts purchases and operating expenses of approximately \$488,000 relating to increased purchases compared to forecast to ensure efficient operational flow and reduced employee downtime; and
 - iii. an unfavourable variance of approximately \$22,000 relating to miscellaneous general and administrative expenses not considered in the original forecast;
 - c. the favourable variance for professional fees of approximately \$338,000 relates to the timing of payment of invoices for professionals and is expected to reverse in future periods; and

- d. an unfavourable variance of approximately \$68,000 for opening cash relating to higher than expected operational costs and parts purchases prior to the granting of the Initial Order.
44. As at March 15, 2024, the Interim Financing has been drawn to \$800,000, which is an unfavorable variance of \$100,000 compared to forecast and the Applicants have an ending cash balance of approximately \$121,000.

SECOND CASH FLOW STATEMENT

45. Management has prepared the Second Cash Flow Statement to set out the Applicants' liquidity requirements for the 21 weeks ending August 9, 2024 (the "**Forecast Period**"). A copy of the Second Cash Flow Statement is attached as Appendix A.

46. The Second Cash Flow Statement is summarized as follows:

Weeks Commencing (Monday) (CAD)	21-Week Forecast
Forecast Week	Total
RECEIPTS	
Accounts Receivable	\$ -
Receipts	-
DISBURSEMENTS	
<i>Operating Disbursements</i>	
Employee Expenses	(450,595)
Rent	(11,406)
Operating Expenses	(74,866)
Parts Purchases	(529,124)
Miscellaneous Expenses	(50,500)
<i>Total Operating Disbursements</i>	(1,116,491)
Net Operating Cash Flow	\$ (1,116,491)
<i>Non-Operating Receipts & Disbursements</i>	
Professional Fees	(1,136,717)
<i>Total Non-Operating Receipts & Disbursements</i>	(1,136,717)
NET CASH FLOWS	\$ (2,253,208)
CASH	
Beginning Balance	\$ 121,285
Interim Financing (Draw)	325,000
Use of Sale Proceeds	1,825,000
Net Cash Inflows / (Outflows)	(2,253,208)
ENDING CASH	\$ 18,076
INTERIM FINANCING FACILITY	
Opening	\$ 800,000
Draw/ (Repayment)	325,000
ENDING INTERIM FINANCING FACILITY	\$ 1,125,000

47. The key assumptions on which the Second Cash Flow Statement is based on are summarized as follows:

- a. no collections of receipts as all accounts receivable, work in progress and prepaids were purchased pursuant to the Enhanced Stalking Horse APA;

- b. employee expenses of approximately \$450,000 relating to employee payroll and payment of contractors during the wind-down of the Applicants' operations;
 - c. rent of approximately \$11,000 relating to the lease locations that were not purchased in the Enhanced Stalking Horse APA;
 - d. operating expenses of approximately \$75,000 relating to software and other subscriptions required to maintain the company's data back ups and corporate records;
 - e. parts purchases of approximately \$530,000 relating to amounts owing for parts purchased prior to the closing of the Enhanced Stalking Horse APA;
 - f. miscellaneous expenses of approximately \$50,000 relating to miscellaneous general and administrative expenses including payment of PST owing from after the date of the Initial Order;
 - g. professional fees of approximately \$1.1 million for the Applicants' counsel, the Monitor and Monitor's counsel; and
 - h. draws of the Interim Financing Facility of \$325,000.
48. The Second Cash Flow Statement shows that the Applicants' will have negative net cash flows (exclusive of the payment of professional fees) of approximately \$1.8 million. In addition to fully drawing the Interim Financing Facility to \$1.125 million, the Applicants are shown to require an additional approximately \$1.8 million to wind-down operations and pay professional fees.
49. The Monitor notes that the Proceeds are currently been held in trust. If the requested relief is granted with respect to use of the Proceeds, the Monitor will advance to the Applicants

the funds required to complete the wind-down and payment of professional fees through the completion of these CCAA Proceedings.

50. The Applicants are currently forecast to have approximately \$18,000 in cash on hand at the end of the Forecast Period.

HOLDING OF AND USE OF PROCEEDS

51. Pursuant to the Enhanced Stalking Horse APA, the Proceeds were paid at closing to the Applicants' counsel to be held in trust.
52. The proposed relief directing the Applicants' counsel to pay the Proceeds to the Monitor, to be held in trust, and empowering the Monitor to make certain payments from the Proceeds would empower the Monitor to (i) repay any amounts owing under the Interim Financing Facility; (ii) pay the professional fees of the Monitor, counsel to the Monitor, and counsel to the Applicants, in each case at their standard rates and charges; and/or (iii) pay any operating costs and wind down costs relating the business of the Applicants, as required by the Applicants and laid out in the Second Cash Flow Statement.
53. As described above, the Applicants are not forecast to have sufficient cash on hand, even after drawing fully on the Interim Financing Facility, in order to facilitate the completion of these CCAA Proceedings.
54. The Monitor considers the requested relief with respect to the use of the Proceeds reasonable in the circumstances given the following:
 - a. the Applicants require additional liquidity to fund operations and wind-down expenses through to the completion of these CCAA Proceedings; and

- b. the proposed use of the Proceeds is for the payment of amounts related to the operations of the business or, in the case of professional fees, covered by the CCAA Charges which are in priority to all creditors.

ENHANCED MONITOR'S POWERS

55. On the closing of the Enhanced Stalking Horse APA, the Applicants have sold substantially all of their operating businesses and the Applicants expect to either sell or wind-down all remaining operations in the coming months. As part of the wind-down process, in an effort to reduce costs, the Applicants intend to terminate all employees and retain certain staff, including the Applicants' sole director, on consulting agreements to assist through the completion of these CCAA Proceedings.
56. The proposed enhanced powers to be afforded to the Monitor will empower and authorize, but not obligate, the Monitor, to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property and/or the Business, whether in the Monitor's name or in the name and on behalf of the Applicants.
57. The Monitor considers the requested relief reasonable in the circumstances given the possibility that the sole remaining director may be permanently, or temporarily, unable, or unwilling, to assist with the completion of these CCAA Proceedings. The granting of the proposed relief would avoid delays and increased costs for the Applicants to seek further direction from this Court to affect the steps necessary to complete these CCAA Proceedings.
58. The Monitor has had discussions with key stakeholders to discuss the expanded role, including the TD Bank, who are in support of the proposed relief for the enhanced Monitor's powers.

CCAA CHARGES

INCREASE TO THE ADMINISTRATION CHARGE

59. In the Pre-Filing Report, the Monitor supported the Applicants' request for approval of the Administration Charge of up to \$500,000 in favour of the Monitor, its counsel and the Applicants' counsel as security for their professional fees and disbursements.
60. The Applicants' cash flow through these CCAA Proceedings to date have been insufficient to keep the accounts of the professionals current and less than the quantum of the Administration Charge. Further, as shown in the Second Cash Flow Statement, the Applicants are expected to require the use of certain of the Proceeds to fund the fees and disbursements of the Monitor, its counsel and the Applicants' counsel.
61. The Applicants are seeking approval from this Court to increase the Administration Charge to \$1.0 million to secure the fees and disbursements incurred or to be incurred in relation to administering these CCAA Proceedings.
62. The Monitor believe it is appropriate for the beneficiaries of the Administration Charge to be afforded this benefit of the increased charge as they will be undertaking a necessary and integral role in continuing and ultimately completing these CCAA Proceedings.

APPROVAL OF THE ACTIVITIES OF THE MONITOR

63. The proposed Stay Extension Order seeks approval of this Second Report, the First Report and the Pre-Filing Report and the activities and conduct of the Monitor described therein.
64. As outlined in the Monitor's previous reports to this Court, the Monitor and its counsel have played and continue to play, a significant role in these CCAA Proceedings. The Monitor respectfully submits that its actions, conduct and activities in these CCAA Proceedings have been carried out in good faith and in accordance with the provisions of the orders issued therein and should therefore be approved.

APPROVAL OF THE FEES OF THE MONITOR, MONITOR'S COUNSEL AND APPLICANTS' COUNSEL

65. Pursuant to paragraphs 28 of the ARIO, the Monitor, Monitor's counsel and the Applicants' counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these CCAA Proceedings.
66. The total fees and disbursements of the Monitor for the period from February 1, 2024 to February 29, 2024 totaling \$103,434.87 inclusive of GST in the amount of \$4,925.47. The total fees and disbursements of the Monitor's Counsel for the period from February 1, 2024 to February 29, 2024 totaling \$40,24.64 inclusive of GST in the amount of \$1,875.14. The Monitor and its counsel will make copies of their accounts available upon request.
67. The total fees and disbursements of the Applicants' counsel for the preparation for and during these CCAA Proceedings for the period from January 16, 2024 to February 29, 2024 total \$263,039.43 inclusive of GST and PST in the amount of \$28,633.42. The Applicants' counsel will make copies of their accounts available upon request.
68. The Monitor respectfully submits that the fees and disbursements incurred by the Monitor, its counsel and the Applicants' counsel, as described above, are fair and reasonable in light of the following:
 - a. the Monitor's role in administering the SISP;
 - b. the assistance provided to the Applicants with the operation of their businesses through these CCAA Proceedings; and
 - c. drafting and reviewing various application materials in respect of these CCAA Proceedings.

69. The Monitor notes the above fees include amounts incurred up to February 29, 2024, substantial work was completed, and fees incurred by the Monitor, the Monitor’s counsel and the Applicants’ counsel during March 2024 that are not reflected in the amounts above as invoices have not yet been issued. The fees and disbursements incurred and to be incurred by the Monitor, its counsel and the Applicants’ counsel to complete the administration of these CCAA Proceedings are forecast in the Second Cash Flow Statement and contemplated to be paid from the Proceeds. The Monitor intends to seek approval for these additional fees at a later application.

EXTENSION OF THE STAY OF PROCEEDINGS

70. The Monitor has considered the Applicants’ application for the extension of the Stay of Proceedings to July 25, 2024, and has the following comments:
- a. with access to utilize the Proceeds, the Applicants are projected to have sufficient available liquidity to fund its obligations and the costs of the CCAA Proceedings during the term of the proposed extension of the Stay of Proceedings;
 - b. there will be no material prejudice to the Applicants’ creditors and other stakeholders as a result of the extension of the Stay of Proceedings;
 - c. the Applicants are acting in good faith and with due diligence;
 - d. the overall prospects of the Applicants ability to complete these CCAA Proceedings for the benefit of the key stakeholders will be enhanced by the extension of the Stay of Proceedings; and
 - e. the length of the proposed Stay of Proceedings of approximately 4 months is reasonable given the timelines necessary to continue these CCAA Proceedings and to complete the Next Steps.

CONCLUSIONS AND RECOMMENDATIONS

71. The Monitor is of the view that the relief requested by the Applicants is necessary, reasonable and justified in the circumstances.
72. Accordingly, the Monitor respectfully recommends that this Court grant the Stay Extension Order.

All of which is respectfully submitted this 21st day of March 2024.

FTI Consulting Canada Inc.,
in its capacity as 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

CCAA 21-Week Cash Flow

Weeks Commencing (Monday) (CAD)	3/18/24 Forecast	3/25/24 Forecast	4/1/24 Forecast	4/8/24 Forecast	4/15/24 Forecast	4/22/24 Forecast	4/29/24 Forecast	5/6/24 Forecast	5/13/24 Forecast	5/20/24 Forecast	5/27/24 Forecast	6/3/24 Forecast	6/10/24 Forecast	6/17/24 Forecast	6/24/24 Forecast	7/1/24 Forecast	7/8/24 Forecast	7/15/24 Forecast	7/22/24 Forecast	7/29/24 Forecast	8/5/24 Forecast	21-Week Forecast	
Forecast Week	Wk 1	Wk 2	Wk 3	Wk 4	Wk 5	Wk 6	Wk 7	Wk 8	Wk 9	Wk 10	Wk 11	Wk 12	Wk 13	Wk 14	Wk 15	Wk 16	Wk 17	Wk 18	Wk 19	Wk 20	Wk 21	Total	
RECEIPTS																							
Accounts Receivable	[1]	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
DISBURSEMENTS																							
<i>Operating Disbursements</i>																							
Employee Expenses	[2]	(15,468)	(314,460)	(9,000)	(33,038)	-	(17,967)	(26,460)	(5,203)	-	-	(13,000)	-	-	(11,000)	-	-	-	-	(5,000)	-	(450,595)	
Rent	[3]	-	-	(11,406)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,406)	
Operating Expenses	[4]	-	(2,990)	(59,916)	-	-	-	(2,990)	-	-	(2,990)	-	-	-	(2,990)	-	-	-	-	(2,990)	-	(74,866)	
Parts Purchases	[5]	(99,600)	-	(424,524)	-	-	-	(5,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	(529,124)	
Miscellaneous Expenses	[6]	-	-	(13,000)	-	(37,500)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(50,500)	
<i>Total Operating Disbursements</i>		(115,068)	(317,450)	(517,846)	(33,038)	(37,500)	(17,967)	(34,450)	(5,203)	-	(15,990)	-	-	-	(13,990)	-	-	-	-	(7,990)	-	(1,116,491)	
Net Operating Cash Flow		\$ (115,068)	\$ (317,450)	\$ (517,846)	\$ (33,038)	\$ (37,500)	\$ (17,967)	\$ (34,450)	\$ (5,203)	\$ -	\$ (15,990)	\$ -	\$ -	\$ -	\$ (13,990)	\$ -	\$ -	\$ -	\$ -	\$ (7,990)	\$ -	\$ (1,116,491)	
<i>Non-Operating Receipts & Disbursements</i>																							
Professional Fees	[7]	-	-	(406,717)	(295,000)	-	-	(60,000)	-	-	-	(157,500)	-	-	-	-	(72,500)	-	-	(145,000)	-	(1,136,717)	
<i>Total Non-Operating Receipts & Disbursements</i>		-	-	(406,717)	(295,000)	-	-	(60,000)	-	-	-	(157,500)	-	-	-	-	(72,500)	-	-	(145,000)	-	(1,136,717)	
NET CASH FLOWS		\$ (115,068)	\$ (317,450)	\$ (924,563)	\$ (328,038)	\$ (37,500)	\$ (17,967)	\$ (94,450)	\$ (5,203)	\$ -	\$ (15,990)	\$ (157,500)	\$ -	\$ -	\$ (13,990)	\$ -	\$ (72,500)	\$ -	\$ -	\$ (152,990)	\$ -	\$ (2,253,208)	
CASH																							
Beginning Balance		\$ 121,285	\$ 6,217	\$ 13,767	\$ 39,204	\$ 61,166	\$ 23,666	\$ 5,700	\$ 61,250	\$ 56,046	\$ 56,046	\$ 56,046	\$ 40,056	\$ 32,556	\$ 32,556	\$ 32,556	\$ 18,566	\$ 18,566	\$ 46,066	\$ 46,066	\$ 46,066	\$ 18,076	\$ 121,285
Interim Financing (Draw)	[8]	-	325,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	325,000	
Use of Sale Proceeds	[9]	-	-	950,000	350,000	-	-	150,000	-	-	-	150,000	-	-	-	-	100,000	-	-	-	125,000	1,825,000	
Net Cash Inflows / (Outflows)		(115,068)	(317,450)	(924,563)	(328,038)	(37,500)	(17,967)	(94,450)	(5,203)	-	(15,990)	(157,500)	-	-	(13,990)	-	(72,500)	-	-	(152,990)	-	(2,253,208)	
ENDING CASH		\$ 6,217	\$ 13,767	\$ 39,204	\$ 61,166	\$ 23,666	\$ 5,700	\$ 61,250	\$ 56,046	\$ 56,046	\$ 56,046	\$ 40,056	\$ 32,556	\$ 32,556	\$ 32,556	\$ 18,566	\$ 18,566	\$ 46,066	\$ 46,066	\$ 46,066	\$ 18,076	\$ 18,076	
INTERIM FINANCING FACILITY																							
Opening		\$ 800,000	\$ 800,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 800,000	
Draw/ (Repayment)		-	325,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	325,000	
ENDING INTERIM FINANCING FACILITY		\$ 800,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	\$ 1,125,000	



Collision Kings Group
Shane Daerden, CEO

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 March 18, 2024 to August 11, 2024. This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in Notes 1-9. Consequently, actual results will likely vary from actual performance and such variances may be material.

- [1] No collections anticipated as all working capital was purchased pursuant to the Enhanced Stalking Horse APA.
- [2] Semi-monthly payroll (inclusive of ongoing payroll source deduction remittances) and contractor expenses for employees required for final wind-down of operations
- [3] Monthly rents for remaining leased locations.
- [4] Software subscription costs to maintain data back-ups and corporate records.
- [5] Accounts payable relating to purchases of parts, new materials and services to complete repairs of vehicles the majority of which relates to the period prior to the closing of the Enhanced Stalking Horse APA.
- [6] Includes miscellaneous general and administrative expenses, including PST owing for the period after the date of the Initial Order.
- [7] Professional fees relate to the Company's legal counsel, the Proposed Monitor and Proposed Monitor's legal counsel.
- [8] Interim Financing consists of advances under the Interim Facility
- [9] Use of Sale Proceeds from the Enhanced Stalking Horse APA for wind-down expenses and payment of professional fees.